



**DFS B.V.**

**Pillar III Disclosures**

**31 December 2016**

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## 1. Overview

### 1.1 Principal Activities

Dell Bank International d.a.c. (the “Bank”) was incorporated on 15 August 2011. The Bank’s immediate parent undertaking is DFS BV (“DFS BV”), a company incorporated in the Netherlands and the Bank’s ultimate parent undertaking is Dell Technologies Inc. (formerly Denali Holdings Inc.) (“Dell”), a private company incorporated in the United States of America. The principal activity of the Bank is the provision of financing solutions to end users of products and services sold by Dell entities in Europe. This includes lease and loan arrangements, rentals and asset management facilities to all Dell business segments and with third party providers. In 2013 Dell acquired the Dell related assets, sales, servicing functions and platform from CIT Vendor Finance Europe. The CIT-owned Dell asset portfolios migrated to the Bank as part of the completion of that acquisition (the “Acquisition”).

On 1 November 2014, the Bank acquired a €28 million portfolio of receivables and leased assets at fair value. These receivables and leased assets principally relate to financing of Dell equipment. The Bank provides financial services to customers based in the United Kingdom, Ireland, Belgium, the Netherlands, Luxembourg, Germany, Austria, Switzerland, France, Italy, Spain, Portugal, Denmark, Sweden, Finland, Norway, Iceland and Poland. The Bank operates its only branch in Spain. The Bank is regulated by the Central Bank of Ireland (“CBI”) and has an Irish banking licence under the Central Bank of Ireland Act 1971 (as amended). The Bank is subject to the CBI’s Corporate Governance Code for Credit Institutions and Insurance Undertakings 2015 which imposes minimum core standards upon all credit institutions licensed by the CBI. The Bank is not required to comply with the additional Corporate Governance Code requirements for High Impact designated institutions.

On the 7 September 2016 Dell Inc. completed the acquisition of EMC Corporation forming a new entity named Dell Technologies Inc. The transaction also comprised EMC’s wholly and partially owned subsidiaries. The Bank began offering financing solutions in relation to EMC assets from September 2016.

During the year ended 31 December 2016 the Bank executed legal contracts for a securitization transaction that was drawn on 20 January 2017. A Special Purpose Vehicle, Dell Bank Receivables Financing 2016 Designated Activity Company (d.a.c) (the “SPV”) was incorporated on 9 September 2016 as part of this securitization structure. The Pillar III for the year ended 31st of December 2016 do not reflect any transactions related to securitization. Consolidation of securitization activities will commence for the year ending 31st December 2017 and will continue for the life of the underlying transaction.

### 1.2 Capital Requirements Regulation & European Directives

The Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation (CRR) was published by the EBA on 27 June 2013 (Collectively known as “CRD IV”). The CRR had direct effect in EU member states and CRD IV was required to be implemented through national legislation in EU member states by 31 December 2013. The CRD IV legislation is being implemented on a phased basis from 1 January 2014, with full implementation by 2019.

CRD and CRR effectively transposed the Basel III accord into law. The Basel III accord is made up of three Pillars.

- Pillar I sets out the regulatory prescribed rules for calculating the minimum capital requirements covering credit risk, operational risk and market risk along with set criteria for calculating the minimum Liquid Assets and Stable Funding requirements based on inflow/outflows and maturity mismatches.
- Pillar II requires banks to have in place an Internal Capital Adequacy Assessment Process (“ICAAP”), under which banks calculate their own estimate of the capital requirements to cover all

material risks and an Internal Liquidity Adequacy Assessment Process (“ILAAP”), under which banks calculate their own estimate of short term liquidity requirements and longer term funding requirements to achieve strategic objectives. The ICAAP and ILAAP are forward looking and assess capital and liquidity adequacy under base and stress scenarios. The institution’s ICAAP and ILAAP are subject to the Supervisory Review and Evaluation Process (SREP).

- Pillar III requires disclosure to the market of certain qualitative and quantitative information relating to an institution’s risk profile and risk management processes.

This document presents the Bank’s Pillar III disclosures as at 31 December 2016 as required by Article 13 of the Capital Requirements Regulation (“CRR”).

### 1.3 Distinction between IFRS and Pillar III Quantitative Disclosures

It should be noted that there are fundamental differences in the basis of calculation between financial statement information based on IFRS accounting standards and Basel Pillar 1 information based on regulatory capital adequacy concepts and rules. While some of the Pillar 3 quantitative disclosures based on Basel methodologies may be comparable with quantitative disclosures in the Annual Report 31 December 2016 in terms of disclosure topic covered, any comparison should bear the differences relating to the scope of application and calculations in mind.

The disclosures contained in this document have not been subject to external audit.

### 1.4 Scope of Application

The Banks regulatory banking licence requires both Dell Bank International d.a.c (Solo basis) and the Parent Company, DFS BV, (Consolidated basis) to file regulatory returns with the Central Bank for the purpose of assessing, inter alia, their capital adequacy and balance sheets. In line with CRR requirements under Article 13(2), the risk based figures provided in the tables contained within the document are derived from the year end consolidated COREP returns that were submitted to the Central Bank of Ireland.

The Audited Financial Statements are presented at Dell Bank International d.a.c level and therefore scope of application differs to the Pillar III requirements.

DFS B.V.’s sole purpose is to act as a holding company for the Bank. Therefore to reflect the risk profile of the Bank the qualitative information below has been presented on a Solo basis.

## 2. Own funds and capital management

### 2.1 Capital Resources

During 2016 the Bank was predominantly funded by capital (comprising share capital, capital contribution, subordinated debt and reserves), a collateralized loan agreement and an intercompany loan from Dell Global BV (DGBV) which is the parent entity of DFS BV. Dell Inc. has provided and will continue to provide funding to the Bank (subject to any legal or regulatory requirements), to the extent that the Bank:

- Is not otherwise able to comply with the capital and/or liquidity requirements of CRD IV or the requirements set out by the Central Bank of Ireland, or,
- Requires funding to meet any business or lending commitment as and when they fall due.

The following table sets out the Own Funds of the Bank (see Appendix 1 for EBA uniform templates including nature and amounts of the prudential filters<sup>2</sup> and appendix 3 for a reconciliation of the own funds).

