Internaxx Bank S.A.

Pillar 3 Disclosures

31 December 2017

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1. Preamble

This document complements the work already undertaken by the Bank in its assessment of its capital requirements under the Internal Capital Adequacy Assessment Process ("ICAAP") and provides updated information (as of 31 December 2017) on the Bank's implementation of the Basel Capital framework to create transparency concerning the Bank's risk profile.

The Basel framework establishes a risk sensitive approach to capital management and is comprised of three pillars:

- **Pillar 1**: Defines the rules and regulations for calculating risk-weighted assets and regulatory minimum capital requirements for Credit, Market and Operational Risks.

- **Pillar 2**: Addresses a banking organization's internal processes for assessing its overall capital adequacy in relation to its risks, a process that is also referred to as the Internal Capital Adequacy Assessment Process ("ICAAP"). Pillar 2 requires the Commission du Secteur Financier ("CSSF") to undertake a supervisory review to assess the robustness of the Bank's internal assessment.

- **Pillar 3**: Designed to promote market discipline by providing market participants with key information on a banking organisation's risk exposure and risk management processes through a set of minimum disclosure requirements. Expanded disclosure about capital and risk enables interested parties to better understand the risk profile of individual banks and to make comparisons. Pillar 3 requires that all material risks be disclosed, enabling a comprehensive view of a Bank's risk profile.

Pillar 3 thus supplements the minimum capital requirements of Pillar 1 and the Pillar 2 supervisory review process. The basis for disclosure has been provided since the 1 January 2014 by European Union Regulation No. 575/2013, the Capital Requirements Regulation ("CRR").

Part 8 of the CRR is dedicated to the disclosure requirements and requires the Bank to publish quantitative and qualitative information in relation to its own funds, the risks taken, the risk management processes employed by the Bank, the methods used to mitigate credit risk, encumbered and unencumbered assets, securitisation transactions and information on remuneration.

The Bank produces the Pillar 3 Disclosure Report, on an annual basis, published concurrently with the publication of the Bank's annual accounts. The Pillar 3 Disclosure may be produced more frequently if required depending upon the characteristics of the Bank's business model. The Disclosure Report is published on the website of the Bank at https://www.internaxx.com.

The Disclosure Report is reviewed by the Board of Directors of the Bank but is not be subject to external audit, except to the extent that any disclosures are equivalent to those made in the annual accounts.

General comments

Quantitative disclosures contained in this report are based on International Financial Reporting Standards ("IFRS") which, at the time of reporting, constituted the basis for the Bank's regulatory reporting in accordance with the CRR.

Unless otherwise stated, the figures disclosed in this report are expressed in millions of euros.

2. Internaxx Bank S.A.

Internaxx Bank S.A. (the "Bank") was incorporated on 13 November 2000 in Luxembourg and registered in the "Registre de Commerce et des Sociétés à Luxembourg" under reference B 78.729.

The Bank is a limited liability company ("Société Anonyme") that holds subscribed and fully paid up capital of EUR 29,000,000.

Internaxx Bank S.A. is a credit institution formed under the law of 5 April 1993 of Luxembourg and subject to primary supervision and regulation by the Commission de Surveillance du Secteur Financier ("CSSF").

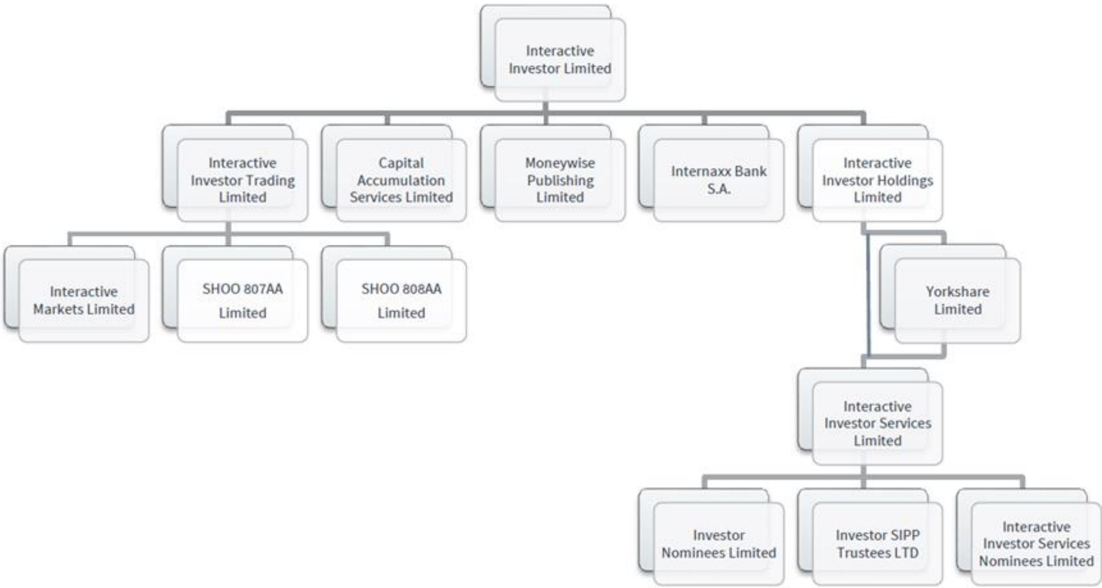
The Bank provides self-directed investment services to clients based around the world. The Bank has no subsidiaries or branches.

Highlights and key events in 2017

On 2 June 2017, 100% of the share capital of the Bank was sold by its former shareholder TD Bank N.A. to Interactive Investor Services Ltd. ("Interactive Investor"). Interactive Investor provides self-directed investment services to its predominantly UK based clients. The purchase was backed by J.C. Flowers & Co. LLC, a leading US private investment firm dedicated to investing globally in the financial services industry.

Founded in 1995, Interactive Investor is one of the United Kingdom's leading and fastest growing online investing providers. Interactive Investor provides self-directed investment services to its predominantly UK based clients. The firm is regulated by the Financial Conduct Authority ("FCA") and is obligated to abide by their rules and regulations. They offer a complete suite of services and products that investors can use to research, learn about and trade financial markets.

The group organizational structure as of 31 December 2017 is the following:



Following the sale, the Bank changed its name on 2 June 2017 from TD Bank International S.A. to Internaxx Bank S.A..The Bank had previously operated under this name in the period from 2005 to 2012.

In addition, to align its accounting period to that of its new parent, the Bank changed its accounting year-end to 31 December. Accordingly, this report is prepared for the 14 months ended 31 December 2017.

Commercial Initiatives

The Bank under its new ownership remains firmly on the side of individual investors and has ambitious plans to grow its international investing business – helping investors by providing efficient client services, competitive and transparent charges and easy access to online investment services across a range of markets and investment instruments.

The Bank markets its services globally to international self-directed retail investors operating beyond their domestic investment market. Following the change of name to Internaxx, the Bank undertook a brand awareness campaign to existing and potential new clients. It offers services to its clients online and via the telephone, as well as face to face in its Luxembourg office. The service offering includes international equities brokerage, a fund supermarket platform, and derivatives trading in Options, Futures and Forex, all within a multi-currency current account. Derivatives products are offered as introduced services in co-operation with the Bank's partner service provider, Saxo Bank A/S.

During 2017, the Bank built the commercial and marketing momentum of its proposition to become "The Home of the Expat Nation"' under the name of Internaxx and this has led to strong new account growth. This was achieved by the Bank leveraging its agreements with several international financial news TV channels, to advertise its services to prospective clients in a number of geographic locations under its new brand. Brand awareness driven by the TV presence has been augmented by online media advertising resulting in higher new account volumes.

3. Governance and Risk Management Framework

2.1. Governance Framework

Board of Directors oversight:

The Board's central role is to create and deliver value to shareholders by effectively governing the Bank's business, and meeting the interests of clients and other stakeholders through the provision of appropriately priced high quality services, transparent reporting and active engagement.

The Board is responsible for determining the nature and extent of the risks it is willing to take in order to achieve its strategic objectives. These are documented in the Bank's Risk Appetite Statement which is reviewed and approved annually by the Board and communicated to all employees.

Risk is formally monitored by the Risk & Compliance Committee of the Board ("RCC") and by the Bank's executive management's Risk & Compliance Committee.

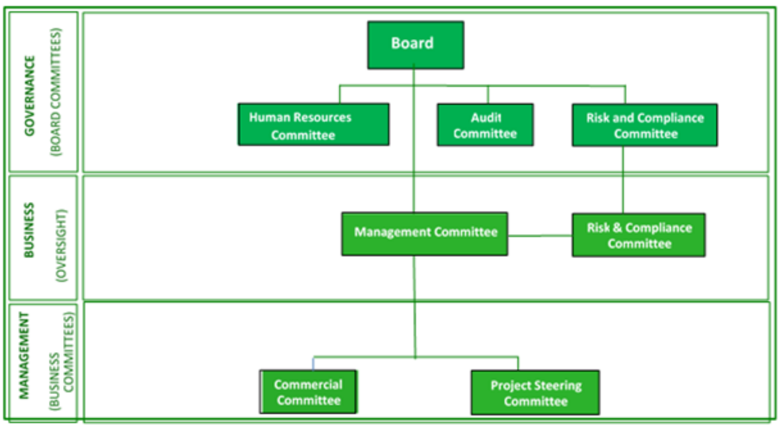
Risk is measured and reported according to common principles and policies approved by the Board of Directors on the recommendation of its RCC. It also decides on policies for credit risk, counterparty credit risk, liquidity risk and operational risk management as well as the ICAAP.

