RISK AND CAPITAL MANAGEMENT REPORT 2018

Catella Bank S.A.

Annual disclosure in accordance with Capital Requirements Regulation (CRR) – Regulation (EU) No 575/2013, Part Eight, Title 1 (Pillar III)

Contents

1 Introduction

With the announced divestment of its Issuing Business to Advanzia Bank in December 2017, Catella Bank completed its strategic review, as a result of which all activities of the Bank eventually shall either be sold or closed down.

Subsequently, by end of 2018, all Acquiring and Pre-paid activities and related customers were cancelled. Besides, during the first half of 2019 the Bank's Issuing, Wealth Management, and Retail Cards activities, were divested, and the Swedish branch network was closed.
It is expected that the transfer of assets in relation to the sale of the Issuing business, and herewith the completion of the wind-down of assets, will be completed before end of the first quarter 2020.

For details we refer to the financial statements and other investor relation communications of Catella Group.

1.1 Background and purpose of this document

On an annual basis Catella Bank discloses the key elements of its internal risk management and capital framework. Aim of this disclosure is to allow market participants, including analysts, partner banks, investors, and customers to assess the risk organisation, and risk and capital profile of Catella Bank.

This document has been reviewed and approved by the Board of Directors of the Bank. It shall be properly read and understood in conjunction with Catella Bank's annual statement, and the financial reports, presentations and press releases published by its parent company.

1.2 Regulatory context

This report is made in accordance with the disclosure requirements for credit institutions and investment firms set out in Part Eight of the Regulation (EU) No 575/2013, broadly known as the Capital Requirements Regulation (CRR).

It is in line with CSSF Circular 14/583 and the CSSF regulation 14-01, which are the transpositions of the CRR (EU 575/2013) into national law.

Catella Bank has chosen not to apply the IFRS 9 transitional arrangements for mitigating the impact on own funds, as specified in article 473a of the CRR.

The CRR constitutes of three so called Pillars. This document relates to Pillar III:

1. Pillar I : sets out minimum capital requirements, by providing rules for the measurement of credit risk, market and operational risks;
2. Pillar II: establishes a process for assessing capital adequacy in relation to the Bank's actual risk profile and for determining whether additional capital is required to cover these risks. This is achieved through the Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP), and the requirement for the CSSF to undertake a supervisory review to assess the robustness of the Bank's assessment and capabilities;
3. Pillar III: complements the minimum capital requirements (Pillar I) and supervisory review process (Pillar II) by a set of disclosure requirements.

1.3 Scope

This disclosure applies to Catella Bank S.A. on a standalone basis. The Bank has its headquarters at 38, rue Pafebruch, L-8308 Capellen, Luxembourg.

Published data reflect the financial situation of the Bank as of December 31, 2018.

1.4 Disclosure

At a minimum, this disclosure is made on an annual basis in conjunction with the publication of the Bank's financial statements.

This document is published on the Catella Group website: www.catella.com/en/bank.

1.5 Definitions / Abbreviations

AML / KYC – Anti-Money Laundering / Know Your Customer

CSSF – Commission de Surveillance du Secteur Financier : Financial supervisory authority of Luxembourg.

ICLAAP – Internal Capital and Liquidity Adequacy Assessment Process : Annual internal assessment and regulatory disclosure to the relevant banking authority of the business model, key risks and related capital needs of the bank.

IRRBB – Interest Rate Risk in the Banking Book

ORC – Operational Risk Committee

Recovery Plan : Annual disclosure to the relevant authority which sets out the potential options that the bank could implement to restore its financial strength and viability should the Bank come under such severe stress that it would threaten the continuity of its business.

2 Organisation and business activities

2.1 Catella Bank in brief

Catella Bank was founded as Banque Invik as 1989. In 2010 it became part of Catella Group, after which the Bank was fully integrated in 2012 and received its current name. The Bank is fully owned by Catella Holding AB, a Swedish company and a fully owned subsidiary of Catella AB ("The group"), which as of the 7th of December 2016 is listed on the Nasdaq Stockholm's main market.

The Bank operates from its head office based in Luxembourg.
The core business activities of the Bank are to provide (1) card and payment solutions and (2) customised wealth management services.

As of end of February 2019 (i.e. after the transfer of Wealth Management Luxembourg to VP Bank) the Bank has 119 Employees (2017: 146). Net profit for 2017 was approximately EUR 34 million negative.

2.2 Business activities and related risks

Sub-sections below describe the main commercial activities and resulting key risks Catella Bank is exposed to as per year-end 2018.

We highlight that Catella Bank does not hold or issue any securitisation positions.

2.2.1 Wealth management

As per 31st of January the Wealth Management business (clients, loans, deposits, staff) in Luxembourg have been transferred to VP Bank Luxembourg S.A. As per 25th of February, the remaining Wealth Management business in Sweden have been transferred to a new joint venture of Catella A.B. and Söderberg & Partners, in which the first will hold 49%.
Clients and transactions outside the scope of above transactions, have mostly been repaid or transferred to third parties by the time of this reporting.

The Wealth Management activity includes securities-based and real estate lending, discretionary management and advisory services. In addition the Bank offers tax efficient investment schemes for their client base.

Apart from the main client offerings, Catella Bank participates in one-off transactions structured by the Group for which it raises capital from the Branch's customers for specific deals (e.g. Initial Public Offerings).

The geographical target of the Bank are EU countries with a particular focus on Sweden.

As part of the Wealth Management Business, Catella Bank offers loans and overdraft facilities to its private clients. The loans and overdraft facilities can be categorised in three types:

- Lombard type facilities: Securities-based credit facility whereby the maximum outstanding allowed is determined by the advance values set by the Bank in relation to the actual market value, credit quality and liquidity of the underlying assets. In most cases the revolving credit facility is fully secured by the underlying collateral value;
- Share pledge structures: Tax efficient credit facilities which use shares of the holding company as a pledge for a loan where the Bank accepts company equity shares as financial collateral;
- Residential real estate loans: Offered as a side product to high net worth individuals to attract assets under management.

From a risk perspective, Wealth Management activities expose the Bank in particular to the following risks:

- Credit Risk, including concentration risks on Nordics, commercial real estate and single counterparties, and risk on credit mitigants;
- Operational Risk, related to system and human failure, conduct, internal and external fraud, as well as change risk related to new activities, systems and products;
- Market Risk, affecting the collateral value in relation to security based loans;
- Reputation Risk, related to inaccurate services provided, e.g. to high net worth individuals.

2.2.2 Cards and Payments Solutions

As per end of 2018, the Acquiring activities and remaining BIN Sponsorship have been terminated. During Q1 2019, remaining rolling reserves have been released.

The prepaid business has been closed during the second quarter 2020 after the transfer of the last supported retail platform. Prepaid balances for which clients did not provide any legitimate

pay-out instruction to the Bank by 1st of March 2019, have been transferred to the *"Caisse de Consignation"* in Luxembourg.

In relation to the Issuing activities, as per the 29th of March 2019, the legal ownership of the Partner Banks is transferred to Advanzia Bank S.A. (Advanzia). As per that date, Advanzia shall assume the regulatory responsibility for the issuing activities.
This also includes the funding of the activities, as well as the liability for the related settlement risks, after the completion of last billing cycle, based on the exposure as per legal transfer date.

Catella Bank will be responsible for performing its services in accordance to the SLA, and remains liable for any fraud-related losses up to an aggregated amount of EUR 400K.
Catella Bank will still be subject to the same laws and regulations and for the VISA cards, it will still be 'Issuing' those products on behalf of Advanzia.

The operational transfer of transactions to the systems of Advanzia will take approximately 12 months. Banks which are not in scope of the transaction have been cancelled with a 6 month notice period.

Below we describe the activities of the remaining business stream Bankcard Solutions (in function of Issuing Bank), targeting banking institutions.

Bankcard Solutions

As part of Bankcard Solutions, Catella Bank offers credit card payment solutions to private banks (partner banks) and wealth managers, which have no infrastructure / payment processing expertise and direct access to scheme networks (Visa and MasterCard) to offer such product directly to their own customers.

Catella Bank primarily provides services to banks headquartered in the EU or other Western European countries. Secondary focus are branches and subsidiaries of these institutions outside Western Europe of which the Bank has ensured that EU or international regulatory standards are complied with.
The Bank issues credit cards in different currencies, both with and without specific reference to the cardholder's Bank. Part of the cards are issued under the Catella brand 'Capitol'.

The customer base of the Partner banks consists exclusively of high net worth individuals.

