

# Pillar III Report Q2 2019

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Regulatory Capital Disclosures



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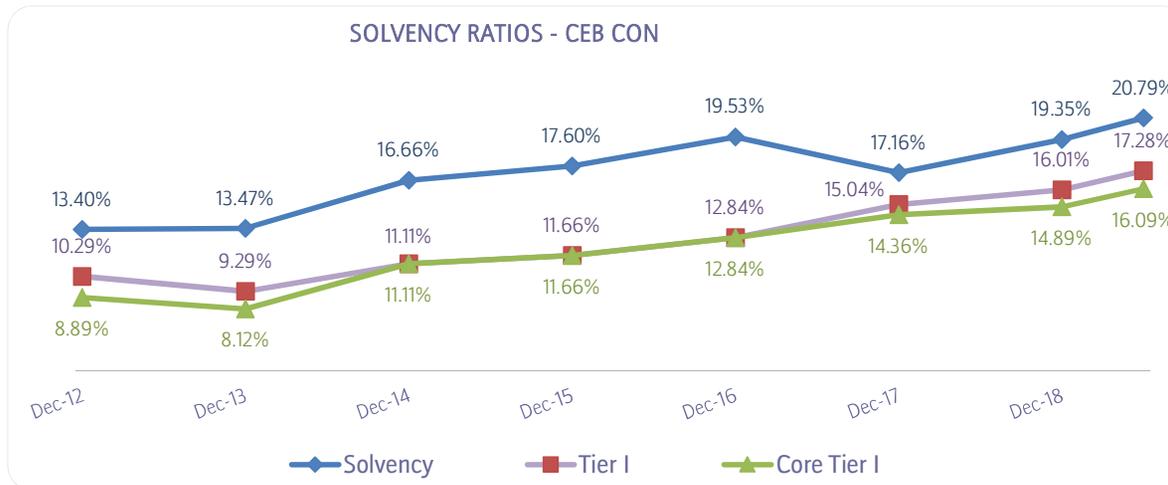
## SOLVENCY

('000)	Jun-19	Dec-18
Core Tier I capital	596,805	582,774
Tier I capital	640,852	626,600
Tier II capital	130,189	131,050
<b>Total Capital</b>	<b>771,040</b>	<b>757,650</b>

RWA	3,709,173	3,914,512
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## Capital Ratios

	Jun-19	Dec-18
Core Tier 1 (CT1) Ratio	16.09%	14.89%
Tier 1 ratio	17.28%	16.01%
<b>Total Capital Ratio</b>	<b>20.79%</b>	<b>19.35%</b>



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### CAPITAL STRUCTURE

The Bank's total own funds consist of Core Tier I capital (also named as common Equity Tier I, CET 1), Additional Tier I capital (AT 1) and Tier II capital. The various elements making up both components are presented in the table below:

	Jun-19	Dec-18
<b>Total Equity(FINREP)</b>	<b>596,700</b>	<b>584,084</b>
Current year profit (1)	(8,094)	
Eligible Current year profit after approval		
Non-eligible minority interest	(2,348)	(2,582)
Deductions from revaluation Reserve - AFS		
<b>Prudential filters</b>		
Cash flow hedge reserve	(0)	(0)
Prudent valuation	(717)	(948)
Intangible asset	(12,427)	(7,502)
Deferred tax assets rely on future profitability and do not arise from temporary differences	(7,260)	(25,003)
Transitional adjustments to IFRs 9 provisions (2)	30,964	34,676
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	(14)	48
<b>Core Tier I</b>	<b>596,805</b>	<b>582,774</b>
<b>Additional Tier I</b>	<b>44,047</b>	<b>43,826</b>
<b>Tier I</b>	<b>640,851</b>	<b>626,600</b>
Subordinated Liabilities	130,189	131,050
<b>Tier II</b>	<b>130,189</b>	<b>131,050</b>
<b>Total Regulatory Capital</b>	<b>771,040</b>	<b>757,650</b>

**Core Tier I** (CET1) capital of CEB includes total equity subtracts regulatory adjustments.

(1) Current year profit is excluded from total own funds based on article 26, point 2 of CRR IV

(2) Transitional adjustment by adding 85% IFRS 9 Provisions back to total own funds

**Tier II** capital of CEB comprises of subordinated liabilities which is assessed by DNB and approved as CRR compliant. For more details of subordinated liabilities, please see note 15, Subordinated liabilities of CEB's Financial Statements as of 30 June 2019.