The Board meets as a minimum on a quarterly basis and is supported by the following sub-Committees:

Risk and Compliance Committee ("RCC") of the Board
The RCC assists the Board in fulfilling its oversight responsibilities with regard to the management of the Bank's risks and the quality of the internal control environment, the risk management and compliance framework, and the governance structure that supports it.
Specific responsibilities include advising the Board on the overall risk appetite, tolerance and strategy, reviewing the risk profile against the risk appetite, as well as any exceptions to the risk appetite metrics, as reported by senior management and reviewing the effectiveness of Risk Management as appropriate.

Human Resources ("HR") Committee of the Board
The HR Committee assists the Board in fulfilling its corporate governance and oversight responsibilities relating to the remuneration practices of the Bank. It ensures that compensation processes are aligned with the business and compensation strategy, that it appropriately rewards senior officers for their contribution to the Bank, that the business is compliant with regulatory expectations and best practice and that the Bank is able to attract, retain and motivate high performing individuals to create sustainable value.

Audit Committee of the Board
The Audit Committee assists the Board in its oversight responsibilities relating to financial matters, including corporate reporting, risk management and internal control. The Audit Committee is responsible for the oversight of the quality and integrity of the Bank's accounting internal control and reporting practices, and the performance of the Bank's internal audit function and independent external auditors.



Diversity strategy when selecting members of the Board of Directors

Members of the Board of Directors are selected based on their skills and experience, taking the needs of the Bank into consideration. The Board should consist of persons with management experience, preferably in the field of banking or financial institutions, in order to ensure qualified management, control, supervision and consultation.
Each member was of the Board was duly authorised to act as a director by the CSSF which assessed their professional standing, experience and reputation in accordance with the law of 5 April 1993 on the financial sector, as modified. It ensured that the Board is of sufficient size, independent and that it can offer the technical expertise to conduct its activities effectively.

As of 31 December 2017, the Board of Directors is composed of the following persons

Table 1 – Board of Director composition

Position	Name	Knowledge, skills and expertise	Number of other directorships
Chairman & Non-Executive Director	Hugo van Vredenbuch	Chairman of the Board of Interactive Investor	3
Non-Executive Director	Barry Bicknell	CFO and Board member of Interactive Investor	11
Executive Director	Dave Sparvell	CEO of Internaxx Bank	0
Independent Non-Executive Director	Christian Schaack		6
Independent Non-Executive Director	Gregory Claudy		2
Non-Executive Director	Peter Yordán	Vice President at J.C. Flowers & Co	4

Business oversight

The Board sets the strategy for the business and monitors its implementation and achievement.

Executive Management are responsible for day to day implementation of the strategy set down by the Board by establishing and maintaining the Bank's organisation structure, policies and procedures and by making the required operating decisions.

Executive Management is supported by the following committees:

Management Committee is a forum for review, discussion and guidance in relation to Bank's strategic goals and the strategies and actions to achieve these. The committee is also required to maintain and strengthen the risk culture within the Bank and embed all aspects of the Risk Appetite Statement having regard for the need to maintain strong internal control and minimise risk within the business.

Asset & Liability Management Committee ("ALCO")
The Management Committee also covers the mandate and responsibilities of the ALCO. The ALCO has no decision making power but serves as a key governance vehicle to assess the economic and financial environment, to review and make recommendations to the Management Committee relating to the Bank's investment portfolio strategy in line with all relevant policies. It verifies and confirms adherence to all required counterparty and prudential limits which have been set in line with Board approved policies.

Business Risk & Compliance Committee role is to advise the Risk and Compliance Committee of the Board and the Management Committee on the main risks facing the business, the extent of financial, regulatory and reputational exposure and the direction of those risks/regulatory issues. The role of the RCC is to assess and determine the risks within the business. It does this through the focused assessment and examination of significant risk and compliance matters. The RCC is required to have regard to the Board's approved Risk Appetite Statement in carrying out its duties.

Management oversight

Each business function is responsible for managing the risks within its operations, which includes identification, control, implementing mitigating actions and the reporting of risks.

The following committees in addition to those described above support business functions:

Commercial Committee is a forum for review, discussion and guidance in relation to the Bank's commercial strategy and the products offered.

Project Steering Committee provides effective project oversight from inception to its completion. The Steering Committee's role is to provide advice, monitor the progress of the project and ensure the achievement of expected project outcomes.

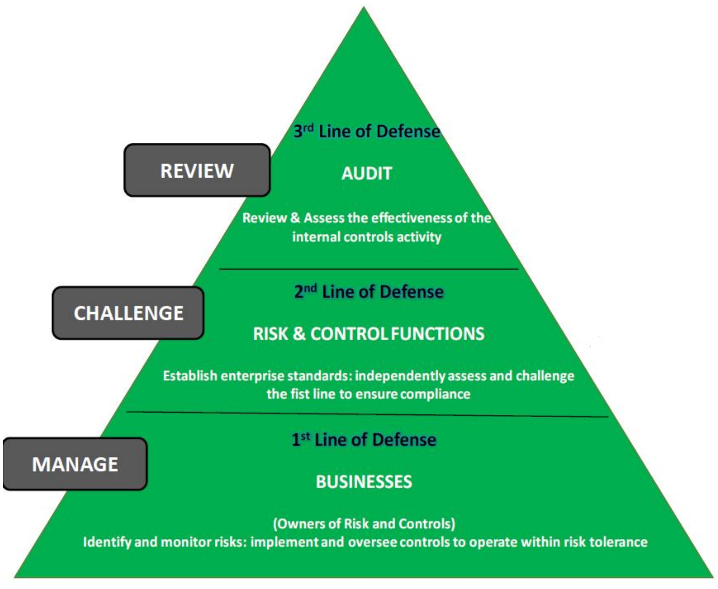
2.2. Risk Management Framework

The Bank is structured along the 'three lines of defence' model which is recognised as an industry standard for risk management. Risk Management is part of the second line of defence, as described below.

- **First line:** Risks are owned and managed by business functions which are responsible for the identification of risks and to design, implement, maintain and monitor effective internal controls in compliance with the Internal Control Policy.

- **Second Line:** Risk Management is responsible for developing and communicating the Internal Control Policy and to support standards and methodologies and, finally, to provide oversight and independent challenge to the first line of defence. Risk Management also monitors and reports on compliance with the Internal Control Policy.

- **Third Line**: Internal and External Audit provide independent review and verification of the effectiveness of the first and second line of defence in fulfilling their mandates and the identification and management of the Bank's risk profile.



Risk appetite approach

Further to the risk identification and quantification methods, the Bank has also articulated a risk appetite to demonstrate and enforce its commitment in ensuring that clients and shareholders are protected and that the Bank is adequately capitalised.

The Board of Directors has overall responsibility for determining the Bank's risk appetite and reviews and approves it on a yearly basis in line with the ICAAP and Business Strategy.

The Bank uses a variety of metrics to measure and monitor its risk taking activities relative to its risk appetite. Articulating risk appetite through metrics assists and informs decision-making such as pursuing new product developments, exiting or changing certain activities, and aligning resources to optimise profitability within an acceptable level of risks. The metrics are actively monitored, managed and where required, mitigating actions determined though the Business Risk and Compliance Committee. Furthermore, the Board of Directors on a quarterly basis formally reviews the Bank's compliance with its risk appetite and instructs any required corrective action.

Risk management policies

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to those limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The following principles are followed in order to manage risks:

- Clearly defined processes and organisational structures with tasks, expertise and responsibilities aligned to these for the identification, measurement and supervision of the different types of risk. These processes are designed to avoid conflicts of interest.

- Appropriate limits are set and monitored for all identified material risks to the Bank, with a defined escalation process where a risk tolerance is breached

- Regular review and reassessment of all relevant risks using both bottom-up and top-down approaches

Scope and Nature of Risk reporting systems

The Bank's overall risk assessment and status is recorded and communicated via a number of risk reporting tools to Senior Management and other relevant Committees. Any material risk situation is escalated to the Business RCC and to the Board of Directors, both of which meet regularly.

Risk reporting tools include:

- **Risk and Control Self-Assessment**

The Risk and Control Self-Assessment ("RCSA") is used to identify material risks associated with their business function and to complete a detailed assessment of the risk and associated controls.

- **Key Risk Indicators**

Key Risk Indicators ("KRI") are used by business functions to evaluate control effectiveness and residual risk within a business process. Material risks are monitored using appropriate KRIs and material deviations to internal tolerance limits are reported to the Business RCC and Board, with actions plans defined to address these where required. KRI reporting and monitoring is performed monthly at a minimum using a Red/Amber/Green rating.

- **Operational Risk Events**

All operational losses and fortuitous gains exceeding €1,000 are recorded in the Risk Management Platform and verified by reconciliation of the Bank's general ledger. Risk events are categorised and reported to the Risk and Compliance Committee monthly.

- **Departmental Risk Register**

The Bank has developed a comprehensive Risk profile for each business function. The departmental Risk Register is a risk management tool used for the assessment and documentation of risks associated with the function. It is best practice in financial services to maintain Risk Registers. Risk Registers are managed by each business function with consultations with key staff from those functions as well as the business function head. Risk Registers are living documents and are updated regularly and are reviewed by Risk Management.

- **Stress Testing**

In line with CSSF circular 11/506, the Bank has a stress testing programme. Stress tests form a set of practices the objectives of which are to assess how adverse events may jeopardise the Bank's business model, increase its risk profile and assess its existing capacity to manage and bear risks. Where appropriate, this includes deciding the corrective measures which are required in order to guarantee the ongoing financial stability of the Bank. The Bank's stress scenarios identify an appropriate range of adverse circumstances of varying nature, severity and duration relevant to the Bank's business risk profile.