<b>Regulatory Capital</b> <i>In thousands of Euro</i>	<b>2016</b>	<b>2015</b>
<b>Tier 1 Capital</b>		
Share Capital	50,018	50,018
Capital Contribution	317,500	217,500
Goodwill	-13,226	-13,226
Intangible Assets	-14,836	-19,415
Deferred Taxation Assets <sup>3</sup>	-3,658	-1,741
Reserves	-71,935	-67,393
<b>Common Equity Tier 1</b>	<b>263,863</b>	<b>165,743</b>
<b>Additional Tier 1</b>	<b>-</b>	<b>-</b>
<b>Total Tier 1 Capital</b>	<b>263,863</b>	<b>165,743</b>
<b>Tier 2</b>		
Subordinated Debt	65,000	65,000
IBNR Provisions <sup>4</sup>	1,282	1,728
<b>Total Tier 2 Capital</b>	<b>66,282</b>	<b>66,728</b>
<b>Total Own Funds</b>	<b>330,145</b>	<b>232,471</b>
<b>Risk Weighted Assets</b>	<b>1,015,732</b>	<b>811,042</b>
<b>Total Capital Ratio</b>	<b>32.50%</b>	<b>28.66%</b>

During 2016 the Bank received a capital contribution from Dell Technologies Inc. amounting to €100,000,000 to support portfolio growth in line with the EMC acquisition in 2016. The Bank has complied in full with all its externally imposed capital requirements during 2016.

<sup>2</sup> Prudential Filters under article 36 of the CRR are; losses for the current year, intangible assets and goodwill.

<sup>3</sup> Under the CBI 'Implementation of Competent Authority Discretions and Options in CRD IV and CRR', Section 2 Transitional Arrangements, Deferred Taxation Assets that do not rely on temporary differences are being phased in as deductions from Own Funds.

<sup>4</sup> Under the CBI 'Implementation of Competent Authority Discretions and Options in CRD IV and CRR', Section 2 Transitional Arrangements, IBNR provisions are being phased out from tier 2 eligibility.

## 2.2 Capital Instruments

The subordinated Loan entered into in June 2013 bears interest at rates fixed in advance for periods of three months. The Bank's dated subordinated notes are repayable in 2023 in full. The Bank has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year. The loan is subordinated to other debt held. The Bank's subordinated debt is issued to DGBV, the parent company of DFS BV.

The following table details the main terms and conditions of the Group's capital instruments. A full description of the main features of the capital instruments is located in Appendix 2

<i>In thousands of Euro</i>	Reference rate	Funding Date	Maturity	31-Dec-16
	%			
Subordinated Loan	3mth Euro Libor	Jun 2013	Jun 2023	65,000
Accrued interest payable				68
<b>Total Subordinated Liabilities</b>				<b>65,068</b>

## 2.3 Minimum Capital Requirements

The Bank uses the Standardised Approach for the calculation of its Pillar I capital requirements for credit risk. The capital requirements for market risk are calculated in accordance with the Standardised Measurement Method. Operational Risk capital is determined using the Basic Indicator Approach. The following table sets out the minimum capital required of the Bank under CRD IV.

### Own Funds Requirement - Risk Capital Held as at 31 December 2016

<i>In thousands of Euro</i>	Pillar I 2016	Pillar I 2015
<b>Credit Risk Exposure Classes</b>		
Central Governments and Central Banks	5	0
Regional Governments	87	16
Institutions	1,731	1,661
Corporates	55,323	43,283
Default	3,649	1,377
Other Items	11,046	11,545
<b>Market Risk</b>		
Foreign Exchange Risk	159	50
<b>Operational Risk</b>		
	8,965	6,796
<b>Credit Valuation Adjustment</b>		
	294	155
<b>Total Pillar I Capital Requirements</b>	<b>81,259</b>	<b>64,883</b>

The Bank assesses its capital adequacy on a Pillar I basis through the COREP<sup>5</sup> process. The Bank also has in place an Internal Capital Adequacy Process (ICAAP) to assess the adequacy of the Bank's capital in light

<sup>5</sup> Common Reporting (COREP) is a standardised reporting framework issued by the European Banking Authority for Capital Requirements Regulation reporting.

of supporting current and future activities. The Bank's Asset and Liability Committee ("ALCo") is the primary management committee responsible for the ICAAP which is reviewed and approved by the Risk Committee and Board. The Risk Committee and the Board review and assess the capital needs of the Bank on a regular basis. A key objective of the Bank's Risk Appetite Framework is to meet its minimum regulatory requirements at all times.

### Capital Buffers

As per Article 440 of the CRR, the Bank began reporting on additional CRD IV capital buffers<sup>6</sup> from January 2016. The Capital conservation buffer is 2.5% of CET 1 capital is a requirement for all banks. This requirement is under transition and being phased in from 1 January 2016 to 1 January 2019. The requirement as at 31 December 2016 is 0.625%.

The CRD IV countercyclical capital buffer is calculated as the weighted average of the buffers in effect in the jurisdictions to which banks have a credit exposure. It is implemented as an extension of the capital conservation buffer. The countercyclical buffer regime is being phased-in in parallel with the capital conservation buffer between 1 January 2016 and year end 2018 becoming fully effective on 1 January 2019. Under Article 440 of the CRR, banks are required to disclose

- a) The geographical distribution of its credit exposures relevant for the calculation of its countercyclical capital buffer (see table, geographical breakdown of EAD under Credit Risk).
- b) The amount of its institution specific countercyclical capital buffer. At 31 December 2016, the applicable countercyclical buffer rates in force were 1.5% set by Norway and Sweden. Relevant credit exposures located in Norway and Sweden were €7.5 million and €72.3 million, respectively. At 31 December 2016, this resulted in a minimal institution-specific countercyclical buffer requirement.

## 2.4 Capital Management

The Bank's key objectives with regard to managing capital are:

- To comply with the capital requirements set by the Central Bank of Ireland;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's Regulatory function. The Bank holds own funds in the form of capital which will always be more than or equal to the higher of capital requirements calculated under Pillar I or Pillar II (ICAAP).