From the described nature of the operations, the Bank is paricularly exposed to the following risks:

- Operational Risk, in particular Fraud Risk, and to less extent IT and Infrastructure Risk: The Bank is liable for any fraud losses on cards issued. In order to mitigate this risk Catella has hard security limits in place to block transactions which exceed pre-determined volume or value thresholds, an 'Issuing Fraud Monitoring Tool' generating systemic alerts and trained fraud agents monitoring IFMT alerts and cardholder transactions 24/7.
  Technical failure and malware attacks may affect the services provided, including the clearing and settlement of transactions.
- Credit Risk: Catella Bank is facilitating, on behalf of partner banks, settlement of the cardholders' transactions by allowing drawing of funds up to an approved credit limit. Therefore, Catella Bank has a direct credit as the service is representing a 30 days cash advance to cardholders before a repayment is made by the partner bank. By substitution principle, as this credit facility is unconditionally repaid by the partner banks, Catella has as a credit exposure to financial institutions.
- Legal, Compliance and associated Reputation Risk: The Bank has outsourced the AML/KYC to the partner banks. In the event the partner bank does not adequately fulfil its obligations, Catella

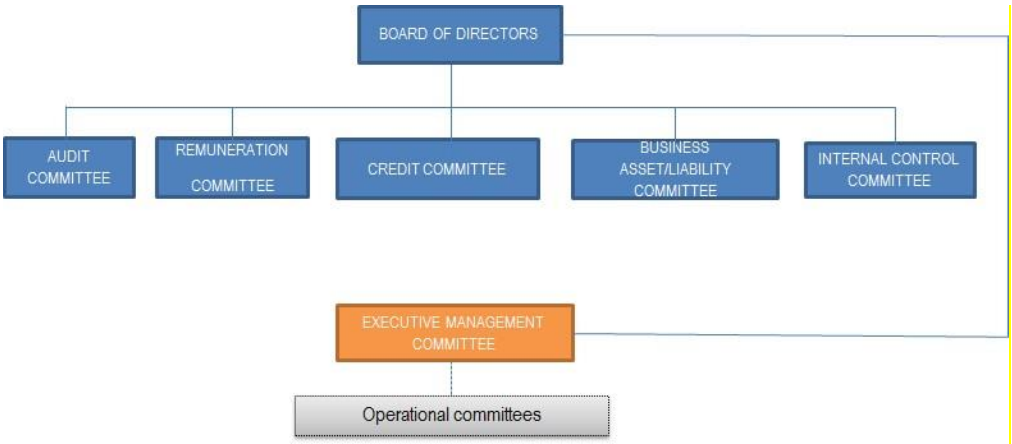
Bank SA may in turn not be able to meet its obligation toward the CSSF in a timely manner. The Bank mitigates this risk by having clear signed agreements with each partner (all partners were put onto new 'Third Party Introducer' contracts last year which clearly stipulate their specific obligations in this regard), and a robust on boarding process for new partners. Additionally, Legal & Compliance conducts AML questionnaires and request sample checks from partners to assess the completeness of their documentation and advises on the approval of all jurisdictions outside Western Europe.

3 Structure and organisation of the risk management function

3.1 Organisational structure

Below diagram summarises the main organisational structure and underlying governance bodies of Catella Bank which are explained in this chapter.

Figure 1: Catella Bank main governance bodies



3.1.1 Board and senior executives

Catella Bank has a 1- Tier Board structure which represents the notion of 'Management Body' or 'Board' as defined by the regulator.[1] In accordance with Circular 12/552, the Board of Directors has the ultimate responsibility for ensuring a sound and robust internal control framework and is responsible for establishing, documenting and communicating to the Authorised Management the main principles and objectives ("strategies") governing risk taking and risk management as well as the internal capital planning, management and adequacy.

The managerial function of the 'Management Body' is also represented by the Authorised Management of the Bank, which is ultimately responsible for execution of the business strategy and day-to-day management of the Bank.

The Executive Management Committee or 'Management Team' includes the Authorised Management and the executive managers outside the Managing Body responsible for day-to-day oversight of the

[1] CRD IV, Article 4 (82) – (83), defines the Management Body as "the governing body of an institution, comprising the supervisory and the managerial functions, which has the ultimate decision-making authority and is empowered to set the institution's strategy,objectives and overall direction. Management body shall include persons who effectively direct the business of the institution." The Management Body also has a "supervisory function" of "overseeing and monitoring management decision-making."

underlying functions. The Executive Management Committee is accountable directly and indirectly to the Board of Directors, and represents the regulatory notion of "Senior Management".[2]

Table 1: governance bodies, responsibilities and tasks

Governance body	Main responsibility	Key tasks
Board of Directors	Ultimate decision making authority	• Approves overall corporate strategy • Approves annual budget • Approves new or seizure of business • Oversees the Bank' s compliance and risk culture • Oversees the quality and integrity of the Bank' s disclosure and internal controls • Appoints and reviews performance of Authorised Management and Control functions • Approves the risk appetite framework • Approves risk and capital policies • Approves ICLAAP
Authorised Management	Responsible for execution of business strategy	• Develops and executes the business strategy • Leads day-to-day management • Sets up a risk management function whose object is to measure, monitor, control and report the risks to which the institution is exposed • Responsible for the development and implementation of an ICLAAP
Executive Management Committee	Responsible for dayto-day management	• Responsible for day-to-day management • Direct reporting line for senior staff • Requires corrective action where needed

[2] CRD IV, Article 4 (84)

3.2 Risk committees

Below table summarises the main tasks of the risk related committees with Catella Bank.

Table 2: Risk committees

Committee	Committee level	Key tasks
Audit Committee	Board	• Meets at least quarterly • Monitors and reviews accounting policies and practices including effectiveness of processes and controls • Monitors integrity of financial statements • Reviews and challenges regulatory compliance of financial reporting • Reviews and challenges financial reporting capabilities
Remuneration Committee	Board	• Meets at request • Sets principles and guidelines for remuneration Authorised Management • Oversees schemes of performance based incentives and awards
Board Credit Committee	Board	• Meets at request • Reviews, considers and approves out-of-credit-policy requests for credit exposure • Reviews and considers and approves requests for credit exposure outside mandate of Credit Committee
Business Asset & Liability Committee (BALCO)	Board	• Meets at least quarterly • Reviews the Bank’s strategic capital and liquidity practices Reviews at least annually the Bank’s liquidity and funding program, including contingency plan, risk appetite/capital coverage, capital planning and funding strategy • Reviews and approves policies and limits for liquidity, capital and market risks

Internal Control Committee (ICC)	Board	This Committee meets 4 times a year and is chaired by one member of the Board of Directors dedicated to Risk, Compliance and Internal Audit specific topics. • Reviews and discusses all quarterly Risk, Compliance and Audit reports • Reviews the follow up by Authorised Management on recommendations made • Meets the Head of the Internal Control functions and Internal Audit at least annually and reviews the quality of their work • Assesses control capabilities, effectiveness internal audit • Supervises overall risk management limits for capital, liquidity and operational risk management • Reviews robustness contingency plan, methodology for measuring compliance risk
Credit Committee	Operational	• Reviews, considers and approves requests for credit exposure, in relation to borrowers, as well as partner banks • Reviews limits for credit risk
Asset & Liability Committee (ALCO)	Operational	• Reviews capital and liquidity position of Bank on at least a monthly basis • Pre-approves policies and limits, as well as funding and capital planning and strategies before submission to BALCO
Impairment Committee	Operational	• Meets at least quarterly • Approves the level of specific credit provisions • Decides on the formal classification of credit facilities, for the purpose of Basel and IFRS 9 regulation • Decides on the ownership of and strategy for specific credit files and litigation cases., such as closer monitoring, restructuring, refinancing or workout
Operational Risk	Operational	• Meets at least every two months • Monitors and approves the operational risk profile of the separate Bank functions and departments based on their products and services, and the resulting profile of the total Bank. All against a pre-determined risk appetite/tolerance. • Decides on overall planning and prioritisation of risk assessments, covering all activities of the Bank • Approves programs and actions to mitigate identified risks outside of risk appetite/tolerance • Reviews new/adjusted/changed products and services for the impact on the operational risk profile • Reviews incidents for their impact and related action plans. • Monitors the status and progress of actions and programmes to mitigate identified risks. Decides on target dates for risks classified as High

3.3 Risk management department

The responsibilities of Catella Bank's risk management department can be summarised as follows:

- To ensure that all risks are under control by identifying, measuring, assessing, mitigating and monitoring them on an ongoing basis: risk policies and procedures define the framework for controlling all types of risks by describing the methods used and the defined limits, as well as the escalation procedures in place;
- To provide the Authorised Management, the Board Risk Committee and the Board of Directors with a comprehensive, objective and relevant overview of the risks;
- To ensure that the risk limits are compatible with the Bank's strategy, business model and structure through an effective risk appetite framework, which defines the level of risk the Bank is willing to take in order to achieve its strategic and financial goals; and
- To ensure compliance with banking regulation requirements by submitting regular reports to the supervisory bodies, taking part in regulatory discussions and analysing all new requirements related to Risk Management that could affect the regulatory monitoring of Bank's activities.

