

Pillar III Report Q2 2020

Regulatory Capital Disclosures



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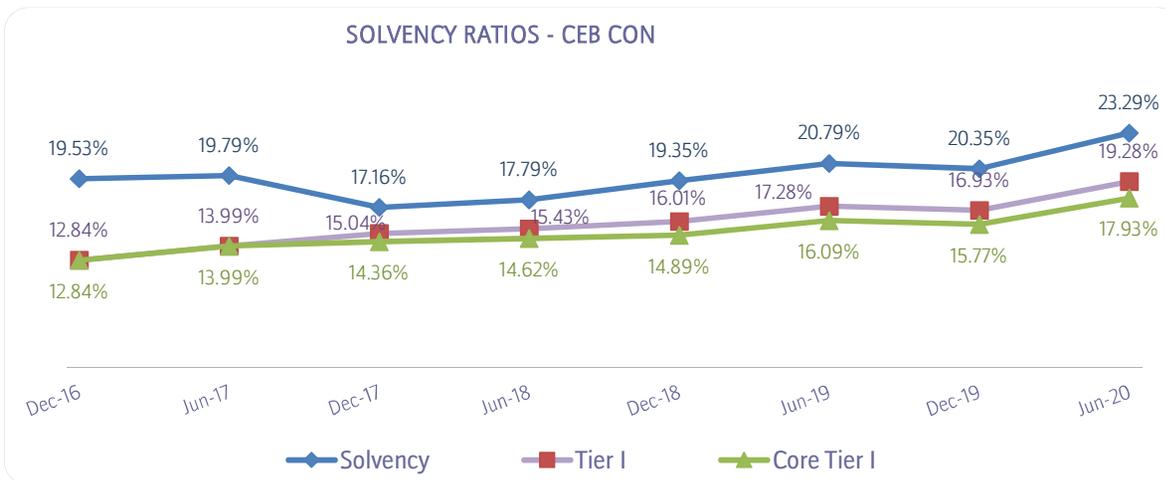
SOLVENCY

('000)	Jun-20	Dec-19
Core Tier I capital	594,626	609,137
Tier I capital	639,379	653,775
Tier II capital	132,701	132,145
Total Capital	772,080	785,920

RWA	3,315,750	3,862,027
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Capital Ratios

	Jun-20	Dec-19
Core Tier 1 (CT1) Ratio	17.93%	15.77%
Tier 1 ratio	19.28%	16.93%
Total Capital Ratio	23.29%	20.35%
Leverage ratio	13.66%	13.16%



CAPITAL STRUCTURE

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

	Jun-20	Dec-19
Total Equity(FINREP)	597,446	620,871
Current year profit (1)		(19,494)
Eligible Current year profit after approval		
Non-eligible minority interest	(1,052)	(2,445)
Deductions from revaluation Reserve - AFS		
Prudential filters		
Cash flow hedge reserve	(0)	(0)
Prudent valuation	(805)	(918)
Intangible asset	(4,318)	(4,801)
Deferred tax assets rely on future profitability and do not arise from temporary differences	(22,143)	(15,020)
Transitional adjustments to IFRs 9 provisions (2)	25,498	30,963
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-	(20)
Core Tier I	594,626	609,137
Additional Tier I	44,753	44,638
Tier I	639,379	653,775
Subordinated Liabilities	132,701	132,145
Tier II	132,701	132,145
Total Regulatory Capital	772,080	785,920

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

(1) 2019 Current year profit is excluded from total own funds based on article 26, point 2 of CRR IV. 2020 current year loss is included in Total Equity

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

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

EU OV1: Overview of RWAs

CEB Con ('000)	Jun-20	Dec-19	Regulatory Capital (8%) Jun-18
Credit risk (excluding CCR)	2,811,391	3,242,570	224,911
Of which the standardised approach	2,811,391	3,242,570	224,911
Of which the foundation IRB (FIRB) approach			
Of which the advanced IRB (AIRB) approach			
Of which equity IRB under the simple risk-weighted approach or the IMA			
CCR	12,514	19,714	1,001
Of which mark to market	12,514	19,714	1,001
Of which original exposure			
Of which the standardised approach			
Of which internal model method (IMM)			
Of which risk exposure amount for contributions to the default fund of a CCP			
Of which CVA	13,651	16,741	1,092
Settlement risk			
Securitisation positions in banking book			
Of which IRB approach			
Of which IRB supervisory formula approach (SFA)			
Of which internal assessment approach (IAA)			
Of which standardised approach			
Market risk	126,001	200,819	10,080
of which standardised approach(SA)	126,001	200,819	10,080
of which Internal model method (IMM)			
Large exposures			
Operational risk	334,997	360,249	26,800
Of which basic indicator approach			
Of which standardised approach	334,997	360,249	26,800
Of which advanced measurement approach			
Amounts below the thresholds for deduction (subject to 250% risk-weight)	17,196	21,934	1,376
Floor adjustment			
Total	3,315,750	3,862,027	265,260