## 2.5 Capital Planning

A number of different modelling tools are used in the financial and capital planning process. Modifications may be made to models based upon the requirements of the relevant planning or forecast cycle including new regulatory requirements. Refinements in forecasting methodologies as well as changing business dynamics may also result in adjustments to existing and/or creation of new planning models. Once all the inputs have been finalised a financial plan is reviewed and approved by senior management, ALCo and the Board. Updated forecasts are produced during the year taking account of latest developments and up to date outlook.

The capital plan is based on the Bank's approved financial plan which is sufficiently detailed in terms of asset class, industry sectors, currency breakdowns, and impairments and provisioning to enable a comprehensive view of the capital requirements projections. All key components of the Bank's Pillar I capital adequacy ratio are included in the plan. A capital forecast is presented monthly to the ALCo who review the actual and forecasted performance and recommend if any additional capital is required. The Board also consider the Pillar I capital adequacy position on a quarterly basis.

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<sup>6</sup> Article 128 of CRDIV



The ICAAP is aligned with the financial planning process. ALCo reviews and approves the Internal Capital Adequacy Assessment Report which is then presented to the Risk Committee and Board for review and approval.

### 3. Risk management

#### 3.1 Introduction

The Bank's operations involve the evaluation, acceptance and management of risk in accordance with its risk appetite. The Bank has in place an appropriate Risk Management Framework to identify, assess, manage, monitor, mitigate and report on the risks it faces. The Risk Management Framework establishes the high level principles, culture, appetite and approach to risk management in the Bank including roles & responsibilities, governance arrangements, and reporting requirements. The Risk Management Framework is reviewed and approved by the Board on an annual basis or as required.

Senior management are responsible for the management of risk on a day-to-day basis, under the oversight of the Board. The Bank has implemented a risk culture which promotes transparency and has established a risk governance structure that is supported by an appropriate Risk Management Framework, Risk Appetite Framework, and other policies, which reflect the size, non-complex nature, and risk profile of the Bank.

#### 3.2 Risk Framework

The Board and senior management have designed the Bank's Risk Management Framework and the Internal Control Framework to ensure the Bank manages risks appropriately in pursuit of its strategic objectives. All key Bank policies have appropriate regard to risk as an essential part of successfully operating the Bank. Senior Management continually review the operations of the Bank and assess the level of risk in line with the Bank's Risk Appetite, its policies and procedures, changes in its products and services, and changes in the market place in which it operates.

##### **Risk Appetite**

The Bank has in place a Risk Appetite Framework covering all material risks which is expressed in both qualitative and quantitative terms. Material risks are deemed to be those risks which may impact the Bank's ability to deliver on its business plan, service its customers, operate in a legal and compliant manner, impact the Bank's brand and reputation or cause financial loss exceeding Risk Appetite tolerances. Non-material risks are deemed to be those risks which do not impact the Bank's ability to deliver on its business plan, service its customers, operate in a legal and compliant manner, impact the Bank's reputation and brand.

The Board, as supported by Senior Management, is responsible for setting the Bank's Risk Appetite and risk tolerance at a level which is commensurate with its business plan, the expectations and requirements of its parent and the Central Bank of Ireland. The key material risks that have been identified are as follows:

- Credit Risk (including Credit Concentration Risk)
- Market Risk
- Funding & Liquidity Risk
- Residual Asset Value Risk
- Operational Risk
- Balance Sheet Measurement (includes Capital Adequacy)
- Reputational Risk
- Regulatory Compliance Risk
- Business & Strategy Risk
- Group Risk

For each material risk the Bank has defined a risk tolerance level, monitoring and reporting metrics and a comprehensive framework for managing risk which includes policies, internal controls and management information. The Bank also monitors other risks which have been determined to be non-material.

### **Three lines of defence model**

The Bank utilises a 'three lines of defence' approach to ensure that appropriate responsibility is allocated for identifying, monitoring, managing, mitigating, and reporting risks.

A key aspect of implementing a strong Internal Control framework is the allocation of primary responsibility for identifying and managing risks to first line of defence i.e. the functional business areas and management who are responsible for day-to-day management of the Bank's material risks. The Board and Senior Management of the Bank recognise the responsibility of the first line of defence in identifying and managing the risks inherent in the Bank's products, services, activities, processes and systems for which it is accountable. In accordance with the Bank's Risk and Control Self-Assessment framework, functional business areas have primary responsibility for assessing and testing the operational effectiveness of the Bank's controls applicable to the risks inherent in their processes.

The second line of defence comprises the Risk Management Function, the Compliance Function and the Risk Committee. The second line of defence provides robust independent oversight of the appropriateness and effectiveness of the risk management systems, processes and controls in the first line of defence; prudent conduct of business; reliability of financial and non-financial information reported or disclosed (both internally and externally); and compliance with laws, regulations, supervisory requirements and the Bank's internal policies and procedures. The Bank's second line of defence covers the whole organisation and the activities of all business areas, support and control units, including any outsourced activities. The Risk Management Framework and Compliance Framework underpin the second line of defence oversight processes.

The third line of defence is Internal Audit, which provides independent assurance to management and to the Audit Committee and the Board. It ensures that controls are in place for identified risks, that the controls are appropriately designed and operating effectively, and that the risks are being managed in accordance with applicable laws and regulations, including compliance with internal policies and procedures. The third line of defence reviews the effectiveness of the first and second lines of defence and makes recommendations for improvement as required.