The conclusion of the stress tests are shared with Risk Committee, Authorised Management and Board. These assist the assessment of the impact of potential future risk(s) the business faces, control improvements which help to mitigate the impact should the risk arise and may drive, where appropriate, a recommendation for capital to be held against the risk.

- **Audit observations and remedial action plans**

At the conclusion of an audit, findings and proposed recommendations are discussed with management and subsequently management action plans are developed to explain how the agreed recommendations will be implemented. Competing priorities, budget limitations and other factors may prevent managers from implementing agreed actions in the agreed timeline or as previously designed to mitigate the risk. The purpose of follow up is to ensure that management has implemented the action, and that it has addressed the issue.

- **Common reporting (COREP) and Financial Reporting Standards (FINREP)**

These two regulatory reports encompass enterprise risk and balance sheet information.

Declaration on the adequacy of risk management arrangements

The Bank's risk management framework is based on the 3 Lines of Defence model with a set of adapted and effective internal controls.

The Bank manages risk data and has systems supporting regulatory reporting and disclosures as well as internal management reporting on a regular or ad hoc basis for the various risk types (credit risk, market risk, liquidity risk, operational risk, etc). These reports are presented to the appropriate Bank committees as detailed in the governance section. Relevant key regulatory ratios and risk and performance metrics are also detailed in this report.

In accordance with article 435 of Regulation No. 575/2013, Authorised Management and the Board's opinion is that the existing risk management arrangements and the thresholds that are in place are adequate given the risk profile and strategy of the Bank.

The Authorised Management and the Board consider that this document demonstrates the adequacy of the risk management system.

4. Capital Management and Regulatory own funds

The EU Commission implementing regulation (EU) 1423/2013 which sets down the implementing technical standards for the disclosure of own funds requirements for institutions according to regulation (EU) 575/2013 specifies uniform templates for the purposes of these disclosures. These templates can be found in Annex.

4.1 Capital Management

The aim of capital management is to guarantee the Bank's solvency and compliance with internal capital objectives and capital regulatory requirements. It also considers the strategic objectives and risk appetite set by the Board of Directors.

The Bank monitors its solvency using rules and capital ratios issued by the Basel Committee on Banking Supervision and the CRR. These capital ratios (Common Equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio) compare the amount of regulatory capital, eligible in each category, with the Bank's total weighted risks.

Given that the Bank only has Tier 1 Capital, its CET1 ratio is equivalent to the Total Capital ratio.

Capital position and capital ratio are regularly reported to the Board of Directors, to the Business Management Committee and to the Business Risk and Compliance Committee. The Bank complied with all regulatory capital rules for all periods reported and comfortably exceeded the required levels, thereby meeting all Basel III requirements.

4.2 Regulatory Own Funds

Main features

The Bank's strategy is to ensure that an adequate level of own funds is maintained using the profit generated from its business activity. The Board of Directors does not set any specific return on the investment of the Bank's own funds and it requires that these funds should be exclusively held in Euros and invested in the most secure financial assets (High Quality Liquidity Assets/ "HQLA").

Depending on its financial results, the Bank may distribute dividends. In 2017, the Bank was profitable however because it has negative retained reserves it cannot pay dividends until these negative retained reserves are extinguished and replaced with positive retained reserves. The Bank's subscribed capital of €29m and the retained profit reserves it builds up in the future are the main source of the Bank's own funds.

Structure of Own Funds

Own funds are calculated pursuant to Art. 72 CRR, hence the Bank's own funds consist of the Sum of
Tier 1 capital (Common Equity Tier 1 (CET1)
+ Additional Tier 1 capital
+ Tier 2 capital.

The Bank's own funds are only composed of Tier 1 capital, and no additional capital (Tier 2).

Article 3 of the EU Commission implementing regulation (EU) 1423/2013 prescribes the disclosure of the main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments. However, given that the Bank's own funds are composed of the cash brought by the Parent Company, the Table 2 (in Annex) is not required to provide further information.

Own Funds disclosure

As at 31 December, 2017, the Bank capital amounted to 29,000,000€ (2016: 29,000,000€) divided into 29,000 shares (2016: 29,000 shares), each fully paid-up.

In EUR	31.12.2017	31.10.2016
Common Equity Tier 1 (CET1)		
Paid-up share capital	29,000,000	29,000,000
Regulatory adjustments		
Accumulated other comprehensive income	28,089	0
Retained earnings and Reserves	-8,559,460	-4,467,067
Profit / (Loss) for the year	2,854,930	-4,092,393
Total regulatory adjustments to CET1	-5,676,441	-8,559,460
Common Equity Tier 1 (CET1) capital	**23,323,559**	**20,440,540**
Additional Tier 1 (T1) capital	0	0
Other transitional adjustments to CET1 Capital	-28,089	0
Deferred tax assets	-1,393,256	0
Intangible assets	-497,069	0
Total Tier 1 (T1) capital	**21,405,145**	**20,440,540**
Tier 2 (T2) capital	0	0
Total Consolidated Capital (CET 1 + T1 + T2)	**21,405,145**	**20,440,540**

Table 3 (in Annex) discloses the nature and amount of specific items on own funds as prescribed under Article 4 of the EU Commission implementing regulation (EU) 1423/2013.

Transitional Own Funds Disclosure

Table 4 (in Annex) disclosed the nature of specific items on own funds during the transitional period as prescribed under Article 5 of the EU Commission implementing regulation (EU) 1423/2013.

Full Reconciliation of own funds items to audited financial statements

A reconciliation of own funds to audited financial statements pursuant to point (a) of Article 437, paragraph 1 CRR has been performed by the Bank as laid out in the Implementing Regulation (EU) No 1423/2013.

Table 5: Reconciliation of own funds items to audited financial statements as of 31 December 2017

In EUR	Total equity	Capital	Reserves		
		Subscribed capital	Other Reserves	Results brought forward	Profit for the 14 months ended 31/12/2017
Lux GAAP Balance	21,382,387	29,000,000	0	-9,286,665	1,669,052
Adjustment of deferred tax assets (in respect of IAS 12)	727,205	0	0	727,205	0
Payment of 2017 FGDL contribution (net of tax)	-350,457	0	0	0	-350,457
Revaluation of asset held for resale	28,089	0	28,089	0	0
Establish a deferred tax asset based on accumulated tax losses available for offset against future profits	1,536,335	0	0	0	1,536,335

Other transitional adjustments to CET1 Capital	-28,089	0	0	0	0
Deferred tax assets	-1,393,256	0	0	0	0
Intangible assets	-497,069	0	0	0	0
FINREP balance as of 31 December 2017	21,405,145	29,000,000	28,089	-8,559,460	2,854,930

The sum of all above mentioned elements reconcile with the total own funds as reported to the regulator.

4.3 Capital and Leverage ratios

Within the framework of part three of regulation (EU) n° 575/2013 entitled "Capital requirements", the Bank must calculate its minimum regulatory capital requirement to cover credit, market, operational risks.

To this end, the Bank has selected the most appropriate regulatory methodologies for its organisation and activities, namely:

Type of risk Methodology used

Credit risk	Standardised approach
Market risk	Standardised approach
Operational risk	Basic Indicator Approach

Capital ratio

Table 6: Own Funds and capital ratios

In '000 EUR	**31.12.2017**	**31.12.2016**
Own funds		
Common Equity Tier 1 (CET1)	21,405	20,441
Tier 1 (T1) capital	21,405	20,441
Tier 2 (T2) capital	0	0
Total Consolidated Capital (CET 1 + T1+ T2)	**21,405**	**20,441**
Risk-weighted assets		
Credit risk	104,178	108,658
Market risk	538	627
Operational risk	15,932	16,147
Total Risk-weighted assets	**120,648**	**125,432**
Capital ratios		
Common Equity Tier 1 ratio (as a percentage of total risk exposure amount)	17.74%	16.29%
Tier 1 ratio (as a percentage of total risk exposure amount)	17.74%	16.29%
Total Capital ratio (as a percentage of total risk exposure amount)	**17.74%**	**16.29%**

Leverage ratio

In line with CRR requirement, the Bank also discloses in this section information related to its leverage ratio.

The EU Commission implementing regulation (EU) 2016/200 which sets down the implementing technical standards for the disclosure of the leverage ratio for institutions according to regulation (EU) 575/2013 specifies uniform templates for the purposes of these disclosures. These templates can be found in Annex.

The leverage ratio is a non-risk-based measure to complete the existing risk-based capital requirements. Entering definitively in effect on 01/01/2015, it has been created to limit an excessive build-up of leverage on credit institutions' balance sheets in an attempt to contain the cyclicality of lending.

The leverage ratio is calculated as the Tier 1 Capital divided by a Leverage exposure measure, comprising both on-balance and off-balance sheet exposures with adjustments for certain items such as derivatives and securities financing. The objective of the ratio is to contain the degree of indebtedness on banks' accounts within acceptable limits by requiring a minimum level of coverage of those exposures with equity.

Although CRR does not impose a minimum ratio, the international Basel Committee on Banking Supervision ("BCBS") has suggested a minimum ratio of 3%.

The Bank produces and monitors its leverage ratio on a monthly basis and reports it to the Board of Directors

As of 31 December 2017, the Bank reported a leverage ratio equal to 4.48%, above the recommended minimum requirement.