CEB adopted Standardized Approach for credit risk, market risks and operational risk.
Risk weighted exposure for counterparty credit risk is calculated according to current exposure method
CVA is calculated based on Standardised Method

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

	2,018	2,019	Jun 2,020	2,021	2,022
Availabel Capital (amounts)					
1 Common Equity Tier 1 (CET1) capital	582,774	609,137	594,626	587,341	578,234
2 Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLS transitional arrangements had NOT been applied	548,098	578,174	569,128	569,128	569,128
3 Tier 1 Capital	626,600	653,775	639,379	632,094	622,987
4 Tier 1 capital as if IFRS 9 or analogous ECLS transitional aggrements had NOT been applied	591,923	622,812	613,881	613,881	613,881
5 Total capital	757,650	785,920	772,080	764,794	755,688
6 Total Capital as if IFRS 9 or analogous ECLS transitional arrangements had NOT been applied	722,974	754,958	746,581	746,581	746,581
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	3,914,512	3,862,027	3,315,750	3,308,687	3,299,858
8 Total risk-weighted assets as if IFRS 9 or analogous ECLS transitional arrangements had NOT been applied	3,881,719	3,834,052	3,291,029	3,291,029	3,291,029
Capital Ratios					
9 Common Equity Tier 1 (as a percentage of risk expousre amount)	14.89%	15.77%	17.93%	17.75%	17.52%
10 Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLS tranditional arrangements had NOT been applied	14.12%	15.08%	17.29%	17.29%	17.29%
11 Tier 1 (as a percentage of risk Exposure amount)	16.01%	16.93%	19.28%	19.10%	18.88%
12 Tier 1 (as a percentage of risk expousre amount) as if IFRS 9 or analogous ECLS transitional aggrangements had NOT been applied	15.25%	16.24%	18.65%	18.65%	18.65%
13 Total capital (as a percentage of risk expousre amount)	19.35%	20.35%	23.29%	23.11%	22.90%
14 Total capital (as a percentage of risk expousre amount) as if IFRS 9 or analogous ECLS transitional arrangements had NOT been applied	18.63%	19.69%	22.69%	22.69%	22.69%
Leverage Ratio					
15 Leverage ratio total exposure measure	5,111,646	4,967,704	4,679,420	4,672,357	4,663,528
16 Leverage ratio	12.26%	13.16%	13.66%	13.53%	13.36%
Leverage ratio total exposure measure as if IFRS 9 or analogue ECLS transitional arrangements had NOT been applied	5,078,853	4,939,729	4,654,699	4,654,699	4,654,699
17 Leverage ratio as if IFRS 9 or analogouse ECLS transitional arrangements had NOT been applied	11.65%	12.61%	13.19%	13.19%	13.19%

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

	Gross carrying values of				Jun-20	Dec-19
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Net values	Net values
Central governments and central banks		1,454,435			1,454,435	1,040,518
Regional governments or local authorities		8,652			8,652	67,338
Public sector entities		-			-	-
Multiateral development banks		-			-	2,690
International organisations		-			-	-
Institutions	925	323,286	(925)	(364)	322,922	338,470
Corporates	248,009	1,946,135	(26,644)	(28,001)	2,139,499	2,808,729
<i>of which: SMEs</i>	-	-	-	-	-	-
Retail	24,226	351,965	(8,760)	(5,990)	361,441	375,593
<i>of which: SMEs</i>	3,844	14,493	(815)	(65)	17,457	19,106
Secured by mortgages on immovable property	38,537	198,932	(158)	(6,324)	230,987	244,795
<i>of which: SMEs</i>					-	-
Exposures in default						-
Items associated with particularly high risk					-	-
Covered bonds		37,346			37,346	37,409
Claims on institutions and corporates with a short-term credit assessment					-	-
Collective investments undertakings					-	-
Equity exposures		47,925			47,925	41,854
Other exposures		250,093			250,093	272,811
Total	311,697	4,618,769	(36,487)	(40,679)	4,853,299	5,230,207
Of which: Loans	302,949	2,338,505	(36,487)	(40,679)	2,564,288	2,929,341
Of which: Debt securities		516,217		-	516,217	537,482
Of which: Off-balance-sheet exposures	8,748	453,355			462,102	685,051