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### EU OV1: Overview of RWAs

CEB Con ('000)	Jun-19	Dec-18	Regulatory Capital (8%) Jun-18
<b>Credit risk (excluding CCR)</b>	<b>3,150,349</b>	<b>3,396,716</b>	<b>252,028</b>
Of which the standardised approach	3,150,349	3,396,716	252,028
Of which the foundation IRB (FIRB) approach			
Of which the advanced IRB (AIRB) approach			
Of which equity IRB under the simple risk-weighted approach or the IMA			
<b>CCR</b>	<b>22,341</b>	<b>37,024</b>	<b>1,787</b>
Of which mark to market	22,341	37,024	1,787
Of which original exposure			
Of which the standardised approach			
Of which internal model method (IMM)			
Of which risk exposure amount for contributions to the default fund of a CCP			
Of which CVA	12,223	13,061	978
<b>Settlement risk</b>			
<b>Securitisation positions in banking book</b>			
Of which IRB approach			
Of which IRB supervisory formula approach (SFA)			
Of which internal assessment approach (IAA)			
Of which standardised approach			
<b>Market risk</b>	<b>147,114</b>	<b>77,266</b>	<b>11,769</b>
of which standardised approach(SA)	147,114	77,266	11,769
of which Internal model method (IMM)			
<b>Large exposures</b>			
<b>Operational risk</b>	<b>360,249</b>	<b>372,631</b>	<b>28,820</b>
Of which basic indicator approach			
Of which standardised approach	360,249	372,631	28,820
Of which advanced measurement approach			
<b>Amounts below the thresholds for deduction (subject to 250% risk-weight)</b>	<b>16,896</b>	<b>17,814</b>	<b>1,352</b>
<b>Floor adjustment</b>			
<b>Total</b>	<b>3,709,173</b>	<b>3,914,512</b>	<b>296,734</b>

CEB adopted Standardized Approach for credit risk, market risks and operational risk.

Risk weighted exposure for counterparty credit risk is calculated according to current exposure method

CVA is calculated based on Standardised Method

**IFRS 9-FL: Comparison of institution's own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLS**

	2,018	Jun 2,019	2,020	2,021	2,022
<b>Availabel Capital (amounts)</b>					
1 Common Equity Tier 1 ( CET1) capital	582,774	596,805	591,340	584,054	574,947
2 Common Equity Tier 1 ( CET1) capital as if IFRS 9 or analogous ECLS transitional arrangements had NOT been applied	548,098	565,840	565,840	565,840	565,840
3 Tier 1 Capital	626,600	640,851	635,387	628,101	618,994
4 Tier 1 capital as if IFRS 9 or analogous ECLS transitional arrangements had NOT been applied	591,923	609,887	609,887	609,887	609,887
5 Total capital	757,650	771,040	765,576	758,290	749,183
6 Total Capital as if IFRS 9 or analogous ECLS transitional arrangements had NOT been applied	722,974	740,075	740,075	740,075	740,075
<b>Risk-weighted assets (amounts)</b>					
7 Total risk-weighted assets	3,914,512	3,709,173	3,703,880	3,696,822	3,688,000
8 Total risk-weighted assets as if IFRS 9 or analogous ECLS transitional arrangements had NOT been applied	3,881,719	3,679,178	3,679,178	3,679,178	3,679,178
<b>Capital Ratios</b>					
9 Common Equity Tier 1 (as a percentage of risk exposure amount)	14.89%	16.09%	15.97%	15.80%	15.59%
10 Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLS transitional arrangements had NOT been applied	14.12%	15.38%	15.38%	15.38%	15.38%
11 Tier 1 (as a percentage of risk Exposure amount)	16.01%	17.28%	17.15%	16.99%	16.78%
12 Tier 1 ( as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLS transitional arrangements had NOT been applied	15.25%	16.58%	16.58%	16.58%	16.58%
13 Total capital ( as a percentage of risk exposure amount)	19.35%	20.79%	20.67%	20.51%	20.31%
14 Total capital ( as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLS transitional arrangements had NOT been applied	18.63%	20.12%	20.12%	20.12%	20.12%
<b>Leverage Ratio</b>					
15 Leverage ratio total exposure measure	5,111,646	4,755,129	4,749,836	4,742,779	4,733,957
16 Leverage ratio	12.26%	13.48%	13.38%	13.24%	13.08%
Leverage ratio total exposure measure as if IFRS 9 or analogouse ECLS transitional arrangements had NOT been applied	5,078,853	4,725,135	4,725,135	4,725,135	4,725,135
17 Leverage ratio as if IFRS 9 or analogouse ECLS transitional arrangements had NOT been applied	11.65%	12.91%	12.91%	12.91%	12.91%