Description of the processes used to manage the risk of excessive leverage

The Bank has policies and processes in place for the identification, management and monitoring of the risks associated with excessive leverage. The leverage ratio is part of the Bank's risk appetite statement with an internal limit set at 3.5%. The Bank monitors the ratio on a monthly basis and would take corrective actions, if required.

The Board of Directors has defined a strategy such that the Bank will continue to meet the regulatory requirement with an appropriate level of headroom.

Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers

As the Bank does not distribute dividends and is reinvesting its profits for continued capital strengthening and because of its prudent business strategy, the Bank's leverage ratio has remained stable over the time.

The three below tables (in Annex), as prescribed in EU Commission implementing regulation (EU) 1423/2013, give further details about the Bank's leverage ratio.

- Table 7 – Leverage ratio breakdown (LRCom Table), as per Article 5.
- Table 8 – Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (Table LRSpl), as per Article 3.
- Table 9 – Leverage ratio reconciliation against published financial statements (Table LRSum), as per Article 4.

5. Capital adequacy requirements

5.1. Capital adequacy requirement

The measurement of the minimum overall regulatory capital requirement for all Pillar 1 risks is calculated in accordance with Art. 92 CRR.

In order to increase the robustness of financial institutions and to strengthen their capacity to absorb losses, the CRR regulatory framework has introduced the following standards:

- Increase the quality of eligible own funds by increasing Tier 1 component;
- Increase capital coverage for OTC-derivatives products;
- Permanently maintain a capital buffer whose size would be adjusted based on the risk profile of the Bank and the macroeconomic environment;
- To maintain at all times, an Overall Capital Requirement ("OCR") which is the sum of the Total Supervisory Review Evaluation Process ("SREP") Capital Requirements ("TSCR") and the combined buffer requirements:
  - SREP Capital Ratio ("TSCR") is set at 9.5% (Own funds requirements set at 8%, plus additional own funds[1] set at 1.5% of the Bank's Total Risk Exposure Amount ("TREA"))
  - Combined buffer requirements include "capital conservation" and "countercyclical capital" buffers.

About the Capital conservation buffer: the rate is set as 2.5% of the Total Risk Exposure Amount

About the Countercyclical capital buffer ("CcyB"): Rates are set by countries in the European Economic Area and by third-party states for the major risk exposures in their country. Given the Bank's geographical exposures and CcyB per country at the time of the report (the requirement for banks based in Luxembourg is 0%), the institution-specific countercyclical buffer to be included was 0%.

The following table details each risk approach used by the Bank for the assessment of the regulatory capital at 31 December 2017 and the Risk Weighted Assets by risk type.

Total capital requirements and capital buffers

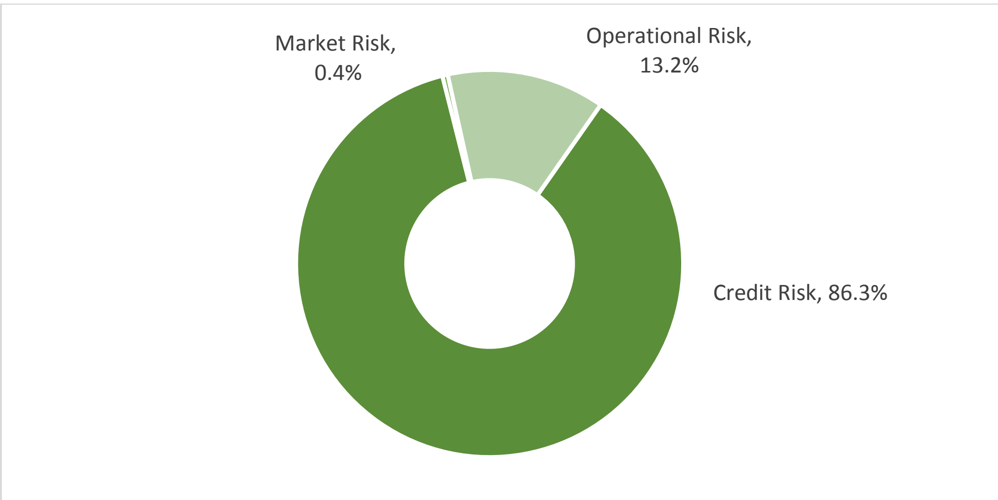
Table 10: Total capital requirements, capital buffers as of 31 December 2017

	Total own funds (In '000EUR				**21,405**
	Risk Type	**Risk approach**	**Regulatory Ratio**	**Risk Weighted Assets in '000€**	**Total capital allocated in '000€**
Pillar 1					
CET Tier 1	Credit	Standardised Approach	8%	104,178	8,334
	Market	Standardised Approach	8%	538	43
	Operational	Basic Indicator Approach	8%	15,932	1,275
SREP	Credit	Standardised Approach	1.50%	104,178	1,563
	Market	Standardised Approach	1.50%	538	8
	Operational	Basic Indicator Approach	1.50%	15,932	239
Total Pillar 1 requirement					**11,462**
Pillar 1 capital surplus					9,944

[1] In December 2017, CSSF notified the Bank that the minimum solvency ratio required following the SREP assessment was increased to 9.5% and that 1.5% of TREA represents the additional own funds in excess of those required in Article 92 (1) CRR. These must be CET1 capital.

Pillar 2 add-on (Included in SREP Buffer)					0
Combined capital Buffers					
Capital Conservation Buffer	Credit	Standardised Approach	2.50%	104,178	2,605
	Market	Standardised Approach	2.50%	538	13
	Operational	Basic Indicator Approach	2.50%	15,932	398
Countercyclical capital buffer	Credit	Standardised Approach	0.00%	104,178	-
	Market	Standardised Approach	0.00%	538	-
	Operational	Basic Indicator Approach	0.00%	15,932	-
Total Combined Capital Buffer					**3,016**
Total Internal Capital requirement					**14,478**
Internal Capital Surplus					**6,927**
Capital ratio					**17.74%**

Risk Weighted Assets by Risk Type
as of 31 December 2017



6. Credit risk

Overview

Credit and counterparty risk (jointly referred to as "credit risk") is defined as the risk of deterioration of the quality or default of a counterparty resulting in the latter not meeting its contractual obligations to the Bank.

The Bank has the following material credit risks:

- Credit exposure to third party financial institutions in relation to the Bank's treasury placements.
- Credit exposure to retail customers in relation to Credit Lombard/ Margin Loans. These are fully guaranteed by the Bank's holdings of client's securities and cash.

To measure the degree to which credit risk is covered by the Bank's capital, the Standardised Approach is applied, pursuant chapter 2, Title II, Part Three of the CRR.

Under this approach, risk weights are determined according to credit ratings provided by recognised External Credit Assessment Institutions ("ECAI") depending on the type of counterparty or for unrated exposures, by using the applicable regulatory risk weights. The Bank uses Moody's as its ECAI to determine the risk weight of its credit exposures to individual counterparties.

The Bank allocates each of its exposures to the relevant exposure classes. Once the risk weighted exposures are calculated, these are multiplied by 8% in order to determine the capital requirement associated with the Bank's credit risk according to Art. 438 of CRR.

The Bank's main credit risk exposures are

- <u>Credit risk Exposure to Financial institutions</u>: These are Money Markets Placements, risk weighted according to their Long/Short term credit rating if any.

- <u>Credit risk Exposure to Private individual clients</u>: These are Credit Lombard Loans that are fully collateralised by the bank's holding of client's assets and are risk weighted at 75% for loans under EUR 1 MM and 100% the loan is above EUR 1MM equivalent. Off balance sheet clients' undrawn Lombard loans benefit from a low risk classification (0%) as the loan agreement effectively allows the immediate cancellation due to a deterioration in a borrower's creditworthiness.

  The Bank has not made use of any Credit Risk Mitigation technique for reducing its capital requirements. As noted above the full value of margin loans is subject to credit risk assessment with no reduction applied for the client collateral held by the Bank.

  With regard to Large Exposure regime, as at 31 December 2017, the Bank did not have any retail exposure above 25% of its own funds.

- <u>Oher exposure (Other balance sheet assets):</u> Risk weighted at 100%.

A breakdown of the Bank's credit risk exposures by asset class, geography and maturity as at 31 December 2017 is provided in the following tables

Table 11: Credit Risk Exposure by asset class as of 31 December 2017

	Risk Weighted Exposure in EUR Standardised approach	Capital requirement in EUR	% of total capital requirements
Central governments or central banks	0	0	0%
Financial Institutions	91,948,764	7,355,901	88.26%

Corporates	185,419	14,834	0.18%
Retail customers	11,055,543	884,443	10.61%
Other	988,058	79,045	0.95%
Total	104,177,874	8,334,223	100%

Table 12: Credit Risk Exposure by Geographic distribution as 31 December 2017

In EUR	Luxembourg	European Union (excl. Luxembourg)	Other	Total
Central governments or central banks	96,065,777	-	-	96,065,777
Financial Institutions	83,650,025	207,008,091	32,735,042	323,393,158
Corporates	-	-	-	-
Retail Customers	3,692,686	4,613,967	6,434,071	14,740,724
Other	988,058	-	-	988,058
Total	184,396,546	211,622,058	39,169,113	435,187,717

Table 13: Credit Risk Exposure by residual contract maturity as of 31 December 2017

In EUR	0-3 months	3-6 months	6-12 months	>1 month	Total
Treasury & Balances with central governments or central banks	93,640,027	-	-	2,425,750	96,065,777
Loans and advances to Financial Institutions	168,611,970	45,061,808	109,719,380	-	323,393,158
Loans and advances to Corporates	-	-	-	-	-
Loans and advances to Retail Customers	14,740,724	-	-	-	14,740,724
Other	988,058	-	-	-	988,058
Total	245,980,779	45,061,808	109,719,380	2,425,750	435,187,717

As all exposures are treated by applying Standardized Approach for credit risk, in accordance with Chapter 2, Title II, Part Three CRR, no further segregation is necessary for disclosure purposes.

