

# Pillar III Report 2023

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Regulatory Capital Disclosures



## Table of Contents

<b>Notes to Reader</b>	<b>6</b>
<b>Key metrics and overview of risk-weighted exposure amounts</b>	<b>8</b>
EU OV1 – Overview of risk weighted exposure amounts.	8
EU KM1 - Key metrics template	9
EU OVC - ICAAP information	10
<b>Risk management policies and objectives</b>	<b>10</b>
EU OVA - Institution risk management approach & EU OVB - Disclosure on governance arrangements	10
<b>The scope of application</b>	<b>28</b>
EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	28
EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements	30
EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)	31
EU LIA - Explanations of differences between accounting and regulatory exposure amounts &	31
EU LIB - Other qualitative information on the scope of application	31
EU PV1: Prudent valuation adjustments (PVA)	32
<b>Own funds</b>	<b>32</b>
EU CC1 - Composition of regulatory own funds	32
EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements	39
EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments	41
<b>Countercyclical capital buffers</b>	<b>42</b>
EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	42
EU CCyB2 - Amount of institution-specific countercyclical capital buffer	42
<b>Leverage ratio</b>	<b>43</b>

EU LRA: Disclosure of LR qualitative information	43
EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	44
EU LR2 - LRCom: Leverage ratio common disclosure	46
EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	50
<b>Liquidity requirements</b>	<b>51</b>
EU LIQA - Liquidity risk management	51
EU LIQ1 - Quantitative information of LCR	55
EU LIQB - Qualitative information on LCR, which complements template EU LIQ1	56
EU LIQ2: Net Stable Funding Ratio	58
<b>Credit Risk</b>	<b>60</b>
Credit risk quality	60
EU CRA: General qualitative information about credit risk	60
EU CRB: Additional disclosure related to the credit quality of assets	61
EU CR1: Performing and non-performing exposures and related provisions	64
EU CR1-A: Maturity of exposures	67
EU CR2: Changes in the stock of non-performing loans and advances	68
EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries	68
EU CQ1: Credit quality of forborne exposures	69
EU CQ2: Quality of forbearance	70
EU CQ3: Credit quality of performing and non-performing exposures by past due days	71
EU CQ4: Quality of non-performing exposures by geography	73
EU CQ5: Credit quality of loans and advances by industry	74
EU CQ6: Collateral valuation - loans and advances	76
EU CQ7: Collateral obtained by taking possession and execution processes	78

EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown	78
Credit risk mitigation techniques	79
EU CRC – Qualitative disclosure requirements related to CRM techniques	79
EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	80
Standardized approach	81
EU CRD – Qualitative disclosure requirements related to standardised model	81
EU CR4 – standardised approach – Credit risk exposure and CRM effects	81
EU CR5 – standardised approach	82
Counterparty credit risk	83
EU CCRA – Qualitative disclosure related to CCR	83
EU CCR1 – Analysis of CCR exposure by approach	84
EU CCR2 – Transactions subject to own funds requirements for CVA risk	85
EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights	86
EU CCR5 – Composition of collateral for CCR exposures	87
EU CCR6 – Credit derivatives exposures	87
EU CCR8 – Exposures to CCPs	88
<b>Market risk</b>	<b>89</b>
EU MRA: Qualitative disclosure requirements related to market risk	89
EU MR1 - Market risk under the standardised approach	91
<b>Operational risk</b>	<b>93</b>
EU ORA - Qualitative information on operational risk	93
EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts	95
<b>Remuneration policy</b>	<b>95</b>
EU REMA - Remuneration policy	95
<b>Encumbered and unencumbered assets</b>	<b>96</b>
EU AE4 - Accompanying narrative information	96

EU AE1 - Encumbered and unencumbered assets	96
EU AE2 - Collateral received and own debt securities issued	97
EU AE3 - Sources of encumbrance	97

## Notes to Reader

### General information

The objective of Pillar 3 disclosure is to provide existing and potential stakeholders of Credit Europe Bank N.V (hereafter referred to as CEB or the “Bank”) a higher transparency to assess banks’ capital structures, risk exposures, risk management processes and its overall capital adequacy.

The Pillar 3 disclosures are prepared at CEB consolidated basis and should be read in conjunction with the Annual Report of the Bank<sup>1</sup>. There are no differences between the scope of consolidation for prudential purposes and the scope of consolidation for accounting purposes. All amounts are in thousands of Euros.

CEB prepared the report twice a year. Middle year version disclosed in a condensed format with key metrics and yearend version is a comprehensive version, which fulfils the standardized reporting and disclosure obligations to facilitate the comparability of information for benefiting all market participants.

### Regulatory Framework

CEB applied following regulatory framework to prepare pillar 3 report.

- Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 as amended by (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (hereinafter referred to as CRR)<sup>2</sup>
- Final draft ITS on public disclosures by institutions under Part Eight of Regulation (EU) No 575/2013<sup>3</sup>

### Waiver policy (templates and tables that are not applicable to the Bank)

The following templates are excluded from CEB’s reporting framework, as they are no applicable to the bank.

EU INS1 - Insurance participations

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<sup>1</sup> [Financials \(crediteuropebank.com\)](https://www.crediteuropebank.com)

<sup>2</sup> <https://www.eba.europa.eu/regulation-and-policy/single-rulebook/interactive-single-rulebook/108255>

<sup>3</sup> <https://www.eba.europa.eu/regulation-and-policy/transparency-and-pillar-3/its-of-institutions-public-disclosures-of-the-information-referred-to-in-titles-ii-and-iii-of-part-eight-of-regulation-eu-no-575-2013>

EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio

EU CRE – Qualitative disclosure requirements related to IRB approach

EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

EU CR6-A – Scope of the use of IRB and SA approaches

EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques

EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

EU CR9 –IRB approach – Back-testing of PD per exposure class (fixed PD scale)

EU CR9.1 –IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)

EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale

EU CCR7 – RWEA flow statements of CCR exposures under the IMM

EU-SECA - Qualitative disclosure requirements related to securitisation exposures

EU-SEC1 - Securitisation exposures in the non-trading book

EU-SEC2 - Securitisation exposures in the trading book

EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

## Key metrics and overview of risk-weighted exposure amounts

### EU OV1 – Overview of risk weighted exposure amounts.

	(In '000)	Total risk exposure amounts (TREA:RWA)		Total own funds requirements
		Dec-23	Dec-22	Dec-23
1	Credit risk (excluding CCR)	<b>2,933,762</b>	<b>3,055,037</b>	<b>234,701</b>
2	Of which the standardised approach	2,933,762	3,055,037	234,701
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which slotting approach			
EU 4a	Of which equities under the simple riskweighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	Counterparty credit risk - CCR	<b>32,260</b>	<b>37,570</b>	<b>2,581</b>
7	Of which the standardised approach	23,432	25,257	1,875
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA	8,829	12,312	706
9	Of which other CCR			
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk)	<b>147,045</b>	<b>56,621</b>	<b>11,764</b>
21	Of which the standardised approach	147,045	56,621	11,764
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	<b>400,369</b>	<b>330,321</b>	<b>32,030</b>
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardised approach	400,369	330,321	32,030
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0
<b>29</b>	<b>Total</b>	<b>3,513,435</b>	<b>3,479,549</b>	<b>281,075</b>



## EU KM1 - Key metrics template

	(In '000)	Dec-23	Sep-23	Jun-23	Mar-23	Dec-22
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	560,173	550,765	523,396	539,427	542,918
2	Tier 1 capital	605,498	599,313	569,442	586,676	589,848
3	Total capital	678,409	712,531	679,564	696,889	702,053
<b>Risk-weighted exposure amounts</b>						
4	Total risk exposure amount	3,513,229	3,582,056	3,070,315	3,467,168	3,479,549
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	15.94%	15.38%	17.05%	15.56%	15.60%
6	Tier 1 ratio (%)	17.23%	16.73%	18.55%	16.92%	16.95%
7	Total capital ratio (%)	19.31%	19.89%	22.13%	20.10%	20.18%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.1%	1.1%	1.1%	1.1%	1.1%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.6%	0.6%	0.6%	0.6%	0.6%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1%	1%	1%	1%	1%
EU 7d	Total SREP own funds requirements (%)	13.06%	13.06%	15.10%	15.10%	15.10%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0%	0%	0%	0%	0%
9	Institution specific countercyclical capital buffer (%)	0.40%	0.24%			
EU 9a	Systemic risk buffer (%)	0%	0%	0%	0%	0%
10	Global Systemically Important Institution buffer (%)	0%	0%	0%	0%	0%
EU 10a	Other Systemically Important Institution buffer (%)	0%	0%	0%	0%	0%
11	Combined buffer requirement (%)	2.90%	2.74%	2.50%	2.50%	2.50%
EU 11a	Overall capital requirements (%)	17.06%	16.90%	18.70%	18.70%	18.70%
12	CET1 available after meeting the total SREP own funds requirements (%)	9.59%	9.51%	10.52%	10.52%	10.52%
<b>Leverage ratio</b>						
13	Total exposure measure	5,694,709	5,271,322	4,601,842	4,936,749	4,980,107
14	Leverage ratio (%)	10.63%	11.37%	12.37%	11.88%	11.84%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0%	0%	0%	0%	0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0%	0%	0%	0%	0%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	0%	0%	0%	0%	0%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	1,598,930	1,162,790	1,148,487	1,240,045	1,598,930
EU 16a	Cash outflows - Total weighted value	1,107,169	965,404	799,639	913,951	1,107,169
EU 16b	Cash inflows - Total weighted value	1,195,980	993,858	959,527	1,046,983	1,195,980
16	Total net cash outflows (adjusted value)	276,792	241,351	199,910	228,488	276,792
17	Liquidity coverage ratio (%)	578%	482%	575%	543%	578%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	4,131,035	3,749,267	3,642,068	3,714,625	4,131,035
19	Total required stable funding	2,150,764	2,231,103	2,007,908	2,104,384	2,150,764
20	NSFR ratio (%)	192%	168%	181%	177%	192%

## EU OVC - ICAAP information

CEB conducts a detailed internal capital adequacy assessment on an annual basis. Internal capital adequacy assessment process (ICAAP) is a comprehensive assessment of all the major risks that the Bank is or may be exposed to. CEB is using its own processes and methodologies to identify, quantify and set aside internal capital against unexpected losses. Stress testing and scenario analysis are important parts of ICAAP to ensure capital adequacy under adverse circumstances. The outcome of this assessment is fed back to the Bank's strategic and operational management as well as its risk appetite and capital planning. The Bank maintains a robust and up-to-date capital plan over a medium-term horizon that is compatible with its strategic targets, capital resources and risk appetite framework.

On an annual basis, the summary of the ICAAP and the supporting documentation are shared with the competent authority, DNB for its review. DNB assesses the Bank's ICAAP as a part of the Supervisory Review and Evaluation Process (SREP). The Bank endeavours to fulfil all the regulatory and supervisory requirements like SREP capital requirement, overall capital requirement which includes combined buffer requirement, leverage ratio and MREL.

## Risk management policies and objectives

### EU OVA - Institution risk management approach & EU OVB - Disclosure on governance arrangements

Risk Management approach and governance arrangements are presented in following chapters:

### Objective

The Bank, through a sound risk management, aims to ensure that risks taken and faced through day to day activities are consistent with Bank's strategies, risk appetite and shareholders expectations. Risk management provides the structural means to identify, assess, monitor, manage and report the risks inherent in its business activities. The core elements of the bank's risk management and control framework are:

- Adhering to the risk appetite and strategy set
- Periodically assessing the risk governance structure
- Maintaining capital management in line with the capital strategy
- Managing financial and operational risk in line with the risk appetite and strategy

## Risk Governance

CEB has a well-established risk governance structure with clearly defined roles and responsibilities for managing risks and addressing the appropriate risk mitigation solutions. The risk management at CEB is governed by policy level standards in accordance with CRD IV and regulations relating to implementation of CRD IV published by the Dutch Central Bank (De Nederlandsche Bank – DNB). The CEB risk management philosophy requires direct reporting lines and a clear division of tasks and responsibilities. At the same time, it ensures that bank-wide criteria for acceptance, monitoring, control and management of risks are deeply rooted. We clearly separate risk ownership from business activities.

CEB exercises full control over its subsidiaries' business performance and steers their risk appetite. In addition, we employ the following risk management governance structure:

- Audit & Risk Committees at subsidiary as well as consolidated level;
- Direct reporting of general managers of the banks' subsidiaries to the CEO of CEB;
- Presence of a global CRO function on the Managing Board;
- A uniform credit committee structure at both local and the consolidated level.

Credit Europe Bank's risk management and internal control framework enables the Managing Board to control the financial and non-financial risks of business activities. This framework is governed by a system of policies, procedures, committees, as well as support and control functions. Limits and controls have been put in place to mitigate financial and non-financial risks to an acceptable level in line with Credit Europe Bank's risk appetite. The risk appetite has been approved by the Supervisory Board and is designed to i) set the maximum level of risk the Bank is willing to accept to achieve its business objectives and ii) protect the Bank's activities, not only in terms of profitability, sound capital adequacy and liquidity ratios, but also in terms of reputation and integrity risks. To maintain the quality of financial reports and to increase the effectiveness of reporting, the Bank has implemented internal financial reporting controls.

The risk consolidation is conducted by the Group Risk Management Department (GRMD) which is responsible for measurement and monitoring of risks at consolidated level. Each banking subsidiary has local risk management which reports both to local management and head office management. CEB has also a global Operational Risk Management (ORM) Department whose goal is to consolidate the already-existing ORM activities and coordinate implementation of the framework at locations where there was no prior ORM activity. The framework uses the Risk Control Self-Assessment and Operational Loss database to identify risks and establish risk mitigating action points. Related departments have been given awareness training to ensure that operational-risk management is

embedded in day-to-day operations. The GRMD and ORM operate under the supervision of the Chief Risk Officer (CRO). The CRO has overall responsibility for developing and maintaining effective controls on financial and non-financial risks, liquidity and capital management principles of CEB.

CEB monitors aggregated risks via specific committees as well as through reporting to the Managing Board and Supervisory Board. More specifically, CEB's risks, capital and liquidity are monitored by The Supervisory Board Sub-committees (e.g. Audit & Risk Committee, Compliance Oversight Committee) and the Managing Board Sub-committees (e.g. Asset-Liability Committee (ALCO), Compliance Management Committee, Non-Financial Risk Committee, Financial Risk Committee, IT Steering Committee, Corporate Credit Committee, FI Credit Committee).

CEB's Managing Board has the overall responsibility for all processes related to strategy definition, risk appetite setting, capital planning, business planning and budgeting, while the Supervisory Board conducts oversight on overall risk management and respective processes, considering applicable local and international legal and regulatory requirements, to respond to the various financial and non-financial risks the Bank is exposed to. The Managing Board is also responsible for implementing and maintaining the risk policies within the organization, and monitoring the risk exposure to ensure that Credit Europe Bank's activities and portfolios are not exposed to unacceptable potential losses or reputational damage. Risk is assessed, managed and reported according to common principles that are approved by the CEO. The management annually reviews the effectiveness of the risk management and internal control framework and oversees that CEB has an adequate internal control framework.

Audit & Risk Committee (ARC) and Compliance Oversight Committee (COC) assist Managing Board in fulfilling its oversight responsibilities concerning the management and control of risk, risk frameworks and controls and processes associated with CEB's operations. These committees at the consolidated level play a pivotal role in CEB's risk governance framework. These committees meet 4 times a year and receive regular reports and updates on the Bank's actual risk appetite with respect to the approved risk appetite statement. The Audit and Risk Committee reviews and monitors the limits for individual types of risks and takes decisions whether principal risks have been properly identified and are being appropriately managed. The Audit & Risk Committee monitors the risk management and internal control framework and findings of the internal audit function. It makes assessments on the existing risk management capacity / know-how of the Bank and raises action items / investment plans –where necessary- to reach the desired level. In addition, regular reports are presented to the Audit & Risk Committee by the management, internal audit, risk management and financial control. Regular risk reports are distributed covering credit risk, market risk, liquidity risk, operational risk, etc. Compliance reports including integrity risks (money laundering, improper conduct, conflicts of interest etc.) are reported to the Compliance Oversight

Committee. The risk management and internal control processes provide reasonable assurance that the financial reporting does not contain errors of material importance. This includes its going concern basis and that the risk management and internal control framework regarding financial reporting risks worked properly in the year under review.

In addition, the Managing Board has established the Management Team which includes representation from the business, risk, financial control and treasury divisions in order to facilitate the implementation of robust processes.

Bank implements a “three lines of defense” governance framework to manage risks and exercise adequate oversight and accountability. The first and second lines of defense refer to risk ownership and control mechanisms to manage and oversee risks. The third line of defense provides independent assurance while assessing and managing its risks.

The first line of defense refers to Management and business lines which are risk owners and responsible for directly assessing, controlling and mitigating risks to maintain risk levels within the Bank’s risk appetite. Business divisions are responsible for managing the risks and the compliance of their daily operations. The second line of defense relates to risk, compliance and other control functions. They are responsible for identifying and analyzing risk, implementing effective risk management and assuring that risks are within approved limits and tolerance levels. They also create and maintain the policies and procedures which provide the boundaries for the local and consolidated business activities. The Managing Board ensures that risk management, compliance and other control issues are addressed and discussed with sufficient authority. The structure of the risk organization covers all relevant risks for CEB. The roles and responsibilities of the main control functions within the second line of defense are summarized below.

### **Corporate and FI Credit Departments**

The credit risk assessment of bank’s customers is under Corporate Credit and FI Credit departments responsibilities. The credit departments must assure credit proposals, credit risk assessments and risk classifications are in compliance with established policies and credit risk appetite. Main activities of credit risk departments include: approving credit lines for customers, approving internal ratings and risk classifications of customers, ensuring that credit risk is within the risk appetite set by the Managing Board, ensuring compliance with credit risk policies, monitoring workout activities and conducting assessments of provision adequacy.

### **Risk Management Department**

Risk Management Department independently oversees the implementation of the Bank's risk management framework. It is responsible for identifying, assessing, monitoring and reporting of financial risks such as credit, market, liquidity and interest rate (banking book), and non-financial risks such as operational risk and strategy risk. Risk Management Function provides relevant independent information, analyses and expert judgement on risk exposures, and advices on proposals and risk decisions made by the Managing Board and business or support units as to whether they are consistent with the institution's risk appetite. Risk function recommends improvements to the risk management framework and options to remedy breaches of risk policies, procedures and limits.

### **Compliance Department**

The role of Compliance department is to make sure the Bank conducts its business activities in full compliance with laws, regulations and internal requirements. Compliance department supports the Bank in the identification, assessment, and reporting of all compliance risks related to the organization, to its transactions and conduct of all employees. In addition Compliance is managing non-financial risks like integrity risk, strategy risk, reputational risk, etc.

### **Information Security Management Department (ISM)**

The responsibilities of ISM is to ensure and monitor the implementation of security controls related to confidentiality, integrity and availability of information assets and the continuity of the critical business processes.

In that respect they establish and promote information security policies, standards and procedures, coordinate and support the business units with the implementation of security controls and oversee the effectiveness of the security controls implemented.

The third line of defense is the internal audit function, which assesses the functioning and effectiveness of business units, financial risk management and non-financial risk management activities. In order to guarantee effectiveness of the CEB's risk governance structure, internal and external audit functions provide independent and objective assurance of CEB's corporate governance, internal controls, and compliance and risk management systems as the third line of defense. They assure the effectiveness, completeness and efficiency of the internal controls in the first and second lines of defense. Internal Audit Department regularly reviews the implementation and effectiveness of the risk management framework and ensures the integrity of the risk management process. The internal audit function is organized in three units: internal audit, compliance audit and IT audit. Each unit has specific knowledge in their area and works closely together.

## Risk appetite framework

CEB has developed a Risk Appetite Framework (RAF) where the Bank articulates risk tolerance levels and corresponding limits, targets, thresholds and acceptable boundaries for main significant risks categories. The risk appetite of CEB's defined on a consolidated level and applies to all subsidiaries and branches. It is based on the Bank's business plan (i.e. business strategy and company objectives), in addition to the guiding principles set by the Managing Board, and is endorsed by the Supervisory Board. CEB has defined the following roles and responsibilities with regard to its risk appetite.

### **Supervisory Board**

The Supervisory Board approves the risk appetite framework and performs strategic oversight and assessment to ensure that the Bank's activities are in line and are appropriate in the context of the approved Risk Appetite Policy and CEB's overall strategy.

### **Managing Board**

The Managing Board holds ultimate responsibility for the Policy. They ensure the Risk Appetite Policy remains current and accurately represents the levels of risk appetite in a comprehensive and precise way. The Managing Board establishes the risk appetite framework and submits it to the approval of Supervisory Board. In accordance with the risk appetite framework, the Managing Board sets the Key Risk Indicators (KRIs) and the corresponding limit framework, while regularly updating the Supervisory Board on the current status of these KRIs. It is the responsibility of the Managing Board to ensure these KRIs remain within the boundaries of the approved risk appetite. Should they exceed these boundaries, it is also the duty of the Managing Board to implement remedial measures to realign the Bank's risk profile with the approved risk appetite.