Within the Catella Group, the control functions of the Bank also function as the centre of competence within Catella for those areas which are supervised by the CSSF

The risk management department is headed by the Chief Risk Officer (CRO) who both directly reports to the Authorised Management and Board of Directors, and engages with the CSSF.

The team size as per end of 2018 was 6.

4 Risk management objectives and policies

4.1 Main objectives

The primary objective of risk management is to ensure that material risk are identified, reported, mitigated monitored and managed in accordance with the 'risk appetite' as set by the Board, and explained below.

4.2 Risk management framework

The risk function of the Bank including underlying capabilities across the Bank, are organised along the following building blocks, which together constitute the 'Risk Framework' of the Bank.

- **Risk Strategy** – To be set in conjunction with Business Strategy and Risk Appetite
- **Risk Governance & Oversight** – Including 3 Lines of Defence model, risk committees, and formalised reporting lines to Authorised Management and Board of Directors
- **Risk Policies & Procedures** – Including Policies for main risk categories
- **Risk Methodology** – E.g. to measure risks under normal and stressed circumstances; for internal or regulatory reporting purposes
- **Risk Monitoring & Reporting**
- **Risk Culture** – As reflected in open discussion, transparent and balanced decision making

Risk Management department and the Chief Risk Officer in particular play a leading role in organising an effective Risk Framework for the Bank, enabling the appropriate identification, measurement and management of the risks related to the commercial activities and the business environment the Bank is operating in.

The Bank uses the industry standard Three-Lines-of-Defence model to manage its risks. Reporting lines reinforce segregation of duties and independence within the model.

Within the model the functions Risk Management, Information Security, and Legal & Compliance, constitute the main independent (Second Line) control functions within Catella Bank.

4.3 Risk appetite

Catella Bank strives to maintain a moderate risk profile. The moderate risk profile of Catella Bank is reflected in a number of quantitative and qualitative statements, characteristics and measures around the key resources of risk appetite: Profitability, Capital, Liquidity, Operations, Compliance and Reputation.

Whereas the qualitative statements are static in nature, quantitative measures are calibrated on at least a yearly basis. Below table links the 7 main qualitative risk statements of the Bank to quantitative thresholds and obliged indicators, substantiating a moderate risk profile for the Bank.

Below table provides a summary of the main limits and risk indicators set at Bank level.

Table 3: Risk appetite summary

Capital buffers must allow Catella Bank to remain in business even under very rare circumstances			
Minimum capital	Minimum CET 1		[Pillar 1 + II] + 1%
	Leverage Ratio (minimum capital)		3.7%
Capital impact	Maximum Interest Rate Risk sensitivity (+/- 200 bps for net earnings and economic value)		EUR 1.500 k
Catella Bank has a low appetite for residual liquidity risks			
Short term liquidity	Liquidity Coverage Ratio (LCR)		**2019: 150%**
Long term liquidity	Net Stable Funding Ratio (NSFR)		2018: 110%
Catella Bank only focuses on markets, products and customers it thoroughly understands and for which it has the capacity to effectively manage resulting risks, and add value to our customers and shareholders			
Business Continuity	*SLAs with defined recovery criteria*	*Critical processes*	*100%*
		Non Critical processes	80%
	Minimum testing frequency of Business Continuity Plan (BCP)		Once a year
	Maximum initiation frequency Disaster Recovery Plan		Once every two years
Risk Strategy for information security	Decision on risk treatment of newly identified high and medium information security risks		< 1 week
Vulnerability management (Resolution of system threats)	Critical systems	High & Medium risks	1 month
		Low risks	3 months
	Other systems	High risk	1 month
		Medium risk	3 months
		Low risks	6 months
Catella Bank promotes a culture of risk awareness, accountability and conduct that is compliant with internal policies and external requirements			
Operational risks	The Bank intends to limit its exposure to operational risks. Where risks are classified as High by the ORC, an action plan has to be initiated and approved by the ORC.		High risks: all Medium and low risks: decision to be taken by the ORC
Risk Control Self-Assessment	Processes classified as High Risk by the ORC shall be reviewed through a RCSA at least annually.		High risks: annually Medium and low risks: planning to be decided by the ORC
Information Security awareness	New staff attending training within 6 months		100%
	Staff attending annual information session		100%
	Staff signing off annual training		85%
Policy breaches	There is no appetite for breaching internal policies. Each policy breach will be investigated and reported to the ORC.		
Information security incidents	Each incident implying internal and/or external data leakage will be investigated and reported to the ORC. An explicit decision is required whether or not to report the incident to the applicable authorities.		
Catella Bank is aware of and cautious about its reputation			
Operational incidents	All incidents will be recorded in the incident reporting tool. Incidents with a (potential) impact higher than €500,= will be analysed for its root cause. Summaries and statistics of incidents will be reported to the ORC.		
Information security incidents	Number and materiality of incidents implying internal and/or external data leakage does not increase relatively over time		

4.4 Risk processes

This section summarises the main risk types to which the Bank is exposed and the key risk processes applied to manage them.

Credit risk

Credit risk is defined as the risk of loss if counterparties fail to fulfil their agreed obligations and the pledged collateral does not cover existing claims. It stems mainly from various forms of lending, but also from issued guarantees and deposits held with other banks.

Catella Bank is widely exposed to credit risk, in relation to its lending activities and exposures to other institutions. Credit risk is largely mitigated through collateral, such as real estate mortgages and pledges on securities portfolios.

In particular credit concentration risk to the Nordics, commercial real estate and individual counterparties is material and typically not captured under Pillar I capital.

Main processes to manage the credit risk:

- Loans to customers of Wealth Management and limits to partner banks are reviewed at least annually through the Credit Committee.
- Exposure on outstanding limits is monitored on a continuous basis.
- Creditworthiness of depository banks is verified at the start of the relationship and reviewed periodically.
- Advance ratios for individual securities are independently approved and periodically reviewed in relation to Lombard type credit lines.
- Chargebacks and collateral positions for e-merchants are monitored on a daily basis.

Market risk

Market risk is defined as the risk of loss in positions arising from movements in market prices. Market risk includes risks in relation to interest rate risk and foreign exchange.

Catella does not perform any trading activities on its own account and therefore has no material Pillar I requirements to cover market risk. Catella Bank is exposed to some form of market risk through its exposures to FX risk and interest rate risk for non-trading activities (IRRBB).

The assets and liabilities on the balance sheet are predominantly floating-rate with relatively short maturities. The sensitivity to IRRBB as measured by the regulatory stress test represents a negligible part of total own funds, significantly below the regulatory threshold, but may affect net interest earnings as explained above.

Similarly the assumptions regarding loan prepayments and behaviour of non-maturity deposits are not material.

Main processes to manage the market risk:

- SEK/EUR mismatches on the balance sheet are partly hedged through ccy swaps.
- Exposure of the Bank to IRRBB is stress tested at least on a quarterly basis in line with regulatory requirements. Besides the impact of a 200bps parallel downward or upward shift in interest, a number of different interest curves, and the impact of a liquidity crisis are assessed.
- IRRBB is managed within a risk tolerance of maximum EUR 1.5 m impact on economic capital.

- As per end of 2018 the estimated maximum negative impact of a 200bps parallel shift in interest on economic capital and one year interest income earnings was EUR 0.3 m and EUR 0.1 m respectively.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk.

In particular regarding its cards processing activities on the issuing business, Catella Bank is exposed to the risk of operational failures. For the Issuing business, the bank is also exposed to the external fraud risk related to that business.

Regarding both Issuing and Wealth Management, the Bank is also exposed to the risk of money laundering.

Main processes to manage the operational risk:

- Operational incidents are reported centrally to and analysed centrally by the risk department.
- Risk Control Self-Assessments are performed periodically across the organisation.
- Risk Management reports to advises to the Senior Management and operational Risk Committee on improvements in processes and controls.
- AML/KYC type of controls when onboarding new clients, including partner banks
- Legal assessments and local due diligence when considering business in new jurisdictions
- End-to-end risk assessment and senior management approval in case of major product or process changes that may affect the risk profile of the Bank.

Liquidity and capital risk

Due to the current diversification of the business activities, the liquidity risk profile of the Bank is complementary. The Bank is currently benefiting from a liquidity surplus coming from the Wealth Management and acquiring activities through clients' deposits, transaction and position accounts as well as retention reserves in support of its lending activities.

As a result of the sale of remaining business activities, funding will increasingly come from own funds.
Given the current winddown process, the minimum internal LCR ratio has been raised to 150%.