Credit Risk Mitigations

Mitigation of credit risk with financial institutions (Treasury Counterparties)

Following the change of control in June 2017, the Bank's intra-group waiver with TD Bank Group (the Bank's previous owner) which had been granted by CSSF and which allowed the Bank to place client and the Bank's own funds within the TD Bank Group without financial limit was no longer valid. Following this, the Bank, to meet regulatory requirements, has been required to limit the value of its treasury placements with individual financial institutions at the value of its regulatory own funds. Prior to the sale of the Bank it had a large proportion of its client and regulatory own funds invested in intra-group placements with TD Bank Group. Following the change of control in 2017, the Bank has established a range of new treasury counterparties which has allowed it to meet regulatory requirements following the sale of the Bank and the consequent termination of the intra-group waiver with TD Bank Group.

Monitoring of counterparty financial institutions

The Bank invests funds in accordance with the Investment and Liquidity Policy which has been approved by the Board, with a range of investment grade credit quality financial institutions that are not connected and are geographically spread. Therefore, the risk of loss due to the bankruptcy of any of its bank counterparties is considered low given the level of diversification and ongoing monitoring of the credit quality of borrowers. As described above, the Bank is limited to placing funds with individual counterparties to the level of the Bank's own capital base under EU regulations.

The Bank has a structured process in place to assess new and existing financial counterparty relationships to hold both client and the Bank's own funds. The Compliance and Risk functions own this expertise and carry out the necessary due diligence and financial strength review to ensure ongoing suitability of the counterparties and to meet the regulatory standards. The Bank carefully monitors its liquidity requirements to ensure that it can always meet its obligations.

In order to further mitigate the credit risk, the Bank can only invest in a limited number of treasury instruments which are of low risk profile. The Bank also aims to only place funds with financial institutions with high credit rating grades and aims to have a well-diversified credit portfolio (in accordance with Large Exposure Regime), placing maturity and geography. There are daily and monthly controls in place to control the Bank's exposure to all financial counterparties.

In the event of a significant deterioration in the credit risk of a financial counterparty, the Bank in line with IFRS 9 - Financial Instruments, recognises the associated impairment and may decide to terminate the relationship with the counterparty. Consistent with the past experience of the Bank, none of the Bank's counterparties were reported past due or impaired in the 2017 financial statements.

Given the above, the risk of loss due to the bankruptcy of any of its financial counterparties is considered low given this strong counterparty risk assessment framework and the rigorous ongoing monitoring undertaken by the Bank.

Mitigation of credit risk with retail individuals (Credit Lombard loans)

The Bank's client credit risk arises from the Bank's offering of Credit Lombard Loans to its clients and from short-term 'incidental' overdrafts on client's custody accounts. In each case. Lombard loan advances to clients are fully collateralised against the Bank's holdings of client's assets with additional equity held by the Bank to cover movements in the underlying value of the client's assets. Typically overdrafts arise where the client has elected to settle a trade in a currency different to that of the traded instrument. The overdraft created by this will be matched and offset by a holding of the client's cash in another currency. The balance of Lombard loans and overdrafts outstanding as of 31 December 2017 amounted to EUR 14.7 million.

The level of asset coverage required from the client to support Lombard loan advances varies depending on the type and quality of assets held by the client in line with the Credit Lending Policy of the Bank.

Lombard loan advances to clients' accounts must be properly supported by client assets at all times. Accordingly, the collateralisation of each Lombard loan is monitored and reported daily. Clients are required to make good any shortfalls of collateral (a margin call) within specific timeframes based on the magnitude of the financial risk. If a client is not responsive to the Bank's margin call, the Bank will undertake corrective action which may include the sale of client assets to restore the required level of collateral. In general, clients are required to compensate shortfalls of collateral within 5 business days.

The Bank's Risk function conducts regular stress testing on all Lombard loan accounts, with a focus on largest borrower's accounts and accounts with concentrated portfolios and verifies that the outcome of this stress testing is in line with the Bank's internal thresholds limits.

Expected credit losses on Lombard loans are assessed monthly in accordance with IFRS 9 and an impairment provision/write down is made for those Lombard loans where the loan amount exceeds the value of the assets held on behalf of the client and when the client has not adequately responded to the Bank's request that they provide additional collateral.

Under IFRS9, all overdraft accounts (including Credit Lombard accounts) are classified as performing, under-performing or non-performing loans. Risk Management assists in identifying these accounts and providing robust assessment of expected credit loss.

Encumbered and Unencumbered Assets
Disclosure requirements are outlined in Art. 443 CRR.

Consistent with the EBA guideline, the Bank considers an asset to be encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit-enhance any on-balance-sheet or off-balance-sheet transaction from which it cannot be freely withdrawn. This includes assets which are subject to any restrictions on withdrawal, including a requirement for prior approval or replacement with other assets.

The Bank held encumbered assets in the amount of c. EUR 4 million as of December 31, 2017.

The Bank is a deposit-led bank with the majority of its balance sheet funding provided by customer deposits which are repayable on demand or at short notice. The Bank places the majority of its assets on short term deposits with financial institutions. The Bank has a low level of asset encumbrance represented by the regulatory requirement that it hold a minimum reserve of High Quality Liquid assets with Banque Centrale du Luxembourg. As at December 31, 2017, the Bank held EUR 93.7 million with the Luxembourg Central Bank (23% of total assets). This was well above the minimum reserve requirement of c. EUR 4 million.

7. Operational Risk

Overview

Operational risk is the risk of losses resulting from inadequate or failed internal processes, people, systems or external events. This definition includes legal risk, but excludes strategic risk. The risk is therefore inherent to all activity of the bank.

The operational risk capital requirement has been considered in in line with CRR, regulation (EU) N° 575/2013 Title III Chap. 1, 2 and 3. The Bank follows the Basic Indicator Approach ("BIA") to calculate operational risks. The approach consists of calculating the capital charge as a percentage of Gross Income (GI) on accounting revenue values for the last three years, a proxy for operational risk exposure.

Table 14– Operational risk as of 31 December 2017

	Risk Weighted Exposure amount in EUR	Capital Requirements in EUR
Operational Risk	15,931,695	1,274,536
Total Regulatory requirement for Operational Risk	15,931,695	1,274,536

Operational risk mitigation

The Bank monitors its operational risk, based on set of Key Risk Indicators which cover the various operational activities of the business.

Each the Bank's functions maintains written procedures for critical processes which ensure a consistent and calibrated outcome when conducting the activity. It helps to ensure that identified and required control measures are implemented in the way they were intended and assists in managing risk.

To minimise operational errors and to deter fraud, operational control operates on two levels, prevention and detection.

Preventive measures include the vetting of staff at the recruitment stage and ongoing review of performance and training undertaken so that staff are equipped to meet their responsibilities and obligations.

In addition, to continually develop and enhance its internal control processes to prevent errors, the Bank maintains a detailed follow-up of operational errors using an incident collection database. This is used both to track the events through the evidence gathering and the management review of these, and to provide management with statistical information on the nature and number of loss events arising from operational risks. As part of this it also regularly considers the means by which the potential for any internal and external fraud can be further minimised.

Risks are assessed according to two criteria: frequency and impact. This involves estimating the occurrence of the risk on the one hand, in other words the number of times the risk is likely to occur within a given period, and the severity of the risk on the other, i.e. the estimated probable cost of the risk when it occurs. This impact is not only assessed in monetary terms, it may be a question of damage to the Bank's image or reputation. It should be noted that each risk is assessed twice: a gross assessment and a net assessment. The transfer from the first to the second is made by taking into account the internal control mechanism and any financial recovery which may reduce the gross risk.

In accordance with the requirements of the Banking Recovery and Resolution Directive the Bank has established a comprehensive recovery plan which is regularly reviewed and updated and is provided bi-annually to the CSSF for its review. This recovery plan is designed to ensure that the Bank is well prepared to meet the challenges that may arise from any potential future financial crises. In addition, in the event of a disaster, the Bank has established a comprehensive contingency plan. This plan covers the Bank's critical activities and aims to ensure that the Bank can resume its business critical activities within a reasonable time frame and with the disruption to its clients kept to a minimum. This plan is tested annually.

8. Market Risk

Overview

Market risk covers the risks that arise from fluctuations in values of, or income from, assets or in interest or exchange rates.

The Bank uses the standardised approach for market risk to determine its minimum capital requirements, in accordance with CRR.

Currently the Bank has no trading activities and has no securitization, the Bank is only exposed to Foreign Exchange ("FX") Risk. As per Art 352 CRR, if the overall net currency position (ie where the amount of its liabilities which are on demand exceeds the amount of its assets which are not available on demand) exceeds 2% of the credit institution's own funds, capital requirement shall be applied in respect of FX risk and risk capital should be set aside to cover this FX risk.

Table 15 – Market Risk as of 31 December 2017

	Risk Weighted Exposure amount in EUR	Capital Requirements in EUR
Foreign Exchange	537,855	43,028
Total Regulatory requirement for Market risk	537,855	43,028

As of 31 December 2017, the net currency position considered for FX risk was above the 2% Eligible Own funds threshold.