### **Supervisory Board Sub-committees**

The Supervisory Board sub-committees assist the Supervisory Board in its oversight of the management of CEB's key risks and the alignment of the actual risk profile of CEB with the approved risk appetite framework.

### **Managing Board Sub-committees**

Managing Board sub-committees assist the Managing Board with the implementation of CEB's risk management strategy and ensure that the Bank's exposures are in line with the risk appetite as documented in this Policy.

## **2nd line of Defense**

2nd line of defense (Risk Management, inclusive of both Financial and Non-Financial Risk Management Divisions, Compliance, Corporate Credit Risk and FI Credit & Risk Analytics) enables the identification of the inherent risks in daily operation of the business by establishing frameworks, policies, tools, and techniques to support risk and compliance management. 2nd LOD has further responsibility for measuring, monitoring, and reporting risks.

In line with their role, the 2nd LOD is responsible for accurately translating the risk appetite into defined Key Risk Indicator (KRI) limits. They monitor the Bank's actual risk profile in relation to these limits and regularly report on the alignment to the Managing Board, Supervisory Board, and the respective Sub-committees of the Supervisory Board.

## **Sustainability Officer**

The Sustainability Officer is responsible for supporting both 1st and 2nd Lines of Defense in ESG-related risk identification, inherent risk assessment and helping development as well as effective adoption of appropriate ESG risk management action plans

## **Division/Department Managers**

Division and department managers are responsible for managing their areas in line with the risk appetite levels and limit framework described in the Risk Appetite Policy and the relevant policies and procedures.

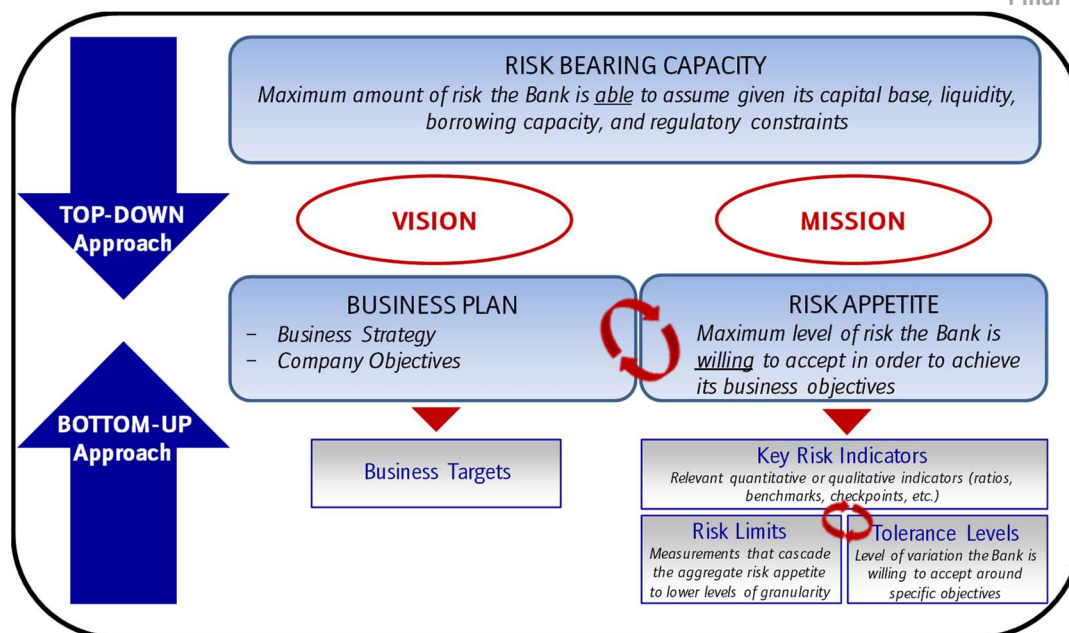
## **Internal Audit**

The Internal Audit function performs internal audit activities on the risk appetite framework to ascertain that the internal governance arrangements, processes, and mechanisms are sound and effective, implemented and consistently applied.

## **Risk Appetite Framework**

CEB's risk appetite framework is supported by internal documentation (e.g., policies and procedures), processes, controls, and systems through which the risk appetite is established, communicated and monitored.





The risk appetite of the Bank is established in conjunction with the Bank’s business plan and is aligned with the Bank’s vision and mission statements. The business strategy and company objectives are further detailed in individual business targets. KRIs and risk limits are used to cascade the aggregate risk appetite framework to more granular levels for day-to-day risk management.

The Bank employs a combination of a top-down and bottom-up approach in establishing its risk appetite framework:

- The top-down approach implies that the Bank’s risk appetite framework is established in line with the Bank’s business strategy and company objectives. Risk appetite framework is supported by risk limits and KRIs allocated to business units through a variety of methods (e.g., regulatory requirements, analysis of financial performance, analysis of historical risk data, stress testing and scenario analysis);
- The bottom-up approach means that the business units provide their estimates regarding risk and capital needs (e.g., as a result of risk and control self-assessments, analysis of an individual unit’s strategies and needs).

To ensure that CEB’s activities are consistent with its risk appetite, the risk appetite is subject to regular monitoring. Group Risk Management monitors the adherence to overall risk appetite by measuring CEB’s risk profile against the risk appetite framework along with the set of KRIs and risk limits. Alignment with individual country risk limits is subject to periodic monitoring by Group Risk Management and FI Divisions. Main credit risk related KRIs and

related risks and limits are also available on CEB NV's web-based credit risk dashboard. They are updated daily and all the related parties have access to this risk-limit monitoring solution.

The KRIs, risk limits and realized risk measures are reported on a periodical basis to the Managing Board and the Supervisory Board and reviewed at the relevant sub-committee meetings. The Financial Risk Management Key Financial Factors are reported to the Managing Board and to the Audit & Risk Committee on a monthly and quarterly basis, respectively. The risk appetite framework are reported to Managing Board and Supervisory Board every quarter. Business Risk, Strategic Risk and Integrity Risk qualitative assessments are renewed and reported annually.

In case of a breach of any early warning signal (EWS), Group Risk Management must inform CRO and the responsible Division Director(s). The responsible Division Director(s) must provide information to CRO and Group Risk Management about the increase in risk measures and the expected trend. If deemed necessary, the business unit needs to take necessary preventive action to breach the actual limit. In case of any financial or non-financial risk exposure exceeds a risk limit<sup>4</sup>, limit breach must immediately be reported to Group Risk Management and CRO by the manager of the department or unit detecting the breach. In case limit breach is detected by Group Risk Management, they must inform CRO and Division Director(s) of the related first and second line of defense functions as well as the Managing Board Members about the breach of the risk limit. Subsequently, the responsible Division Director(s) must submit their action plan to the Managing Board and Risk Management. This plan should clarify the extent of the actions together with the anticipated timeframe when CEB complies with its limit framework back again. Individual country limit breach is subject to the review of FI Credits Division. After the review, FI credits may request for risk reduction or propose a limit increase if they deem necessary.

CEB's risk appetite is based on both (i) quantitative and (ii) qualitative assessment criteria which guide the Bank in determining the amount and types of risk it can prudently undertake.

## Risk Types

### Pillar I Risks

In pillar I, which forms the base for the regulatory capital requirement, three risk types are covered: credit risk, market risk and operational risk.

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<sup>4</sup> Excluding country limits

### Credit Risk

Credit risk is defined as the current or prospective threat to CEB's earnings and capital as a result of counterparty's failure to comply with financial or other contractual obligations. Credit risk constitutes the most significant risk of CEB and arises mainly from its trade finance, lending, treasury, mortgage and leasing businesses. Credit risk both stem from idiosyncratic risk factors and systematic factors like country risk and industry risk. Idiosyncratic risk factors are managed through counterparty risk assessment and monitoring while portfolio diversification is adopted as the main portfolio strategy to control country, industry and single name concentration risks.

### Market Risk

Market risk is the risk that CEB's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates.

### 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. The operational risk appetite takes into account the types, nature and levels of operational risk that the Bank is willing to accept.

## **Pillar II Risks**

### Concentration risks

This includes single-name, sector and country concentration risks. Calculation of capital requirements for the credit risk under Pillar I do not consider a buffer for credit risk concentrations, therefore an assessment of additional required capital due to concentration risk is conducted under Pillar II. GRMD prepares regular concentration reports to monitor its concentration risks on different levels. Concentration risk is managed with the limit structure and credit risk mitigation techniques.

### Interest rate risk in the banking book

The Bank defines interest rate risk as the current or prospective risk to earnings and capital arising from adverse movements in interest rates. The trading book is also subject to interest-rate risk, but this type of risk is dealt with under the Market Risk Value-at-Risk section. Subsidiaries are not allowed to carry interest-rate positions and are expected to transfer their positions to the parent Bank, where centralized ALM and funding principles are in place. The Bank has a limited risk tolerance towards interest-rate risk in its banking book.

### Liquidity risk

Liquidity risk arises when an institution is unable to meet its due liabilities, since it is unable to borrow on an unsecured basis or does not have sufficient good quality assets to borrow against, or does not have sufficient liquid assets to sell in order to raise immediate cash without severely damaging its net asset value. CEB's liquidity risk appetite is low and the Bank keeps maintaining a sizeable liquidity buffer against liquidity shocks.

### Strategic Risks

Strategic risk management is the process of identifying, quantifying, and mitigating any risk that affects or is inherent in a bank's business strategy, strategic objectives, and strategy execution. CEB conducts a strategic risk self-assessment at least annually to identify whether there is any material risk that might prevent CEB from reaching its targets. This assessment covers existing or planned mitigating actions, including but not limited to holding additional capital. CEB's risk appetite is low for strategic risks.

## **Capital Management**

### **Fundamentals of Capital Management Framework**

A capital level commensurate with the bank's risk profile is the key to financial resilience. CEB operates with an optimum level and mix of capital resources. CEB has defined seven fundamental items for its capital management framework that it deems necessary in order to allow for the framework to soundly and adequately work. These items cover (i) an appropriate risk management that allows for an accurate risk assessment and risk control; solid methodologies for (ii) loss estimation as well as for (iii) capital resource estimation, which in turn will allow for (iv) a sound assessment of CEB's capital adequacy. In addition, CEB's fundamental items cover (v) a comprehensive capital policy and capital planning practices that allow CEB to determine adequate capital targets, -levels and -compositions. The above mentioned items are backed-up by (vi) an effective governance approach and (vii) robust internal controls. The fundamentals are summarised on the figure below accordingly.

## Capital Management

<b>Fundament 1: Sound foundational risk management</b>
CEB has a sound risk measurement and risk management infrastructure in place that supports the identification, measurement, assessment, and control of all material risks arising from its exposures and business activities.
<b>Fundament 2: Effective loss estimation methodologies</b>
CEB has effective processes in place that allow for translating its risk measures into estimates of potential, expected losses including stress testing scenarios and the aggregation of those estimated losses across CEB.
<b>Fundament 3: Solid resource estimation methodologies</b>
CEB has a clear view on available capital resources and an effective process for estimating available capital resources (including the projection of retained earnings and under the consideration of stress testing scenarios).
<b>Fundament 4: Coherent capital adequacy impact assessment</b>
CEB has processes in place for bringing together estimates of losses and capital resources to assess the combined impact on its capital adequacy in relation to CEB's pre-defined targets for the level and composition of its capital.
<b>Fundament 5: Comprehensive capital policy and capital planning</b>
CEB has a comprehensive capital policy and robust capital planning practices for establishing capital targets, determining appropriate capital levels and composition of capital, making decisions about capital actions, and maintaining capital contingency plans.
<b>Fundament 6: Effective governance</b>
CEB has effective management board and senior management oversight of its capital management, including (i) the periodic review of CEB's risk infrastructure and loss-/resource-estimation methodologies; (ii) the evaluation and re-assessment of capital targets; (iii) the assessment of the appropriateness of the stress testing scenarios considered; (iv) the regular review of any limitations and uncertainties in all aspects of CEB's capital management; and (v) the approval of CEB's decisions related to capital management.
<b>Fundament 7: Robust internal controls</b>
CEB has robust internal controls in place governing the capital adequacy process components, including policies and procedures, change control, model validation and independent review, comprehensive documentation and regular review by CEB's internal audit division.

CEB's philosophy and objectives of capital management are shareholder as well as stakeholder oriented. Therefore, CEB's approach to capital management is dedicated to optimizing the shareholder's value by optimizing the return on capital while at the same time keeping CEB in a position, that allows it to maintain ready access to funding, meet its obligations to creditors and other counterparties, as well continue to serve as a credit intermediary before, during and after stress conditions. This status shall be held at all times and at all relevant levels of CEB, i.e. at a consolidated, a sub-consolidated and a solo level across all subsidiaries accordingly. In order to meet the above mentioned status, CEB is asked to be in financial resilience which in turn it defines as an adequate capital level that is commensurate with its overall risk profile. Consequentially, CEB will operate with an optimum level and mix of capital resources, adequately balancing its shareholder and stakeholder orientation.

A centralized capital management framework plays a major role in this approach and consists of four key guiding principles outlined in the following in greater detail accordingly.

Firstly, the framework, though being centrally run out of the Netherlands, features all relevant levels of CEB. I.e. risks and capital are efficiently managed at the consolidated group level of CEG, the sub-consolidated level of CEB NV as well as at the solo level of CEB NV.

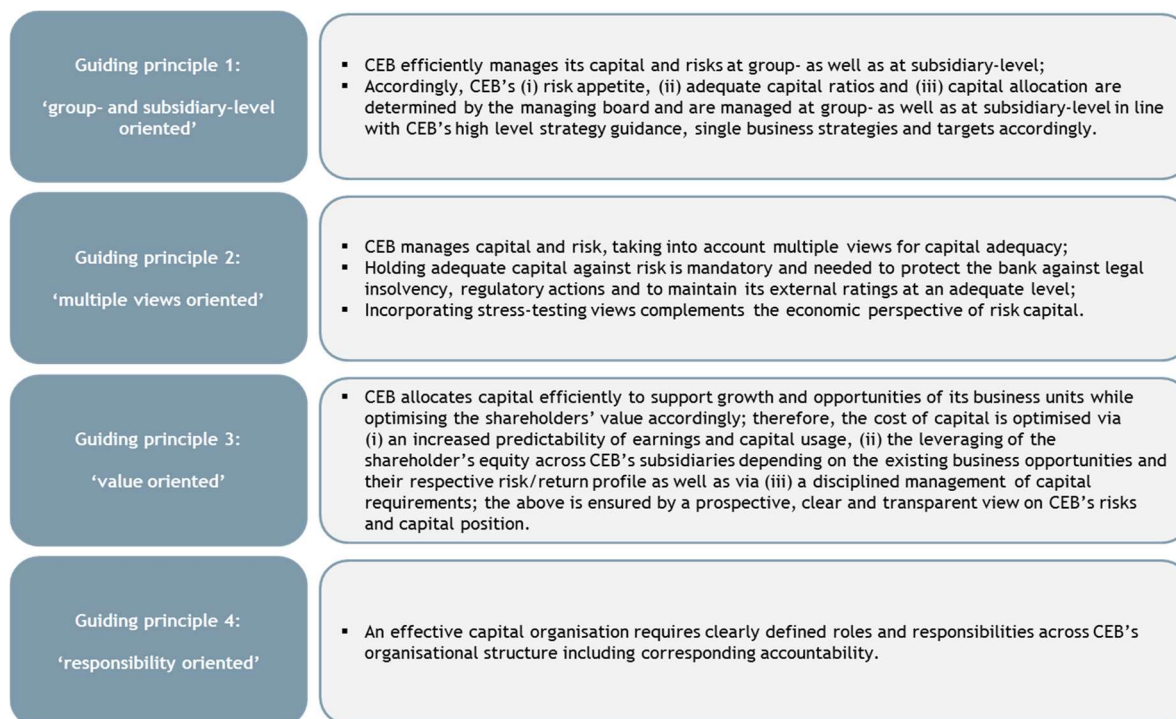
Secondly, the framework is designated to ensure CEB has sufficient capital resources available in order to meet the capital requirements of its regulators; i.e. those of DNB as well as those of the local regulators in the subsidiaries' operating countries. Moreover, the framework will also take into account the expectations on CEB's capital base from additional stakeholders like investors, creditors and rating agencies. Further, the framework shall ensure that CEB has sufficient capital resources available in order to meet its own risk appetite and defined internal principles and guidelines.

Thirdly, CEB allocates its capital under the consideration of the risk/return thresholds defined in the risk appetite statement. CEB's business units are required to fully understand the inherent risk/reward profile of their businesses and to generate a defined level of return on the capital deployed.

Fourthly, the framework excels due to its clear definition of roles and responsibilities across CEB's organizational structure. While the capital management framework is centrally held and operated by the risk, financial control and treasury divisions of CEB NV, the Managing Board and business units in the subsidiaries are required to contribute and are held responsible for the functioning of the framework accordingly.

Conclusively, CEB may summarize the above stated functioning of its capital management framework under four clearly defined guiding principles as outlined in the following figure.

### Guiding principles for capital management



Applying these four guiding principles in turn will allow CEB to meet its capital management objectives that are to (i) optimize the shareholder's value, (ii) maintain sufficient capital resources in order to meet DNB's minimum regulatory capital requirements; (iii) ensure that locally regulated subsidiaries can meet their minimum capital requirements accordingly ; (iv) achieve adequate capital levels to support CEB's risk appetite and internal capital requirements; (v) maintain a strong capital base to meet and re-assure the respective expectations set not only by regulators, but also investors, creditors and market participants, and finally (vi) to sustain CEB's future business development accordingly.

### **CEB's capital management process**

With its capital management process CEB's covers current, future and potential capital needs. While these three dimensions of capital need to be feed from CEB's strategy outline and its risk appetite statement, they in turn feed into the application of CEB's capital policy, capital planning and capital targets accordingly. These items finally allow CEB to define its capital management strategy that is covering a distinct period of time and is subject to continuous update.

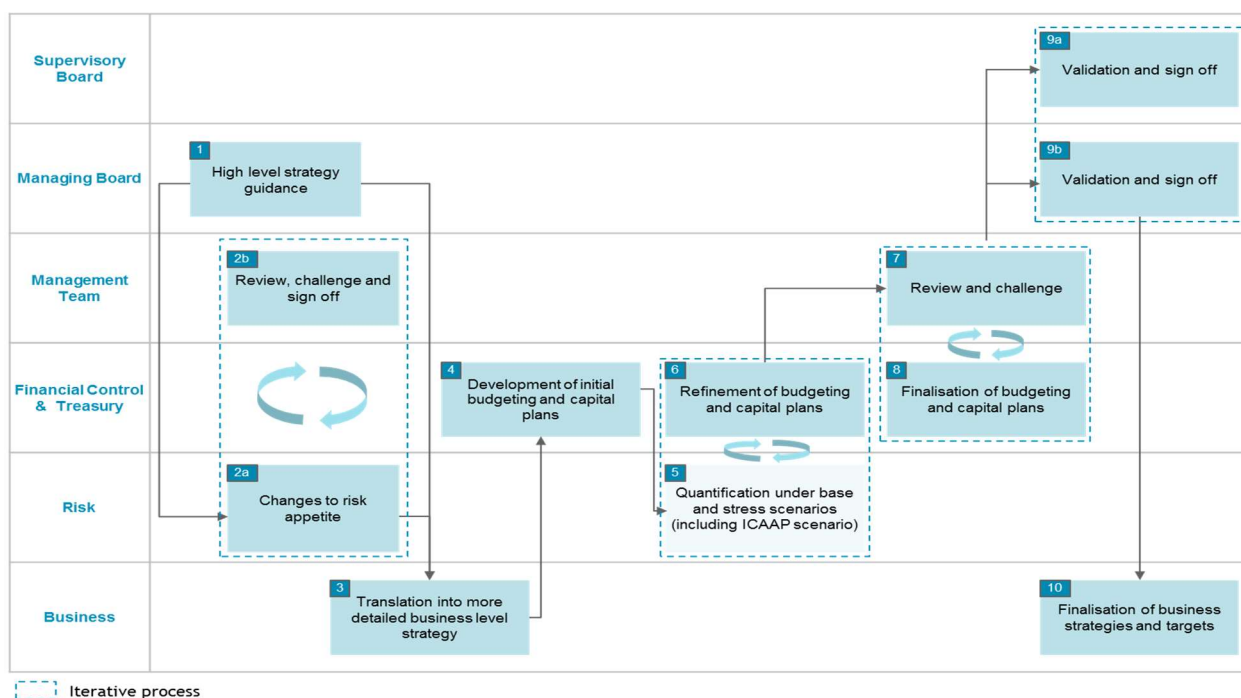
In terms of adequately managing these three dimensions of capital needs, CEB has defined five core activities that in summary build up to its capital management process: CEB will (i) measure, monitor and challenge its defined capital metrics and risk/return thresholds; (ii) estimate its capital (needs) into the future on the basis of its planning and budgeting efforts; (iii) allocate its capital on the basis of overall defined rules and policies; (iv) optimize its capital structure and (v) adequately communicate to external stakeholders. The activities are closely linked to CEB's risk appetite statement as well as to the planning and budgeting process. For a high-level overview of the activities refer to the figure below accordingly.