Main processes to manage the liquidity and capital risk:

- Monthly and quarterly calculation of regulatory liquidity and capital ratios (LCR, NSFR, COREP).
- Liquidity risk is stress tested at least on a quarterly basis.

4.6 Risk monitoring and reporting

The monitoring of risks is reflected in reports/regular updates addressed to the Board of Directors and to the Authorised Management, and produced by each department involved in the Three Line of Defence risk management structure. This includes Wealth Management, Cards, Credit, Finance, Back-Office and IT departments.

Main reports provided by the second line control functions include:

- Annual Internal Capital & Liquidity Adequacy Assessment Process (ICLAAP);
- Annual *Recovery Plan* which includes KPIs, triggers events and scenarios which apply to the Bank and its Swedish branch. (See section 1.5)

- Quarterly Risk and Compliance reports provided to Authorised Management and Board highlighting (potential) deviations from approved risk appetite as well as emerging risk issues in the bank; and
- Monthly and bi-monthly dashboards by Risk Management department in particular focusing on liquidity and operational risks provided to Senior Management and Authorised Management through relevant committees.

4.7 Hedges and mitigants

Catella Bank manages market risks by hedging foreign exchange risk and interest rate risk with the objective to protect its earnings and the economic value of its assets and liabilities.

Treasury has the responsibility to manage interest rate and FX risk hedging. According to the market risk policy, cross-currency basis risk stems from the cash flow hedging techniques used by the Bank to mitigate the above risks via FX swaps.

Foreign exchange risk is not necessarily fully hedged. Interest rate risk deriving from mismatches between short term funding and longer term lending is monitored by ALCO according to specific limits set very prudently and reflecting a very low tolerance for currency and interest rate risk. Total exposure is monitored on a frequent basis. Relevant stress tests are performed at least quarterly.

Real estate and financial instruments which are pledged to the Bank as collateral for loans are revalued and monitored in line with regulatory standards and industry best practices.

The legal perfectness of credit mitigants is verified as part of the credit review process, whereas the impact of hedges and mitigants in terms of exposure reduction is reviewed as part of the validation of regulatory risk reports.

Debtors are not allowed to offset debit and credit balances under credit facilities provided.

5 Own Funds, Capital and Liquidity adequacy

This section summarises the own funds of Catella Bank, as well as the main approaches, requirements and conclusions on capital adequacy as reported to the CSSF as part of the quarterly COREP reporting, and annual Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP). Small deviations between both regulatory reports are due to timing and scoping differences.

The Bank's risk profile is assessed using the Pillar I plus approach. It takes the generic Pillar I capital requirements calculation as a starting point and then considers whether this results in an adequate amount of capital to cover the Bank's actual risk profile.

5.1 Own funds

As at 31 December 2018, the capital resources of Catella Bank were as follows (source: COREP):

Table 4: own funds (Tier 1)

Tier 1 capital (original own funds)	**In k€**
Subscribed capital	17,420
Share premium	23,416
Legal reserves	1,742
Special reserves	2,098
Free reserves	11,699
P&L retained earnings	16,137
Other	(32,898)
Total Tier 1 capital- own funds	**39,614**

During the year, Catella Bank complied all times with all of the externally imposed regulatory capital requirements.

5.2 Pillar 1 capital requirements as per 31 December 2018

The measurement of the minimum capital requirement as per 31 December 2018 is based on the Circulars CSSF 06/273, 07/301, as amended by CSSF 08/338, 09/403, 11/506, 13/568. Data provided are extracted from COREP reporting.

Credit risk: Standardised Approach

As per end of 2018 capital requirements for credit risk amount to EUR 9.8 m.

Exposure to counterparty credit risk is not material.

For the exposure classes *Equities* and *Institutions* the Banks makes use of the *External Credit Assessment Institutions* (ECAI) S&P and Moodies. The review process frequency for available ratings has been aligned with external reporting requirements.

Table 5: capital requirements for credit risk

Standardised approach (SA)	Risk weighted exposure	8% capital
Institutions	34,019,115.52	2,721,529.24
Corporates	60,296,825.55	4,823,746.04
Retail	1,279,982.18	102,398.57
Secured by mortgages on immovable property	12,143,867.57	971,509.41
Items associated with particular high risk	98,503.88	7,880.31
Equity	7,304,109.04	584,328.72
Other items	6,793,802.05	543,504.16
Total	**121,936,205.78**	**9,754,896.46**

Operational risk: Basic Indicator approach (‘BIA’)

From a qualitative standpoint, the Bank uses a control framework based on the ‘Principles for a sound Management of Operational Risk’ from the Basel Committee to analyse its risk profile and manage its operational risks. As per end of 2018 capital requirements for operational risk amount to EUR 5.4 m.

Market risk: Standardised Approach.

As no trading activities are performed for own account, market risk boils down to Foreign Exchange Risk and Interest-Rate Risk in the Banking Book (IRRBB).
As per end of 2018 capital requirements for market risk amount to ca EUR 0.4 m.

5.3 Capital adequacy as per 31 December 2018

The Bank’s net available capital as of 31 December 2018, based on applicable regulatory buffers, including an existing Pillar II buffer imposed by the CSSF of 3%, amount to **EUR 11.5 m**.

Table 6: Total capital requirements and available capital (in million €) – source ICLAAP

Total capital requirements as % of RWA and EUR m	**2018**	
Total risk exposure amount	**195.5**	
Capital requirements		
Capital requirements Pillar I	8.0%	15.6
Capital requirements Pillar II	3.0%	5.9
Capital conservation buffer	2.5%	4.9
Countercyclical capital buffer	0.9%	1.8
Total capital ratio requirements	**14.4%**	**28.1**
Available capital		
Total capital ratio	**20.3%**	**39.6**
Net available capital	5.9%	11.5

The aforementioned countercyclical capital buffer is related to Swedish exposures and applied proportionate for all exposures to counterparties with Swedish domicile. As per end of 2018 the rate was set at 2% by the Swedish Finansinspektionen. Information regarding the countercyclical capital buffer is included in Annex VI of this report.

5.4 Internal Capital Adequacy Assessment Process (Pillar II)

In context of the ICAAP, the Bank also conducts stress tests and assesses to which extent the outcome of these tests requires changes in its risk and internal capital management to ensure its internal capital adequacy. As such the Bank submits its non-trading book activities to a stress test to assess its interest rate risk (Circular CSSF 16/642), as well as performs liquidity stress tests in accordance with Circular CSSF 09/403. A broader stress-testing framework is also applied in line with Circular CSSF 11/506.

As a result of the rapid decrease of the Bank's assets and liabilities, none of the identified risks that are currently not covered under Pillar I, are deemed material enough to require a specific capital allocation under Pillar II, compared with EUR 1.8 m or 0.7% of applicable Pillar I Risk Weighted Assets in 2017.

Table 7: Pillar II add-on (in million €)

Capital requirements Pillar I & II [2018-12-31]		Pillar I (8%)[3]	Pillar II add-on
Credit Risk	Default Risk	EUR 9.8 m	EUR 0.0 m
	Counterparty Concentration Risk	n.a.	EUR 0.0 m
Market Risk	FX Risk	EUR 0.4 m	EUR 0.0 m
	Interest Rate Risk Banking Book (IRRBB)	n.a	EUR 0.0 m
Operational Risk		EUR 5.4 m	EUR 0.0 m
Business Risk		n.a.	n.a.
Total Pillar II add-on ad EUR m			**EUR 0.0 m**
Pillar II add-on as % of RWA			**0.0%**

5.5 Liquidity Coverage Ratio (LCR) as per 31 December 2018

The Liquidity Coverage Ratio (LCR) aims to ensure that banks hold enough liquid assets to survive a significant stress, resulting in increased cash outflows lasting for one month.
The LCR definition has been set on the basis of technical standards issued by European Banking Authority, defining so called High Quality Liquid Assets and taking assumptions on theoretical outflows.

The minimum regulatory ratio is 100% since 1 January 2018. Catella Bank's LCR ratio has always been more than 100%. It was, well above regulatory requirements, at 372% at end of 2018.

As per 2019 the internal LCR threshold has been raised to 150%

[3] Pillar I requirements for credit risk and market risk updated to reflect the final requirements. The ICAAP is based on preliminary Pillar I figures.

6 Remuneration Policy

6.1 Governance

Below table summarises the main duties of the relevant governance bodies in relation to remuneration.