Market risk mitigations

The Bank has defined two sub-categories of market risk, namely

- Foreign exchange ("FX") rate risk – corresponds to the risk of loss arising from a change in the market foreign exchange rate on the currency positions maintained by the Bank; and
- Interest rate risk – arises as a result of changes in interest rates which may adversely affect the Bank when assets and liabilities are mismatched such that the Bank is exposed to movements in interest rates.

With regards to the FX risk, as stated above, the Bank does not hold any proprietary positions. The Bank only performs foreign exchange transactions in order to close out any position initiated on behalf of clients. Funding of client transactions is generally done in the currency requested by the clients. No foreign exchange position should therefore be created by client equity trading. However, some open positions could appear mainly following the application of interest, commissions and corporate actions. Opened forex positions, if any, are reviewed daily and closed once a certain limit, defined as per internal risk management policy, is reached.

With regards to the interest rate risk, the Bank has only investments in Money Market deposits of up to 1 year terms and therefore the sensitivity to interest rate changes is minor. In addition, the Bank does not trade on its own account. Nevertheless the Bank performs regular sensitivity analysis to interest rate shock against its economic values and net interest income, in line with CSSF Circular 08/338.

The results of this sensitivity analysis for year-end of 2017 concluded that the Bank had no material exposure of the Bank to interest rate risk.

9. Liquidity risk

In accordance with Article 435 of Regulation (EU) 575/2013 and as per the EBA guidelines on Liquidity Credit Risk (LCR) disclosure the Bank sets out below its liquidity strategy, risk management and associated structure and organisation.

Overview

The Bank defines liquidity as the ability to access funding, convert assets to cash quickly and efficiently, especially during periods of market stress, in order to meet its short-term (up to one year) obligations.

Liquidity risk is considered a material risk by the Bank. However, the Bank recognises that setting aside risk capital is not the best mitigation for it. Liquidity risk requires regular and careful monitoring and measurement to ensure liabilities are met when they fall due.

Strategy and Process

The Board of Directors defines the liquidity risk governance framework and the liquidity risk appetite through the Investment and Liquidity Policy and the Risk Appetite Statement.
The Bank's risk appetite for liquidity risk is expressed in the form of internal limits for the liquidity coverage ratio (LCR), Net Stable Funding Ration (NSFR) and other metrics (eg: overnight liquidity ratio). These internal limits are reviewed annually.

The Bank takes a conservative and prudent approach to manage liquidity risk and its liquidity strategy requires that the Bank fulfils all regulatory requirements on liquidity at all times and that the Bank can sustain a prolonged period of liquidity stress.

Structure and organization

The Board of Directors delegates responsibility for managing liquidity risk to the Asset and Liability Committee (ALCO).

On a daily basis, the Treasury function, within the Finance Department, monitors and manages the Bank's liquidity position, in line with the internal and regulatory limits, the relevant policies and the associated risks. The Treasury function also smooths out the effect of maturity mismatches between assets and liabilities

Every week, the ALCO monitors liquidity risk to ensure that the Bank maintains key liquidity metrics in accordance with the limits set by the Board. In order to avoid material funding gaps, the ALCO carefully manages the maturity profile of the Bank's assets and liabilities.

In addition to this, as a 2nd line of defence, the Risk and Compliance Committee reviews the key liquidity metrics at each meeting and verifies that these are within the tolerance limits. Results are also disclosed to the Board of Directors quarterly. The Risk function also performs quarterly liquidity stress tests to verify that the Bank could withstand plausible liquidity stressed situations. These stress tests are shared with authorised management and with ALCO and are also used control the effectiveness of the Bank's contingency funding plan which would be invoked in the event of a liquidity crisis.

Liquidity risk management

The nature of the Bank's transactions imposes a requirement to settle transactions with its clients and its service provider on a daily basis. In this respect, the Head of Finance retains the initial responsibility for monitoring on a daily basis the settlement of clients' trading transactions. This is achieved through the daily review of cash balances held for trading settlement and the continuous forecasting of cash flow requirements based on the customer trading activity and other expected corporate actions.

The Bank aims to be self-sufficient for liquidity and seeks to maintain liquidity resources which are adequate, both as to amount and quality, to ensure that there is no significant risk that the Bank's liabilities cannot be met as they fall due under both normal and stressed conditions. As required under the CRR, the Bank holds a liquidity buffer, in the form of High Quality Liquid Assets (HQLA), comprising cash held in central bank reserve accounts and an eligible Luxembourg government bond, to meet the Liquidity Coverage Ratio (LCR) requirements.

The remaining liquidity risk comes from the fact that customers' deposits are as available to them "on demand", while the Bank's treasury placings can be for terms of up to a year. Because of this the Bank's Investment and Liquidity policy, provides that a significant proportion of its treasury placings are on short term basis (< 3 months) in order to ensure that it can meet customers funding/withdrawals requests.
Part of the Bank's available liquidity is lent to eligible customers of the Bank as Lombard loans. These loans are secured by the client securities portfolio deposited with the Bank.

In conclusion, the Bank aims to be self-sufficient for liquidity and seeks to maintain a very liquid balance sheet at all times and the Bank's cash is managed in a conservative manner. The Bank's Investment and Liquidity policy only permits treasury placings with money markets instruments with a maturity below a year. Any other investment instruments are subject to approval from the Board. To date the only instrument that has been approved by the Board has been the investment of cEUR 2.5 million in a Luxembourg Government Bond. Clear liquidity planning, management policies and procedures and 2nd line of defence controls are in place to monitor the liquidity risk.

The Board of Directors is satisfied with the adequacy of the Bank's liquidity risk management arrangements and confirms that these are appropriate with regard to the Bank's risk profile and strategy.

Liquidity ratios

The CRD IV regulatory framework introduced new liquidity requirements aimed at strengthening the short-term liquidity profile ("LCR") and the long-term liquidity profile ("NSFR") of the financial institutions.

Liquidity Coverage Ratio

The Liquidity Coverage Ratio ("LCR") addresses whether financial institutions have adequate high quality assets to survive stressed liquidity conditions over a 30-day period,

The ratio was introduced as planned on 1 January 2015 with minimum requirement set at 60% for banks like Internaxx which are not systemically important, and rising by 10% in equal annual steps to reach 100% on 1 January 2019. This graduated approach, was designed to ensure that the LCR can be introduced without material disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity. The LCR min. ratio requirement of 100% was brought forward to 1 January 2018.

The Bank calculates its LCR position on a monthly basis. On 31 December 2017, the Bank reported a LCR ratio of 516.99%, well above the regulatory minimum of 90%, as for all quarters during the 2017 financial year.

Table 16 – Liquidity coverage ratio – Quarterly data

In EUR	Total adjusted value			
	Q1 2017 (January-March)	Q2 2017 (April- June)	Q3 2017 (July-September)	Q4 2017 (October-December)
Liquidity Buffer / HQLA	61,031,263	99,914,072	99,939,771	92,059,479
Total Net Cash Outflows	19,682,121	17,920,023	17,816,408	17,806,935
Liquidity Coverage Ratio (LCR) (%)	310.08%	557.55%	560.94%	516.99%

Net Stable Funding Ratio

The purpose of the net stable funding ratio ("NSFR") is to ensure that financial institutions hold a minimum amount of stable funding based on the liquidity characteristics of their assets and activities over a one-year horizon. The objective is to reduce maturity mismatches between the asset and liability items on the balance sheet and thereby reduce funding risks.

The NSFR will be introduced from January 2018 with an obligation to report a higher ratio than or equal to 100%. The Bank calculates its NSFR position on a monthly basis.

As of 31 December 2017, the Bank reported and NSFR ratio at 501.38%, well above regulatory minimum (100%).

10. Other Risks

ICAAP

The ICAAP is an integral part of the risk and capital and liquidity management processes of the Bank. The Board of Directors and Senior Management use the ICAAP to maintain an effective link between the Bank's risk profile and its capital, thus ensuring that the Bank has adequate capital and liquidity levels to cover its risk and operate effectively within its capital and liquidity frameworks.

Under the Basel III regulatory framework, the Bank is required to calculate its minimum legal capital requirement under Pillar 1 using the rules specified under the Capital Requirement Directive's. In addition, the Bank must also identify and assess additional risks (existing as well as potential) that are not covered under Pillar 1. This is covered under Pillar 2, where the Bank uses its own methods to assess potential risks and calculate the capital required to be maintained against these risks. This capital must be of sufficient quantity and quality to absorb losses that may arise within a certain probability and frequency.

During its Pillar 2 review, the Bank has assessed its risks against following the CSSF Circular 07/301 as amended by the CSSF circulars 08/338, 09/403, 11/506 and 13/568 to quantify material and non-material risks.

When assessing the range of risks that the Bank could be exposed to, the materiality has been defined in the context of the potential impact upon the capital resources of the Bank. The materiality threshold was defined at 0.25% of capital resource (ie c50,000 EUR).

For each material risk, the Bank has identified the business specific scenarios that could plausibly arise and the capital requirements arising from that risk have been calculated. These various scenarios enable the Bank to test its ability to withstand shocks and stress scenarios and to ensure that it has adequate capital and reserves. The assumptions of these various crisis scenarios are reassessed on an annual basis.

The Bank's assessment is that it is primarily exposed to the following material risks:

- Credit Risk
- Operational Risk
- Market Risk
- Interest rate Risk
- Reputational Risk
- Compliance Risk
- Business and Strategic Risk

The Bank produced its 2017 ICAAP at the beginning of 2018. The ICAAP report has been validated by the Management and subsequently approved by Board of Directors in March 2018, before submission to the CSSF.