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

	Gross carrying values of				Jun-20	Dec-19
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Net values	Net values
Oil & derivatives	3,784	343,468	(1,401)	(240)	345,610	692,810
Real estate	103,869	223,843	(8,566)	(6,819)	312,327	268,762
Financial services & investments	4	301,288	(4)	(1,934)	299,354	297,166
Leisure & tourism	52,221	248,570	(7,329)	(9,554)	283,907	270,412
Shipping & shipyards	33,173	185,171	(1,070)	(3,023)	214,250	169,161
Iron & steel	6,222	139,018	(798)	(742)	143,701	154,916
Energy & Coal	1,756	122,488	(152)	(489)	123,603	235,727
Construction & Installation	11,250	88,858	(852)	(2,942)	96,313	170,473
Petrochemical, plasticizers & derivatives	7,834	40,001	(2,030)	(200)	45,605	81,745
Transportation, logistics & warehousing	2,214	40,616	(567)	(338)	41,925	35,741
Fertilizers	-	36,943	-	(27)	36,916	79,751
Paper and Pulp & Forestry	61	37,872	(11)	(1,132)	36,790	36,950
Soft commodities & agricultural products	-	33,259	-	(117)	33,142	88,240
Retail	8,943	25,910	(2,008)	(58)	32,787	36,517
Media & publishing	-	25,000	-	-	25,000	-
Food, beverage & tobacco	11,549	5,392	(657)	(53)	16,232	93,596
Automotive & Derivatives	1,640	13,943	-	(42)	15,541	24,029
Building materials	-	10,441	-	(228)	10,213	28,887
Technology, IT & Electronic Equipment	-	8,062	-	-	8,062	3,208
Machinery-Office & Optical Equipment	1,312	6,109	(1,042)	(7)	6,372	6,866
Textile, clothing and leather	386	1,742	(91)	(2)	2,035	10,503
Luxury Goods	1,207	788	-	(30)	1,965	2,173
Services	519	-	-	-	519	501
Telecommunications	69	-	(67)	-	2	1
Private Person	-	-	-	-	-	0
Mining	-	-	-	-	-	-
Other	-	7,353	-	(26)	7,327	20,593
Total	248,009	1,946,135	(26,644)	(28,001)	2,139,499	2,808,729

EU CR1-C: Credit quality of exposures by geography

	Gross carrying values of				Jun-20	Dec-19
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Net values	Net values
Russia	19,462	89,408	(3,555)	(2,243)	103,072	139,486
Turkey	121,354	659,900	(9,619)	(20,424)	751,210	686,058
Romania	97,877	1,160,067	(13,002)	(9,148)	1,235,794	1,189,926
Ukraine	15,116	48,301	(1,111)	(431)	61,874	110,305
Other Emerging Markets	19,772	604,355	(5,769)	(5,343)	613,014	645,741
Developed markets	38,116	2,056,739	(3,430)	(3,091)	2,088,334	2,458,691
Total	311,697	4,618,769	(36,487)	(40,679)	4,853,299	5,230,207

EU CR1-D: Ageing of default exposures

	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total
Loans			111,527	42,793	4,424	151,608	1,345	311,697
Debt securities								
Total exposures	-	-	111,527	42,793	4,424	151,608	1,345	311,697

EU CR1-E: Non-performing and forborne exposures

	Gross carrying amount of performing and non-performing exposures						Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received		
	Of which performing but past due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing			On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures		
			Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne				
Debt securities								-					
Loans and advances	518,831	124,676	11,836	187,959	187,959	187,959	45,952	(11,178)	(11,178)	(19,563)	(19,563)	439,319	2,447
Off-balance-sheet Exp													
Total	518,831	124,676	11,836	187,959	187,959	187,959	45,952	(11,178)	(11,178)	(19,563)	(19,563)	439,319	2,447

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

	Accumulated specific credit risk adjustment
Opening balances	(69,758)
Increases due to amounts set aside for estimated loan losses during the p	(5,362)
Increases due to amounts reversed for estimated loan losses during the p	(12,044)
Decreases due to amounts taken against accumulated credit risk adjustm	17,361
Transfers between credit risk adjustments	(9,372)
Impact of exchange rate differences	199
Business combinations, including acquisitions and disposals of subsidiaries	
Other adjustments	1,809
Closing balance	(77,166)
Recoveries on credit risk adjustments recorded directly to the statement o	1,809
Specific credit risk adjustments directly recorded to the statement of profit	(11,769)