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### EU CR1-A: Credit quality of exposures by exposure class and instrument

	Gross carrying values of				Net values
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	
Central governments and central banks		1,074,767			1,074,767
Regional governments or local authorities		13,963			13,963
Public sector entities		-			-
Multiateral development banks		2,640			2,640
International organisations		-			-
Institutions	925	427,908	(925)	(403)	427,504
Corporates	242,075	2,456,080	(27,308)	(27,134)	2,643,714
<i>of which: SMEs</i>	-	-	-	-	-
Retail	24,491	366,862	(9,411)	(6,790)	375,152
<i>of which: SMEs</i>	3,612	14,828	(754)	(94)	17,592
Secured by mortgages on immovable property	44,964	216,397	(185)	(7,157)	254,020
<i>of which: SMEs</i>					-
Exposures in default					-
Items associated with particularly high risk					-
Covered bonds		31,985			31,985
Claims on institutions and corporates with a short-term credit assessment					-
Collective investments undertakings					-
Equity exposures		35,632			35,632
Other exposures		287,216			287,216
<b>Total</b>	<b>312,455</b>	<b>4,913,450</b>	<b>(37,828)</b>	<b>(41,484)</b>	<b>5,146,593</b>
Of which: Loans	305,373	2,656,924	(37,828)	(41,484)	2,882,985
Of which: Debt securities		395,640		-	395,640
Of which: Off-balance-sheet exposures	7,082	722,141			729,223

## EU CR1-B: Credit quality of exposures by industry or counterparty types

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Net values
	Defaulted exposures	Non-defaulted exposures			
Oil & derivatives	11,311	512,769	(6,919)	(304)	516,857
Leisure & tourism	19,533	278,493	(1,062)	(12,642)	284,322
Construction & installation	6,306	230,672	(522)	(3,797)	232,658
Real estate	108,236	229,433	(7,538)	(3,894)	326,237
Financial services & investments	8	263,366	(8)	(1,811)	261,555
Iron & steel	2,434	161,140	(65)	(296)	163,213
Shipping & shipyards	48,810	128,150	(1,889)	(1,380)	173,691
Energy & Coal	2,010	154,074	(88)	(458)	155,539
Transportation, logistics & warehousing	4,183	60,754	(3,261)	(847)	60,829
Petrochemical, plasticizers & derivatives	5,595	82,509	(292)	(42)	87,771
Holding	-	25,221	-	-	25,221
Fertilizers	-	78,511	-	(72)	78,440
Retail	9,191	49,481	(4,253)	(122)	54,296
Textile, clothing and leather	481	25,395	(84)	(29)	25,763
Soft commodities & agricultural products	-	42,231	-	(122)	42,108
Food, beverage & tobacco	14,274	1,809	(226)	(2)	15,855
Paper and Pulp & Forestry	53	45,839	(3)	(740)	45,149
Automotive & Derivatives	4,460	31,739	-	(207)	35,991
Machinery-Office & Optical Equipment	1,481	5,557	(1,024)	(16)	5,999
Mining	-	-	-	-	-
Telecommunications	76	6,145	(74)	(50)	6,096
Building materials	-	27,527	-	(132)	27,395
Private Person	1,945	1	-	-	1,946
Technology, IT & Electronic Equipment	-	1,816	-	-	1,816
Luxury Goods	1,207	-	-	-	1,207
Services	482	1,142	-	-	1,624
Health & Medical Services	-	-	-	-	-
Media & publishing	-	-	-	-	-
Other	-	12,306	-	(170)	12,136
<b>Total</b>	<b>242,075</b>	<b>2,456,080</b>	<b>(27,308)</b>	<b>(27,134)</b>	<b>2,643,714</b>