The results of the ICAAP exercise provide comfort to the Bank's Board and senior management of the adequacy of its capital with its risk appetite limits and considering the projected risk profile for the 3 next years.

Recovery Plan

Following the implementation of the Bank Recovery and Resolution Directive ("BRRD"), the Bank's Recovery plan was submitted to the CSSF for the first time in 2015. As part of the crisis management framework, the Recovery Plan outlines how the Bank can react to a financial stress to avoid intervention from the regulatory authorities and is designed to ensure that the Bank has credible and executable options to meet the challenges that may arise from potential future financial crises.

The current plan includes amongst other:

- various stress scenarios which cover a wide range of vulnerabilities (idiosyncratic and systemic risks or both);
- identification of impediments for the recovery and preliminary actions needed to allow for the recovery;
- a list of recovery measures to restore liquidity, capital, profitability and asset quality. It also encompasses an in-depth impact assessment on the Bank.

An updated version of the Recovery Plan was submitted in January 2018 to the CSSF.

11. Remuneration Disclosures

Governance

Oversight of remuneration at the Bank is carried out by the Human Resources sub-Committee of the Board.

The Committee oversees the remuneration programmes and policies of the Bank, and ensures alignment with the requirements of the applicable European and Luxembourg regulatory requirements, including the promotion of effective risk management.

As part of the oversight responsibilities, the Committee is responsible for identifying the Bank's Identified Staff, and for reviewing and recommending to the Board the individual remuneration packages for Identified Staff.

The Human Resources Committee met six times between 1 November 2016 and 31 December 2017.

Human Resources Board Committee Composition

The Human Resources Committee is composed of 3 non-executive directors. Please refer to section 2.1 for more details. No individual is involved in decisions relating to their own remuneration.

Advisors

The Human Resources Committee may and does engage external advisors for independent advice and counsel.

Identified Staff

When identifying the Bank's Identified Staff, all employees that could have a material impact on the Bank's risk profile are considered. The final list is determined by the Human Resources Committee following consideration of the overall risk management responsibility of the role, the specific risk accountability, risk mitigation and the impact on the Bank's risk profile.

Annually as a minimum, the Human Resources Committee reviews and approves the individuals identified as Identified Staff, based on the criteria established by the CSSF and the European Banking Authority.

Link between Remuneration and Performance

Remuneration is made up of fixed pay, variable incentive pay and benefits. All variable incentive pay is dependent on the achievement of financial and non-financial measures and includes consideration of adherence to effective risk management.

The Human Resources Committee has the ability to reduce or cancel awards in the event of poor performance, significant risk related issues, or other unusual circumstances. The Committee can recommend to the Board of Directors discretionary adjustments including reduction of variable payments partially or fully, in response to financial or non-financial performance results (including risk based adjustments) for individuals.

Design characteristics of the remuneration system

All Identified Staff receive a salary plus variable incentive pay and benefits. The Bank ensures that fixed remuneration is sufficient to maintain an appropriate balance between fixed and variable remuneration components.

Annual incentive awards for Identified Staff are determined via the Performance Related Bonus Scheme and measured via the Bank's Performance Management process.

Performance Management Process

Performance Management is a process which contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance and desired behaviours.

Remuneration and rewards are tied to a range of appropriate behaviours including governance, control and risk management, in addition to financial performance.

Performance Management is a year-long continuous process that culminates in a year-end review which guides remuneration decisions for individual employees.

Individual and team objectives are set at the beginning of the year following discussions with the employee and their immediate manager. Objectives are consistent with the employee's job description and level, and take into account the organisational strategy and priorities for the period to be reviewed.

Objectives are subject to a formal half-yearly review, though will be reviewed on an informal basis more frequently. A formal year-end review is conducted by the manager who assesses employees on their performance against their responsibilities and objectives.

Remuneration decisions for employees will take into account the Bank and individual performance, as well as market remuneration levels. When assessing individual performance, both financial and non-financial criteria are taken into account.

For Identified Staff, the assessment of performance is set in a multi-year framework in order to ensure that the assessment process is based on longer-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes into account the underlying business cycle of the Bank and its business risks.

Role of the Bank's Human Resources Committee in Performance Management

At the year-end meeting, the Bank's Human Resources Committee reviews management's remuneration decisions to provide objective challenge and ensure that they are appropriate and reflective of effective risk management behaviour. The Committee will review remuneration decisions for all Identified Staff individually and make recommendations for approval by the Board of Directors. In doing so, the following may be considered:

- Performance evaluations;
- Code of Conduct breach reports;
- Audit reports - Outstanding and/or unsatisfactory high-risk audit findings;
- Compliance Training reports;
- Key Risk Indicator Metrics and compliance with the risk appetite statement;
- Financial Results.

It will also review aggregate remuneration for all employees of the Bank to ensure that they are appropriate.

Each individual has a bonus target related to their grade which is based on the multiplication of the individual's annual gross salary by the target bonus percentage (depending on the Bank's performance) and the appraisal rating multiplier (depending on the individual performance).

Ratios between fixed and variable remuneration

The table below indicates the minimum and maximum variable remuneration for Identified Staff (assuming the lowest and highest level of employee and Bank performance respectively) as a percentage of basic salary and as a percentage of total remuneration.

Table 17 - Minimum and maximum variable remuneration for Identified Staff

Minimum Payout (as a % of Basic salary)	Maximum Payout (as a % of Basic salary)	Maximum Payout (as a % of Total Remuneration)
0%	100%	50%

Remuneration Awarded to Identified Staff Employees

The following table summarises the total remuneration awarded to Identified Staff employed by the Bank during the period 1 November 2016 to 31 December 2017. Due to the size of the Identified Staff population, and in consideration of data protection, we have not differentiated between Senior Managers and other Identified Staff.

Table 18 – Aggregate Remuneration

	Total
Number of Identified Staff[1]	5
Remuneration (in Mio EUR)[2]	0,89

Note
1. Reflects the number of Identified Staff employed by the Bank.
2. Total remuneration paid to Identified Staff employed by the Bank.

Annex

Structure of Own Funds

Table 2: Disclosure of main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments

Capital instruments' main features template (1)		
1	Issuer	N/A (1)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement	N/A
3	Governing law(s) of the instrument	N/A
	Regulatory treatment	N/A
4	Transitional CRR rules	N/A
5	Post-transitional CRR rules	N/A
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	N/A
7	Instrument type (types to be specified by each jurisdiction)	N/A
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	N/A
9	Nominal amount of instrument	N/A
9a	Issue price	N/A
9b	Redemption price	N/A
10	Accounting classification	N/A
11	Original date of issuance	N/A
12	Perpetual or dated	N/A
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates, and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger (s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

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

Own funds disclosure

Table 3: Disclosure of nature and amounts of specific items on own funds

		(A) Amount at disclosure date	(B) Regulation (EU) No 575/2013 (CRR) article reference
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	29,000,000	26 (1), 27, 28, 29
	of which: instrument type 1		EBA list 26 (3)
	of which: instrument type 2		EBA list 26 (3)
	of which: instrument type 3		EBA list 26 (3)
2	Retained earnings	-8,559,460	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	28,089	26 (1)
3a	Funds for general banking risk		26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)

5	Minority interests (amount allowed in consolidated CET1)		84
5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	2,854,930	26 (2)
6	**Common equity tier 1 capital before regulatory adjustments**	23,323,559	Sum of rows 1 to 5a
Common equity tier 1 capital: regulatory adjustments			
7	Additional value adjustments	-28,089	34, 105
8	Intangible assets (net of related deferred tax liability)	-497,069	36 (1) (b), 37
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-1,393,256	36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges		33 (1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (1) (b)
15	Defined-benefit pension fund assets		36 (1) (e), 41
16	Direct and indirect holdings of own CET1 instruments (negative amount)		36 (1) (f), 42
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)		36 (1) (g), 44
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)		36 (1) (h), 43, 45, 46, 49.2 y 3, 79
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)		36 (1) (i) 43, 45, 47, 48 (1) (b), 49 (1) a (3), 79
20	Empty set in the EU		
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 15% threshold (negative amount)		48 (1)
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (l), 48 (1) (B)
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a)
25a	Losses for the current financial year (negative amount)		36 (1) (a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-1,918,414	**Sum row 7 to 20a,21,22 and 25a to 27**
29	**Common Equity Tier 1 (CET1) capital**	21,405,145	**Row 6 minus row 28**
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		51, 52
31	of which: classified as equity under applicable accounting standards		-
32	of which: classified as liabilities under applicable accounting standards		-
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86
35	of which: instruments issued by subsidiaries subject to phase out		486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**		**Sum of rows 30,33 and 34**
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		56 (d), 59, 79
41	Empty set in the EU		0
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)