Per definition, CEB holds capital in order to cover unexpected losses on the basis of its given risk profile. Amount and quality of this capital is subject to policies and guidelines as well as to the expectations of CEB's different stakeholders (i.e. regulators, investors, creditors, rating agencies and market participants) and the CEBNV Managing Board (on the basis of and according to its risk appetite statement).

CEB measures, monitors and challenges its available and required capital (and hence its capital adequacy) on an ongoing basis. Measuring, monitoring and challenging the respective capital metrics, here, is set against CEB's actual risk appetite statement, which defines the respective capital targets per above view accordingly.

The estimation of capital is the process of projecting expected use and generation of capital that is derived from CEB’s business planning and budgeting process. Under the consideration of CEB’s high level strategy guidance, the capital projection will cover a multi-year period into the future. Further, the process covers analyzing the evolution of CEB’s capital ratios against CEB’s long-term strategic objectives and goals. The process ultimately feeds back into advising on CEB’s ICAAP, CEBNV’s risk appetite statement and, in case necessary, into CEB’s capital actions and capital contingency planning under its overall recovery plan. The graph below outlines the overall processes flow from initial high level strategy guidance over risk appetite setting, capital planning and budgeting to final business strategy and target setting accordingly.

### Capital Planning Process



### Recovery Plan

Recovery Plan has been prepared addressing the Bank's liquidity and capital situation under unforeseen events/crises. The Bank developed a robust Recovery Plan that has been set-up to comply with the requirements set by both the Dutch Central Bank and the Financial Stability Board. CEB’s Recovery Plan outlines the array of measures the Bank proposes to adopt in the event of a material deterioration of its financial situation triggered by idiosyncratic problems, market wide stresses or a combination of both. CEB’s Recovery Plan is embedded within



the Bank's risk management and internal control framework and can be readily implemented in the event of a situation of severe stress.

CEB acknowledges the criticality of implementing sufficient measures to survive a severe crisis and restore the long-term viability of the Bank. As a minimum, CEB has set the following objectives for its Recovery Plan:

- (i) to ensure an adequate and timely response to a near-default stress scenario on its own strength;
- (ii) to reduce the impact of a crisis on the Bank thereby minimizing the probability of default; and
- (iii) to effect the integration of appropriate supportive measures into CEB's existing risk management and internal control framework.

CEB's Recovery Plan is not restricted to any one specific stress scenario but rather assesses whether the array of recovery measures proposed are sufficiently robust and varied in their nature to withstand a wide range of shocks.

The Recovery Plan is built upon CEB's business-as-usual ("BAU") operations which facilitate the proactive identification, monitoring, management and mitigation of the risk of near-default stress scenarios. These BAU activities are embedded within the Bank's risk management and internal control framework which aims to protect and strengthen CEB's foundation of capital and liquidity through escalating periods of stress.

## Key developments in 2023

In 2023, the following events required the specific attention of the Managing Board:

CEB has revised its Risk Appetite Policy and enriched its limit monitoring framework through supplementing nominal limits with Loss Given Default (LGD)-based concentration limits. To estimate the stressed LGD metric at obligor level, CEB collaborated with S&P and utilized their proven methodologies for the Bank, Sovereign and Corporate portfolios. The LGD models of retail portfolios are developed in-house utilizing internal data. The LGD based concentration limits will be effective starting from 2024.

CEB aims to consistently maintain sufficient liquidity to ensure the timely fulfillment of all its obligations, even during a period of stress. The stress scenarios encompass idiosyncratic, market wide as well as combined events with varying time frames up to 12 months. In 2023, CEB has revisited its assumptions under these stress scenarios in the light of the turmoil observed in banking sector in 2023 to better monitor and respond to the emergence and evolution of stress under current circumstances. The project has been finalized and the results have been reflected in 2023 year-end figures.

Furthermore, CEB has performed an annual update of its IFRS9 ECL calculation framework for Corporate Customers in 2023. In this year's update, the Bank has shifted from manually calibrating Probability of Default (PD), wherein calibration points heavily depend on expert opinions, to adopting PD calibrations derived from the Vasicek-Merton model. The well-recognized Vasicek-Merton model converts long-term average portfolio PDs into Point in Time (PIT) PDs. The update to the Vasicek-Merton framework has enabled the Bank to standardize the approach to a greater extent requiring less subjective expert input and improved automation. Greater stability is expected in the underlying macro-models, and with automation in effect, calibrations will be updated more frequently based on changes in the macro-economic outlook. In addition, specific provision calculation tool of the nonperforming portfolio is improved through automation, incorporated drop-down menus, formulated and protected cells, as well as clear guidance and decision trees for determination of impairment approaches, strategies, recovery rates and impacts of macroeconomic factors. These updates have facilitated standardization and consistency in calculations throughout the Bank and all its subsidiaries for Corporate Customers by reducing reliance on subjective expert inputs and mitigating human-based errors.

ESG risk assessment efforts were extended with a deep-dive materiality assessment of climate-related transition and physical risks. Details of the climate risk materiality assessment are provided in 'ESG Strategy' and 'Managing Environmental Risks and Impact on Nature' sections. Additionally, outcomes of the double materiality assessment, as part of setting up for the extended sustainability reporting under CSRD, will enable the Bank to further integrate its ESG risk management practices. Furthermore, the efforts will continue to integrate rapidly evolving regulatory requirements and supervisory expectations around ESG risk management.

In 2023, CEB continued to enhance its Operational Risk Management (ORM) Framework, with a focus on CEB reviewing and improving KRIs to introduce new leading KRIs for more effective ORM practices. Furthermore, Control Testing improvements were initiated, involving the reviewing, approval and execution of the list of key controls included in 2023 control testing plan. Accordingly, independent control testing was conducted by ORM.

The Bank also reinforced its cyber security measures to counter emerging financial industry cyber threats, along with implementing enhancements in information security, cloud system security, data protection, and business continuity, as detailed in the 'Embracing Technology and Innovation' and 48 'Information and Operational Risks' sections of the Non-Financial Reporting section of this report.

The Bank completed its gap assessment regarding compliance with the newly introduced DORA (Digital Operational Resilience Act) with which financial institutions in the EU should comply, by the beginning of 2025.

In 2023, CEB successfully completed all the actions that were a result of AML/CTF examinations as conducted in 2022. Moreover, to further strengthen CEB's AML/CTF framework, CEB initiated and completed further improvements, by inter alia back testing and updating the scoring mechanism used in CEB's pre-transaction monitoring process and improving the transaction profiling methodology, serving as a key functionality to detect unusual transactions.

Furthermore, in 2023, employees have participated in the Anti-Financial Economic Crime Refresh training, which aims to refresh elementary knowledge regarding various Anti-Financial Crime topics, such as combating AML/CTF, anti-bribery and corruption, sanctions, and tax integrity related crimes. Furthermore, changes were made to the organizational structure of the Bank's Compliance Division to ensure effective group-wide compliance oversight.

## Areas of improvement for 2024

The Bank continues to monitor regulatory developments applicable to CEB and make necessary preparations to comply with new and/or changing regulatory requirements, such as CRR3/CRD6 package, the EU Instant Payments proposal and the package of legislative proposals to strengthen the EU's rules on AML/CTF.

In 2024, CEB has outlined several initiatives to enhance its ORM Framework. These initiatives include:

- (i) implementing CEB NV's KRIs on a consolidated basis for all subsidiaries,
- (ii) finalizing Control Testing improvement projects that were initiated in 2023, developing and executing a multi-year control testing plan,
- (iii) updating Product Approval and Review Process (PARP) documentation for banking products, and
- (iv) improving data quality in the Governance Risk and Compliance (GRC) software with a focus on centralized registration of recommendations, issued by external and internal auditors and 2<sup>nd</sup> line functions.

CEB will start and complete DORA implementation within 2024. This will cover improvements in many specific areas including Third Party Risk Management, IT Risk and Control Framework, Threat Led Penetrating Testing, Cyber Security Incident Management, and Business Continuity Management. CEB will continue to improve its cybersecurity maturity in 2024 through various projects, including cloud computing security, user awareness and security monitoring. Within this scope, CEB will continue to strengthen preventive and detective controls regarding cloud systems. Cybersecurity awareness of the employees will be kept at high levels with regular

simulated phishing tests.

Lastly, the Bank is reviewing and updating its corporate credit risk scorecard models. The revision of its Balance Sheet Lending model is planned to be completed in 2024.

## The scope of application

### EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

CEB's differences between accounting and regulatory scope are SPVs, which are non-financial institutions.

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>2023 (In '000)</b>							
<b>Assets</b>							
Cash and balances at central banks	1,639,420	1,639,420	1,639,420				
Financial assets measured at FVTPL							
- Trading assets	171,789	171,789				171,789	
- Non-trading assets mandatorily at FVTPL	25,915	25,915	25,915				
Financial investments	382,936	382,936	382,936				
Loans and advances to banks	321,353	320,807	320,807				
Derivative financial instruments	110,215	110,215		110,215			
Loans and advances to customers	2,711,128	2,735,369	2,718,848				16,521
Current tax assets	61	61	61				
Deferred tax assets	55,833	55,833	7,558				48,275
Other assets	96,503	47,426	45,947				1,479
Investment in associates and joint ventures	0	-	-				
Property and equipment	59,886	35,784	35,784				
Investment property	3,664	17,302	17,302				
Intangible assets	9,919	9,870	-				9,870
<b>Total Assets</b>	<b>5,588,622</b>	<b>5,552,729</b>	<b>5,194,579</b>	<b>110,215</b>	<b>-</b>	<b>171,789</b>	<b>76,145</b>
<b>Liabilities</b>							
Due to banks	505,475	505,475					505,475
Derivative financial instruments	136,577	136,577		136,577			-
Due to customers	4,031,242	4,033,714					4,033,714
Current tax liabilities	4,103	4,103					4,103
Other liabilities	52,946	28,682					28,682
Provisions	12,596	12,450					12,450
Deferred tax liabilities	18,182	18,182					18,182
Subordinated liabilities	169,650	169,650					169,650
<b>Total Liabilities</b>	<b>4,930,769</b>	<b>4,908,832</b>	<b>-</b>	<b>136,577</b>	<b>-</b>	<b>-</b>	<b>4,772,255</b>

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>2022 (In '000)</b>							
<b>Assets</b>							
Cash and balances at central banks	1,103,693	1,103,693	1,103,693				
Financial assets measured at FVTPL							
- Trading assets	66,659	66,659				66,659	
- Non-trading assets mandatorily at FVTPL	27,974	27,974	27,974				
Financial investments	383,370	383,370	383,370				
Loans and advances to banks	460,542	460,542	460,542				
Derivative financial instruments	112,997	112,997		112,997			
Loans and advances to customers	2,481,515	2,481,515	2,459,299	22,216			
Current tax assets	70	70	70				
Deferred tax assets	80,785	80,785	29,118				51,667
Other assets	99,640	99,640	99,640				
Investment in associates and joint ventures	0	3,760	3,760				
Property and equipment	65,332	66,867	66,867				
Investment property	3,760	0	0				
Intangible assets	9,427	7,892	-				7,892
<b>Total Assets</b>	<b>4,895,764</b>	<b>4,895,764</b>	<b>4,634,333</b>	<b>135,213</b>	<b>-</b>	<b>66,659</b>	<b>59,559</b>
<b>Liabilities</b>							
Due to banks	441,236	441,236					441,236
Derivative financial instruments	150,560	150,560		150,560			-
Due to customers	3,417,018	3,417,018					3,417,018
Current tax liabilities	1,564	1,564					1,564
Other liabilities	48,223	48,222.88					48,223
Provisions	9,909	9,909					9,909
Deferred tax liabilities	18,905	18,905					18,905
Subordinated liabilities	188,732	188,732					188,732
<b>Total Liabilities</b>	<b>4,276,147</b>	<b>4,276,147</b>	<b>-</b>	<b>150,560</b>	<b>-</b>	<b>-</b>	<b>4,125,587</b>

## EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

CEB's differences between accounting and regulatory scope are SPVs, which are non-financial institutions.

(In '000)	Total	Items subject to			
		Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
<b>Dec-23</b>					
Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	5,552,729	5,194,579	-	110,215	171,789
Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	136,577			136,577	
<b>Total net amount under the scope of prudential consolidation</b>	<b>5,416,152</b>	<b>5,194,579</b>	-	-	<b>171,789</b>
Off-balance-sheet amounts	1,739,573	1,739,573		192,874	
<i>Differences in valuations</i>	52,592			52,592	
<i>Differences due to different netting rules, other than those already included in row 2</i>					
<i>Differences due to consideration of provisions</i>					
<i>Differences due to the use of credit risk mitigation techniques (CRMs)</i>	(403,030)	(211,840)		(191,189)	
<i>Differences due to credit conversion factors</i>	(1,154,472)	(1,154,472)			
<i>Differences due to Securitisation with risk transfer</i>					
<i>Other differences</i>					
<b>Exposure amounts considered for regulatory purposes</b>	<b>5,650,815</b>	<b>5,567,840</b>	-	<b>54,277</b>	<b>171,789</b>

(In '000)	Total	Items subject to			
		Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
<b>Dec-22</b>					
Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	4,895,764	4,634,333	-	135,213	66,659
Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	150,560			150,560	
<b>Total net amount under the scope of prudential consolidation</b>	<b>4,745,204</b>	<b>4,634,333</b>	-	-	<b>66,659</b>
Off-balance-sheet amounts	1,277,257	1,277,257			
<i>Differences in valuations</i>	70,299			70,299	
<i>Differences due to different netting rules, other than those already included in row 2</i>					
<i>Differences due to consideration of provisions</i>	8,191				
<i>Differences due to the use of credit risk mitigation techniques (CRMs)</i>	(181,588)	(123,667)		(57,921)	
<i>Differences due to credit conversion factors</i>	(909,386)	(909,386)			
<i>Differences due to Securitisation with risk transfer</i>					
<i>Other differences</i>					
<b>Exposure amounts considered for regulatory purposes</b>	<b>5,009,978</b>	<b>5,911,590</b>	-	-	<b>66,659</b>

\* Off-balance sheet amounts in the first column are original exposures, prior to the use of credit conversion factors. Exposures reported in second column onwards are after application of the credit conversion factors (CCFs)

## EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)

2023	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Name of the entity							
Credit Europe Bank (N.V.)	Full consolidation	X					Credit institution
Credit Europe Bank (Dubai) Ltd	Full consolidation	X					Credit institution
Credit Europe Bank (Suisse) SA	Full consolidation	X					Credit institution
Credit Europe Bank (Romania) SA	Full consolidation		X (99.34%)				Credit institution
JSC Credit Europe Bank (Ukraine)	Full consolidation		X (99.99%)				Credit institution
Credit Europe Leasing (Ukraine) LLC	Full consolidation	X					Immaterial leasing company
Credit Europe Asset Management S.A	Full consolidation	X					Immaterial leasing company
<b>Other SPVs* (Vessels, Shipyards, Commercial real estate)</b>							
Yenikoy Enterprises B.V.	Full consolidation			X (51.00%)			Non-financial corporation
Hitit Shipping Ltd	Full consolidation			X			Immaterial Non-financial corporation
Angora Yacht Ltd	Full consolidation			X			Immaterial Non-financial corporation
Feniks Gayrimenkul Yatirim A.S.	Full consolidation			X			Immaterial Non-financial corporation
Seyir Gayrimenkul Yatirim A.S.	Full consolidation			X (53.00%)			Immaterial Non-financial corporation

2022	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Name of the entity							
Credit Europe Bank (N.V.)	Full consolidation	X					Credit institution
Credit Europe Bank (Dubai) Ltd	Full consolidation	X					Credit institution
Credit Europe Bank (Suisse) SA	Full consolidation	X					Credit institution
Credit Europe Bank (Romania) SA	Full consolidation		X (99.34%)				Credit institution
JSC Credit Europe Bank (Ukraine)	Full consolidation		X (99.99%)				Credit institution
Credit Europe Leasing (Ukraine) LLC	Full consolidation	X					Immaterial leasing company
Credit Europe Asset Management S.A	Full consolidation	X					Immaterial leasing company
<b>Other SPVs* (Vessels, Shipyards, Commercial real estate)</b>							
Yenikoy Enterprises B.V.	Full consolidation	X					Non-financial corporation
Hitit Shipping Ltd	Full consolidation	X					Immaterial Non-financial corporation
Cappadocia Shipping Ltd	Full consolidation	X					Immaterial Non-financial corporation
Angora Yacht Ltd	Full consolidation	X					Immaterial Non-financial corporation
Feniks Gayrimenkul Yatirim A.S.	Full consolidation	X					Immaterial Non-financial corporation
Etkin Deger Gayrimenkul Yatirim A.S.	Full consolidation	X					Immaterial Non-financial corporation
Ziyaret Gayrimenkul Yatirim A.S.	Full consolidation	X					Immaterial Non-financial corporation
Angora 1 Shipping Ltd	Full consolidation	X					Immaterial Non-financial corporation
Angora 4 Shipping Ltd	Full consolidation	X					Immaterial Non-financial corporation
Mysia Shipping Ltd	Full consolidation	X					Immaterial Non-financial corporation
Seyir Gayrimenkul Yatirim A.S.	Full consolidation		X (53.00%)				Immaterial Non-financial corporation
Cirus Holding B.V.	Full consolidation			X (50.00%)			Immaterial Non-financial corporation
Ikano Finance Holding B.V	Full consolidation			X (50.00%)			Immaterial Non-financial corporation

## EU LIA - Explanations of differences between accounting and regulatory exposure amounts &

### EU LIB - Other qualitative information on the scope of application

CRR requires only financial institutions to be included under prudential consolidation. CEB had around 10 SPVs , which majority are 100% owned shipyards, were consolidated under prudent regulatory frame work same as accounting standards, as we considered them as a type of bank asset and intend to manage our risk more prudently.

Through 2023, the bank reduced the number of SPVs from 10 to only 4, and in Q3 2023, the bank sold further 49% of the biggest SPV (Yenikor) among the remaining 4 SPVs. Consequently, starting in Q3 2023, we stopped consolidating SPVs and distinguished accounting from prudent regulatory framework, since the SPVs are not financial institutions.

### **EU PV1: Prudent valuation adjustments (PVA)**

Based on article 34 of CRR, Institutions shall apply the requirements of Article 105 to all their assets measured at fair value when calculating the amount of their own funds and shall deduct from Common Equity Tier 1 capital the amount of any additional value adjustments necessary.

CEB NV calculated prudent valuation deduction adjustment by using simplified method, as the sum of the absolute value of assets and liabilities measured at fair value as reported in the institution's financial statements in accordance with the applicable accounting framework is less than EUR 15 billion.

EU PV1 table required by EBA is mainly designed for Core approach, thus the bank does not present this table under this session. Total prudent valuation adjustment deducted from own funds is 667,012 as of 31 Dec 2022. (compare to Dec 2022, the prudent valuation adjustment was 570,651)

## **Own funds**

### **EU CC1 - Composition of regulatory own funds**

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. CEB ensures that it holds enough capital to cover its material risks. The nature and quality of the capital which can be included into total own funds for the purposes of capital requirement calculation is subject to regulatory restrictions set out by CRD and the Dutch Central Bank. The table below presents information on the components of regulatory capital.