### 3.3 Risk Governance

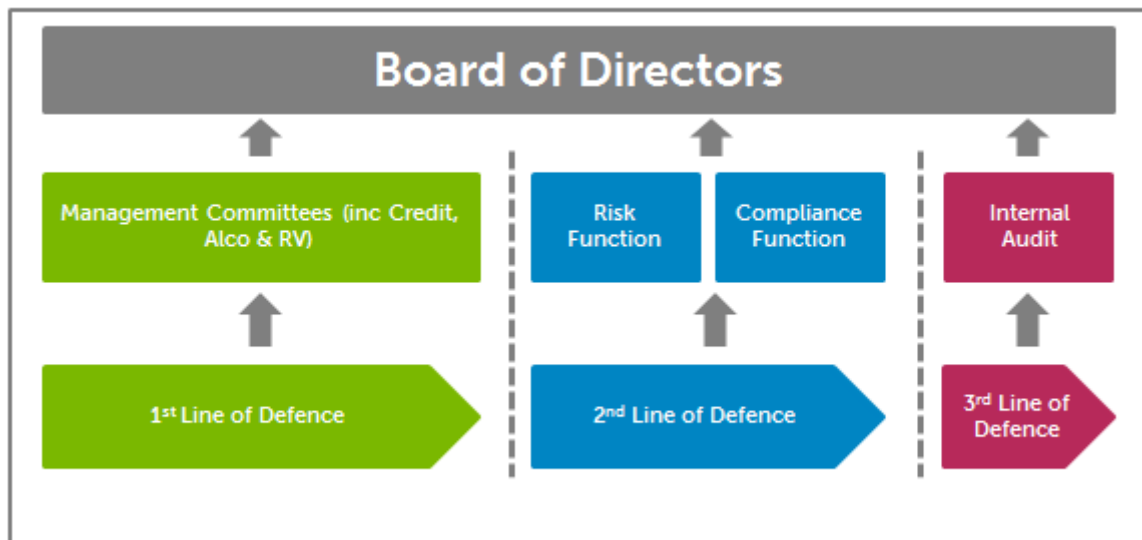
The Bank's organisational structure is designed to promote effective and prudent risk management of the Bank's activities. The mechanisms through which this is achieved include:

- A documented Board Charter which sets out the matters reserved for the Board and a Delegated Authority Matrix;
- Terms of References for all Board Committees\* which set out the decision making authorities and responsibilities of each Committee; Management Committee Terms of References which set out the responsibilities and reporting lines for each of the management committees;

**Diagram: Oversight and Information flow – Management Committees**



The chart below displays the Bank's three lines of defence model.



\* The Board Committees are: Risk Committee, Remunerations and Nominations Committee and Audit Committee as shown in the graph above

## Board Committees

The Risk Committee of the Bank is responsible for oversight and advice to the Board on the significant risk exposures of the Bank and future risk strategy. The Risk Committee will advise the Board on risk appetite and tolerance for future strategy, taking account of the Board's overall risk appetite, the current financial position of the Bank. The Risk Committee will also oversee the Bank's Risk Management function.

The Bank's Risk Management Function supports the Risk Committee in its activities and responsibilities. Responsibility for risk management policies and risk tolerances lies with the Board of Directors. The Board of Directors has delegated authority to the Risk Committee to take all actions necessary to perform its duties and responsibilities in overseeing risk.

The Audit Committee has been delegated responsibility by the Board to provide oversight in respect of the financial reporting process, the quality and integrity of the Bank's financial statements, and internal control framework of the Bank. The Internal Audit function reports to the Audit Committee.

The Remuneration and Nomination Committee is responsible for determining the remuneration policy and framework in compliance with Central Bank of Ireland and European Banking Authority requirements. The Committee has oversight of the Remuneration policy to ensure effective risk management and recruitment of suitable candidates to fill the board and senior management vacancies. The Committee is also responsible for reviewing and approving performance based remunerations and proposed employee share plans.

### Management Committees:

The Management Committee is responsible for the overall management of the Bank in accordance with the Board Charter and its Terms of Reference. The Management Committee is charged with identifying and managing the core operating needs of the Bank.

The ALCo is responsible for the management of the balance sheet of the Bank, including capital adequacy in accordance with the risk appetite approved by the Board including the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP") framework. The ALCo responsibilities also include establishing and maintaining appropriate procedures for the management of liquidity risk, market risk and contingency funding that are consistent with the strategy and policy approved by the Board.

The Residual Asset Risk Committee of the Bank is responsible for the setting, validation and monitoring of residual asset risk for the Bank. The responsibilities include monitoring adherence to residual asset risk and reviewing strategies and policies regarding setting of Residual Values.

The Credit Committee has been delegated responsibility by the Board to formulate the credit policies and procedures, to oversee the credit administration function and associated credit risk management. The responsibility of the Credit Committee includes monitoring of the quality of credits granted, and considering reviews of the internal credit controls, including the effectiveness of the internal credit function. The Credit Committee is responsible for the overall management of credit exposures of the Bank. Credit exposures include both transactional and commercial credit. The responsibilities of the Credit Committee include establishing and developing the Credit Policy and recommending it to the Risk Committee for approval; implementing the credit authorities' matrix, manual grading/rating methodologies and automated scoring thresholds approved by the Risk Committee. Management Committees meet on a monthly basis.

## 3.4 Board of Directors

### **Appointments to the Board**

In assessing a candidate for a Board position with Dell Bank International d.a.c., the Board will bear in mind the predefined criteria which illustrate the skills and attributes desired of candidates for the Board per the various regulatory requirements. This information will also be considered in light of the criteria to assess the knowledge, skills and experience of potential candidates as part of the process for considering whether the candidate is suitable for the role in question in a pan- European, regulated credit institution.

### **Composition of the Board**

At close of business on 31 December 2016, the Board comprised eight Directors.

#### **Cormac Costelloe**

Cormac Costelloe serves as Managing Director of the Company. In this role, he is responsible for providing Dell Technologies' customers with financing products that represent an integral part of Dell Technologies customer focused end to end technology offerings.

Before joining Dell, Cormac was Managing Director of CIT Vendor Finance Europe. Over his 20 year career, Cormac's experience is based around leadership roles in credit and business development at a number of leading financial institutions such as ABN-AMRO, ING Barings, Danske Bank and Hewlett-Packard's captive finance bank. Cormac holds a Master's Degree (Hon) In Banking and Finance from the Smurfit Business School and a Bachelor of Commerce from UCD.

Cormac holds one other directorship.

#### **Thomas Luttrell**

Thomas Luttrell serves as Executive Director and Chief Financial Officer ("CFO") of the Company. Thomas joined the Board of the Company in February 2015. In his current capacity, he has responsibility for all financial functions for the Bank including accounting, financial planning, pricing, treasury, tax, and regulatory reporting. Thomas joined Dell Technologies in 2002 and has served in various financial roles in Dell Financial Services and in Treasury and Audit roles for Dell. Prior to moving to the Bank, Thomas was the Assistant Treasurer for Dell Treasury with responsibility for Global Capital Markets activities including debt financing, foreign exchange, interest rate management, liquidity, and investments. Prior to Dell Technologies, he was the CFO of a small private company and held various finance and M&A roles at The Associates First Capital and IBM. Thomas holds a BBA from Texas A&M and an MBA from the University of North Texas.