43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0**	**Sum of rows 37 to 42**
44	**Additional Tier 1 (AT1) capital**	**0**	**Row 36 minus 43**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**21,405,145**	**Sum of row 29 and row 44**
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts		62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase-out from T2		486 (4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88
49	of which: instruments issued by subsidiaries subject to phase-out		486 (4)
50	Credit risk adjustments		62 (c) y (d)
51	**Tier 2 (T2) capital before regulatory adjustments**	**0**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79
56	Empty set in the EU		0
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**	**Sum of rows 52 to 56**
58	**Tier 2 (T2) capital**	**0**	**Row 51 minus row 57**
59	**Total capital (TC = T1 + T2)**	**0**	**Sum of row 45 and row 58**
60	**Total risk weighted assets**		
Capital Ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	17.74%	92 (2) (a)
62	Tier 1 (as a percentage of total risk exposure amount)	17.74%	92 (2) (b)
63	Total capital (as a percentage of total risk exposure amount)	17.74%	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	1.5%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical buffer requirement	0%	
67	of which: systemic risk buffer requirement	0%	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	17.74%	CRD 128
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70
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 10% threshold and net of eligible short positions)		36 (1) (i), 45, 48
74	Empty set in the EU		0
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		62
Capital instruments subject to phase-out arrangements (only applicable between 1st Jan 2014 and 1st Jan 2022)			
80	- Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) y (5)
81	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) y (5)
82	- Current cap on AT1 instruments subject to phase out arrangements		484 (3), 486 (2) y (5)
83	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) y (5)
84	- Current cap on T2 instruments subject to phase out arrangements		484 (3), 486 (2) y (5)
85	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) y (5)

Table 4: Nature and amounts of specific items on own funds during the transitional period

	Common Equity Tier 1 capital: instruments and reserves (1)	31.12.2017 EUR	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
1	Capital instruments and the related share premium accounts	29,000,000	26 (1), 27, 28, 29, EBA list 26 (3)	N/A
	of which: Instrument type 1		EBA list 26 (3)	N/A
	of which: Instrument type 2		EBA list 26 (3)	N/A
	of which: Instrument type 3		EBA list 26 (3)	N/A
2	Retained earnings	-8,559,460	26 (1) (c)	N/A
3	Accumulated other comprehensive income (and any other reserves)	28,089	26 (1)	N/A
3a	Funds for general banking risk		26 (1) (f)	N/A
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)	N/A
	Public sector capital injections grandfathered until 1 January 2018		483 (2)	N/A
5	Minority interests (amount allowed in consolidated CET1)		84, 479, 480	N/A
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	2,854,930	26 (2)	N/A
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	23,323,559		N/A
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-28,089	34, 105	N/A
8	Intangible assets (net of related tax liability) (negative amount)	-497,069	36 (1) (b), 37, 472 (4)	N/A
9	Empty set in the EU			N/A
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-1,393,256	36 (1) (c), 38, 472 (5)	N/A
11	Fair value reserves related to gains or losses on cash flow hedges		33 (a)	N/A
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159, 472 (6)	N/A
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)	N/A
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (1) (b) (c)	N/A
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41, 472 (7)	N/A
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	N/A
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	N/A
18	Direct, indirect and synthetic holdings 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)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	N/A
19	Direct, indirect and synthetic holdings 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)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)	N/A
20	Empty set in the EU			N/A
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)	N/A
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 to 91	N/A
20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258	N/A
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)	N/A
21	Deferred tax assets arising from temporary difference (amount above 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	N/A
22	Amount exceeding the 15% threshold (negative amount)		48 (1)	N/A
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b), 470, 472 (11)	N/A
24	Empty set in the EU			N/A
25	of which: deferred tax assets arising from temporary difference		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	N/A
25a	Losses for the current financial year (negative amount)		36 (1) (a), 472 (3)	N/A
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)	N/A

26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment			N/A
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468			N/A
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR		481	N/A
27	Qualifying AT1 deductions that exceeds the AT1 capital of the institution (negative amount)		36 (1) (j)	N/A
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-1,918,414		N/A
29	**Common Equity Tier 1 (CET1) capital**	21,405,145		N/A
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts		51, 52	N/A
31	of which: classified as equity under applicable accounting standards			N/A
32	of which: classified as liabilities under applicable accounting standards			N/A
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)	N/A
	Public sector capital injections grandfathered until 1 January 2018		483 (3)	N/A
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480	N/A
35	of which: instruments issued by subsidiaries subject to phase-out		486 (3)	N/A
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	0		N/A
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)	N/A
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)	N/A
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)		56 (c), 59, 60, 79, 475 (4)	N/A
40	Direct, indirect and synthetic holdings of the AT1 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)		56 (d), 59, 79, 475 (4)	N/A
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 585/2013 (ie. CRR residual amounts)			N/A
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 473(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	N/A
	Of which items to be detailed line by line eg: Material net interim losses, intangible, shortfalls of provisions to expected losses…			N/A
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		477, 477 (3), 477 (4) (a)	N/A
	Of which items to be detailed line by line eg: Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant instruments in the capital of other financial sector entities…			N/A
41c	Amounts to be deducted from added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	N/A
	Of which:.. possible filter for unrealised losses		467	N/A
	Of which:.. possible filter for unrealised gains		467	N/A
	Of which:….			
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)	N/A
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	0		N/A
44	**Additional Tier 1 (AT1) capital**	0		N/A
45	**Tier 1 capital (T1 = CET1 + AT1)**	21,405,145		N/A
Tier 2 (T2) capital: instruments and provisions				
46	Capital instruments and the related share premium accounts		62, 63	N/A
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)	N/A
	Public sector capital injections grandfathered until 1 January 2018		483 (4)	N/A
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and		87, 88, 480	N/A

	AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party			
49	of which: instruments issued by subsidiaries subject to phase-out		486 (4)	N/A
50	Credit risk adjustments		62 (c) & (d)	N/A
51	**Tier 2 (T2) capital before regulatory adjustment**	0		N/A
Tier 2 (T2) capital: regulatory adjustments				
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)	N/A
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)	N/A
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)		66 (c), 69, 70, 79, 477 (4)	N/A
54a	Of which new holdings not subject to transitional arrangements			N/A
54b	Of which holdings existing befor 1 January 2013 and subject to transitional arrangements			N/A
55	Direct, indirect and synthetic holdings 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 amounts)		66 (d), 69, 79, 477 (4)	N/A
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			N/A
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8), 472 (9), 472 (10) (a), 472 (11) (a)	N/A
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		475, 475 (2) (a), 475 (3), 475 (4) (a)	N/A
56c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	N/A
57	**Total regulatory adjustments to Tier 2 (T2) capital**	0		N/A
58	**Tier 2 (T2) capital**	0		N/A
59	**Total capital (TC = T1 + T2)**	0		N/A
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)			N/A
	Of which:… items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)		472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	N/A
	Of which:…items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)		475, 475 (2) (b), 475 (2) ©, 475 (4) (b)	N/A
	Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)		477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	N/A
60	**Total risk-weighted assets**			N/A
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount	17.74%	92 (2) (a), 465	N/A
62	Tier 1 (as a percentage of total risk exposure amount	17.74%	92 (2) (b), 465	N/A
63	Total capital (as a percentage of total risk exposure amount	17.74%	92 (2) (c)	N/A
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	1.50%	CRD 128, 129, 140	N/A
65	of which: capital conservation buffer requirement	2.50%		N/A
66	of which: countercyclical buffer requirement	0%		N/A
67	of which: systemic risk buffer requirement	0%		N/A
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0%	CRD 131	N/A

68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	17.74%	CRD 128	N/A
69	[non-relevant in EU regulation]			N/A
70	[non-relevant in EU regulation]			N/A
71	[non-relevant in EU regulation]			N/A
Amounts below the thresholds for deduction (before risk-weighting)				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions		36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	N/A
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions		36 (1) (i), 45, 48, 470, 472 (11)	N/A
74	Empty set in the EU			N/A
75	Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48, 470, 472 (5)	N/A
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62	N/A
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62	N/A
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)		62	N/A
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		62	N/A
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)				
80	- Current cap on CET1 instruments subject to phase-out arrangements		484 (3), 486 (2) & (5)	N/A
81	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)	N/A
82	- Current cap on AT1 instruments subject to phase-out arrangements		484 (4), 486 (3) & (5)	N/A
83	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)	N/A
84	- Current cap on T2 instruments subject to phase-out arrangements		484 (5), 486 (4) & (5)	N/A
85	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)	N/A
(1) 'N/A' inserted if the question is not applicable				

Leverage ratio

Table 6 – Leverage ratio breakdown (LRCom Table)

On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	435,187,717
2	(Asset amounts deducted in determining Tier 1 capital)	
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	435,187,717
4	Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark- to-market method)	
EU-5a	Exposure determined under Original Exposure Method	
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	**Total derivatives exposures (sum of lines 4 to 10)**	
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk exposure for SFT assets	
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	
15	Agent transaction exposures	
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	42,561,510
18	(Adjustments for conversion to credit equivalent amounts)	
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	42,561,510
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
EU-19a	Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	
Capital and total exposure measure		
20	**Tier 1 capital**	21,405,145
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	477,749,227
Leverage ratio		
22	**Leverage ratio**	4.48%
Choice on transitional arrangement an amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definitional of capital measure	
EU-24	Amount of derecognised fiduciary items in accordance with Article 429 (11) of Regulation (EU) NO 575/2013	

Table 7- Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (Table LRSpl) in EUR.

EU-1	Total on-balance sheet exposures (excl. derivatives, SFTs, and exempted exposures), of which:	435,187,717
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	96,065,777
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	
EU-7	Institutions	323,393,158
EU-8	Secured by mortgages of immovable properties	
EU-9	Retail exposures	14,740,724
EU-10	Corporate	
EU-11	Exposures in default	
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	988,058

Table 8 – Leverage ratio reconciliation against published financial statements (Table LRSum)

		Applicable Amounts in EUR
1	Total assets as per published financial statements	437,078,042
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	
4	Adjustments for derivative financial instruments	
5	Adjustment for securities financing transactions (SFTs)	
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	
7	Other adjustments	-1,890,325
8	**Leverage ratio total exposure measure**	435,187,717