		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Dec 2023 ('000)			
	<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
1	Capital instruments and the related share premium accounts	726,748	CC2-26 & 27
	of which: Paid in Capital	726,748	
2	Retained earnings	66,541	CC2-29
3	Accumulated other comprehensive income (and other reserves)	-184,764	CC2-30
EU-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)	310	CC2-32
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	28,146	
6	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>636,980</b>	
	<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>		
7	Additional value adjustments (negative amount)	-662	
8	Intangible assets (net of related tax liability) (negative amount)	-9,870	CC2-15
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) CRR are met) (negative amount)	-48,275	CC2-10
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		
17	Direct, indirect and synthetic holdings of the CET 1 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)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitisation positions (negative amount)		
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38-(3) CRR are met) (negative amount)		
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
25	of which: deferred tax assets arising from temporary differences		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments	-18,000	
28	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-76,808</b>	
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>560,173</b>	

Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	45,325	CC2-24
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards	45,325	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
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		
35	of which: instruments issued by subsidiaries subject to phase out		
36	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>45,325</b>	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		
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)		
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% threshold and net of eligible short positions) (negative amount)		
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)		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>0</b>	
44	<b>Additional Tier 1 (AT1) capital</b>	<b>45,325</b>	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>605,498</b>	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	72,916	CC2-24
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Credit risk adjustments		
51	<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>72,916</b>	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect and synthetic 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)		
54	Direct, indirect and synthetic 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% threshold and net of eligible short positions) (negative amount)		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital		
57	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	<b>0</b>	
58	<b>Tier 2 (T2) capital</b>	<b>72,916</b>	
59	<b>Total capital (TC = T1 + T2)</b>	<b>678,414</b>	
60	<b>Total Risk exposure amount</b>	<b>3,513,435</b>	

<b>Capital ratios and requirements including buffers</b>		
61	Common Equity Tier 1 capital	15.94%
62	Tier 1 capital	17.23%
63	Total capital	19.31%
64	Institution CET1 overall capital requirements	
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical capital buffer requirement	0.4%
67	of which: systemic risk buffer requirement	0%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0%
68	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of 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 (amount below 17.65% thresholds and net of eligible short positions)	
73	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	
75		
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</b>		
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

Dec 2022 ('000)		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	726,748	CC2-26 & 27
	of which: Paid in Capital	726,748	
2	Retained earnings	60,463	CC2-29
3	Accumulated other comprehensive income (and other reserves)	-208,675	CC2-30
EU-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)	459	CC2-32
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	18,369	
<b>6</b>	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>597,364</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	Additional value adjustments (negative amount)	-571	
8	Intangible assets (net of related tax liability) (negative amount)	-7,892	CC2-15
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) CRR are met) (negative amount)	-51,667	CC2-10
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		
17	Direct, indirect and synthetic holdings of the CET 1 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)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitisation positions (negative amount)		
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
25	of which: deferred tax assets arising from temporary differences		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments	5,684	
28	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-54,446</b>	
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>542,918</b>	

Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	46,930
31	of which: classified as equity under applicable accounting standards	
32	of which: classified as liabilities under applicable accounting standards	46,930
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	
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	
35	of which: instruments issued by subsidiaries subject to phase out	
<b>36</b>	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>46,930</b>
Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	
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)	
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% threshold and net of eligible short positions) (negative amount)	
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)	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	
42a	Other regulatory adjustments to AT1 capital	
<b>43</b>	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>0</b>
<b>44</b>	<b>Additional Tier 1 (AT1) capital</b>	<b>46,930</b>
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>589,848</b>
Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	112,202
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	
49	of which: instruments issued by subsidiaries subject to phase out	
50	Credit risk adjustments	
<b>51</b>	<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>112,202</b>
Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	
53	Direct, indirect and synthetic 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)	
54	Direct, indirect and synthetic 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% threshold and net of eligible short positions) (negative amount)	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	
EU-56b	Other regulatory adjustments to T2 capital	
<b>57</b>	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	<b>0</b>
<b>58</b>	<b>Tier 2 (T2) capital</b>	<b>112,202</b>
<b>59</b>	<b>Total capital (TC = T1 + T2)</b>	<b>702,050</b>
<b>60</b>	<b>Total Risk exposure amount</b>	<b>3,479,549</b>

<b>Capital ratios and requirements including buffers</b>		
61	Common Equity Tier 1 capital	15.60%
62	Tier 1 capital	16.95%
63	Total capital	20.18%
64	Institution CET1 overall capital requirements	
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical capital buffer requirement	0.2%
67	of which: systemic risk buffer requirement	0%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0%
68	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	
73	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 (amount below 17.65% thresholds and net of eligible short positions)	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</b>		
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

## EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

Dec 2023 ('000)	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	2023	2023	
<b>Assets</b>			
1 Cash and balances at central banks	1,639,420	1,639,420	
2 Financial assets measured at FVTPL	-	-	
3 - Trading assets	171,789	171,789	
4 - Non-trading assets mandatorily at FVTPL	25,915	25,915	
5 Financial investments	382,936	382,936	
6 Loans and advances to banks	321,353	320,807	
7 Derivative financial instruments	110,215	110,215	
8 Loans and advances to customers	2,711,128	2,735,369	
9 Current tax assets	61	61	
10 Deferred tax assets	55,833	55,833	CC1-8
11 Other assets	96,503	47,426	
12 Investment in associates and joint ventures	0	-	
13 Property and equipment	59,886	35,784	
14 Investment property	3,664	17,302	
15 Intangible assets	9,919	9,870	CC1-10
<b>16 Total assets</b>	<b>5,588,622</b>	<b>5,552,729</b>	
<b>Liabilities</b>			
17 Due to banks	505,475	505,475	
18 Derivative financial instruments	136,577	136,577	
19 Due to customers	4,031,242	4,033,714	
20 Current tax liabilities	4,103	4,103	
21 Other liabilities	52,946	28,682	
22 Provisions	12,596	12,450	
23 Deferred tax liabilities	18,182	18,182	
24 Subordinated liabilities	169,650	169,650	CC1-30 & 46
<b>25 Total liabilities</b>	<b>4,930,769</b>	<b>4,908,832</b>	
<b>Shareholders' Equity</b>			
26 Share capital	563,000	563,000	CC1-1
27 Share Premium	163,748	163,748	CC1-1
28 CY P&L	62,193	62,193	
29 Retained Earnings	38,396	38,396	
30 Intangibles/hedging/foreign currency Revaluation Reserve (incl. tangibles & translation/Fair value reserves)	(184,764)	(184,764)	
31 Equity attributable to shareholders of the parent company	642,572	642,572	
32 Equity attributable to minority interests	15,280	1,324	
<b>33 Total shareholders' equity</b>	<b>657,853</b>	<b>643,897</b>	

Dec 2022 ('000)	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	2022	2022	
<b>Assets</b>			
1 Cash and balances at central banks	1,103,693	1,103,693	
2 Financial assets measured at FVTPL	-	-	
3 - Trading assets	66,659	66,659	
4 - Non-trading assets mandatorily at FVTPL	27,974	27,974	
5 Financial investments	383,370	383,370	
6 Loans and advances to banks	460,542	460,542	
7 Derivative financial instruments	112,997	112,997	
8 Loans and advances to customers	2,481,515	2,481,515	
9 Current tax assets	70	70	
10 Deferred tax assets	80,785	80,785	CC1-8
11 Other assets	99,640	99,640	
12 Investment in associates and joint ventures	0	3,760	
13 Property and equipment	65,332	66,867	
14 Investment property	3,760	0	
15 Intangible assets	9,427	7,892	CC1-10
<b>16 Total assets</b>	<b>4,895,764</b>	<b>4,895,764</b>	
<b>Liabilities</b>			
17 Due to banks	441,236	441,236	
18 Derivative financial instruments	150,560	150,560	
19 Due to customers	3,417,018	3,417,018	
20 Current tax liabilities	1,564	1,564	
21 Other liabilities	48,223	48,223	
22 Provisions	9,909	9,909	
23 Deferred tax liabilities	18,905	18,905	
24 Subordinated liabilities	188,732	188,732	CC1-30 & 46
<b>25 Total liabilities</b>	<b>4,276,147</b>	<b>4,276,147</b>	
<b>Shareholders' Equity</b>			
26 Share capital	563,000	563,000	CC1-1
27 Share Premium	163,748	163,748	CC1-1
28 CY P&L	39,369	39,369	
29 Retained Earnings	60,463	60,463	
30 Intangibles/hedging/foreign currency Revaluation Reserve (incl. tangibles & translation/Fair value reserves)	(208,675)	(208,675)	
31 Equity attributable to shareholders of the parent company	617,905	617,905	
32 Equity attributable to minority interests	1,712	1,712	
<b>33 Total shareholders' equity</b>	<b>619,617</b>	<b>619,617</b>	

There is no difference between accounting and regulatory scope as of Dec 2022



## EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

	Qualitative or quantitative information - Free format	Common Equity Tier I	Tier I	Tier II
1	Issuer		Credit Europe Bank N.V.	Credit Europe Bank N.V.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)			XS0854926671
2a	Public or private placement		Private	Irish Stock Exchange
3	Governing law(s) of the instrument	Dutch Law	Dutch Law	Dutch Law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A	N/A
<b>Regulatory treatment</b>				
4	Current treatment taking into account, where applicable, transitional CRR rules	Common equity tier 1	Additional Tier 1	Tier 2
5	Post-transitional CRR rules			
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	AT1 EU 575/2013 art 26	AT1 EU 575/2013 art 51	AT1 EU 575/2013 art 62
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)			
9	Nominal amount of instrument		50 million USD	150 million USD
EU-9a	Issue price			100%
EU-9b	Redemption price			
10	Accounting classification		Subordinated liabilities	Subordinated liabilities
11	Original date of issuance		18-Dec-2017	9-Nov-2017
12	Perpetual or dated		Perpetual	Dated
13	Original maturity date			9-Nov-2027
14	Issuer call subject to prior supervisory approval			
15	Optional call date, contingent call dates and redemption amo		18-Dec-2022	9-Nov-2022 Regulatory & Tax call (100% nominal)
16	Subsequent call dates, if applicable			
<b>Coupons / dividends</b>				
17	Fixed or floating dividend/coupon		Fixed	Fixed
18	Coupon rate and any related index		8.95%	7.25%
19	Existence of a dividend stopper		No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)		Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)		Mandatory	Mandatory
21	Existence of step up or other incentive to redeem		No	No
22	Noncumulative or cumulative		N/A	N/A
23	Convertible or non-convertible		Convertible	Convertible
24	If convertible, conversion trigger(s)		at any time the Common Equity Tier 1 Capital Ratio of the borrower on a solo consolidated, sub consolidated or consolidated basis falls below 5.125%	
25	If convertible, fully or partially		Fully	
26	If convertible, conversion rate			
27	If convertible, mandatory or optional conversion		mandatory	
28	If convertible, specify instrument type convertible into		Convert into Ordinary Share	
29	If convertible, specify issuer of instrument it converts into		Convert into Credit Europe Bank	
30	Write-down features			
31	If write-down, write-down trigger(s)			
32	If write-down, full or partial			
33	If write-down, permanent or temporary			
34	If temporary write-down, description of write-up mechanism			
34a	Type of subordination (only for eligible liabilities)			
EU-34b	Ranking of the instrument in normal insolvency proceedings			
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)			
36	Non-compliant transitioned features			
37	If yes, specify non-compliant features			
37a	Link to the full term and conditions of the instrument (signposting)			

(1) Insert 'N/A' if the question is not applicable

## Countercyclical capital buffers

### EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)	
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book				Total
Dec 2023 ('000)													
<b>Country:</b>													
ROMANIA	492,721	N/A	-	-	-	492,721	27,158	-	-	27,158	339,472	12.697505%	1.0%
UNITED KINGDOM	192,093	N/A	-	-	-	192,093	14,146	-	-	14,146	176,830	6.614109%	2.0%
NETHERLANDS	173,743	N/A	-	-	-	173,743	14,014	-	-	14,014	175,169	6.551972%	1.0%
GERMANY	63,511	N/A	-	-	-	63,511	5,064	-	-	5,064	63,298	2.367564%	0.8%
LUXEMBOURG	40,318	N/A	-	-	-	40,318	3,225	-	-	3,225	0	1.508046%	0.5%
CROATIA	38,235	N/A	-	-	-	38,235	3,059	-	-	3,059	38,235	1.430116%	1.0%
LITHUANIA	32,207	N/A	-	-	-	32,207	2,577	-	-	2,577	32,207	1.204675%	1.0%
FRANCE	19,174	N/A	-	-	-	19,174	1,530	-	-	1,530	19,131	0.715555%	0.5%
IRELAND	18,556	N/A	-	-	-	18,556	1,484	-	-	1,484	18,556	0.694062%	1.0%
CZECH REPUBLIC	16,369	N/A	-	-	-	16,369	778	-	-	778	9,722	0.363653%	2.0%
CYPRUS	6,536	N/A	-	-	-	6,536	521	-	-	521	6,509	0.243443%	0.5%
HONG KONG	58	N/A	-	-	-	58	2	-	-	2	20	0.000757%	1.0%
DENMARK	1	N/A	-	-	-	1	0	-	-	0	1	0.000030%	2.5%
<b>Total</b>	<b>1,093,521</b>					<b>1,093,521</b>	<b>73,557</b>	<b>0</b>	<b>0</b>	<b>73,557</b>	<b>879,148</b>	<b>34.39%</b>	

	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)	
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book				Total
Dec 2022 ('000)													
<b>Country:</b>													
ROMANIA	677,335	N/A	-	-	-	677,335	42,007	-	-	42,007	525,083	5.016153%	1.0%
UNITED KINGDOM	148,087	N/A	-	-	-	148,087	10,852	-	-	10,852	135,644	0.000000%	1.0%
CZECH REPUBLIC	21,087	N/A	-	-	-	21,087	843	-	-	843	10,544	0.389910%	1.0%
LUXEMBOURG	2	N/A	-	-	-	2	0	-	-	0	2	0.000083%	0.5%
DENMARK	0	N/A	-	-	-	0	0	-	-	0	0	0.000000%	1.5%
<b>Total</b>	<b>846,512</b>					<b>846,512</b>	<b>53,702</b>			<b>53,702</b>	<b>671,273</b>		

### EU CCyB2 - Amount of institution-specific countercyclical capital buffer

The countercyclical capital buffer (CCyB) is designed to counter procyclicality in the financial system. When it is determined that cyclical systemic risk is rising, institutions are required to invest in capital to build up buffers that will make the banking industry more resilient when losses do occur. This will lessen the financial cycle's downturn and assist maintain the economy's access to credit. During the financial cycle's upswing, the CCyB can also aid in reducing the expansion of excessive credit.

The CCyB rate increased as countries started to make use of this macroprudential tool after the pandemic. As a result, CEB's countercyclical capital buffer requirement increased during 2023.

Dec 2023 ('000)

Total risk exposure amount	✔	3,513,435
Institution specific countercyclical capital buffer rate	✔	0.39544%
Institution specific countercyclical capital buffer requirement	✔	13,893,486

Dec 2022 ('000)

Total risk exposure amount	✔	3,479,549
Institution specific countercyclical capital buffer rate	✔	0.15310%
Institution specific countercyclical capital buffer requirement	✔	5,327,168

## Leverage ratio

### EU LRA: Disclosure of LR qualitative information

The leverage ratio measures the level of the Tier 1 Capital compared to its non-risk based exposure defined by the Capital Requirements Regulation, with a minimum requirement at 3%. CEB presents its leverage ratio using the particular EBA templates in accordance with regulatory standards. These EBA templates show the advantage ratio as it was determined in accordance with CCR/CRD specifications.

Throughout 2023, CEB maintained its strong capital ratios. CEB is currently one of the least leveraged banks in the Netherlands.

## EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

	Dec 2023 ('000)	Applicable amount
1	Total assets as per published financial statements	7,135,321
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(35,894)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of point (i) of Article 429a(1) CRR)	
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustment for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	(67,239)
9	Adjustment for securities financing transactions (SFTs)	3,905
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	(1,216,733)
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
12	Other adjustments	(124,651)
13	<b>Leverage ratio total exposure measure</b>	<b>5,694,709</b>

Dec 2022 ('000)		<b>Applicable amount</b>
1	Total assets as per published financial statements	4,760,551
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of point (i) of Article 429a(1) CRR)	
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustment for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	(17,862)
9	Adjustment for securities financing transactions (SFTs)	2,782
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	288,511
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c ) of Article 429a(1) CRR)	
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
12	Other adjustments	(53,875)
13	<b>Leverage ratio total exposure measure</b>	<b>4,980,107</b>

## EU LR2 - LRCom: Leverage ratio common disclosure

### CRR leverage ratio exposures

		Dec-23	T-1
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	5,442,514	
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	(19,199)	
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(48,506)	
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(76,145)	
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>5,298,664</b>	
<b>Derivative exposures</b>			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	31,119	
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	31,055	
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	<b>Total derivatives exposures</b>	<b>62,175</b>	
<b>Securities financing transaction (SFT) exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	192,874	
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(191,189)	
16	Counterparty credit risk exposure for SFT assets	2,220	
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	<b>Total securities financing transaction exposures</b>	<b>3,905</b>	
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	1,546,699	
20	(Adjustments for conversion to credit equivalent amounts)	(1,216,733)	
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)		
22	<b>Off-balance sheet exposures</b>	<b>329,966</b>	

Excluded exposures	
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))
EU-22c	(Excluded exposures of public development banks - Public sector investments)
EU-22d	(Excluded promotional loans of public development banks: - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution) (Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)
EU-22e	(Excluded guaranteed parts of exposures arising from export credits)
EU-22f	(Excluded excess collateral deposited at triparty agents)
EU-22g	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)
EU-22h	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)
EU-22i	(Reduction of the exposure value of pre-financing or intermediate loans)
EU-22j	
EU-22k	<b>(Total exempted exposures)</b> -

Capital and total exposure measure	
23	<b>Tier 1 capital</b> 605,498
24	<b>Leverage ratio total exposure measure</b> 5,694,709

Leverage ratio	
25	Leverage ratio 10.63%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%) 10.63%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) 10.63%
26	Regulatory minimum leverage ratio requirement (%) 3%
EU-26	Additional leverage ratio requirements (%) 0%
27	Required leverage buffer (%) 0%

Choice on transitional arrangements and relevant exposures	
EU-27	Choice on transitional arrangements for the definition of the capital measure

Disclosure of mean values	
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)

(\*) In the course of 2021, the Bank's application for deductibility of interest component of net investment hedge contracts for the years 2013-2015 was approved by Dutch tax authorities. As result,

**CRR leverage ratio exposures**

		Dec-22	T-1
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	4,760,551	
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	(46,380)	
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(59,574)	
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(53,875)	
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>4,600,721</b>	
<b>Derivative exposures</b>			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	56,852	
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	31,241	
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	<b>Total derivatives exposures</b>	<b>88,093</b>	
<b>Securities financing transaction (SFT) exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	59,856	
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(57,921)	
16	Counterparty credit risk exposure for SFT assets	846	
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	<b>Total securities financing transaction exposures</b>	<b>2,782</b>	
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	1,217,401	
20	(Adjustments for conversion to credit equivalent amounts)	(928,890)	
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)		
22	<b>Off-balance sheet exposures</b>	<b>288,511</b>	



Excluded exposures	
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))
EU-22c	(Excluded exposures of public development banks - Public sector investments) (Excluded promotional loans of public development banks: - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State)
EU-22d	(Excluded promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution) (Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State)
EU-22e	(Excluded promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)
EU-22g	(Excluded excess collateral deposited at triparty agents)
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)
EU-22k	<b>(Total exempted exposures)</b> -

Capital and total exposure measure	
23	<b>Tier 1 capital</b> 589,848
24	<b>Leverage ratio total exposure measure</b> 4,980,107

Leverage ratio	
25	Leverage ratio 11.84%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%) 11.84%
25a	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) 11.84%
26	Regulatory minimum leverage ratio requirement (%) 3%
EU-26	Additional leverage ratio requirements (%) 0%
27	Required leverage buffer (%) 0%

Choice on transitional arrangements and relevant exposures	
EU-27	Choice on transitional arrangements for the definition of the capital measure

Disclosure of mean values	
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)

(\*) In the course of 2021, the Bank's application for deductibility of interest component of net investment hedge contracts for the years 2013-2015 was approved by Dutch tax authorities. As result, the

EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

	Dec 2023 ('000)	CRR leverage ratio exposures
<b>EU-1</b>	<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	5,321,042
EU-2	Trading book exposures	171,789
EU-3	Banking book exposures, of which:	5,149,253
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	1,933,829
EU-6	Exposures to regional governments, MDB, international organisations and PSE <b>not</b> treated as sovereigns	204,108
EU-7	Institutions	290,188
EU-8	Secured by mortgages of immovable properties	141,911
EU-9	Retail exposures	142,209
EU-10	Corporate	2,270,592
EU-11	Exposures in default	37,096
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	129,321

	Dec 2022 ('000)	CRR leverage ratio exposures
<b>EU-1</b>	<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	4,709,167
EU-2	Trading book exposures	66,659
EU-3	Banking book exposures, of which:	
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	1,470,492
EU-6	Exposures to regional governments, MDB, international organisations and PSE <b>not</b> treated as sovereigns	17,671
EU-7	Institutions	420,770
EU-8	Secured by mortgages of immovable properties	153,823
EU-9	Retail exposures	131,508
EU-10	Corporate	2,114,498
EU-11	Exposures in default	128,010
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	205,737

# Liquidity requirements

## EU LIQA - Liquidity risk management

### Strategies and processes in management of liquidity risk

CEB has policies, procedures and systems that enable it to identify measure, manage and monitor liquidity risk over different time horizons to ensure that it maintains adequate levels of available liquidity. These systems and controls are tailored for centralized liquidity management.

CEB's key funding principles also form an essential part of its liquidity risk appetite which are further explained in the Funding Plan document:

- (1) Alignment with the asset profile and asset strategy
- (2) Alignment with the liquidity risk appetite
- (3) Minimizing any funding deficit risk by ensuring granular and stable funding
- (4) Support the Bank's overall objective of achieving an investment grade rating
- (5) Satisfy any minimum requirements from regulatory authorities
- (6) Management of asset encumbrance
- (7) Self-funded subsidiary structures

### Structure and organisation of the liquidity risk management function (authority, statute, other arrangements)

CEB's Managing Board set the strategies regarding the Bank's liquidity risk management framework through the Risk Appetite statement, which is approved and endorsed by the Supervisory Board. Managing Board delegates the execution, monitoring and oversight of the funding and liquidity strategy to the Group Asset Liability Management Committee ('the ALCO'), a sub-committee of the Managing Board. This Committee executes the board-approved strategies within the principles outlined in ILAAP. Group Treasury in CEBNV is responsible for the operational and day-to-day execution of this strategy. Risk Management Division is segregated from the operational functions and provides independent monitoring function. Risk Management regularly updates the Audit & Risk Committee (a sub-committee of the Supervisory Board) over the Bank's liquidity risk profile, for supervision and oversight of the Managing Board purposes. The checks and balances in the form of segregation of duties between operational departments and the different systems, control procedures, limits monitoring and reconciliations ensure the integrity of the Bank's liquidity risk management. The integrity of the liquidity risk

management is further safeguarded by the Internal Audit Department and through its independent regular reviews.