Thomas holds no other directorships.

#### **Bill Wavro**

Bill Wavro joined Dell in 2005 and is currently the President of Dell Financial Services ("DFS"). Prior to DFS, Bill served as CFO for the Global Commercial Business and also led the finance teams for the CSMB and SMB business units. He also spent 3 years based in Singapore and was CFO for Dell's APJ business. He joined Dell as Vice President of Product Group Finance where he provided financial support to Dell's R&D, product marketing, and operations organizations.

After graduating from The University of Texas with a degree in Accounting, Bill started his career with Price Waterhouse Coopers ("PWC") in September of 1985. He planned and executed worldwide external and internal audit plans for Fortune 500 clients in a variety of industries with a particular emphasis in Technology. Bill also spent 4 years in Europe with PwC servicing the needs of international clients on US GAAP accounting, statutory reporting, and international tax planning along with audit and consulting services. Bill joined Compaq in 1997 as a controller to help start up and lead Compaq Financial services to what would eventually become a \$2B Financial Services organization. Through a progression of finance roles within Compaq and then HP, he took over the role as CFO of the Personal Systems division of HP in 2003 before joining Dell in 2005. Bill is a Certified Public Accountant in the State of Texas.

Bill holds four other directorship positions within the Dell Technologies Group.

### **Tyler Johnson**

Tyler Johnson is currently Senior Vice President and Treasurer of Dell Technologies where his global responsibilities include debt financing and interest rate risk management, capital markets, insurance, liquidity management, cash and investment management, and customer and supplier financing solutions. Tyler worked at Dell from 1995 to 2008 and again rejoined in 2013 where he assumed his current role. Prior to Dell, Tyler served as Vice President and Treasurer for Cooper Industries, a global manufacturer of electrical products headquartered in Dublin. Tyler's previous roles have included Treasury, Financial Reporting and Analysis, and Internal Audit. After graduating from The University of Texas with a degree in Economics, Tyler started his career with Bank of America as a currency options trader, firstly in Los Angeles and later relocating to New York City with short term assignments in Hong Kong and Japan. Tyler is a CFA Charterholder since 2006.

Tyler holds an additional seven director positions within the Dell Technologies Group.

### **Frank O'Riordan**

Frank serves as Senior Independent Director of the Company. Frank qualified as a solicitor in 1976 having previously obtained a BCL and a LLM from UCD. In 1977, he joined A&L Goodbody Solicitors and practiced in Company Law. In 1981, Frank was appointed an equity Partner and ran the New York office for two years. His remit was to develop business in the areas of inward investment in Ireland and M&A activity involving Ireland.

In 1983, he returned to A&L in Dublin as Practice Development Partner. In 1993, he was appointed Managing Partner, A&L Goodbody Solicitors, responsible for managing a practice of approximately 500 staff and maintaining client responsibilities. In 2001, Frank stepped down as Managing Partner. He worked as a consultant for a number of years which included the set-up of Goodbody Consultancy to deal with non-legal consultancy clients from 2001 to 2004. Frank has 39 years of experience in the legal, banking and financial services sectors in Ireland. Since stepping down from A&L Goodbody in 2001, Frank has joined a number of Boards as a Non-Executive Director particularly in financial services.

Frank currently holds an additional five directorships.

### **Donal Courtney**

Donal qualified with an honours Bachelor of Business Studies degree from Trinity College in 1985 and started his career as a trainee Chartered Accountant with Arthur Andersen qualifying with the Institute of Chartered Accountants in Ireland in 1989. In 1990 he was promoted to General Practice Manager in Arthur Andersen. During his time in Arthur Andersen Donal worked primarily with Financial Services clients including banking, leasing and asset financing clients. In 1992, Donal joined Orix Corporation's Irish operations as Financial Director. Orix were principally involved in financial services and aircraft leasing operations. In 1996, he joined Airbus Industries' Irish operations as Chief Financial officer. Airbus had set up an Irish operation to raise finance for aircraft development and also to acquire and lease second hand aircraft. In 2001, he joined GMAC Commercial Mortgage Bank Europe ("GMAC CM") as Senior Vice President & Chief Financial Officer for Europe. GMAC CM at this time set up a Bank in Ireland and were involved in financing real estate across Europe by way of loan and securitisation products.

Donal has 29 years' experience in financial services, commercial banking, asset financing and aircraft leasing industries in Ireland and Europe. Since 2009, he has served as a Non-Executive Director of UniCredit Bank Ireland where he is Chairman of the Audit committee. In April 2016 he was appointed as a Director of IPUT PLC, the Irish regulated Commercial property investment company where he also chairs the audit and risk committee. In 2009 he was awarded a Certificate in Directors Duties and Responsibilities from the Institute of Chartered Accountants in Ireland.

Donal holds an additional seven directorships.

## Don Berman

Don holds a BBA and a MBA from the University of Texas at Austin. His career began with Associates First Capital in 1982 where he held various finance roles before becoming Senior Vice President of Consumer Planning & Analysis in 1990. In 1994, he was Senior Vice President of Credit Card Marketing. In 1996 he was promoted to Executive Vice President and Chief Credit Officer for the Credit Card Group. This was followed by General Manager roles in the Retail Private Label and US Bankcard Businesses. Associates First Capital was acquired by Citigroup in 2000. Don joined Discover Financial Services in 2003 as Senior Vice President and Chief Credit Officer where he led the development of credit strategies, decision models and infrastructure for one of the largest card issuers in the world. He was responsible for Risk Management and Decision Science for \$48 billion credit card portfolio in the U.S. and U.K. Throughout 2006 and 2007 Don provided various banks and finance companies with consultancy expertise on areas including strategic assessments, expert opinion and customer value management.