**EU CR1-C: Credit quality of exposures by geography**

Gross carrying values of					
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Net values
Russia	19,384	162,335	(1,062)	(1,411)	179,246
Turkey	116,269	771,086	(14,436)	(24,377)	848,543
Romania	101,920	1,179,065	(11,175)	(9,326)	1,260,484
Ukraine	749	30,294	(749)	(107)	30,187
Other Emerging Markets	21,850	445,818	(2,001)	(2,451)	463,217
Developed markets	52,283	2,324,853	(8,407)	(3,812)	2,364,917
<b>Total</b>	<b>312,455</b>	<b>4,913,450</b>	<b>(37,828)</b>	<b>(41,484)</b>	<b>5,146,593</b>

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### EU CR1-D: Ageing of default exposures

	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total
Loans			35,070	25,477.17	54,767.67	197,140.12	220	312,455
Debt securities								
<b>Total exposures</b>	-	-	35,070	25,477	54,768	197,140	220	312,455

EU CR1-E: Non-performing and forborne exposures

	Gross carrying amount of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		Of which performing but past due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing			On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures	
				Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne			
Debt securities	395,640							-					
Loans and advances	2,656,924	126,623	21,144	305,373	305,373	305,373	57,012	(41,484)	(14,389)	(37,828)	(16,103)	267,419	
Off-balance-sheet Exp	722,141			7,082	7,082	7,082							
<b>Total</b>	<b>3,774,704</b>	<b>126,623</b>	<b>21,144</b>	<b>312,455</b>	<b>312,455</b>	<b>312,455</b>	<b>57,012</b>	<b>(41,484)</b>	<b>(14,389)</b>	<b>(37,828)</b>	<b>(16,103)</b>	<b>267,419</b>	<b>-</b>

**EU CR2-A: Changes in the stock of general and specific credit risk adjustments**

	<b>Accumulated specific credit risk adjustment</b>
<b>Opening balances</b>	<b>(172,644)</b>
Increases due to amounts set aside for estimated loan losses during the period	(17,020)
Decreases due to amounts reversed for estimated loan losses during the period	19,919
Decreases due to amounts taken against accumulated credit risk adjustments	92,838
Transfers between credit risk adjustments	-
Impact of exchange rate differences	(2,503)
Business combinations, including acquisitions and disposals of subsidiaries	
Other adjustments	98
<b>Closing balance</b>	<b>(79,312)</b>
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	98
Specific credit risk adjustments directly recorded to the statement of profit or loss	(3,471)

**EU CR2-B: Changes in the stock of defaulted and impaired loans and debt securities**

	<b>Gross carrying value defaulted exposures</b>
<b>Opening balance</b>	<b>343,677</b>
Loans and debt securities that have defaulted or impaired since the last reporting period	71,049
Returned to non-defaulted status	(16,426)
Amounts written off	(93,761)
Other changes	834
<b>Closing balance</b>	<b>305,373</b>

**EU CR3: CRM techniques – Overview**

	<b>Exposures unsecured - Carrying amount</b>	<b>Exposures secured – Carrying amount(1)</b>	<b>Exposures secured by Eligible collateral(2)</b>	<b>Exposures secured by financial guarantees</b>	<b>Exposures secured by credit derivatives</b>
Loans	1,540,674	1,342,311	262,459	7,377	
Debt securities	395,640				
<b>Total Exposures</b>	<b>1,936,314</b>	<b>1,342,311</b>	<b>262,459</b>	<b>7,377</b>	<b>-</b>

(1) Including all Collaterals

(2) Eligible collaterals under CRR framework

EU CR4: Standardised approach – Credit risk exposure and CRM effects

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Sovereigns and their central banks	1,088,730.28	-	1,088,730.28	-	44,530	4%
Non-central government public sector entities						
Multiateral development banks	2,640		2,640			
Banks	323,511.62	103,993	315,160.42	20,804	151,197.08	47%
Securities firms						
Corporates	1,993,667.92	435,279	1,951,052.58	89,717	2,034,071.43	102%
Regulatory retail portfolios	177,194.68	182,869	177,194.68	37,583	161,083.61	91%
Secured by residential property	129,778.72	-	129,778.72	-	45,422.55	35%
Secured by commercial real estate	79,469.34	-	79,469.34	-	39,735	50%
Equity	35,632	-	35,632	-	45,770	128%
Past-due loans	267,544.83	7,082	267,448.23	2,487	366,419	137%
Higher-risk categories						
Covered bonds	31,985		31,985		3,198	10%
Other assets	287,216	-	287,216	-	248,455	87%
<b>Total</b>	<b>4,417,370</b>	<b>729,223</b>	<b>4,366,307</b>	<b>150,591</b>	<b>3,139,882</b>	