### **The degree of centralisation of liquidity management and interaction between the group's units**

CEB applies a centralised approach towards liquidity risk policies, measurement methodologies and monitoring of the group-wide liquidity position. Centralisation covers both the operational functions (Treasury departments) and monitoring functions (Risk Management departments). Therefore, all related functions have dual responsibilities at solo and consolidated levels with respect to liquidity risk management.

In close coordination with local Treasury departments, the Group Treasury is responsible for day-to-day operations while monitoring the various funding options under the prevailing market conditions. Group Treasury monitors both solo and consolidated liquidity position and assesses the Group's liquidity position on a daily basis. By taking into account the Bank's cash position, future cash flows and pipeline transactions, settlement activities and margin requirements and intra-group positions, Group Treasury conducts the day-to-day liquidity operations. The Treasury operates within the boundaries of CEB's liquidity risk appetite and the decisions taken by the ALCO.

Additionally, subsidiaries need to comply with local statutory requirements.

### **Scope and nature of liquidity risk reporting and measurement systems**

CEB's methodologies are designed in view of the Bank's risk tolerance and set the boundaries of CEB liquidity risk control through limits. These limits are relevant for all business lines in terms of duration, product, currency and geography. These thresholds are used for day-to-day liquidity management and they ensure CEB to operate under market stress at both solo and group levels without any disruption.

### **Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants**

CEB ensures that the Bank maintains a 'cushion' of unencumbered liquid assets to be held against potential liquidity stress scenarios. The size and composition of the available liquidity are defined such that the Bank can mobilize these resources in a relatively short time horizon.

CEB takes into account the nature of its activities, concentrations and funding dynamics to design relevant liquidity stress scenarios. CEB targets to maintain adequate 'available liquidity' to offset the impacts of these scenarios.

CEB not only focuses on short-term liquidity generation capacity, but also targets matched asset-liability structure in the medium to longer term. At the solo level, CEB's liquidity risk management framework also takes into account the mismatch between asset and liabilities among group entities. Targeting self-reliant subsidiaries, CEB manages its intra-group exposures with respect to pre-defined limits per entity and maturity.

### **Outline of the bank's contingency funding plans**

CEB's crisis communication plan provides guidelines and procedures for the accurate, timely, appropriate and understandable coordination of communication within CEB and between CEB and any third party in the event of a potential/actual crisis or controversial issue.

In order to support timely and decisive action in a stressed situation, CEB has defined a number of early warning indicators that are used to monitor the development of CEB-specific and/or market-wide negative trends. These indicators help in measuring the adequacy of CEB's financial resources with the aim of prompting timely action and avoiding the potential failure of the Bank in a situation of severe financial distress.

The monitoring of the indicators is embedded within CEB's normal operating processes and existing risk management framework.

### **Stress testing**

The Bank uses stress testing to verify that its liquidity buffer is adequate to withstand severe but plausible funding conditions. The outcome of the stress testing shows the Bank the level of required liquidity across different time horizons. In this respect, the design and frequency of the stress test scenarios reveal the Bank's risk appetite and preparedness to withstand a liquidity crisis.

### **A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.**

CEB's Supervisory Board approves the strategy and provides guidance over its risk tolerance over liquidity management in the Bank's Risk Appetite statement. The Asset Liability Management Committee (ALCO) ensures that the Bank operates in line with the Supervisory Board's liquidity risk tolerance described in CEB's Risk Appetite statement. The governance of the liquidity management process is conducted by the Audit & Risk Committee. The ARC ensures that the Group ALCO takes the steps necessary to monitor and control liquidity risk. During its quarterly meetings, the Committee is informed by the Group Risk Management regularly over the liquidity risk

profile of the Bank and immediately if there are any material changes in the Bank's current or prospective liquidity position.

Any major changes pertaining to the design of the Bank's liquidity risk management oversight or the principles are thoroughly discussed in the Committee and become effective if and when ARC approves those revisions.

**A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the EU LIQ1 template under this ITS ) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body.**

CEB's liquidity risk appetite is low and the Bank maintains a large liquidity portfolio with a healthy liquidity buffer. CEB's liquidity risk measurement metrics and all liquidity ratios (LCR and NSFR) are well above regulatory limits and internal targets. CEB ensures that the Bank maintains a 'cushion' of unencumbered liquid assets to be held at all times against potential liquidity stress scenarios. The size and composition of the available liquidity are defined such that the Bank can mobilize these resources in a relatively short time horizon.

## EU LIQ1 - Quantitative information of LCR

		a	b	c	d	e	f	g	h
	2023 ('000)	Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (31 Dec 2021)	T	T-1	T-2	T-3	T	T-1	T-2	T-3
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS</b>									
1	Total high-quality liquid assets (HQLA)					1,288,537	1,213,486	1,230,851	1,191,978
<b>CASH - OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	960,429	1,027,443	1,138,521	1,259,853	65,484	68,601	75,898	84,038
3	Stable deposits	726,495	799,087	879,032	961,040	36,325	39,954	43,952	48,052
4	Less stable deposits	233,934	228,356	259,489	298,813	29,159	28,646	31,946	35,986
5	Unsecured wholesale funding	1,133,271	1,125,871	1,183,332	1,175,654	572,628	561,568	585,725	578,510
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	189,457	208,423	223,473	229,860	47,364	52,106	55,868	57,465
7	Non-operational deposits (all counterparties)	943,814	917,448	959,859	945,794	525,264	509,463	529,857	521,045
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					417	417	1,192	4,259
10	Additional requirements	356,257	336,897	318,492	297,848	88,345	77,606	71,063	63,214
11	Outflows related to derivative exposures and other collateral requirements	45,481	37,945	36,258	33,427	45,481	37,945	36,258	33,427
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	310,776	298,952	282,234	264,421	42,865	39,661	34,806	29,787
14	Other contractual funding obligations	2,626	2,487	2,472	1,717	2,626	2,487	2,472	1,717
15	Other contingent funding obligations	1,125,747	1,073,457	1,089,117	1,144,619	190,674	186,972	186,100	189,686
16	TOTAL CASH OUTFLOWS					920,174	897,651	922,450	921,424
<b>CASH - INFLOWS</b>									
17	Secured lending (e.g. reverse repos)	-	396	396	1,856	-	-	-	-
18	Inflows from fully performing exposures	1,217,897	1,236,774	1,314,484	1,350,306	1,015,214	1,038,028	1,104,113	1,129,254
19	Other cash inflows	7,055	8,089	17,322	18,462	2,734	2,993	10,811	11,183
EU-19a	(Difference between total weighted inflows and total								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	1,224,952	1,245,259	1,332,202	1,370,624	1,017,949	1,041,021	1,114,924	1,140,437
EU-20a	Fully exempt inflows								
EU-20b	Inflows subject to 90% cap								
EU-20c	Inflows subject to 75% cap					1,023,417	1,047,006	1,136,546	1,162,802
<b>TOTAL ADJUSTED VALUE</b>									
EU-21	LIQUIDITY BUFFER					1,288,537	1,213,486	1,230,851	1,191,978
22	TOTAL NET CASH OUTFLOWS					230,044	224,413	230,612	230,356
23	LIQUIDITY COVERAGE RATIO					560%	541%	534%	517%

	a	b	c	d	e	f	g	h	
	Total unweighted value (average)				Total weighted value (average)				
2022 ('000)	Total unweighted value (average)								
Quarter ending on (31 Dec 2022)	T	T-1	T-2	T-3	T	T-1	T-2	T-3	
EU 1a	Number of data points used in the calculation of averages								
EU 1b	12	12	12	12	12	12	12	12	
<b>HIGH-QUALITY LIQUID ASSETS</b>									
1	Total high-quality liquid assets (HQLA)				1,147,464	1,080,932	1,088,273	1,072,381	
<b>CASH - OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:				90,041	94,153	94,716	93,527	
3	Stable deposits				51,292	53,591	53,906	53,584	
4	Less stable deposits				38,749	40,562	40,811	39,943	
5	Unsecured wholesale funding				548,370	510,178	492,293	482,158	
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks				57,140	53,210	49,706	45,498	
7	Non-operational deposits (all counterparties)				491,230	456,968	442,587	436,660	
8	Unsecured debt				-	-	-	-	
9	Secured wholesale funding				13,906	18,099	23,566	27,204	
10	Additional requirements				55,247	53,015	48,512	56,902	
11	Outflows related to derivative exposures and other collateral requirements				29,826	26,865	22,315	19,611	
12	Outflows related to loss of funding on debt products				-	-	-	-	
13	Credit and liquidity facilities				25,421	26,150	26,197	37,291	
14	Other contractual funding obligations				132	7	7	7	
15	Other contingent funding obligations				195,354	201,949	200,483	187,485	
16	TOTAL CASH OUTFLOWS				903,049	877,401	859,578	847,283	
<b>CASH - INFLOWS</b>									
17	Secured lending (e.g. reverse repos)				-	-	-	-	
18	Inflows from fully performing exposures				1,129,682	1,078,389	984,229	909,661	
19	Other cash inflows				11,009	10,922	3,159	2,704	
EU-19a	(Difference between total weighted inflows and total (Excess inflows from a related specialised credit institution)								
EU-19b	TOTAL CASH INFLOWS				1,140,691	1,089,311	987,388	912,365	
EU-20a	Fully exempt inflows								
EU-20b	Inflows subject to 90% cap								
EU-20c	Inflows subject to 75% cap				1,162,709	1,111,156	993,706	917,772	
<b>TOTAL ADJUSTED VALUE</b>									
EU-21	LIQUIDITY BUFFER				1,147,464	1,080,932	1,088,273	1,072,381	
22	TOTAL NET CASH OUTFLOWS				225,762	219,350	214,894	211,821	
23	LIQUIDITY COVERAGE RATIO				508%	493%	506%	506%	

## EU LIQB - Qualitative information on LCR, which complements template EU LIQ1

### Main drivers of LCR

The main drivers of LCR are the high quality liquid assets and the net cash outflows represented by deposits and commitments. It is observed that the increase in net outflows over time is more than the increase in liquid assets. The consolidated LCR amounted to 560% at the end of December 2023, based on a 12-month rolling average.



### **Changes in the LCR over time**

It is observed that liquid assets have steadily increased over time, while net outflows have remained stable. This has resulted in an upward trend in the LCR. The slight dip in liquidity buffer in Q3, combined with a slight decrease in net cash outflows, does not disrupt the overall increasing trend in the LCR.

### **Concentration of funding sources**

CEB maintains at all times an optimal mix of different funding sources such as retail deposits, corporate deposits, funding from other banks, instruments issued via international capital markets and equity. The largest funding source was retail deposits (54%) in Q4.

### **Composition of the institution`s liquidity buffer.**

CEB`s liquid assets buffer consists of assets of extremely high liquidity and credit quality (Level 1 assets in the form of cash, central bank reserves and qualifying unencumbered securities) and assets of high liquidity and credit quality (Level 2 assets) as in the definition of high-quality liquid assets (HQLA) as defined in LCR DA.

### **Derivative exposures and potential collateral calls**

Additional margin calls and collateral requirements are calculated by using the Historical Lookback method according to the definition of EBA`s RTS on additional liquidity outflows and are taken into account in LCR.

### **Currency mismatch in the LCR**

CEB steers LCR above 100% in all currencies and also monitors and reports LCR in both USD and RON to the regulator. Additionally, CEB reviews its maturity ladders and liquidity mismatches across different currencies and entities, monitors its funding gap in different time buckets as well as the cumulative net liquidity surplus or deficit. Gaps between the assets and liabilities structure for each major currency are subject to internal limits. CEB covers permitted gaps through cross-currency swap transactions.

### **Other items in the LCR calculation**

The LCR disclosure template only presents the consolidated LCR. The bank also monitors, reports and steers the LCR on solo level.

## EU LIQ2: Net Stable Funding Ratio

Dec 2023 (in currency amount)('000)	a	b			c	d	e
	No maturity	Unweighted value by residual maturity			≥ 1yr	Weighted value	
		< 6 months	6 months to < 1yr				
<b>Available stable funding (ASF) Items</b>							
1	Capital items and instruments	636	-	110	-	747	
2	Own funds	636	-	110	-	747	
3	Other capital instruments						
4	Retail deposits		1,341	630	666	2,505	
5	Stable deposits		878	442	535	1,788	
6	Less stable deposits		463	188	131	717	
7	Wholesale funding:		1,849	13	0	663	
8	Operational deposits		-	-	-	-	
9	Other wholesale funding		1,849	13	0	663	
10	Interdependent liabilities		-	-	-	-	
11	Other liabilities:	37	-	-	217	217	
12	NSFR derivative liabilities	37					
13	All other liabilities and capital instruments not included in the above categories		-	-	217	217	
14	<b>Total available stable funding (ASF)</b>					<b>4,131</b>	
<b>Required stable funding (RSF) Items</b>							
15	Total high-quality liquid assets (HQLA)					5	
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-	
16	Deposits held at other financial institutions for operational purposes		-	-	-	-	
17	Performing loans and securities:		2,002	165	1,102	1,674	
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-	
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		419	67	127	203	
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,124	89	814	1,427	
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-	
22	Performing residential mortgages, of which:		22	10	161	-	
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-	
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		436	-	-	44	
25	Interdependent assets		-	-	-	-	
26	Other assets:		0	-	402	398	
27	Physical traded commodities						
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs						
29	NSFR derivative assets						
30	NSFR derivative liabilities before deduction of variation margin posted				46	2	
31	All other assets not included in the above categories		0	-	33	29	
32	Off-balance sheet items		1,181	69	83	72	
33	<b>Total RSF</b>					<b>2,151</b>	
34	<b>Net Stable Funding Ratio (%)</b>					<b>192%</b>	

Dec 2022 (in currency amount)/('000)	a	b			d	e
		Unweighted value by residual maturity				
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value	
<b>Available stable funding (ASF) Items</b>						
1	Capital items and instruments	574	-	168	-	742
2	Own funds	574	-	168	-	742
3	Other capital instruments					
4	Retail deposits		1,430	303	634	2,260
5	Stable deposits		1,087	248	570	1,838
6	Less stable deposits		342	55	64	422
7	Wholesale funding:		1,409	4	10	488
8	Operational deposits		-	-	-	-
9	Other wholesale funding		1,409	4	10	488
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	85	-	-	240	240
12	NSFR derivative liabilities	85				
13	All other liabilities and capital instruments not included in the above categories		-	-	240	240
14	<b>Total available stable funding (ASF)</b>					<b>3,731</b>
<b>Required stable funding (RSF) Items</b>						
15	Total high-quality liquid assets (HQLA)					6
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		1,752	114	1,125	1,520
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		488	3	72	122
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		822	90	913	1,357
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22	Performing residential mortgages, of which:		35	21	141	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		407	-	-	41
25	Interdependent assets		-	-	-	-
26	Other assets:		279	-	249	525
27	Physical traded commodities					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted				76	4
31	All other assets not included in the above categories		-	-	26	24
32	Off-balance sheet items		1,019	45	0	59
33	<b>Total RSF</b>					<b>2,113</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>177%</b>

# Credit Risk

## Credit risk quality

### EU CRA: General qualitative information about credit risk

Credit risk arises from the possibility of losses stemming from the failure of customers or counterparties to meet their financial obligations with Credit Europe Bank. The Bank undertakes credit risk by offering loans, guarantees and other credit products. Credit risk is the primary risk factor in the Bank's operations and taking on credit risk is a core activity of the Bank. The Bank has policies and procedures for accepting, measuring and managing credit risk. The objective of credit risk management is to achieve an appropriate balance between risk and return and to minimize potential adverse effects of credit risk on the Bank's financial performance.

The points below define the general approach towards credit risk at Credit Europe Bank:

- Group level policies and procedures to identify, measure, monitor, control and report material risks in all countries.
- Establishment of effective and efficient internal control mechanisms to ensure the integrity of credit processes.
- Group level Credit Risk Management function covers: Sovereign/Counterparty/Treasury/Corporate-Commercial/Retail and SMEs.
- Control and setting of local Credit Limit powers in all subsidiaries.
- Establish a comprehensive risk appetite framework and ensure credit risks are only accepted and managed within that risk appetite.
- Application of consistent Internal Credit Risk Rating Models in all subsidiaries.
- Establishment and maintenance of a sound internal rating system supported with an adequate number of rating models and processes to ensure its robustness across all lending types.
- Establishment and maintenance of a sound IFRS9 Impairment Calculation Framework supported with an adequate governance and processes to ensure accuracy and robustness of impairment calculations.
- Building a regular cycle of IFRS9 model validation that includes validation of the general framework and periodic monitoring of model performance and stability; and model improvement where necessary.
- Stress testing of loan portfolios under alternative scenarios.
- Standardization of all product and facility definitions at Group level.
- Regulatory and Internal Concentration Limits are set at the Group level: Country / Single Name / Sector.
- CRR, standards and guidelines published by European Banking Authority (EBA) and DNB regulations.

## EU CRB: Additional disclosure related to the credit quality of assets

The Credit Exposure Classification and Treatment Policies for corporate as well as retail clients define the minimum standards for, and establish a single view, on identification and treatment of non-performing corporate credit exposures in Credit Europe Bank N.V. and all of its subsidiaries.

The policies also set minimum standards and explain the processes to be followed for the identification and treatment of obligors whose creditworthiness and repayment capacity of their performing exposures may potentially deteriorate or have already deteriorated, even though their credit exposures are still performing. CEB differentiates between the following categories of assets in the loan portfolio:

- **Fully performing:** Fully performing exposures are defined as credit exposures that are not past-due or exposures past-due up to 30 days, provided that there is no significant increase in credit risk since origination. An exposure is past due when any amount of principal, interest or fee has not been paid at the date it was due.
- **Underperforming:** Underperforming exposures belong to a sub-category of the performing asset class, where the Bank observes a significant increase in credit risk since origination. Underperformance might become evident if an exposure is past-due more than 30 days, subject to forbearance measures, or the assigned PD has increased significantly since the origination of the exposure (applicable for corporate exposures, measured by CEB's internal PD Master Scale).
- **Non-performing:** Non-performing exposures (NPE) are defined as exposures that satisfy either or both of the following criteria:
  - 1) material exposures which are more than 90 days past-due.
  - 2) the obligor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past-due amount or of the number of days past-due.

An exposure is past-due only if there is a legal obligation to make a payment and this payment is compulsory. The counting of days past-due starts as soon as any amount of principal, interest or fee has not been paid to CEB at the date this obligation was due.

To be able to monitor delinquent corporate loans in a more structured way the Bank developed NPL & forbearance screens on solo level and strive to spread the system across subsidiaries.

## Impairment allowances

IFRS 9 introduced forward-looking expected loss model for impairment allowances. Expected credit loss (ECL) amount is calculated on a probability-weighted basis as the difference between the cash flows that are due to the Group in accordance with the contractual terms of a financial instrument and the cash flows that the Group expects to receive. The Group classifies its financial assets in 'three-stage' model ('general model') for impairment based on changes in credit quality since initial recognition.

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month expected credit losses ('ECL') are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL is the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. In line with the Capital Requirement Regulations (CRR) the Bank defines defaulted exposures as exposures that satisfy either or both of the following criteria:

- material exposures which are more than 90 days past-due
- the obligor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past-due amount or of the number of days past-due.

The Bank aligns the definition of credit impaired under IFRS 9 (Stage 3) with default definition of CRR. For these assets, lifetime ECL is recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

### Collective impairment

The calculation of expected credit losses requires management to apply judgment and make estimates and assumptions. These judgments, estimates and assumptions are an inherent part of the calculation, which includes probability of default (PD), loss given default (LGD) and exposure at default (EAD) models, the determination of a significant increase in credit risk, the selection of appropriate scenarios and macroeconomic factors and the expected credit loss measurement period. These inputs are based on the best available information and are subject to frequent reassessment. The Bank considers a number of quantitative and qualitative factors like forbearance status, warning signals, 30 days past-due back stop to identify and assess significant increase in credit risk.

### Individual impairment

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about a debtor's financial position and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are approved by the Corporate Credit Committee independently.