Don joined Dell Financial Services (DFS) in 2007 as President and General Manager and held responsibility for the operations and P&L of the \$5.5B captive finance subsidiary of Dell Inc. DFS provides full service lending and leasing capabilities for Dell's consumer, small and medium business, and commercial business segments. Don remained in this role until 2012 and retired from Dell in 2013.

Don does not hold any other Directorship positions.

## Roisin Brennan

Roisin Brennan joined the Board of Dell Bank International d.a.c. in July 2016 as an Independent Director.

Roisin is a former Chief Executive of IBI Corporate Finance Limited where she worked for over 20 years advising primarily public companies on various matters including Mergers and Acquisitions, Public Takeovers and IPOs. Roisin is a non-executive director of Coillte Teo (the Irish State forestry company), Musgrave Group plc and a former Non-Executive Director of DCC plc and of Wireless Group plc. Roisin qualified as a Chartered Accountant with Arthur Andersen and graduated with First Class Honours in Law from University College Dublin.

Roisin holds an additional three Directorships.

## 3.5 Diversity and Inclusion

Diversity and Inclusion is an important business imperative at the Bank. The Bank is committed to achieving a diverse Board of Directors in terms of the required skills, experience, residency requirements, independence, regulatory requirements and Dell Group experience. The Bank has a Board Diversity Policy, which in line with Article 435 CRR has been disclosed at the location; [Dell Bank Diversity Policy](#). The Bank aims to have a minimum of twenty (25%) percent females on the Board of Directors. During the year, Roisin Brennan was appointed to the Board. The Bank will continue to review the composition as opportunities arise to change composition of the Board. As per the CRR<sup>7</sup> the Bank must disclose the extent to which objectives and targets with regards to diversity are achieved. Progress on achieving the target set out in the Board Diversity Policy is monitored as changes in membership occur.

For the purposes of complying with Regulation 76(5) SI No. 158 of 2014 European Union (Capital Requirements) Regulations 2014, this information is made public on the website of the Bank and the "management body" is the Board of Directors of the Bank.

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<sup>7</sup> Article 435 (c) of the CRR

## 4. Key Risks

### 4.1 Credit Risk

#### Introduction

Credit risk represents a significant risk at the Bank. Credit risk refers to the risk that the Bank's customers fail to meet their scheduled payments for operating leases, finance lease and loans approved by the Bank's credit function in addition to credit risk arising from Treasury activities with other credit institutions such as placing of deposits with counterparties and from the purchase of interest rate and foreign exchange derivatives for economic hedging purposes. The core values and main procedures governing the provision of credit are laid down in credit policy documents; these have been approved by the Board of Directors and are reviewed regularly.

#### Credit Decision

The Bank measures credit risk on an individual counterparty basis, utilising either an automated or manual credit underwriting process. Automated credit decisions are based primarily on customer information obtained from 3rd party credit reporting agencies (Credit Bureau and Fraud databases) and are subject to automated credit-granting rules that utilise mathematically derived and statistically based credit scorecards. An integral part of the credit-granting process is a comprehensive set of management tools and controls that dictate acceptable credit score cut-offs and risk grades.

The Bank requires all customers be graded under the internal grading system, including all new business, renewals of existing credit facilities and periodic reviews of liquidating exposures. Any change in a condition of a customer or a credit facility may have its risk grades reviewed and adjusted accordingly. The Bank uses a 16 point scale in assigning PD grades of customers. The grades provide an estimate of a customer's Probability of Default within a 12 month horizon. Quantitative and qualitative measures are used to develop a PD grade. The probability of default will increase proportionally as the grade increases. The Bank uses a Loss Given Default ("LGD") scale which expresses the loss on a facility as a proportion of exposure. Quantitative and qualitative measures are used to inform the LGD grade. The percentage of exposure lost given a default scenario increases as the LGD grade increases. Management of credit risk is in accordance with the Capital Requirements Regulation & Capital Requirements Directive collectively known as CRD IV. The Bank applies the standardized approach for calculating credit risk weighted assets and this is embedded in the Bank's daily operational management.

#### Credit Risk Mitigation

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Some other specific control and mitigation measures undertaken by the Bank to mitigate credit risk include the taking of corporate guarantees, personal guarantees, Letters of Credit, Insurance & Self-insurance. In respect of all lease contracts, the Bank retains the title of underlying assets as collateral. In the event of a default the Bank reserves the right to recover the leased assets. From time to time, the Bank may accept other forms of credit risk mitigants.

Credit Concentrations are managed as per regulatory large exposure requirements and the Bank's Risk Appetite Statement with risk assessments completed via the Bank's ICAAP.

#### Regulatory Credit Risk Exposures

Management of credit risk is in accordance with the Capital Requirements Regulation & Capital Requirements Directive collectively known as CRD IV. The Bank applies the standardized approach for calculating credit risk weighted assets and this is embedded in the Bank's daily operational management.



An analysis of the Bank's Credit Risk Assets is set out in the tables below:

### Credit Risk Assets by Asset Class 2016

<i>In thousands of Euro</i>	Pillar I EAD 2016 <sup>8</sup>	Average EAD during 2016
Central Governments and Central Banks	141,216	126,336
Regional Governments	5,319	1,783
Institutions	74,449	73,105
Corporates	722,394	636,205
Default	30,496	20,505
Other Items	138,079	134,993
<b>Total</b>	<b>1,111,954</b>	<b>992,926</b>
<i>Of which Counterparty Credit Risk (MTM approach as per CRR Article 274)</i>	16,431	

### Credit Risk Assets by Asset Class 2015

<i>In thousands of Euro</i>	Pillar I EAD 2015	Average EAD during 2015
Central Governments and Central Banks	108,564	85,791
Regional Governments	1,000	1,406
Institutions	60,688	70,303
Corporates	586,067	549,974
Default	11,648	10,358
Other Items	144,312	139,216
<b>Total</b>	<b>912,279</b>	<b>857,047</b>
<i>Of which Counterparty Credit Risk (MTM approach as per CRR Article 274)</i>	5,624	

<sup>8</sup> Exposure at Default ("EAD") is defined as Exposure Value less provisions and Credit Risk Mitigation Adjustments