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

	Gross carrying value defaulted exposures
Opening balance	292,544
Loans and debt securities that have defaulted or impaired since the last reporting period	47,507
Returned to non-defaulted status	(13,241)
Amounts written off	(27,725)
Other changes	3,865
Closing balance	302,949

EU CR3: CRM techniques – Overview

	Exposures unsecured - Carrying amount	Exposures secured – Carrying amount(1)	Exposures secured by Eligible collateral(2)	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Loans	1,191,989	1,372,299	221,157	11,756	
Debt securities	516,217				
Total Exposures	1,708,205	1,372,299	221,157	11,756	-

(1) Including all Collaterals

(2) Eligible collaterals under CRR framework

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

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Sovereigns and their central banks	1,463,086.92	-	1,463,086.92	-	75,911	5%
Non-central government public sector entities						
Multiateral development banks	-		8,930			
Banks	229,324.67	93,597	220,394.57	18,521	160,669.83	70%
Securities firms						
Corporates	1,745,483.08	172,651	1,716,799.33	50,017	1,701,233.40	97%
Regulatory retail portfolios	159,104.59	187,107	159,104.59	38,289	148,044.89	93%
Secured by residential property	132,223.71	-	132,223.71	-	46,278.30	35%
Secured by commercial real estate	60,147.97	-	60,147.97	-	30,074	50%
Equity	47,925	-	47,925	-	58,242	122%
Past-due loans	266,462.09	8,748	266,363.97	4,374	364,754	137%
Higher-risk categories						
Covered bonds	37,346		37,346		3,735	10%
Other assets	250,093	-	250,093	-	217,500	87%
Total	4,391,197	462,102	4,362,415	111,201	2,806,442	

EU CR5: Standardised approach

Asset classes												Total Credit exposures amount (post CCF and post-CRM)
Risk Weight	0%	2%	10%	20%	35%	50%	75%	100%	150%	250%	Others*	
Sovereigns and their central banks	1,353,066		-			84,167		20,538	-	5,315	-	1,463,087
Non-central government public sector entities (PSEs)												-
Multilateral development banks (MDBs)	8,930											8,930
Banks	-	-		58,197		101,319		41,457.15	37,942			238,916
Securities firms												-
Corporates	-			80,212		2,826.08		1,683,778	-			1,766,816
Regulatory retail portfolios	-						197,393.19					197,393
Secured by residential property					132,224							132,224
Secured by commercial real estate						60,148						60,148
Equity								41,046		6,878		47,925
Past-due loans								82,705	188,033.01			270,738
Covered bonds			37,346									37,346
Higher-risk categories												-
Other assets	32,593			-	-	-	-	217,500	-	-		250,093
Total	1,394,588	-	37,346	138,409	132,224	248,461	197,393	2,087,025	225,975	12,194	-	4,473,615

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

EU CCR1: Analysis of CCR exposure by approach

	Notional	Replacement cost	Potential future exposure	EEPE	Multiplier	EAD post-CRM	RWA
Mark to market		48,025	38,324			34,770	12,514
Financial collateral comprehensive method (for SFTs)	-					-	-
VaR for SFTs							
Total		48,025	38,324	-		34,770	12,514

EU CCR2: CVA capital charge

	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
(i) VaR component (including the 3 * multiplier)		
(ii) stressed VaR component (including the 3 * multiplier)		
All portfolios subject to the Standardised CVA capital charge	30,321	13,651
Total subject to the CVA capital charge	30,321	13,651

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

Asset classes											Total Credit exposures amount (post CCF and post-
Risk Weight	0%	2%	10%	20%	35%	50%	75%	100%	150%	250%	and post-
Sovereigns and their central banks											-
Non-central government public sector entities (PSEs)											-
Multilateral development banks (MDBs)											-
Banks		7,960		13,211		7,773		-			28,944
Securities firms											-
Corporates								5,827			5,827
Regulatory retail portfolios											-
Secured by residential property											-
Secured by commercial real estate											-
Equity											-
Past-due loans										-	-
Higher-risk categories											-
Other assets											-
Total	-	7,960	-	13,211	-	7,773	-	5,827	-	-	34,770

EU MR1 – Market risk under the standardised approach

	RWAs	Capital requirements
Outright products		
Interest rate risk (general and specific)	107,502	8,600
Equity risk (general and specific)	50	4
Foreign exchange risk	18,450	1,476
Commodity risk		
Options		
Simplified approach		
Delta-plus method	-	-
Scenario approach		
Securitisation (specific risk)		
Total	126,001	10,080