## EU CR1: Performing and non-performing exposures and related provisions

	a	b	c	d	e	f
	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
Dec 2023 ('000)	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3
005 <b>Cash balances at central banks and other demand deposits</b>	<b>1,768,676</b>	-	-	-	-	-
010 <b>Loans and advances</b>	<b>2,946,522</b>	<b>2,737,076</b>	<b>209,446</b>	<b>76,848</b>	-	<b>76,848</b>
020 <i>Central banks</i>	-	-	-	-	-	-
030 <i>General governments</i>	199,709	199,709	-	-	-	-
040 <i>Credit institutions</i>	177,158	177,158	-	-	-	-
050 <i>Other financial corporations</i>	184,130	182,854	1,276	-	-	-
060 <i>Non-financial corporations</i>	2,123,585	1,952,850	170,735	34,396	-	34,396
070 <i>Of which SMEs</i>	-	-	-	-	-	-
080 <i>Households</i>	261,940	224,505	37,435	42,452	-	42,452
090 <b>Debt securities</b>	<b>331,788</b>	<b>331,788</b>	-	-	-	-
100 <i>Central banks</i>	-	-	-	-	-	-
110 <i>General governments</i>	304,688	304,688	-	-	-	-
120 <i>Credit institutions</i>	18,830	18,830	-	-	-	-
130 <i>Other financial corporations</i>	-	-	-	-	-	-
140 <i>Non-financial corporations</i>	8,271	8,271	-	-	-	-
150 <b>Off-balance-sheet exposures</b>	<b>1,546,699</b>	-	-	-	-	-
160 <i>Central banks</i>	-	-	-	-	-	-
170 <i>General governments</i>	-	-	-	-	-	-
180 <i>Credit institutions</i>	413,249	-	-	-	-	-
190 <i>Other financial corporations</i>	-	-	-	-	-	-
200 <i>Non-financial corporations</i>	931,023	-	-	-	-	-
210 <i>Households</i>	202,427	-	-	-	-	-
<b>220 Total</b>	<b>4,825,009</b>	<b>3,068,864</b>	<b>209,446</b>	<b>76,848</b>	-	<b>76,848</b>



Dec 2023 ('000)	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and				On performing exposures	On non-performing exposures
	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3			
005	<b>Cash balances at central banks and other demand deposits</b>	-	-	-	-	-	-	-	-
010	<b>Loans and advances</b>	<b>(23,261)</b>	<b>(8,975)</b>	<b>(14,285)</b>	<b>(26,410)</b>	<b>(26,410)</b>	-	-	-
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	(49)	(49)	-	-	-	-	-	-
050	Other financial corporations	(979)	(972)	(8)	-	-	-	-	-
060	Non-financial corporations	(19,235)	(5,956)	(13,278)	(6,768)	(6,768)	-	-	-
070	Of which SMEs	-	-	-	-	-	-	-	-
080	Households	(2,997)	(1,998)	(999)	(19,642)	(19,642)	-	-	-
090	<b>Debt securities</b>	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-
110	General governments	-	-	-	-	-	-	-	-
120	Credit institutions	-	-	-	-	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-
150	<b>Off-balance-sheet exposures</b>	-	-	-	-	-	-	-	-
160	Central banks	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-	-	-
190	Other financial corporations	-	-	-	-	-	-	-	-
200	Non-financial corporations	-	-	-	-	-	-	-	-
210	Households	-	-	-	-	-	-	-	-
<b>220</b>	<b>Total</b>	<b>(23,261)</b>	<b>(8,975)</b>	<b>(14,285)</b>	<b>(26,410)</b>	<b>(26,410)</b>	-	-	-

Gross carrying amount/nominal amount

Dec 2022 ('000)	Performing exposures			Non-performing exposures		
	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3
005 <b>Cash balances at central banks and other demand deposits</b>	<b>1,207,492</b>	-	-	-	-	-
010 <b>Loans and advances</b>	<b>2,784,703</b>	<b>2,525,201</b>	<b>259,502</b>	<b>169,718</b>	-	<b>169,718</b>
020 <i>Central banks</i>	-	-	-	-	-	-
030 <i>General governments</i>	47,416	47,416	-	-	-	-
040 <i>Credit institutions</i>	344,003	344,003	-	-	-	-
050 <i>Other financial corporations</i>	75,752	75,752	-	-	-	-
060 <i>Non-financial corporations</i>	2,047,951	1,889,709	158,242	117,817	-	117,817
070 <i>Of which SMEs</i>	-	-	-	-	-	-
080 <i>Households</i>	269,580	168,320	101,260	51,900	-	51,900
090 <b>Debt securities</b>	<b>319,286</b>	<b>319,286</b>	-	-	-	-
100 <i>Central banks</i>	-	-	-	-	-	-
110 <i>General governments</i>	269,778	269,778	-	-	-	-
120 <i>Credit institutions</i>	19,802	19,802	-	-	-	-
130 <i>Other financial corporations</i>	-	-	-	-	-	-
140 <i>Non-financial corporations</i>	29,706	29,706	-	-	-	-
150 <b>Off-balance-sheet exposures</b>	<b>1,215,414</b>	-	-	<b>1,987</b>	-	<b>1,987</b>
160 <i>Central banks</i>	-	-	-	-	-	-
170 <i>General governments</i>	-	-	-	-	-	-
180 <i>Credit institutions</i>	259,646	-	-	-	-	-
190 <i>Other financial corporations</i>	-	-	-	-	-	-
200 <i>Non-financial corporations</i>	764,909	-	-	1,987	-	1,987
210 <i>Households</i>	190,859	-	-	-	-	-
<b>220 Total</b>	<b>5,526,895</b>	<b>2,844,486</b>	<b>259,502</b>	<b>171,705</b>	-	<b>171,705</b>

Dec 2022 ('000)	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and				On performing exposures	On non-performing exposures
	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3			
005	<b>Cash balances at central banks and other demand deposits</b>	-	-	-	-	-	-	-	-
010	<b>Loans and advances</b>	<b>(29,536)</b>	<b>(10,164)</b>	<b>(19,372)</b>	<b>(44,363)</b>	-	<b>(44,363)</b>	-	-
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	(841)	(841)	-	-	-	-	-	-
050	Other financial corporations	(848)	(848)	-	-	-	-	-	-
060	Non-financial corporations	(22,042)	(8,023)	(14,019)	(26,320)	-	(26,320)	-	-
070	Of which SMEs	-	-	-	-	-	-	-	-
080	Households	(5,805)	(452)	(5,353)	(18,043)	-	(18,043)	-	-
090	<b>Debt securities</b>	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-
110	General governments	-	-	-	-	-	-	-	-
120	Credit institutions	-	-	-	-	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-
150	<b>Off-balance-sheet exposures</b>	-	-	-	-	-	-	-	-
160	Central banks	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-	-	-
190	Other financial corporations	-	-	-	-	-	-	-	-
200	Non-financial corporations	-	-	-	-	-	-	-	-
210	Households	-	-	-	-	-	-	-	-
220	<b>Total</b>	<b>(29,536)</b>	<b>(10,164)</b>	<b>(19,372)</b>	<b>(44,363)</b>	-	<b>(44,363)</b>	-	-

## EU CR1-A: Maturity of exposures

		a	b	c	d	e	f
		Net exposure value					
Dec 2023 ('000)		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	-	1,648,803	654,356	410,232	260,308	<b>2,973,699</b>
2	Debt securities	-	141,218	129,541	61,029	-	<b>331,788</b>
<b>3</b>	<b>Total</b>	-	<b>1,790,021</b>	<b>783,897</b>	<b>471,261</b>	<b>260,308</b>	<b>3,305,487</b>

		Net exposure value					
Dec 2022 ('000)		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	-	1,526,509	626,162	492,235	235,616	<b>2,880,521</b>
2	Debt securities	-	120,321	113,349	85,616	-	<b>319,286</b>
<b>3</b>	<b>Total</b>	-	<b>1,646,829</b>	<b>739,511</b>	<b>577,851</b>	<b>235,616</b>	<b>3,199,807</b>

## EU CR2: Changes in the stock of non-performing loans and advances

Dec 2023 ('000)	Gross carrying amount
<b>010 Initial stock of non-performing loans and advances</b>	170,748
020 Inflows to non-performing portfolios	25,605
030 Outflows from non-performing portfolios	(119,505)
040 Outflows due to write-offs	(19,659)
050 Outflow due to other situations	(99,846)
<b>060 Final stock of non-performing loans and advances</b>	<b>76,848</b>

Dec 2022 ('000)	Gross carrying amount
<b>010 Initial stock of non-performing loans and advances</b>	212,886
020 Inflows to non-performing portfolios	54,975
030 Outflows from non-performing portfolios	(96,157)
040 Outflows due to write-offs	(3,809)
050 Outflow due to other situations	(92,348)
<b>060 Final stock of non-performing loans and advances</b>	<b>171,705</b>

## EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries

Dec 2023 ('000)	Gross carrying amount	Related net accumulated recoveries
<b>010 Initial stock of non-performing loans and advances</b>	170,748	
020 Inflows to non-performing portfolios	25,605	
030 Outflows from non-performing portfolios	(119,505)	
040 Outflow to performing portfolio	(4,037)	
050 Outflow due to loan repayment, partial or total	(62,298)	
060 Outflow due to collateral liquidations		
070 Outflow due to taking possession of collateral		
080 Outflow due to sale of instruments		
090 Outflow due to risk transfers		
100 Outflows due to write-offs	(19,659)	
110 Outflow due to other situations	(33,511)	
120 Outflow due to reclassification as held for sale	-	
<b>130 Final stock of non-performing loans and advances</b>	<b>76,848</b>	

Dec 2022 ('000)	Gross carrying amount	Related net accumulated recoveries
<b>010 Initial stock of non-performing loans and advances</b>	212,886	
020 Inflows to non-performing portfolios	54,975	
030 Outflows from non-performing portfolios	(96,157)	
040 Outflow to performing portfolio	(6,411)	
050 Outflow due to loan repayment, partial or total	(59,646)	
060 Outflow due to collateral liquidations		
070 Outflow due to taking possession of collateral		
080 Outflow due to sale of instruments		
090 Outflow due to risk transfers		
100 Outflows due to write-offs	(3,809)	
110 Outflow due to other situations	(26,291)	
120 Outflow due to reclassification as held for sale	-	
<b>130 Final stock of non-performing loans and advances</b>	<b>171,705</b>	

## EU CQ1: Credit quality of forbore exposures

Dec 2023 ('000)	a	b	c	d	e		f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures		
	Performing forborne	Non-performing forbore			On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance		
		Of which defaulted	Of which impaired						
<b>005 Cash balances at central banks and other demand deposits</b>	-	-	-	-	-	-	-	-	-
<b>010 Loans and advances</b>	<b>39,499</b>	<b>42,612</b>	<b>42,612</b>	<b>42,612</b>	<b>(928)</b>	<b>(6,699)</b>	<b>71,772</b>	<b>33,620</b>	
020 Central banks	-	-	-	-	-	-	-	-	
030 General governments	-	-	-	-	-	-	-	-	
040 Credit institutions	-	-	-	-	-	-	-	-	
050 Other financial corporations	-	-	-	-	-	-	-	-	
060 Non-financial corporations	31,802	34,291	34,291	34,291	(628)	(2,488)	55,926	29,581	
070 Households	7,697	8,321	8,321	8,321	(300)	(4,210)	15,846	4,039	
080 Debt Securities	-	-	-	-	-	-	-	-	
090 Loan commitments given	-	-	-	-	-	-	-	-	
<b>100 Total</b>	<b>39,499</b>	<b>42,612</b>	<b>42,612</b>	<b>42,612</b>	<b>(928)</b>	<b>(6,699)</b>	<b>71,772</b>	<b>33,620</b>	

Dec 2022 ('000)	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
	Non-performing forborne				On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures		
	Performing forborne	Of which defaulted	Of which impaired						
005	<b>Cash balances at central banks and other demand deposits</b>	-	-	-	-	-	-	-	
010	<b>Loans and advances</b>	<b>26,609</b>	<b>118,384</b>	<b>118,384</b>	<b>118,384</b>	<b>(3,117)</b>	<b>(24,286)</b>	<b>108,671</b>	<b>93,384</b>
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial corporations	13,644	106,913	106,913	106,913	(1,906)	(20,419)	85,075	85,792
070	Households	12,965	11,471	11,471	11,471	(1,211)	(3,867)	23,596	7,592
080	Debt Securities	-	-	-	-	-	-	-	-
090	<b>Loan commitments given</b>	-	-	-	-	-	-	-	-
100	<b>Total</b>	<b>26,609</b>	<b>118,384</b>	<b>118,384</b>	<b>118,384</b>	<b>(3,117)</b>	<b>(24,286)</b>	<b>108,671</b>	<b>93,384</b>

CEB's NPE stock has been decreasing steadily since 2018 Year-end and in 2023, CEB managed to reduce its NPL stock significantly with no major NPL inflow. Going forward, CEG is committed to maintaining an NPL ratio below 3% and revised its risk appetite accordingly.

## EU CQ2: Quality of forbearance

Dec 2023 ('000)		Gross carrying amount of forborne exposures
010	Loans and advances that have been forborne more than twice	8,968
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	14,560.61

Dec 2022 ('000)		Gross carrying amount of forborne
010	Loans and advances that have been forborne more than twice	11,365
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	19,190.97

## EU CQ3: Credit quality of performing and non-performing exposures by past due days

Dec 2023 ('000)	a	b	c	d	e	f	g	h	i	j	k	l
	Performing exposures				Gross carrying amount/nominal amount							
					Non-performing exposures							
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
<b>005 Cash balances at central banks and other demand deposits</b>	<b>1,768,676</b>	1,768,673	-	-	-	-	-	-	-	-	-	-
<b>010 Loans and advances</b>	<b>2,946,522</b>			<b>76,848</b>	<b>30,909</b>	<b>3,275</b>	<b>1,845</b>	<b>4,084</b>	<b>18,738</b>	<b>3,372</b>	<b>14,623</b>	<b>76,848</b>
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	199,709	199,709	-	-	-	-	-	-	-	-	-	-
040 Credit institutions	177,158	177,158	-	-	-	-	-	-	-	-	-	-
050 Other financial corporations	184,130	184,130	-	-	-	-	-	-	-	-	-	-
060 Non-financial corporations	2,123,585	2,123,585	-	34,396	23,659	1,154	76	39	7,146	1,304	1,017	34,396
070 Of which SMEs	0	-	-	-	-	-	-	-	-	-	-	-
080 Households	261,940	255,207	6,733	42,452	7,250	2,122	1,769	4,045	11,592	2,069	13,606	42,452
<b>090 Debt securities</b>	<b>331,788</b>											
100 Central banks	-											
110 General governments	304,688											
120 Credit institutions	18,830											
130 Other financial corporations	-											
140 Non-financial corporations	8,271											
<b>150 Off-balance-sheet exposures</b>	<b>1,546,699</b>											
160 Central banks	-											
170 General governments	-											
180 Credit institutions	413,249											
190 Other financial corporations	-											
200 Non-financial corporations	931,023											
210 Households	202,427											
<b>220 Total</b>	<b>6,593,685</b>	<b>1,768,673</b>	<b>-</b>	<b>76,848</b>	<b>30,909</b>	<b>3,275</b>	<b>1,845</b>	<b>4,084</b>	<b>18,738</b>	<b>3,372</b>	<b>14,623</b>	<b>76,848</b>

Dec 2022 ('000)		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								Of which defaulted
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years			
005	<b>Cash balances at central banks and other demand deposits</b>	<b>1,207,492</b>	-	-	-	-	-	-	-	-	-	-	
010	<b>Loans and advances</b>	<b>2,784,703</b>			<b>169,718</b>	<b>87,506</b>	<b>24,188</b>	<b>5,818</b>	<b>23,374</b>	<b>19,615</b>	<b>9,056</b>	<b>160</b>	<b>169,718</b>
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	47,416	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	344,003	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	75,752	-	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations	2,047,951	-	-	117,817	79,854	22,242	2,541	7,656	1,481	4,043	-	117,817
070	Of which SMEs	0	-	-	-	-	-	-	-	-	-	-	-
080	Households	269,580	-	-	51,900	7,653	1,946	3,278	15,718	18,134	5,013	160	51,900
090	<b>Debt securities</b>	<b>319,286</b>											
100	Central banks	-											
110	General governments	269,778											
120	Credit institutions	19,802											
130	Other financial corporations	-											
140	Non-financial corporations	29,706											
150	<b>Off-balance-sheet exposures</b>	<b>1,215,414</b>			<b>1,987</b>								<b>1,987</b>
160	Central banks	-											
170	General governments	-											
180	Credit institutions	259,646											
190	Other financial corporations	-											
200	Non-financial corporations	764,909			1,987								1,987
210	Households	190,859											
220	<b>Total</b>	<b>5,526,895</b>	-	-	<b>171,705</b>	<b>87,506</b>	<b>24,188</b>	<b>5,818</b>	<b>23,374</b>	<b>19,615</b>	<b>9,056</b>	<b>160</b>	<b>171,705</b>



## EU CQ4: Quality of non-performing exposures by geography

Dec 2023 ('000)	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total	Of which non-performing		Of which subject to impairment			
		Of which defaulted					
<b>010 On-balance-sheet exposures</b>	<b>5,123,834</b>	<b>76,848</b>	<b>76,848</b>	<b>5,123,834</b>	<b>(49,671)</b>		
020 Russia	4,991	4,473	4,473	4,991	-		
030 Turkey	480,652	13,692	13,692	480,652	(16,962)		
040 Romania	728,934	56,081	56,081	728,934	(26,520)		
050 Ukraine	26,292	2,461	2,461	26,292	(1,488)		
060 Other Emerging Markets	730,918	-	-	730,918	(2,554)		
070 Developed markets	3,152,047	141	141	3,152,047	(2,146)		
<b>080 Off-balance-sheet exposures</b>	<b>1,546,699</b>						
090 Russia	-	-	-				
100 Turkey	50,874	-	-				
110 Romania	213,205	-	-				
120 Ukraine	-	-	-				
130 Other Emerging Markets	580,331	-	-				
140 Developed markets	702,289	-	-				
<b>150 Total</b>	<b>6,670,533</b>	<b>76,848</b>	<b>76,848</b>	<b>5,123,834</b>	<b>(49,671)</b>		

Dec 2022 ('000)	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total	Of which non-performing		Of which subject to impairment			
		Of which defaulted					
<b>010 On-balance-sheet exposures</b>	<b>4,481,199</b>	<b>169,718</b>	<b>169,718</b>	<b>4,481,199</b>	<b>(73,899)</b>		
020 Russia	34,566	21,622	21,622	34,566	(15,390)		
030 Turkey	425,814	66,743	66,743	425,814	(20,016)		
040 Romania	925,216	68,536	68,536	925,216	(29,077)		
050 Ukraine	26,738	5,962	5,962	26,738	(3,639)		
060 Other Emerging Markets	671,851	-	-	671,851	(3,129)		
070 Developed markets	2,397,013	6,854	6,854	2,397,013	(2,648)		
<b>080 Off-balance-sheet exposures</b>	<b>1,217,401</b>						
090 Russia	-	-	-				
100 Turkey	48,043	1,970	1,970				
110 Romania	217,282	-	-				
120 Ukraine	17	17	17				
130 Other Emerging Markets	351,213	-	-				
140 Developed markets	600,846	-	-				
<b>150 Total</b>	<b>5,698,600</b>	<b>169,718</b>	<b>169,718</b>	<b>4,481,199</b>	<b>(73,899)</b>		

## EU CQ5: Credit quality of loans and advances by industry

	a	b	c	d	e	f
	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total	Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment		
Dec 2023 ('000)						
010 Agriculture, forestry and fishing	14,837	-	-	14,837	(37)	
020 Mining and quarrying	-	-	-	-	-	
030 Manufacturing	366,408	3,311	3,311	366,408	(2,132)	
040 Electricity, gas, steam and air conditioning supply	62,239	-	-	62,239	(44)	
050 Water supply	-	-	-	-	-	
060 Construction	3,874	5,999	5,999	3,874	(2,877)	
070 Wholesale and retail trade	826,411	5,180	5,180	826,411	(2,049)	
080 Transport and storage	61,778	260	260	61,778	(1,251)	
090 Accommodation and food service activities	235,353	11,299	11,299	235,353	(4,766)	
100 Information and communication	10,939	-	-	10,939	(4)	
110 Financial and insurance activities	11,423	-	-	11,423	(71)	
120 Real estate activities	248,904	6,075	6,075	248,904	(11,118)	
130 Professional, scientific and technical activities	-	-	-	-	-	
140 Administrative and support service activities	271,997	1,453	1,453	271,997	(1,426)	
150 Public administration and defense, compulsory social security	-	-	-	-	-	
160 Education	5,382	-	-	5,382	(0)	
170 Human health services and social work activities	-	-	-	-	-	
180 Arts, entertainment and recreation	-	-	-	-	-	
190 Other services	4,040	818	818	4,040	(226)	
<b>200 Total</b>	<b>2,123,585</b>	<b>34,396</b>	<b>34,396</b>	<b>2,123,585</b>	<b>(26,003)</b>	