## Credit Risk Assets (EAD) by Geography 2016

Pillar I EAD as at 31 Dec 2016

<i>In thousands of Euro</i>	<b>Sovereign</b>	<b>Regional</b>	<b>Bank</b>	<b>Corporate</b>	<b>Other</b>	<b>Default</b>
<b>Austria</b>	104	0	0	1,401	70	0
<b>Belgium</b>	621	16	0	6,001	547	532
<b>Czech Republic</b>	1,020	0	0	0	0	0
<b>Switzerland</b>	149	448	330	21,121	1,382	418
<b>Germany</b>	11,553	107	132	135,139	12,696	1,343
<b>Denmark</b>	1,225	0	205	8,109	402	19
<b>Spain</b>	23,647	1,952	5	47,562	3,772	2,098
<b>Finland</b>	731	0	84	7,653	462	22
<b>France</b>	12,856	18	57	111,658	9,598	552
<b>United Kingdom</b>	3,872	311	70,786	156,135	18,704	14,166
<b>Iceland</b>	0	51	0	509	157	0
<b>Ireland</b>	49,679	2,403	666	26,408	66,296	9,161
<b>Italy</b>	19,962	0	28	73,579	3,759	1,475
<b>Luxembourg</b>	0	0	0	3,363	121	0
<b>Netherlands</b>	6,482	2	11	48,818	2,145	496
<b>Norway</b>	983	18	49	7,159	391	50
<b>Poland</b>	0	0	293	3,176	228	0
<b>Portugal</b>	3,790	41	21	9,601	1,321	153
<b>Sweden</b>	4,476	3	1,782	54,919	15,974	11
<b>Other</b>	12			83	53	
<b>Total</b>	<b>141,165</b>	<b>5,370</b>	<b>74,449</b>	<b>722,349</b>	<b>138,079</b>	<b>30,496</b>

## Credit Risk Assets (EAD) by Geography 2015

### Pillar I EAD as at 31 Dec 2015

<i>In thousands of Euro</i>	<b>Sovereign</b>	<b>Regional</b>	<b>Bank</b>	<b>Corporate</b>	<b>Other</b>	<b>Default</b>
<b>Austria</b>	43			486	101	
<b>Belgium</b>	804	10		3,683	727	953
<b>Czech Republic</b>	3			7		
<b>Switzerland</b>	195		745	9,158	1,965	592
<b>Germany</b>	11,520	163	389	84,470	16,058	906
<b>Denmark</b>	300		6	7,280	415	
<b>Spain</b>	7,276	31	19	36,614	6,279	1,799
<b>Finland</b>	289	6	105	3,731	490	10
<b>France</b>	8,087	43	7	81,658	9,179	4,573
<b>United Kingdom</b>	3,467	603	31,245	186,692	31,919	1,289
<b>Iceland</b>				601	155	
<b>Ireland</b>	49,049		25,362	18,900	49,933	98
<b>Italy</b>	12,319	14	169	48,611	4,455	510
<b>Luxembourg</b>		13		441	38	319
<b>Netherlands</b>	8,253		11	36,187	2,266	388
<b>Norway</b>	563	37		3,741	457	48
<b>Poland</b>			1,124	491	7	
<b>Portugal</b>	2,419	54	32	7,141	1,309	149
<b>Sweden</b>	3,977	25	1,474	56,172	18,560	16
<b>Total</b>	<b>108,564</b>	<b>1,000</b>	<b>60,688</b>	<b>586,067</b>	<b>144,312</b>	<b>11,648</b>

## Credit Risk Assets (EAD) by Industry 2015

### Pillar I EAD as at 31 Dec 2015

<i>In thousands of Euro</i>	Sovereign	Regional	Bank	Corporate	Other	Default	Off Balance Sheet
Primary Industries				6,416	2,009	50	27
Manufacturing				140,899	19,807	16,127	4,506
Electricity, Gas, Steam and Air Conditioning Supply				1,867	60	5	44
Water Supply, Sewerage, Waste Management and Remediation Activities				1,537	193		
Construction				18,604	2,723	15	573
Wholesale/Retail Trade & Repairs				32,746	3,073	1,022	1,783
Transportation and Storage				28,542	2,381	699	2,853
Hotels and Restaurants				6,530	98		
Information and Communication				260,626	27,064	1,725	35,547
Financial Intermediation (Excl. Monetary Financial Institutions)				29,320	3,938	301	3,567
Real Estate, Land and Development Activities				4,861	125	240	27
Business and Administrative Services		5,145		100,560	71,509	887	3,925
Other Community, Social and Personal Services				10,047	516		252
Education				15,818	2,785	6	27
Human Health and Social Work		13		14,805	657	59	56
Public Administration and Defence	5,319	85,357			948	782	159
Extra-Territorial Organisations and Bodies		10,393			4		
Central Govt	40,166				7		
Credit Institutions			72,789		181	6,266	
<b>Total</b>	<b>45,485</b>	<b>100,908</b>	<b>72,789</b>	<b>673,188</b>	<b>138,079</b>	<b>28,185</b>	<b>53,318</b>
Of Which SME				140,821 <sup>9</sup>			

<sup>9</sup> SME is defined as Small Medium Enterprises as defined in Article 501 of the CRR

## Credit Risk Assets (EAD) by Industry 2016

### Pillar I EAD as at 31 Dec 2016

<i>In thousands of Euro</i>	<b>Sovereign</b>	<b>Regional</b>	<b>Bank</b>	<b>Corporate</b>	<b>Other</b>	<b>Default</b>	<b>Off Balance Sheet</b>
Primary Industries				1,822	156		27
Manufacturing				101,896	29,370	2,465	2,225
Electricity, Gas, Steam and Air Conditioning Supply				1,802	81	384	8
Water Supply, Sewerage, Waste Management and Remediation Activities				810	107		
Construction				20,069	3,089	80	93
Wholesale/Retail Trade & Repairs				32,632	4,313	1,665	588
Transportation and Storage				20,467	3,865	4,189	3,152
Hotels and Restaurants				8,074	115		
Information and Communication				199,850	26,838	1,273	3,984
Financial Intermediation (Excl. Monetary Financial Institutions)			546	28,970	4,749	194	930
Real Estate, Land and Development Activities				4,693	133	24	27
Business and Administrative Services				116,891	62,575	1,071	12,193
Other Community, Social and Personal Services				9,745	618		
Education				8,815	2,149	17	28
Human Health and Social Work	25			6,262	506	51	9
Public Administration and Defence	66,647	958			4,398	209	60
Extra-Territorial Organisations and Bodies	654				5		
Central Banks	41,227						
Credit Institutions			59,063		1,246	26,48272	1,076
<b>Total</b>	<b>108,553</b>	<b>958</b>	<b>59,609</b>	<b>562,797</b>	<b>144,312</b>	<b>11,648</b>	<b>24,401</b>
Of Which SME				256,801 <sup>10</sup>			