Table 8: Governance bodies, main responsibilities and tasks

Governance body	Main responsibility	Key tasks
Board of Directors (BoD)	Ultimate decision making authority	• Ultimately responsible for the design of the Remuneration Policy and the review of the Policy's implementation • Ensures that the implementation of the Policy is reviewed on a regular basis by the BRC, which must be assisted by the Control Functions or by external experts • Such central and independent reviews assess whether the remuneration system operates as intended and is compliant with the relevant and applicable regulations
The Board Remuneration Committee (BRC)	Board Committee overseeing nomination and remuneration matters • Includes at least two members of the Board • Meets at least annually	• Determines whether total amount of variable remuneration is set in accordance with regulatory standards • Determines whether the Policy is appropriate and administered correctly • Prepares Board decisions regarding remuneration • Monitors the appropriate structure of the remuneration system • Ensures the principles of the policy are adhered too • Ensures the remuneration systems are compatible with the business strategy and risk strategies of the Bank
Authorised Management	Responsible for execution of HR strategies and policies	• Plays an active role in ensuring the correct operational implementation of the Policy throughout Catella Bank entities and taking all appropriate measures to ensure that the Policy is applied properly and in line with mandatory local regulations

6.2 Link between pay and performance

Catella Bank offers remuneration packages that, while in line with market practices, are competitive and attractive, both in terms of amount and structure. An important element of the employees' remuneration packages is the variable component which is strongly linked to the performance of the entity, the department and the individual.

Catella Bank can decide, in case of poor performance of the staff member, the department, the entity to lower or even to reduce to zero the variable remuneration. When it comes to individual performance, the rating given by the appraiser determines whether the staff member is eligible or not to receive variable remuneration.
Variable compensation for performance should always have an individual component reflecting non-financial performance criteria, such as compliance with internal rules, risk standards and procedures, as well as compliance with the company's standards which govern relationships with clients and investors, as well as proper ethical behaviour.

6.3 Application of proportionality principle to the Bank

The Bank has concluded that on an individual, consolidated and sub-consolidated basis, the Bank is capable of exercising the proportionality principle as encoded in Circular 11/505, given the balance sheet size of the Bank and Group, the internal organisation and the nature, scope and complexity of our activities.
By applying the principles of proportionality, the following criteria are "neutralised":

- the deferral requirements;
- the payment of the variable remuneration in units or shares, equivalent ownership interests or share-linked instruments or equivalent non-cash instruments;
- the ex-post risk factor requirement such as the "*malus"* approach.

Examples:

- if an employee receives a fixed salary of 50.000 Euros, he/she can receive a variable remuneration of up to 50.000 Euros in cash without deferral;
- if person receives a fixed salary of 50.000 Euros he/she can receive a variable remuneration of up to 100.000 Euros in cash without deferral, subject to the Shareholder's approval as described in article 38 (higher ratio rule) of Law of 23 July 2015. The shareholders must approve any amount above 100% with a maximum of 200%.

The proportionality principle is not applicable to the below requirements:

- Staff members are forbidden to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;
- No variable remuneration shall be paid through vehicles or methods that facilitate the non-compliance with this Directive or Regulation (EU) No 575/2013.

6.4 Design characteristics of remuneration system

6.4.1 Objectives and principles

The current Remuneration Policy is based on the following principles:

- The Bank will ensure that it maintains robust governance arrangements, which include a clear organisational structure with transparent and consistent lines of responsibility, effective, proportionate and comprehensive processes to identify, manage, monitor and report the risk that it is or might be exposed to, and adequate internal control mechanisms, including sound administration and accounting procedures;

- Sound and effective risk management practices that do not encourage risk taking that exceeds the risk appetite and tolerated risk of the Bank;
- Ensuring it is aligned with the business strategy, objectives, values and long-term interests of the Bank and ultimately the shareholder's expectations;
- Avoiding or mitigating conflicts of interest, as necessary;
- Ensuring staff engaged in control functions are independent from business units of the Bank that they oversee, and that appropriate authority and remuneration is linked to their functions, independent of the performance of the business areas they oversee;
- Ensuring appropriate and holistic ratios are set between fixed and variable remuneration for Identified Staff, which shall include the possibility to pay no variable remuneration component;
- Complying with all Bank's internal rules & regulations.

The remuneration systems and practices of the Bank are an important factor in ensuring that the Bank can achieve its strategic objectives whilst maintaining adherence to the above principles. They are intended to ensure a remuneration level that will enable the Bank to attract and retain sufficient numbers of qualified staff in a dynamic market environment. The remuneration models and parameters are geared to the long-term business success. The system, among others, includes the following elements:

- With discretionary fringe benefits, the Bank creates a working environment that encourages performance, offers recognition to employees and supports them beyond the immediate workplace;
- In addition to statutory and private pension schemes and where applicable, the Bank may offer its employees a company pension scheme with various implementation options if such scheme is in line with the long term strategy and interests of the Bank. Should the Bank offer a discretionary company pension scheme and an employee leave the Bank before retirement, the Bank will retain the discretionary pension benefits for a period of five years and subsequently pay such benefits to the employee in accordance to Article 38-6 o) of the Law of 23 July 2015;
- The remuneration components result in competitive compensation for employees, taking into account an appropriate balance of variable and fixed remuneration. In the ongoing development of its remuneration models, the Bank pursues the aims of rewarding performance and fostering the employee behaviour required for corporate success while complying with regulatory requirements;
- Variable remunerations shall always be paid after consideration is given to of the performance of the employee, the business unit concerned, and of the overall results of the Bank;
- Except for welcome "sign-on" bonus authorised by the law, no bonuses may be promised, or awarded if not justified by appropriate performance or achievements, and no variable remuneration is to be paid to members of the Management body of the Bank unless justified;
- Performance or achievements shall always be evaluated taking into account their long-term benefits or impact on the bank. The assessment of an employee or a department's performance will take into account long term strategic views and goals of the Bank's long-term strategic plan;
- The total variable remuneration pool does not limit the ability of the institution to strengthen its capital base;
- Guaranteed variable remuneration, as a general principle, is not allowed. However, on an exceptional basis, it may be permitted when hiring new staff and where the Bank has a sound and strong capital base. In any case, this shall be limited to the first year of employment;
- The Bank has established an HR performance review and disbursement procedure.

The application and implementation of the above principles is supervised by the control functions of the Bank.

6.4.2 Performance measurement

Within Catella Bank and subject to minor local adjustments, all members of staff are assessed once a year on the basis of targets set at the beginning of each calendar year.
A skills matrix assesses the competencies of the employee.
Staff objectives are set-up in a way that ensures that individual performance and development are coherent with Catella Bank's ambition, future development and risk management. Objectives are specific to the function and to the employee and focus on what the employee is asked to achieve in that particular calendar year. Objectives may be quantitative or qualitative, but the set of objectives should always include qualitative objectives.

As a general principle performance is assessed and discussed during appraisal interviews that are done at least once a year by the direct manager of the employee The direct manager is aware if the appraisee is a Material Risk Taker or not.
The main objective of such annual assessments is to give feedback to employees regarding their performance and competencies and hence recognise the work done, identify developments needs and career aspirations and motivate employees to continue contributing to Catella Bank performance Catella Bank's performance management also aims to:

- Guarantee fairness and internal consistency throughout the Bank;
- Promote internal mobility;
- Recognise collective efforts done to achieve Catella Bank's corporate objectives;
- Granting a fair bonus.

The appraisal interview assesses the competencies of the employee as well as the achievement of targets. Both dimensions are rated on a scale from red to green and the final assessment score is based on the average of these 2 scores. There is no mathematical formula to set the final score. It is left to the manager's discretion to round it up or down.

6.4.3 Performance assessment for Risk Takers' clawback period

The Bank applies a two years "Clawback Period" protocol.
After the end of a financial year, the performance of Risk Takers – like that of all other employees – is assessed on the basis of the individual quantitative and qualitative targets for the financial year in question. This Performance assessment I forms the basis for the amount of individual variable remuneration.

For Identified Risk Takers under this Policy, additional risk reviews shall be conducted in each year (Performance assessment II) to determine whether causes have arisen in the meantime justifying the cancellation or reduction of claims granted to the employee. Such reasons are deemed to exist primarily in case of violations of rules and guidelines (Code of Ethics), a lack of sustainability in the performance of an employer (which serves as the basis for the Performance assessment I), or the employee's risk behaviour.

After the expiry of the clawback period, the Performance assessment I is reviewed in Performance assessment II. This also examines the employee's behaviour during the period and takes into account collective criteria such as the liquidity and profitability of the Bank. Negative individual contributions to success or failure to meet liquidity and profitability criteria of the Bank may result in the variable remuneration component being reduced or cancelled.

In case of resignation or termination of employment by the employer or the employee before the applicable date, no variable remuneration shall be paid out.

The pay-out letter to the employee shall contain clauses in relation to the foregoing that have to be acknowledged by the employee as a condition to the pay-out.