Dec 2022 ('000)	Gross carrying amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total	Of which non-performing	Of which loans and advances subject to impairment		
		Of which defaulted			
010 Agriculture, forestry and fishing	20,258	-	-	20,258	(167)
020 Mining and quarrying	-	-	-	-	-
030 Manufacturing	257,169	16,975	16,975	257,169	(4,566)
040 Electricity, gas, steam and air conditioning supply	83,501	-	-	83,501	(96)
050 Water supply	-	-	-	-	-
060 Construction	5,727	6,763	6,763	5,727	(3,583)
070 Wholesale and retail trade	791,696	2,189	2,189	791,696	(1,257)
080 Transport and storage	37,227	269	269	37,227	(2,499)
090 Accommodation and food service activities	233,787	30,689	30,689	233,787	(19,590)
100 Information and communication	11,710	25	25	11,710	(4)
110 Financial and insurance activities	72,820	-	-	72,820	(454)
120 Real estate activities	177,196	58,663	58,663	177,196	(13,540)
130 Professional, scientific and technical activities	-	-	-	-	-
140 Administrative and support service activities	327,082	1,481	1,481	327,082	(2,369)
150 Public administration and defense, compulsory social security	-	-	-	-	-
160 Education	5,202	-	-	5,202	(24)
170 Human health services and social work activities	-	-	-	-	-
180 Arts, entertainment and recreation	-	-	-	-	-
190 Other services	24,577	763	763	24,577	(213)
<b>200 Total</b>	<b>2,047,951</b>	<b>117,817</b>	<b>117,817</b>	<b>2,047,951</b>	<b>(48,362)</b>

## EU CQ6: Collateral valuation - loans and advances

	a	b	c	d	e	f	g	h	i	j	k	l
	Loans and advances											
	Performing					Non-performing						
	Total	Total Performing	Of which past due > 30 days ? 90 days	Total Non-performing	Unlikely to pay that are not past due or are past due ? 90 days	Past due > 90 days						Of which: past due > 7 years
						Of which: past due > 90 days ? 180 days	Of which: past due > 180 days ? 1 year	Of which: past due > 1 years ? 2 years	Of which: past due > 2 years ? 5 years	Of which: past due > 5 years ? 7 years		
Dec 2023 ('000)												
010 <b>Gross carrying amount</b>	<b>3,023,370</b>	<b>2,946,522</b>	<b>2,946,522</b>	<b>76,848</b>	<b>30,909</b>	<b>45,938</b>	<b>3,275</b>	<b>1,845</b>	<b>4,084</b>	<b>18,738</b>	<b>3,372</b>	<b>14,623</b>
020 <i>Of which secured</i>	1,464,490	1,408,285	12,428	56,205	33,215	22,990	1,145	1,145	2,195	9,927	2,388	6,191
030 <i>Of which secured with immovable property</i>	703,294	628,448	5,908	74,846	33,860	40,985	1,780	1,738	4,041	18,014	3,363	12,050
040 <i>Of which instruments with LTV higher than 60% and lower or equal to 80%</i>	53,509	50,530		2,978	1,711	1,268						
050 <i>Of which instruments with LTV higher than 80% and lower or equal to 100%</i>	303,346	250,938		52,409	22,646	29,763						
060 <i>Of which instruments with LTV higher than 100%</i>	249,638	238,057		11,581	2,668	8,913						
070 <b>Accumulated impairment for secured assets</b>	(37,906)	(16,997)		(20,908)	(5,243)	(15,665)	(634)	(593)	(1,846)	(6,143)	(590)	(5,860)
080 <b>Collateral</b>												
090 <i>Of which value capped at the value of exposure</i>	1,464,490	1,408,285	50,436	56,205	33,215	22,990	1,145	1,145	2,195	9,927	2,388	6,191
100 <i>Of which immovable property</i>	645,634	594,337	12,428	51,297	28,321	22,976	1,145	1,145	2,195	9,913	2,388	6,191
110 <i>Of which value above the cap</i>	1,749,359	1,677,764	13,033	71,595	41,869	29,726	-	-	-	-	-	-
120 <i>Of which immovable property</i>	873,667	807,883	12,991	65,785	36,769	29,015	-	-	-	-	-	-
130 <b>Financial guarantees received</b>	12,283	11,409	185	873	178	695	695	-	-	-	-	-
140 <b>Accumulated partial write-off</b>	(55,641)	-	-	(55,641)	-	(55,641)	(23,282)	-	-	(31,355)	(1,004)	-

Loans and advances

Dec 2022 ('000)	Total	Performing			Non-performing								
		Total Performing	Of which past due > 30 days ≤ 90 days	Total Non-performing	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						Of which: past due > 7 years	
						Of which past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years			
010	<b>Gross carrying amount</b>	<b>2,954,421</b>	<b>2,784,703</b>	-	<b>169,718</b>	<b>87,506</b>	<b>82,211</b>	<b>24,188</b>	<b>5,818</b>	<b>23,374</b>	<b>19,615</b>	<b>9,056</b>	<b>160</b>
020	<i>Of which secured</i>	1,645,750	1,512,545	13,756	133,205	85,677	47,529	9,483	2,027	3,629	16,001	13,154	3,235
030	<i>Of which secured with immovable property</i>	743,937	632,599	277,650	111,338	32,835	78,503	23,696	3,532	6,812	24,922	16,083	3,458
040	<i>Of which instruments with LTV higher than 60% and lower or equal to 80%</i>	81,237	75,114		6,123	1,134	4,989						
050	<i>Of which instruments with LTV higher than 80% and lower or equal to 100%</i>	453,722	371,714		82,008	24,305	57,703						
060	<i>Of which instruments with LTV higher than 100%</i>	64,750	48,747		16,002	3,614	12,388						
070	<b>Accumulated impairment for secured assets</b>	(56,684)	(20,361)		(36,323)	(6,224)	(30,098)	(14,124)	(1,509)	(3,183)	(8,947)	(2,084)	(251)
080	<b>Collateral</b>												
090	<i>Of which value capped at the value of exposure</i>	1,645,750	1,512,545	29,032	133,205	85,677	47,529	9,483	2,027	3,629	16,001	13,154	3,235
100	<i>Of which immovable property</i>	678,918	604,319	13,755	74,599	27,083	47,515	9,470	2,027	3,629	16,001	13,154	3,235
110	<i>Of which value above the cap</i>	1,990,210	1,831,827	14,921	158,383	97,869	60,514	-	-	-	-	-	-
120	<i>Of which immovable property</i>	966,996	868,987	14,920	98,010	38,732	33,957	-	-	-	-	-	-
130	<b>Financial guarantees received</b>	51,182	49,617	-	1,565	486	1,079	152	927	-	-	-	-
140	<b>Accumulated partial write-off</b>	(37,802)	-	-	(37,802)	(5,443)	(32,359)	-	-	-	(32,359)	-	-

## EU CQ7: Collateral obtained by taking possession and execution processes

Dec 2023 ('000)	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
010 Property, plant and equipment (PP&E)	-	-
020 Other than PP&E	78,821	(9,962)
030 Residential immovable property	11,827	(417)
040 Commercial Immovable property	22,878	(2,353)
050 Movable property (auto, shipping, etc.)	24,151	-
060 Equity and debt instruments	-	-
070 Other collateral	19,965	(7,192)
<b>080 Total</b>	<b>78,821</b>	<b>(9,962)</b>

Dec 2022 ('000)	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
010 Property, plant and equipment (PP&E)	9,417	(5,453)
020 Other than PP&E	94,093	(15,701)
030 Residential immovable property	18,599	(207)
040 Commercial Immovable property	23,049	(2,068)
050 Movable property (auto, shipping, etc.)	35,792	(6,561)
060 Equity and debt instruments	-	-
070 Other collateral	16,653	(6,865)
<b>080 Total</b>	<b>103,510</b>	<b>(21,154)</b>

## EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown

Dec 2023 ('000)	Debt balance reducti				Total collateral obtained by taking possession							
	Gross carrying amount		Accumulated negative changes		Foreclosed ? 2 years		Foreclosed > 2 years ? 5		Foreclosed > 5 years		Of which non-	
	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010 Collateral obtained by taking possession classified as PP&E	-	-	-	-	-	-	-	-	-	-	-	-
020 Collateral obtained by taking possession other than that classified as PP&E	44,845	(11,964)	78,821	(9,962)	59,793	(1,623)	9,217	(2,452)	9,811	(5,887)	5,450	-
030 Residential immovable property	7,229	(1,022)	11,827	(417)	7,084	(332)	3,767	-	976	(85)	-	-
040 Commercial immovable property	13,983	(5)	22,878	(2,353)	20,061	-	-	-	2,817	(2,353)	-	-
050 Movable property (auto, shipping, etc.)	14,761	(9,632)	24,151	-	24,151	-	-	-	-	-	-	-
060 Equity and debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
070 Other collateral	8,871	(1,305)	19,965	(7,192)	8,497	(1,291)	5,450	(2,452)	6,018	(3,449)	5,450	-
<b>080 Total</b>	<b>44,845</b>	<b>(11,964)</b>	<b>78,821</b>	<b>(9,962)</b>	<b>59,793</b>	<b>(1,623)</b>	<b>9,217</b>	<b>(2,452)</b>	<b>9,811</b>	<b>(5,887)</b>	<b>5,450</b>	<b>-</b>

Dec 2022 ('000)		Debt balance reduction				Total collateral obtained by taking possession							
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Foreclosed ≤ 2 years	Foreclosed > 2 years ≤ 5	Foreclosed > 5 years	Of which non-	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Collateral obtained by taking possession classified as PP&E	9,417	-	9,417	(5,453)								
020	Collateral obtained by taking possession other than that classified as PP&E	59,794	(12,133)	94,093	(15,701)	69,022	(1,291)	12,354	(6,671)	12,717	(7,738)	22,038	-
030	Residential immovable property	11,820	(983)	18,599	(207)	12,751	-	4,847	(110)	1,000	(97)	-	-
040	Commercial immovable property	14,647	(6)	23,049	(2,068)	20,067	-	-	-	2,982	(2,068)	10,131	-
050	Movable property (auto, shipping, etc.)	22,745	(9,828)	35,792	(6,561)	28,286	-	7,506	(6,561)	-	-	11,907	-
060	Equity and debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
070	Other collateral	10,583	(1,317)	16,653	(6,865)	7,918	(1,291)	-	-	8,735	(5,574)	-	-
080	<b>Total</b>	<b>69,211</b>	<b>(12,133)</b>	<b>103,510</b>	<b>(21,154)</b>	<b>69,022</b>	<b>(1,291)</b>	<b>12,354</b>	<b>(6,671)</b>	<b>12,717</b>	<b>(7,738)</b>	<b>22,038</b>	<b>-</b>

## Credit risk mitigation techniques

### EU CRC – Qualitative disclosure requirements related to CRM techniques

It is CEB's policy to ensure that the loan extension process is conducted under strong evidence of a customer's ability to repay the loan. Nevertheless, collaterals are actively used for the purposes of credit-risk mitigation. The Transactions and Collateral Management Department is organized as a separate department for collateral management of all types of lending. Transactional lending especially relies heavily upon collaterals and documentation.

Valuation reports, survey report updates and insurance policies are followed up systematically. Mainly related to trade finance, Collateral Management Agreements and Collateral Monitoring Agreements are also outsourced to expert collateral management agents who have management and reporting capabilities at the site of the collateral. As a principal, the value of the collateral should not have a material positive correlation with the credit quality of the provider for the risk mitigation effect to be considered.

Due to the application of Standardized Approach, not all available collaterals can be considered for solvency testing. Currently CEB applies Financial Collateral Comprehensive Approach to assess the value of collateral for risk mitigation purposes.

For funded credit protections, following collaterals are recognized as eligible:

- cash on deposit with, or cash-assimilated instruments held by, a lending credit institution;

- debt securities issued by central governments or central banks which securities have a credit assessment that is associated with credit quality step 4 or above;
- debt securities issued by institutions or other entities which securities have a credit assessment that is associated with credit quality step 3 or above;
- debt securities with a short-term credit assessment that is associated with credit quality step 3 or above;
- equities or convertible bonds that are included in a main index or listed on a recognized stock exchange;
- gold;

To reflect the possible fluctuations in the collateral value CEB applies supervisory haircuts set by the Dutch Central Bank, CEB strictly ensures that there is a proper documentation in place which legally enforces the pledge of the collateral to the exposure. Otherwise the collateral is not accepted for risk mitigation purposes. The main documents ensuring that CEB has the right to liquidate collateral in case the customer does not fulfill its credit obligations are Deed of Pledge and Framework Credit Agreements. The next tables show the carrying amount of collateralized exposure broken down by type of collateral obtained.

#### EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

	a	b	c	d	e
	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Dec 2023 ('000)					
1 Loans and advances	2,946,522	1,476,773	1,476,773	12,283	
2 Debt securities	331,788	-	-	-	
<b>3 Total</b>	<b>3,278,310</b>	<b>1,476,773</b>	<b>1,476,773</b>	<b>12,283</b>	
4 <i>Of which non-performing exposures</i>	76,848	57,078	57,078	873	
5 <i>Of which defaulted</i>	76,848	57,078			

	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Dec 2022 ('000)					
1 Loans and advances	2,784,703	1,696,932	1,696,932	51,182	
2 Debt securities	319,286	-	-	-	
<b>3 Total</b>	<b>3,103,989</b>	<b>1,696,932</b>	<b>1,696,932</b>	<b>51,182</b>	
4 <i>Of which non-performing exposures</i>	169,718	134,770	134,770	1,565	
5 <i>Of which defaulted</i>	169,718	134,770			



## Standardized approach

### EU CRD – Qualitative disclosure requirements related to standardised model

For calculating its minimum capital requirements, CEB applies standardized approach for credit risk calculation following methodology as laid down in CRR. Risk exposures is weighted with the designated risk weight. The risk weight is influenced by the external rating issued by eligible credit assessment institutions (ECAIs ) and type of the counterparty and is determined separately for each transactions.

According to CRR, CEB uses default long-term credit assessment provided by ECAI from Moody's, Standards & Poor's and Fitch and applies the second best rating among three ECAI as the final credit assessment to assign the risk weight. ECAIs are usually available for the exposure classes Central Governments or Central Banks, and Institutions. CEB ensures to use the credit assessment in a continuous and consistent way over time.

### EU CR4 – standardised approach – Credit risk exposure and CRM effects

Dec 2023 ('000)		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
Exposure classes		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
1	Central governments or central banks	1,982,104	-	1,982,104	-	106,197	5%
2	Regional government or local authorities	203,093	-	203,093	-	-	0%
3	Public sector entities						
4	Multilateral development banks						
5	International organisations	-	-	-	-	-	
6	Institutions	339,709	393,249	338,694	80,731	167,814	49%
7	Corporates	2,270,592	923,230	2,149,446	173,062	2,315,369	102%
8	Retail	142,209	208,862	142,126	43,551	134,231	94%
9	Secured by mortgages on immovable property	141,911	-	141,911	-	49,669	35%
10	Exposures in default	37,096	-	37,096	-	44,444	120%
11	Exposures associated with particularly high risk						
12	Covered bonds						
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings						
15	Equity	32,771	1,357	32,771	271	32,986	101%
16	Other items	98,028	0	98,028	-	80,545	82%
17	<b>TOTAL</b>	<b>5,247,513</b>	<b>1,526,699</b>	<b>5,125,269</b>	<b>297,616</b>	<b>2,931,254</b>	

Dec 2022 ('000)

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
1 Central governments or central banks	1,470,492	-	1,470,492	-	130,562	9%
2 Regional government or local authorities	17,671	-	17,671	-	298	2%
3 Public sector entities						
4 Multilateral development banks						
5 International organisations	-	-	-	-	-	
6 Institutions	480,344	259,646	461,644	56,308	240,630	50%
7 Corporates	2,114,498	763,039	2,066,953	160,565	2,167,203	102%
8 Retail	131,508	190,859	131,508	39,138	124,180	94%
9 Secured by mortgages on immovable property	153,823	-	153,823	-	53,838	35%
10 Exposures in default	128,010	1,988	121,225	994	156,171	122%
11 Exposures associated with particularly high risk						
12 Covered bonds						
13 Institutions and corporates with a short-term credit assessment						
14 Collective investment undertakings						
15 Equity	13,997	1,870	13,997	374	15,772	113%
16 Other items	191,739	0	191,739	-	169,285	88%
<b>17 TOTAL</b>	<b>4,702,083</b>	<b>1,217,401</b>	<b>4,629,052</b>	<b>257,378</b>	<b>3,057,939</b>	

## EU CR5 – standardised approach

Dec 2023 ('000)

Exposure classes	Risk weight															Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1 Central governments or central banks	1,847,984	-	-	-	-	-	93,237	-	-	12,748	23,508	4,627	-	-	-	<b>1,982,104</b>	12,744
2 Regional government or local authorities	203,093	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>203,093</b>	
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6 Institutions	-	658	-	-	289,171	-	110,895	-	-	41,735	13,287	-	-	-	-	<b>455,745</b>	2,775
7 Corporates	-	-	-	-	-	-	41,730	-	-	2,269,613	27,451	-	-	-	-	<b>2,338,794</b>	
8 Retail exposures	-	-	-	-	-	-	-	-	185,677	-	-	-	-	-	-	<b>185,677</b>	
9 Exposures secured by mortgages on immovable property	-	-	-	-	-	141,911	-	-	-	-	-	-	-	-	-	<b>141,911</b>	
10 Exposures in default	-	-	-	-	-	-	-	-	-	22,399	14,696	-	-	-	-	<b>37,096</b>	
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14 Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15 Equity exposures	3,179	-	-	-	-	-	-	-	-	29,592	-	-	-	271	-	<b>33,043</b>	
16 Other items	17,483	-	-	-	-	-	-	-	-	80,545	-	-	-	-	-	<b>98,028</b>	
<b>17 TOTAL</b>	<b>2,071,740</b>	<b>658</b>	<b>-</b>	<b>-</b>	<b>289,171</b>	<b>141,911</b>	<b>245,861</b>	<b>-</b>	<b>185,677</b>	<b>2,456,632</b>	<b>78,943</b>	<b>4,627</b>	<b>-</b>	<b>271</b>	<b>-</b>	<b>5,475,491</b>	<b>15,519</b>

Dec 2022 ('000)

Exposure classes	Risk weight															Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1 Central governments or central banks	1,324,019	-	-	-	-	-	72,088	-	-	47,123	20,760	6,502	-	-	-	1,470,492	47,119
2 Regional government or local authorities	17,373	-	-	-	-	-	-	-	-	298	-	-	-	-	-	17,671	-
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	139	-	-	324,402	-	132,698	-	-	65,308	34,603	-	-	-	-	557,150	7,627
7 Corporates	-	-	-	-	15,736	-	103,124	-	-	2,118,677	7,671	-	-	-	-	2,245,208	-
8 Retail exposures	-	-	-	-	-	-	-	-	170,646	-	-	-	-	-	-	170,646	-
9 Exposures secured by mortgages on immovable property	-	-	-	-	-	153,823	-	-	-	-	-	-	-	-	-	153,823	-
10 Exposures in default	-	-	-	-	-	-	-	-	-	54,313	67,905	-	-	-	-	122,219	-
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	2,900	-	-	-	-	-	-	-	-	11,097	-	0	-	374	-	14,371	-
16 Other items	22,454	-	-	-	-	-	-	-	-	169,285	-	-	-	-	-	191,739	-
17 TOTAL	1,366,747	139	-	-	340,138	153,823	307,909	-	170,646	2,466,102	130,939	6,502	-	374	-	4,943,319	54,745

## Counterparty credit risk

### EU CCRA – Qualitative disclosure related to CCR

Counterparty credit risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value at the time of default. Counterparty risk is part of the credit risk framework, which deals with the determination of the exposure value for a position arising from a financial derivative or a securities financing transaction.

For the purpose of regulatory capital calculation and reporting, CEB has adapted the standardized approach for counterparty credit risk (SA-CCR) method specified in the Regulation (EU) No 2019/876 amending Regulation (EU) No 575/2013 starting from June 2021, prior to that, CEB applied Mark to market approach. Under the new Method, the exposure value is calculated as 1.4 multiplies the sum of the current replacement cost (MTM) and the potential future exposure (PFE).

To assign credit limits for counterparty credit exposures for its internal limit management, CEB has adopted an internal modelling method. The aim is to better capture the risk characteristics of the underlying instruments of

the OTC derivatives and be able to effectively monitor the positive fair value of the contracts, netted current credit exposure and the collateral held.

CCR exposure or exposure at default (EAD) is measured at the level of the netted exposures. The internal model for measuring counterparty credit exposure takes into account the distributions for changes in the market value attributable to changes in market variables, such as interest rates, foreign exchange rates, etc. The model then computes the firm's CCR exposure for the netting set at each future date given the changes in the market variables. The tail risk is calculated by Monte Carlo simulation for all currency pairs in both directions, therefore the calculated PFE percentages take into account the general wrong way risk due to changes in market variables.

For calculation of the PFE, if ISDA contract with the counterparty exists, multiple transactions netting is performed; i.e. netting and unwinding of the product notional with the same currency and maturity. Cross-product netting is not allowed while calculating PFE. If ISDA does not exist, no netting and unwinding is allowed. PFE is always positive by definition. If the Counterparty has CSA; PFE will be calculated over a horizon of 2 weeks if the maturity exceeds 2 weeks. For the calculation of MTM, if ISDA contract with the counterparty does not exist, netting or unwinding is not allowed. That is, only the positive MTM's will be taken into account; i.e. where the counterparty is in loss. If there is an available ISDA agreement, the system will assume full close-out netting and net all MTM's across all OTC derivatives for the same counterparty. CEB does not enter into netting agreements that require additional collateral due to an own rating downgrade.