EU CR5: Standardised approach

Asset classes	0%	2%	10%	20%	35%	50%	75%	100%	150%	250%	Others*	Total Credit exposures amount (post CCF and post-CRM)
Risk Weight												
Sovereigns and their central banks	1,002,807		-			2,543		6,931	-	7,651	68,798	1,088,730
Non-central government public sector entities (PSEs)												-
Multilateral development banks (MDBs)	2,640											2,640
Banks	-	-		162,726		111,559		59,292.77	2,387			335,964
Securities firms												-
Corporates	-			1,816		10,489.92		2,028,463	-			2,040,769
Regulatory retail portfolios	-						214,778.15					214,778
Secured by residential property					129,779							129,779
Secured by commercial real estate						79,469						79,469
Equity								28,874		6,758		35,632
Past-due loans								76,968	192,966.92			269,935
Covered bonds			31,985									31,985
Higher-risk categories												-
Other assets	38,760			-	-	-	-	248,455	-	-		287,216
<b>Total</b>	<b>1,044,208</b>	<b>-</b>	<b>31,985</b>	<b>164,543</b>	<b>129,779</b>	<b>204,061</b>	<b>214,778</b>	<b>2,448,985</b>	<b>195,353</b>	<b>14,410</b>	<b>68,798</b>	<b>4,516,898</b>

\*Others records sovereign exposure in CEB RO which is denominated in EUR, applied 25% RW according to CRR article 114 point 6

**EU CCR1: Analysis of CCR exposure by approach**

	Notional	Replacement cost	Potential future exposure	EEPE	Multiplier	EAD post-CRM	RWA
Mark to market		56,628	39,391			44,684	22,246
Financial collateral comprehensive method (for SFTs) VaR for SFTs	13,866.24					478	96
<b>Total</b>		<b>56,628</b>	<b>39,391</b>	<b>-</b>		<b>45,162</b>	<b>22,341</b>

**EU CCR2: CVA capital charge**

	<b>EAD post-CRM</b>	<b>RWA</b>
Total portfolios subject to the Advanced CVA capital charge		
(i) VaR component (including the 3 * multiplier)		
(ii) stressed VaR component (including the 3 * multiplier)		
All portfolios subject to the Standardised CVA capital charge	31,296	12,223
<b>Total subject to the CVA capital charge</b>	<b>31,296</b>	<b>12,223</b>

EU CCR3: Standardised approach- CCR exposures by regulatory portfolio and risk

Asset classes											Total Credit exposures amount (post CCF and post-CRM)
Risk Weight	0%	2%	10%	20%	35%	50%	75%	100%	150%	250%	
Sovereigns and their central banks											-
Non-central government public sector entities (PSEs)											-
Multilateral development banks (MDBs)											-
Banks	4,803		19,458		7,536			30			31,827
Securities firms											-
Corporates								10,895			10,895
Regulatory retail portfolios											-
Secured by residential property											-
Secured by commercial real estate											-
Equity											-
Past-due loans									2,440		2,440
Higher-risk categories											-
Other assets											-
<b>Total</b>	<b>-</b>	<b>4,803</b>	<b>-</b>	<b>19,458</b>	<b>-</b>	<b>7,536</b>	<b>-</b>	<b>10,926</b>	<b>2,440</b>	<b>-</b>	<b>45,162</b>

## CEB Pillar III Report 2019 Q2

### EU MR1 – Market risk under the standardised approach

	RWAs	Capital requirements
<b>Outright products</b>		
Interest rate risk (general and specific)	126,835	10,147
Equity risk (general and specific)	-	-
Foreign exchange risk	20,279	1,622
Commodity risk		
<b>Options</b>		
Simplified approach		
Delta-plus method	-	-
Scenario approach		
Securitisation (specific risk)		
<b>Total</b>	<b>147,114</b>	<b>11,769</b>