6.5 Remuneration models and parameters

6.5.1 Remuneration models

The remuneration parameters relevant to the remuneration system are derived from the Bank's long-term financial plan. They are set annually in "incentive plans" for each department to ensure that employees' remuneration-related targets are sufficiently transparent and bespoke; can make an effective and sustainable contribution to achieving the Bank's goals, and do not create incentives to incur excessive risks.

The system is made up of six target group-specific remuneration models:

1. Pay-Scale model: All pay-scale employees
2. Front Office and Key Staff model: Relationship Managers, Heads and Other Senior Staff
3. Management model: Members of the Executive Management
4. Control functions: Chief Compliance Officer, Chief Risk Officer, Chief Internal Auditor
5. Authorised Management model: Members of the Authorised Management
6. Board of Directors model: Members of the Board Directors

6.5.2 Disbursement volume and parameters for variable remuneration

At the end of each financial year, Authorised Management shall submit to the Board of Directors a certain volume of funds that can be made available for the disbursement as variable remuneration. To meet the regulatory requirements, the budget for variable remuneration is reviewed under these five principles:

1. The process shall always take into account economic factors – in particular all current and future risks, risk bearing capacity, multi-year planning and the profit position of the Bank – as well as regulatory factors such as the ability to regain appropriate capital and liquidity resources or maintain them in the long term. The process shall ensure that the Bank's ability to maintain or regain compliance with the combined capital buffer requirements is not impaired. It also ensures, in case of a negative overall performance of the Bank, in particular if this involves a decrease in company value, that it is generally not permissible to set aside a budget for variable remuneration;
2. An employee's individual targets are derived from the relevant Bank's "incentive plans" and are agreed at the beginning of a financial year. There shall include quantitative and qualitative targets;
3. The annual return on equity should also be used to as a determining factor for setting and/or paying out variable remuneration;
4. The variable pay is also evaluated and based on the performance of the employee, the business unit of the employee and the overall results of the Bank. The Bank will thus consider non-financial criteria such as compliance with Bank's Code of Ethics, Compliance Manual, personal development and growth, the achievement of notable and reputable training milestones and exceptional internal circumstances as additional criteria that may trigger exceptional performance related remuneration;
5. As a weighing measures for non-financial criteria, the Bank shall implement its annual individual staff performance appraisal procedures.

6.5.3 Variable remuneration principles for specific categories of staff

Front Office and key staff

- At the beginning of the financial year, the Authorised Management shall sets each department' target on the basis of the Bank's overall performance criteria. These criteria are linked to a target volume for the variable remuneration of employees under the Front Office and Key Staff model.

- Any distribution of the disbursement budget to the employees takes solely place on a discretionary basis, taking into account the Bank's contribution to performance and that of the individual employee.
- The amount of the individual variable remuneration is limited to 200 % of the target amount and cannot exceed the individually applicable 100% bonus cap for variable remuneration.

Executive management and employees with key project management responsibilities

- See above.
- Criteria set by the Authorised Management are to be approved by the Board of Directors.

Control functions

- A recommendation shall be made by the Remuneration Committee on the total volume of variable compensation under the control functions model.
- Variable compensation for control functions will predominately be judged in accordance to the control functions objectives, and only takes into account the individual employee performance.

Authorised management

- At the beginning of the financial year, the Board of Directors sets a Bank performance target plan. This target is linked to a target volume for the variable remuneration of employees under the authorised management model.
- After the end of the financial year, a decision is made on the total volume of variable compensation under the authorised management model on the basis of Bank's performance.
- Any distribution of the disbursement budget takes into account the Bank's contribution to performance and that of the individual employee.
- The amount of the individual variable remuneration is limited to 200 % of the target amount and cannot exceed the individually applicable 100% bonus cap for variable remuneration.

During the first quarter of 2018 the CEO of Catella Bank voluntarily resigned from his position. Subsequently, current CEO and Chief Legal & Compliance Officer of Catella Group were appointed as CEO and Deputy CEO of Catella Bank, in addition to their respective roles for the parent company.
Where material financial incentives are provided to the Authorised Management of the Bank at Group level rather than at Bank level, these are disclosed through the annual accounts of Catella A.B.

Board of Directors

- After the end of the financial year and where applicable, a decision can be made on the total volume of variable compensation under the Board of Directors model on the basis of Bank's overall performance.
- Any applicable variable remuneration under this model is subject to the Bank's General assembly approval.

6.6 Identification of the risk takers and identified staff

The European Commission has proceeded to publish the Commission Delegated Regulation (EU) No 604 / 2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile.
A detailed definition of Identified staff is set out as all employees classified in group 2 to 6.

The list of Identified Staff for Catella Bank is drawn on the basis of the analysis of job functions and reviewed by HR and Compliance at least on a yearly basis. [4]

[4] See EBA Guidelines on Sound Remuneration Policies and CSSF Circulars 10/496, 11/505, 15/601, 15/622 with regard to the requirements detailed in the Delegated Regulation (EU) No 604 / 2014 of 4 March 2014.

The list of Identified Staff (including Branch) is fixed at 31 employees (excluding 17 senior management members) as of 31 December 2018.

Catella Bank already adopted before the implementation of Directive 2004/39/CE in 2007 and still maintains measures enabling to effectively identify where the Relevant Persons might fail to act in the best interests of clients and to take remedial action.
In addition, organisational measures adopted in the context of the launch of new products or services appropriately take into account the remuneration policies and practices and the risks that these products or services may pose in terms of conduct of business and conflicts of interests.

6.7 Disclosure

Internal disclosure
Employees of Catella Bank are informed through the intranet or by their hierarchy on the performance assessment and reward process and the main principles of this Policy.
The discretionary nature of the variable remuneration is mentioned in the employment contracts. Catella Bank informs its staff members appropriately and timely of any amendments to the Policy which might affect them.

External disclosure
As set out in art. 450 (Part Eight) of EU Regulation N°575/2013, Catella Bank makes available to the public information regarding its Remuneration Policy and practices for those categories of staff whose professional activities have a material impact on Catella Bank’s risk profile (i.e. the Identified Staff).

Annex I: Declaration and Risk Statement by the Management Body

Catella Bank's Board of Directors ensures that the risk management arrangements of Catella Bank are adequate with regard to the Bank's profile and strategy, these arrangements being already implemented or making part of an action plan with the aim to reach this objective.

This declaration is based on the reliability of the risk-related information communicated to the Board through the dedicated channels foreseen by the governance. In particular, the Board Internal Control Committee - a sub-committee of the Board - is the forum where the risk exposures are compared to the Board's risk appetite, and where significant risk events and issues are reported and discussed.

Annex II: Own Funds, RWAs and solvency ratio

	Own funds disclosure template	2018-12-31 (kEUR)	Regulation (EU) No 575/2013 Article Reference
Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	40,836	26 (1), 27, 28, 29
	of which: Share Capital	40,836	EBA list 26 (3)
	of which: instrument type 2		EBA list 26 (3)
	of which: instrument type 3		EBA list 26 (3)
2	Retained earnings	-13,696	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	17,626	26 (1)
3a	Funds for general banking risk		26 (1) (f)
4	Amount of qualifying items reffered to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)
5	Minority interests (amount allowed in consolidated CET1)		84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**44,766**	**Sum of rows 1 to 5a**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-9	34, 105
8	Intangible assets (net of related tax liability) (negative amount)		36 (1) (b), 37
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-5,143	36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges		33 (1) a
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33(1) (b)
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41
16	Direct or indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institutions does not have a significant investment in those entities (amount above 10% treshold and not of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institutions has a significant investment in those entities (amount above 10% treshold and not of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79

20	Empty set in the EU		
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)
21	Deferred tax assets arising from temporary differences (amount above 10% treshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 15 % treshold (negative amount)		48 (1)
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b)
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a)
25a	Losses for the current financial year (negative amount)		36 (1) (a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-5,152**	**Sum of rows 7 to 20a, 21, 22 and 25a to 27**
29	**Common Equity Tier 1 (CET1) capital**	**39,614**	**Row 6 minus row 28**
Additional Tier (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		51, 52
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items reffered to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86
35	of which: instruments issued by subsidiaries subject to phase out		486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**		**Sum of rows 30, 33 and 34**
Additional Tier (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% treshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79