## EU CCR1 – Analysis of CCR exposure by approach

	a	b	c	d	e	f	g	h
Dec 2023 ('000)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1 EU - Original Exposure Method (for derivatives)				1.4				
EU2 EU - Simplified SA-CCR (for derivatives)				1.4				
1 SA-CCR (for derivatives)	11,920	22,866		1.4	87,044	48,701	48,701	22,651
2 IMM (for derivatives and SFTs)								
2a <i>Of which securities financing transactions netting sets</i>								
2b <i>Of which derivatives and long settlement transactions netting sets</i>								
2c <i>Of which from contractual cross-product netting sets</i>								
3 Financial collateral simple method (for SFTs)								
4 Financial collateral comprehensive method (for SFTs)					195,094	3,905	3,905	781
5 VaR for SFTs								
6 <b>Total</b>					282,139	52,606	52,606	23,432

Dec 2022 ('000)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1				1.4				
EU2				1.4				
1	10,472	27,999		1.4	123,330	53,859	53,859	24,701
2								
2a								
2b								
2c								
3								
4					60,703	2,782	2,782	556
5								
6	<b>Total</b>				184,033	56,641	56,641	25,257

## EU CCR2 – Transactions subject to own funds requirements for CVA risk

The valuation of financial OTC trades carried out by Credit Europe bank as part of its trading activities includes credit value adjustments (CVAs). CVA is an adjustment of the trading portfolio valuation to take into account the counterparty credit risk. CVA is the fair value of any expected loss arising from counterparty exposure based on the potential positive value of the portfolio, the counterparty default probability and the estimated recovery rate at default. The following table shows the value adjustment for counterparty credit risk (Credit Value Adjustment or CVA):

Dec 2023 ('000)	Exposure value	RWEA
1 Total transactions subject to the Advanced method		
2 (i) VaR component (including the 3x multiplier)		
3 (ii) stressed VaR component (including the 3x multiplier)		
4 Transactions subject to the Standardised method	32,462	8,829
EU4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
<b>5 Total transactions subject to own funds requirements for CVA risk</b>	<b>32,462</b>	<b>8,829</b>

Dec 2022 ('000)	Exposure value	RWEA
1 Total transactions subject to the Advanced method		
2 (i) VaR component (including the 3x multiplier)		
3 (ii) stressed VaR component (including the 3x multiplier)		
4 Transactions subject to the Standardised method	36,619	12,312
EU4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
<b>5 Total transactions subject to own funds requirements for CVA risk</b>	<b>36,619</b>	<b>12,312</b>

## EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

Dec 2023 ('000)		a	b	c	d	e	f	g	h	i	j	k	l
		Risk weight											Total exposure value
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central bank	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	658	-	-	35,662	-	-	-	-	-	-	36,320
7	Corporates	-	-	-	-	-	-	-	-	16,286	-	-	16,286
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	<b>Total exposure value</b>	-	658	-	-	35,662	-	-	-	16,286	-	-	52,606

Dec 2022 ('000)		Risk weight											Total exposure value
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central bank	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	139	-	-	39,059	-	-	-	-	-	-	39,198
7	Corporates	-	-	-	-	-	-	-	-	17,690	-	-	17,690
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	<b>Total exposure value</b>	-	139	-	-	39,059	-	-	-	17,690	-	-	56,888

## EU CCR5 – Composition of collateral for CCR exposures

Dec 2023 ('000)	a	b	c	d	e	f	g	h
	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency		38,258		33,645				
2 Cash – other currencies		20,677		7,972				
3 Domestic sovereign debt								129,983
4 Other sovereign debt								62,891
5 Government agency debt								-
6 Corporate bonds								0
7 Equity securities								
8 Other collateral								
<b>9 Total</b>	-	<b>58,935</b>	-	<b>41,617</b>	-	-	-	<b>192,874</b>

Dec 2022 ('000)	a	b	c	d	e	f	g	h
	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency		44,106		43,599				
2 Cash – other currencies		12,039		7,141				
3 Domestic sovereign debt								59,856
4 Other sovereign debt								-
5 Government agency debt								-
6 Corporate bonds								-
7 Equity securities								
8 Other collateral								
<b>9 Total</b>	-	<b>56,145</b>	-	<b>50,740</b>	-	-	-	<b>59,856</b>

## EU CCR6 – Credit derivatives exposures

CEB has no exposure of Credit derivatives as of year-end 2023

## EU CCR8 – Exposures to CCPs

	Dec 2023 ('000)	Exposure value	RWEA
<b>1</b>	<b>Exposures to QCCPs (total)</b>		13
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	658	13
3	(i) OTC derivatives	658	13
4	(ii) Exchange-traded derivatives		
5	(iii) SFTs		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Prefunded default fund contributions		
10	Unfunded default fund contributions		
<b>11</b>	<b>Exposures to non-QCCPs (total)</b>		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) SFTs		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		



Dec 2022 ('000)	Exposure value	RWEA
<b>1 Exposures to QCCPs (total)</b>		3
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	139	3
3 (i) OTC derivatives	139	3
4 (ii) Exchange-traded derivatives		
5 (iii) SFTs		
6 (iv) Netting sets where cross-product netting has been approved		
7 Segregated initial margin		
8 Non-segregated initial margin		
9 Prefunded default fund contributions		
10 Unfunded default fund contributions		
<b>11 Exposures to non-QCCPs (total)</b>		
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13 (i) OTC derivatives		
14 (ii) Exchange-traded derivatives		
15 (iii) SFTs		
16 (iv) Netting sets where cross-product netting has been approved		
17 Segregated initial margin		
18 Non-segregated initial margin		
19 Prefunded default fund contributions		
20 Unfunded default fund contributions		

## Market risk

### EU MRA: Qualitative disclosure requirements related to market risk

Market risk is defined as the current or prospective threat to the Bank's earnings and capital because of adverse market movements in market prices (security and derivative prices, as well as interest rates and foreign exchange rates) or in parameters such as volatility and correlations.

CEB draws the regulatory boundary between the 'Trading Book' and the 'Banking Book (i.e. the non-trading book)' in line with the Trading Book definition provided in Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR), Article 4 (85) and (86). In this respect, CEB classifies all positions in financial instruments held with trading intent, or in order to hedge those trading positions in its 'Trading book'. CEB has established portfolio-level limit structure per the trading book and the banking book. For the trading book, nominal, PV01, holding period, equity, FX, Value at Risk and capital limits are in place; and for the banking book, nominal, PV01, equity, Structural FX, capital and total capital usage limits are in place. Any breach of the

mentioned limits is clearly marked and demonstrated in Risk Management's 'Market Risk Report'. The circulation of this report triggers the escalation process, since the CRO and the division directors of Treasury and Risk Management are among the recipient list. Treasury is expected to provide explanation and the reasoning of the limit breach and in certain cases the time required to eliminate the limit breach.

Certain type of limit breaches are instantly directed to ALCO level, such as the exceedance of nominal limits (i.e. bonds or FX). For other type of limit breaches, particularly "sensitivity-based" metrics such as PV01 or VaR limits, CRO has the authority to grant a grace period (max 1 week) to Treasury to correct the limit breach. In case the issue is not resolved within the grace period, the limit breach is directly escalated to ALCO.

CEB's market risk policy is subject to the approval of CEB's Managing Board and reviewed annually by Risk Management Division. CEB's Audit & Risk Committee is informed about the level of limits and utilization at least on a quarterly basis. The ALCO determines the main pillars of CEB's trading book and banking book management and monitors compliance with the market risk policy, it bears the responsibility to monitor and control the composition, characteristics and diversification of the Bank's regulatory books in line with the overall strategic objectives, and it monitors the current limit utilization and compliance with the limits. The Risk Management Division establishes and maintains systems and controls to manage the risks associated with the regulatory books, it ensures that all entry requirements for either of the regulatory books are satisfied, it monitors all the limits defined in the market risk policy are complied with, and it builds and maintains efficient and accurate risk measurement systems for daily risk monitoring and ICAAP purposes. Treasury Department follows the principles laid down in the market risk policy during the assignment of financial instruments to regulatory books and in coordination with Risk Management, it ensures that all trading and banking book positions are within the limits.

#### Market Risk Capital Component

From a regulatory perspective, market risk stems from all the positions included in banks' trading book as well as from commodity and foreign exchange risk positions in the whole balance sheet. The standardized approach is used to calculate capital requirements for market risk as shown below.

## EU MR1 - Market risk under the standardised approach

Dec 2023 ('000)	RWEAs
<b>Outright products</b>	
Interest rate risk (general and specific)	108,230
Equity risk (general and specific)	-
Foreign exchange risk	38,815
Commodity risk	
<b>Options</b>	
Simplified approach	
Delta-plus approach	
Scenario approach	
Securitisation (specific risk)	
<b>Total</b>	<b>147,045</b>

Dec 2022 ('000)	RWEAs
<b>Outright products</b>	
Interest rate risk (general and specific)	37,751
Equity risk (general and specific)	-
Foreign exchange risk	18,998
Commodity risk	
<b>Options</b>	
Simplified approach	
Delta-plus approach	
Scenario approach	
Securitisation (specific risk)	
<b>Total</b>	<b>56,749</b>

### Market Risk – Internal Models (VaR)

The Bank measures the market risk of its trading book and the foreign-exchange risk of its banking book by using an internal historical simulation method, based on VaR methodology. VaR defines the maximum loss not exceeded with a given probability over a given period under normal market conditions.

The internal historical simulation method of VaR model is used for risk-monitoring purposes and whereas regulatory capital for market risk is calculated and reported quarterly according to the Standard Approach, as specified in the DNB's market-risk regulations.

The internal historical simulation method is used starting from January 2013. The last 250 historical daily returns of market risk factors are used to stress the current trading positions to estimate possible fluctuations caused by market movements while keeping the portfolio fixed.

The internal limit for the 10-day VaR of trading FX positions and treasury products, measured at 99% confidence interval, is EUR 2 million. This implies that diversified VaR from foreign-exchange risk and interest-rate risk in the trading book should not exceed this level.

The Bank started to measure the market risk of its loan trading portfolio in the trading book via the internal historical simulation method, based also on VaR methodology, starting from March 2021. As of 31st of December 2023, VaR has been calculated as EUR 0.5 million for the loan trading portfolio in the trading book.

The internal limit for the 10-day VaR of the loan trading portfolio, measured at 95% confidence interval, is EUR 2.8 million.

Other market risks such as liquidity, re-pricing and interest-rate risk on the banking book are measured and monitored through sensitivity and gap analyses, detailed in subsequent sections.

<b>Value-at-risk figures - Trading Book (2023)*</b>	<b>Total</b>	<b>Diversification effect</b>	<b>Interest-rate risk</b>	<b>Foreign-exchange risk</b>
Average	630	100%	621	164
Maximum	1,254	100%	1,230	396
Minimum	38	100%	127	23
Period-end	1,254	100%	-	23

<b>Value-at-risk figures - Trading Book (2022)</b>	<b>Total</b>	<b>Diversification effect</b>	<b>Interest-rate risk</b>	<b>Foreign-exchange risk</b>
Average	305	100%	112	240
Maximum	822	100%	456	822
Minimum	84	100%	-	84
Period-end	822	100%	-	84

### Interest-rate risk in the banking book

One of the Bank's major risks under Pillar II is the interest-rate risk on the banking book. The Bank defines interest rate risk as the current or prospective risk to earnings and capital arising from adverse movements in interest rates. The trading book is also subject to interest-rate risk, but this type of risk is dealt with under the Market Risk: Value-at-Risk section. The Bank has a 'limited' risk appetite towards interest-rate risk in its banking book.

The Bank's interest-rate risk is monitored for the banking book by means of static re-pricing gap and interest rate sensitivity analyses once a month at all levels and for each major currency in use. Interest-rate sensitivity in the banking book is calculated according to the economic-value approach. All future cash flows, arising solely from on- and off balance sheet assets and liabilities are discounted back to their present values with zero-coupon yield curves to see the impact of interest-rate changes on the economic value of the Bank. The impact of the curve with the maximum net gain or loss compared to a benchmark curve is then analyzed.

According to the revised EBA guidelines applicable since December 31, 2019, CEB applies six additional interest rate shock scenarios on the top of +/-200 bps parallel shock to capture parallel and non-parallel gap risks for Economic Value of Equity (EVE). The capital requirement is based on the maximum EVE impact under all these scenarios. As of December 31, 2023, EVE drops by EUR 9.9 million in case of a short rates shock down scenario (2022: EUR 8.1 million in case of a short rates shock down scenario).

The interest rate repricing gap table is prepared to determine the Bank's exposure to interest rate risk because of maturity mismatches in its balance sheet. Repricing is based on remaining days to maturity for fixed rate instruments and next repricing date for floating rate instruments.

Additionally, the Bank calculates the projected net interest income for +/-200 bps parallel shift of the yield curve. As of 31 December 2023, NII drops by EUR 9.9 million in case of +200 bps shock over 12 months from the reporting date. (2022: EUR 20.6 million in case of -200 bps shock over 12 months from the reporting date)

## Operational risk

### EU ORA - Qualitative information on operational risk

#### Operational risk management

The Bank has an Operational Risk Management (ORM) function, the goal of which is to enhance the operational risk culture of the Bank by promoting awareness of the Bank's operational risk management framework and providing oversight of its execution in line with the three lines of defence model.

ORM act as the second line of defence, providing the business line and other functions across the Bank, with support related to the implementation of the identification, assessment, measurement, mitigation, monitoring and reporting of operational risks, which together form a framework for managing the Bank's exposure to operational risk losses.

Operational risk events and significant control incidents are reported and analysed through the Operational Risk Incident Management framework. The effectiveness of the Bank's controls are assessed through the annual Internal Control Framework evaluations and the execution of Risk Control Self-Assessments in 2022. The risks identified as being above risk appetite, were reported to Managing Board for further risk mitigation, acceptance for a limited period, transfer or avoidance. Furthermore, in order to:

- Strengthen the front line responsibility for operational risk management and
- check whether key controls are working as intended

The Bank initiated control-testing activities in 2022. The governance mechanism of control testing is built and the roles and responsibilities of different functions are clarified. The results of control testing activities is planned to be shared with Non-Financial Risk Committee and Managing Board to monitor the effectiveness of internal control environment.

The Bank also has an established operational risk appetite, broken down by both business- and subsidiary-specific thresholds, which is monitored in the quarterly Non-Financial Risk Committee meetings. On the other hand, early warning limits are defined for the operational risk metrics in order to trigger intensified risk monitoring. In addition to promote the monitoring capability of operational risks, key risk indicator (KRI) framework is improved in 2022. A new, comprehensive KRI set is in place and periodically reported to Non-Financial Risk Committee and Audit Risk Committee for better risk monitoring.

New products, or changes to existing products, are subject to the Product Approval and Review Process. Key Risk Indicators are established and regularly monitored. In addition, regular training and awareness sessions are provided to employees to ensure that operational risk management continues to be embedded in the Bank's day-to-day operations.

### Calculation of operational risk

CEB applies standardized approach for operational risk calculation. Under Standardized approach, the capital requirement for operational risk is calculated as: Average over three years of the sum of annual own funds requirements across all business lines. The annual own funds requirement of each business line is equal to the relevant indicator mapped to the respective business line multiplied by the corresponding beta factor. CEB calculates the average over three years of the sum on the basis of the last three twelve-monthly observations at the end of the financial year with the available audited figures.

## EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

	Banking activities	Relevant indicator			Own funds requirements	Risk weighted exposure amount
		2021	2022	2023		
1	Banking activities subject to basic indicator approach (BIA)					
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches				32,030	400,369
3	<u>Subject to TSA:</u>					
	TRADING AND SALES (TS)	11,784	37,013	27,394		
	COMMERCIAL BANKING (CB)	139,096	160,557	198,037		
	RETAIL BANKING (RB)	22,715	22,715	22,226		
4	<u>Subject to ASA:</u>					
5	Banking activities subject to advanced measurement approaches AMA					

	Banking activities	Relevant indicator			Own funds requirements	Risk weighted exposure amount
		2020	2021	2022		
1	Banking activities subject to basic indicator approach (BIA)					
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches				26,426	330,321
3	<u>Subject to TSA:</u>					
	TRADING AND SALES (TS)	5,706	11,784	37,013		
	COMMERCIAL BANKING (CB)	102,591	139,096	160,557		
	RETAIL BANKING (RB)	33,971	22,715	19,396		
4	<u>Subject to ASA:</u>					
5	Banking activities subject to advanced measurement approaches AMA					

## Remuneration policy

### EU REMA - Remuneration policy

CEB's Group Remuneration Policy is in line with national and international regulations. The policy applies to CEB and its subsidiaries. It also covers the remuneration of Managing Board members of CEB and its subsidiaries. Through its conservative remuneration policy, CEB promotes a sound remuneration culture with a long term focus. The Group Remuneration Policy is reviewed and approved by amongst others the Supervisory Board. The

Supervisory Board monitors the proper implementation of the policy by the Managing Board. Annually the compliance to the rules and procedures under the policy is reviewed in line with the Control Functions Remuneration Monitoring Procedure. The HR & Remuneration Committee meets at least each quarter and prepares the decision-making process for the Supervisory Board, taking into account the long-term interests of all stakeholders of CEB.

The Supervisory Board determines the level of remuneration for the members of the Managing Board in line with the principles of the Group Remuneration Policy. The remuneration received by the members of the Supervisory Board is not dependent on the (financial) results of the Bank. Each Supervisory Board member receives an appropriate amount of compensation taking into account the total number of hours spent for the tasks and the compensation paid to Supervisory Board members of companies of comparable size and business. The Bank's Remuneration Report is included in section F of the annual report and is also made available on the Bank's website. The main elements of the agreement of a Managing Board member with the Bank are not published on the Bank's website as CEB holds the view that sufficient information is disclosed in the Bank's Remuneration Report.

## Encumbered and unencumbered assets

### EU AE4 - Accompanying narrative information

Encumbered Assets are assets that have been pledged or if it is subject to any form of arrangement to secure, collateralize or credit enhance any transaction from which it cannot be freely withdrawn. CEB's encumbered assets consist primarily of securities designated for the guaranteed deposit protection fund and securities pledged for repurchase agreement. Repurchased agreement encumbered assets is around 60 million as of Dec 2022, and the rest are securities pledged for guaranteed deposit protections.

### EU AE1 - Encumbered and unencumbered assets

Dec 2023 ('000)	Carrying amount of encumbered assets	of which notionally eligible EHQLA and HQLA	Fair value of encumbered assets	of which notionally eligible EHQLA and HQLA	Carrying amount of unencumbered assets	of which EHQLA and HQLA	Fair value of unencumbered assets	of which EHQLA and HQLA
<b>010 Assets of the reporting institution</b>	291,312	192,864			5,297,310	141,340		
030 Equity instruments	-	-	-	-	-	-	-	-
040 Debt securities	192,874	192,864	192,874	192,864	173,170	141,340	173,170	141,340
050 of which: covered bonds	-	-	-	-	-	-	-	-
060 of which: securitisations	-	-	-	-	-	-	-	-
070 of which: issued by general governments	192,874	192,864	192,874	192,864	139,005	134,931	139,005	134,931
080 of which: issued by financial corporations	-	-	-	-	27,217	-	27,217	-
090 of which: issued by non-financial corporations	-	-	-	-	6,948	6,409	6,948	6,409
120 Other assets	98,438	-			5,124,140	-		



Dec 2022 ('000)	Carrying amount of encumbered assets	of which notionally eligible EHQLA and HQLA	Fair value of encumbered assets	of which notionally eligible EHQLA and HQLA	Carrying amount of unencumbered assets	of which EHQLA and HQLA	Fair value of unencumbered assets	of which EHQLA and HQLA
<b>010 Assets of the reporting institution</b>	169,909	59,857			4,725,855	237,044		
030 Equity instruments	-	-	-	-	-	-	-	-
040 Debt securities	59,857	59,857	59,857	59,857	296,203	237,044	296,203	237,044
050 of which: covered bonds	-	-	-	-	-	-	-	-
060 of which: securitisations	-	-	-	-	-	-	-	-
070 of which: issued by general governments	59,857	59,857	59,857	59,857	246,695	209,540	246,695	209,540
080 of which: issued by financial corporations	-	-	-	-	19,802	-	19,802	-
090 of which: issued by non-financial corporations	-	-	-	-	29,706	27,504	29,706	27,504
120 Other assets	110,053	-			4,429,652	-		

### EU AE2 - Collateral received and own debt securities issued

CEB has no collateral receive and own debts securities issued as of year end 2022

### EU AE3 - Sources of encumbrance

Dec 2023('000)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
<b>010 Carrying amount of selected financial liabilities</b>	<b>240,084</b>	<b>241,380</b>

Dec 2022('000)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
<b>010 Carrying amount of selected financial liabilities</b>	<b>117,596</b>	<b>119,431</b>