40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		56 (d), 59, 79
41	Empty set in the EU		
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**		**Sum of rows 37 to 42**
44	**Additional Tier 1 (AT1) capital**		**Row 36 minus row 43**
45	**Tier 1 capital (T1=CET1 + AT1)**	**39,614**	**Sum of rows 29 and row 44**
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts		62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)
48	Qualifying own funds instruments included in consilidated T2 capital (including miority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88
49	of which: instruments issued by subsidiaries subject to phase out		486 (4)
50	Credit risk adjustments		62 (c) & (d)
51	**Tier 2 (T2) capital before regulatory adjustments**		
Tier 2 (T2) capital: regulatory adjustment			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% treshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79
55	Direct and indirect holdings by the institution of the T2 instruments an subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79
56	Empty set in the EU		
57	**Total regulatory adjustments to Tier 2 (T2) capital**		**Sum of rows 52 to 56**
58	**Tier 2 (T2) capital**		**Row 51 minus row 57**
59	**Total capital (TC=T1 + T2)**	**39,614**	**Sum of row 45 and row 58**
60	**Total risk weighted assets**	**195,454**	
Capital ratio buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	20,27%	92 (2) (a)
62	Tier 1 (as a percentage of total risk exposure amount)	20,27%	92 (2) (b)
63	Total capital (as a percentage of total risk exposure amount)	20,27%	92 (2) (c)

64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer, expressed as a percentage of risk exposure amount)	7,90%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2,50%	
66	of which: countercyclical buffer requirement	0,90%	
67	of which: systemic risk buffer requirement		
67a	of which: Global Systemically Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		
68	Common Equity Tier 1 avaiblable to meet buffers (as a percentage of risk exposure amount)	16,77%	CRD 128
69	[not relevant in EU regulation]		
70	[not relevant in EU regulation]		
71	[not relevant in EU regulation]		
Amounts below the treshold for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% treshold and net of eligible short positions)		36 (1) (h), 46, 45, 56 (c), 59, 60, 66 (c), 69, 70
73	Direct and indirect holdings by the instution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% treshold and net of eligible short positions)		36 (1) (i), 45, 48
74	Empty set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 10% treshold, net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal Ratings-based approach (prior to the application of the cap)		62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	— Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) & (5)
81	— Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)
82	— Current cap on AT1 instruments subject to phase out arrangements		484 (4), 486 (3) & (5)
83	— Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)
84	— Current cap on T2 instruments subject to phase out arrangements		484 (5), 486 (4) & (5)
85	— Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)

Annex III: Capital Instruments main features

Capital Instruments main features template[1)]		
1	Issuer	Catella Bank S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement	N/A
3	Governing law(s) of the instrument	Luxembourg Company Law: Law of 10th August 1915 on commercial companies
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR m 17.4
9	Nominal amount of instrument	EUR m 17.4
9a	Issue price	EUR m 15.0
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1989
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contigent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons/ dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A

32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
[1]) Insert 'N/A' if the question is not applicable		

Annex IV: Asset Encumbrance

Disclosure of asset encumbrance

kEUR

Template A - Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally elligible EHQLA and HQLA		of which notionally elligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	22 322 994	3 091 192			396 129 617	57 080 277		
030	Equity instruments					7 286 694			
040	Debt securities								
050	of which: covered bonds								
060	of which: asset-backed securities								
070	of which: issued by general governments								
080	of which: issued by financial corporations								
090	of which: issued by non-financial corporations								
120	Other assets	22 322 994	3 091 192			388 663 401	57 080 277		
121	of which: …								

CATELLA

Template B-Collateral received

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally elligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the reporting institution**				
140	Loans on demand				
150	Equity instruments				
160	Debt securities				
170	of which: covered bonds				
180	of which: asset-backed securities				
190	of which: issued by general governments				
200	of which: issued by financial corporations				
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received				
231	of which: …				
240	**Own debt securities issued other than own covered bonds or asset-backed securities**				
241	**Own covered bonds and asset-backed securities issued and not yet pledged**				
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**				

Template C-Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	**Carrying amount of selected financial liabilities**		
011	of which: …		

Template D - Accompanying narrative information

Annex V: Leverage ratio

Table LRSum: Summary reconsiliation of accounting assets and leverage ratio exposures		
		Applicable Amounts in kEUR
1	Total assets as per published financial statements	408 207
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable framework but excluded from the leverage ratio exposure measure according to Article 429(11) of Regulation (EU) NO. 575/2013	
4	Adjustments for derivative financial instruments	234
5	Adjustments for securities financing transactions	
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	30 709
EU-6a	Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013	
EU-6b	Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013	
7	Other adjustments	-463
8	**Leverage ratio exposure**	**438 687**

Table LRCom: Leverage ratio common disclosure		
		CRR leverage ratio exposures
	On-balance sheet exposure (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	406 294
2	Asset amounts deducted in determining Tier 1 capital	-199
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**406 095**
	Drivative exposures	
4	Replacement cost associated with derivatives transactions	1 649
5	Add-on amounts for PFE associated with derivatives transactions	234
EU-5a	Exposure determined under Original Exposure Method	
6	empty set in the EU	
7	empty set in the EU	
8	empty set in the EU	
9	empty set in the EU	
10	empty set in the EU	
11	**Total derivative exposures (sum of lines 4 to 5a)**	**1 883**
	Securities financing transaction exposures	
12	empty set in the EU	
EU-12a	SFT exposure according to Article 220 of Regulation (EU) NO. 575/2013	
EU-12b	SFT exposure according to Article 222 of Regulation (EU) NO. 575/2013	
13	empty set in the EU	
14	empty set in the EU	
15	empty set in the EU	
16	**Total securities financing transaction exposures**	**0**
	Off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	269 119
18	Adjustments for conversion to credit equivalent amounts	-238 410
19	**Total off-balance sheet exposures (sum of lines 17 to 18)**	**30 709**
	Capital and Total Exposures	
20	**Tier 1 capital**	**51 170**
EU-21a	Exposures of financial sector entities according to Article 429(4) 2nd subparagraph of Regulation (EU) NO. 575/2013	
21	**Total Exposures (sum of lines 3, 11, 16, 19 and 21a)**	**438 687**
	Leverage Ratios	
22	**End of quarter leverage ratio**	**0,12**
EU-22a	**Leverage ratio (avg of the monthly leverage ratios over the quarter)**	
	Choice on transitional arrangements and amount of derecognised fiduciary items	
23	Choice on transitional arrangements for the definition of the capital measure	
24	Amount of derecognised fiduciary items in accordance	

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives and SFTs)		
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives and SFTs), of which:	**406 294**
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	406 294
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	138 492
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	
EU-7	Institutions	147 443
EU-8	Secured by mortgages of immovable properties	32 295
EU-9	Retail exposures	1 582
EU-10	Corporate	73 441
EU-11	Exposures in default	
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	13 041

Annex VI: Countercyclical capital buffer

Geographical distribution of relevant credit exposures

	General credit exposure		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	Exposure value for IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total		
Breakdown by country												
Switzerland	3 624 000	-	-	-	-	-	251 820	-	-	251 820	0,04	0,00%
Germany	58 534	-	-	-	-	-	3 512	-	-	3 512	0,00	0,00%
Guernsey	608	-	-	-	-	-	49	-	-	49	0,00	0,00%
Luxembourg	53 042 994	-	-	-	-	-	3 626 681	-	-	3 626 681	0,52	0,00%
Sweden	49 125 678	-	-	-	-	-	3 151 276	-	-	3 151 276	0,45	2,00%
Total	**105 851 814**	**-**	**-**	**-**	**-**	**-**	**7 033 338**	**-**	**-**	**7 033 338**	**1,00**	**-**

Amount of institution-specific countercyclical capital buffer

Total risk exposure amount (EUR)	195 454 374
Institution specific countercyclical buffer rate (%)	0,90
Institution specific countercyclical buffer requirement (EUR)	1 751 461

Annex VII: Liquidity Coverage Ratio

Scope of consolidation: Solo		Total weighted value			
Currency and units: EUR					
Quarter ending on (DD Month YY)		31 March 18	30 June 18	30 September 18	31 December 18
Number of data points used in the calculation of averages		12	12	12	12
21	LIQUIDITY BUFFER	48 947 232	50 220 686	50 846 566	60 724 522
22	TOTAL NET CASH OUTFLOWS	35 584 196	36 162 213	36 767 814	36 381 858
23	LIQUIDITY COVERAGE RATIO (%)	137,55%	138,88%	138,29%	166,91%

Annex VIII: Credit risk adjustments

Net values of on-balance-sheet and off-balance-sheet exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR).

	Net value of exposures at the end of the period	Average net exposures over the period
Central governments or central banks	138 492 191	76 835 466
Institutions	402 999 008	435 060 003
Corporates	88 694 560	93 820 285
Retail	2 217 941	2 867 789
Secured by mortgages on immovable property	32 353 414	41 971 670
Exposures in default	0	1 862 948
Items associated with particularly high risk	65 669	29 244
Equity exposures	7 304 109	7 213 876
Other exposures	6 793 802	10 537 211
Total standardised approach	**678 920 694**	**670 198 491**

Net values of on-balance-sheet and off-balance-sheet exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR).

	Net value of exposures at the end of the period						
	Switzerland	Germany	Guernsey	Luxembourg	Monaco	Sweden	Total
Central governments or central banks				138 492 191			138 492 191
Institutions	50 233 112	19 477 115	16 345 541	207 627 889	83 739 583	25 575 767	402 999 008
Corporates	12 057 496	1 164	856	44 900 375		31 734 669	88 694 560
Retail				646 823		1 571 118	2 217 941
Secured by mortgages on immovable property	1 700 000	58 534		8 359 078		22 235 802	32 353 414
Exposures in default				0			0
Items associated with particularly high risk				65 669			65 669
Equity exposures				7 304 109			7 304 109
Other exposures				5 096 678		1 697 124	6 793 802
Total standardised approach	**63 990 608**	**19 536 813**	**16 346 396**	**412 492 813**	**83 739 583**	**82 814 480**	**678 920 694**

Net values of on-balance-sheet and off-balance-sheet exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR). The counterparty sector allocation is based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor should be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure.

	Net value of exposures at the end of the period		
	Financial sector entity	Non-financial sector entity	Total
Central governments or central banks		138 492 191	138 492 191
Institutions	402 999 008	0	402 999 008
Corporates	14 433 177	74 261 382	88 694 560
Retail		2 217 941	2 217 941
Secured by mortgages on immovable property		32 353 414	32 353 414
Exposures in default		0	0
Items associated with particularly high risk	65 669	0	65 669
Equity exposures		7 304 109	7 304 109
Other exposures		6 793 802	6 793 802
Total standardised approach	**417 497 854**	**261 422 840**	**678 920 694**

Net values of on-balance-sheet exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation in Part One, Title II, Chapter 2 of the CRR).

	Net value of exposures at the end of the period		
	On demand	Longer maturity	Total
Central governments or central banks	138 492 191		138 492 191
Institutions	56 556 508	346 442 499	402 999 008
Corporates	47 967 558	40 727 002	88 694 560
Retail		2 217 941	2 217 941
Secured by mortgages on immovable property		32 353 414	32 353 414
Exposures in default		0	0
Items associated with particularly high risk		65 669	65 669
Equity exposures		7 304 109	7 304 109
Other exposures		6 793 802	6 793 802
Total standardised approach	**243 016 257**	**435 904 437**	**678 920 694**

Net values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR).

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjusment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures					
Central governments or central banks		138 492 191					138 492 191
Institutions		403 058 058	59 051		59 051	17 392	402 999 008
Corporates		89 141 434	446 874		446 874	286 753	88 694 560
Retail		2 217 941					2 217 941
Secured by mortgages on immovable property		32 353 414					32 353 414
Exposures in default	783 143		783 143		783 143	-83 653	0
Items associated with particularly high risk		65 669					65 669
Equity exposures		7 304 109					7 304 109
Other exposures		6 793 802					6 793 802
Total standardised approach	**783 143**	**679 426 619**	**1 289 068**	**0**	**1 289 068**	**220 492**	**678 920 694**

Net values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR) of total exposures under the standardised approach and the IRB approach altogether.

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjusment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures					
Financial sector entities	203 378	417 558 223	263 747		263 747	8 359	417 497 854
Non-financial sector entities	579 765	261 868 396	1 025 321		1 025 321	212 132	261 422 840
Total standardised approach	**783 143**	**679 426 619**	**1 289 068**	**0**	**1 289 068**	**220 491**	**678 920 694**

Net values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR) of total exposures under the standardised approach and the IRB approach altogether broken down by significant geographical areas and jurisdictions in which institutions have exposures.

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjusment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures					
Switzerland		63 990 608					63 990 608
Germany		19 536 813					19 536 813
Guernsey		16 346 396					16 346 396
Luxembourg	783 143	412 998 738	1 289 068		1 289 068	220 491	412 492 813
Monaco		83 739 583					83 739 583
Sweden		82 814 480					82 814 480
Total	**783 143**	**679 426 619**	**1 289 068**	**0**	**1 289 068**	**220 491**	**678 920 694**

Gross carrying values (corresponding to the accounting values before impairment, provisions and accumulated negative fair value adjustments due to credit risk reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR). When the amount of accumulated impairment and provisions and negative fair value adjustments due to credit risk is materially different from the amount of specific and general credit risk adjustments disclosed in Templates EU CR1-A to D, institutions should separately disclose the amount of accumulated negative changes in fair value due to credit risk.

	Gross carrying values 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 decurities													
Loans and advances	389 568 025			783 143	783 143	783 143		505 925		783 143			
Off-balance-sheet exposures	268 265 285												

Accumulated amounts of specific and general credit risk adjustments for impaired and defaulted loans and debt securities (general credit risk adjustments may be related to non-defaulted or non-impaired loans and debt securities).

	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance	1 068 577	
Increases due to amounts set aside for estimated loan losses during the period		
Decreases due to amounts reversed for estimated loan losses during the period		
Decreases due to amounts taken against accumulated credit risk adjustments		
Transfers between credit risk adjustments		
Impact of exchange rate differences		
Business combinations, including acquisitions and disposals of subsidiaries		
Other adjustments	220 491	
Closing balance	1 289 068	
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss		
Specific credit risk adjustments directly recorded to the statement of profit or loss		

Gross carrying values

	Gross carrying value defaulted exposures
Opening balance	3 758 348
Loans and debt securities that have defaulted or impaired since the last reporting period	
Returned to non-defaulted status	
Amounts written off	
Other changes	-2 975 205
Closing balance	**783 143**

Annex IX: Remuneration – Quantitative information *)

		Senior management The managing director, the deputy managing director and other members of the management group or a similar body that report directly to the board of directors or the managing director (FFFS 2011:1).	**Other employees whose work duties have a material impact on the undertaking’s risk profile** FFFS 2011:1 & Commission Delegated Regulation (EU) No 604/2014 If employees have not yet been identified according to the delegated regulation, remuneration may be specified in relation to the previous definition "Risk taker".	**Senior management** The managing director, the deputy managing director and other members of the management group or a similar body that report directly to the board of directors or the managing director (FFFS 2011:1).	**Other employees whose work duties have a material impact on the undertaking’s risk profile** FFFS 2011:1 & Commission Delegated Regulation (EU) No 604/2014 If employees have not yet been identified according to the delegated regulation, remuneration may be specified in relation to the previous definition "Risk taker".
Article 450 1 h)	**Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, indicating the following:**	**2018**	**2018**	**2017**	**2017**
Article 450 1 h) i)	The amounts of fixed remuneration for the financial year	3,110,571 €	3,131,396 €	3,084,588 €	2,431,225 €
	The amounts of variable remuneration for the financial year	1,477,826 €	719,325 €	566,867 €	566,115 €
	Number of beneficiaries	17	31	15	27
Article 450 1 h) ii)	The amounts of variable remuneration in the form of cash	461,132 €	382,744 €	566,867 €	566,115 €
	The amounts of variable remuneration in the form of shares				
	The amounts of variable remuneration in the form of share-linked instruments				
	The amounts and forms of variable remuneration in other types				
Article 450 1 h) iii)	The amounts of outstanding deferred remuneration in vested portions				
	The amounts of outstanding deferred remuneration in unvested portions				
Article 450 1 h) iv)	The amounts of deferred remuneration awarded during the financial year				
	The amounts of deferred remuneration paid out during the financial year				
	The amounts of deferred remuneration reduced through performance adjustments during the financial year				
Article 450 1 h) v)	New sign-on payments made during the financial year				
	Number of beneficiaries				
	Severance payments made during the financial year,				
	Number of beneficiaries				
Article 450 1 h) vi)	The amounts of severance payments awarded during the financial year (not paid out)				
	Number of beneficiaries				
	Highest such award to a single person				

*) Amounts include the Sweden branch but exclude employer’s costs and pensions

Annex X: Equities

Instrument name	Type (drop-down)	Objective (drop-down)	Balance sheet value (EUR)	Fair value (EUR)	Market value (EUR) (if listed)
VISA Series C conv PPS			7,293,863.61	7,293,863.61*)	
SWIFT shares			10,245.43	10,245.43	10,245.43
Nordic Light Fund			65,669.25	65,669.25	65,669.25

*) The value of the VISA covertibles is derived from the market value of shares VISA inc, multiplied with the applicable conversion rate, and discounted with 30%.

Overview of the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation and any significant changes in these practices

The impact of the fair value on VISA and SWIFT equities is booked through revaluation reserves . Fair value variances on Nordic Light Fund is booked through PL.

Measure	Amount (EUR)	
the cumulative realised gains or losses arising from sales and liquidations in the period	298,670.63	Nordic Light Fund
total unrealised gains or losses		
of which: included in CET1 capital		
total latent revaluation gains or losses	2,148,618.90	VISA and SWIFT
of which: included in CET1 capital		