<sup>10</sup> SME is defined as Small Medium Enterprises as defined in Article 501 of the CRR

The Bank's credit exposures can be categorized into the following time bands:

### Credit Risk Assets (EAD) by Maturity 2016

*In thousands of Euro*

Pillar I EAD as at 31 Dec 2016

	Up to 3 months	3 - 6 months	6 months - 1 Year	1 - 2 Years	2 - 5 Years	Greater than 5 Years	No Maturity
<b>Sovereign</b>	1	3	28	2,052	3,234	-	-
<b>Regional</b>	104,600	1,704	235	21,288	13,246	-	-
<b>Bank</b>	57,938	3,042	3,337	5,983	2,489	-	-
<b>Corporate</b>	2,420	9,916	37,545	177,699	414,706	30,902	-
<b>Default</b>	290	1,596	2,498	10,561	-	13,241	-
<b>Other</b>	73,272	7,733	14,110	29,478	13,484	2	-
<b>Off Balance Sheet</b>	-	-	-	-	-	-	53,318
<b>Total</b>	<b>238,522</b>	<b>23,994</b>	<b>57,754</b>	<b>247,061</b>	<b>447,160</b>	<b>44,145</b>	<b>53,318</b>

### Credit Risk Assets (EAD) by Maturity 2015

*In thousands of Euro*

Pillar I EAD as at 31 Dec 2016

	Up to 3 months	3 - 6 months	6 months - 1 Year	1 - 2 Years	2 - 5 Years	Greater than 5 Years	No Maturity
<b>Sovereign</b>	53,018	107	404	45,559	9,466		
<b>Regional</b>	2	526	89	117	224		
<b>Bank</b>	47,066	648	2,140	4,617	5,096	43	
<b>Corporate</b>	5,758	7,465	34,372	124,704	388,216	2,283	
<b>Default</b>	400	256	589	3,675	6,728		
<b>Other</b>	60,144	6,807	14,742	33,198	29,414	6	
<b>Off Balance Sheet</b>							24,401
<b>Total</b>	<b>166,388</b>	<b>15,809</b>	<b>52,336</b>	<b>211,869</b>	<b>439,143</b>	<b>2,332</b>	<b>24,401</b>

### Use of External Credit Assessment Institutions (“ECAI’s”)

For Credit monitoring and decision making the Bank uses Standard and Poor’s Ratings Agency external credit assessments where available for Probability of default. Where these ratings are not available the Bank uses an internal ratings scale based on probabilities of default and ultimate loss to derive its own rating.

In respect to COREP capital calculation purposes where a counterparty classed as a credit institution is rated by an ECAI, the Bank seeks the rating to calculate the required Risk Weighting. The Bank uses the Moody’s Investor Service and Standard and Poor’s Rating Group as its nominated ECAIs for its rated exposures. In line with the provisions of Article 120 and 136 of the CRR, the ratings are mapped to a Pillar 1 credit quality step, which in turn is mapped to a risk weight. As per Article 121 (3), where the Bank has exposures to unrated institutions with an original effective maturity of three months or less, the risk weight shall be 20%.

As at 31 December 2016 the exposure classes for which ECAIs are used by the Bank in calculating its Pillar 1 minimum capital requirements are as follows

- Credit and Counterparty Risks and free deliverables – Institutions

The following tables detail the ECAI’s association with the Credit Quality Steps and the related Exposure at Default

#### ECAI’s 2016

##### Short Term Exposures (Under 3 months residual maturity)

*In thousands of Euro*

Credit Rating	A	BBB+	BBB	BB+
Credit Quality Steps for Short Term Exposures	2	3	3	4
Exposure At Default	1,752	54,654	870	650

##### Long Term Exposures (over 3 months residual maturity)

*In thousands of Euro*

Credit Rating	A	BBB	BBB+
Credit Quality Steps for Long Term Exposures	2	3	3
Exposure At Default	8,749	3,275	1,291

#### ECAI’s 2015

##### Short Term Exposures (Under 3 months residual maturity)

*In thousands of Euro*

Credit Rating	A+	A	A-	BBB+	BBB	BBB-	BB+
Credit Quality Steps for Short Term Exposures	2	2	2	3	3	3	4
Exposure At Default	19,848	770	271	23,847	57	26	1,111

## Long Term Exposures (over 3 months residual maturity)

*In thousands of Euro*

Credit Rating	A	A-	BBB
Credit Quality Steps for Long Term Exposures	2	2	3
Exposure At Default	799	3,471	522.

### Impairment

The Bank first determines whether evidence of impairment exists individually for financial assets that are individually significant. If the Bank determines that there is impairment of a particular financial asset then a specific provision is booked against the asset. If the Bank concludes that no specific indication of impairment exists for an individually assessed financial asset it includes the asset in a group of financial assets with related credit risk characteristics and includes these assets under the collective incurred but not reported (“IBNR”) assessment. A loan is considered impaired when there is objective evidence of impairment and a specific provision has been recognised in the income statement. Past due is defined as loan/lease contracts where repayment of principal or interest are overdue by at least one day.

The following tables reflect balances Past Due or Impaired;

*Dec 2016*

*In thousands of Euro*

Countries	Past Due Days						Impaired	Specific Prov	General Prov
	<31	<61	<91	<121	<151	<181			
Austria	80								
Belgium	75	352	3	4	4	11	496	374	
Denmark	171	5					5		
Finland	122	2					14		
France	17,529	579			49	74	429	185	
Germany	26,937	684	462	4	87	117	233	254	
Ireland	4,184	414	309		246		75	28	
Italy	2,939	960				102	150	232	
Luxembourg	5	3							
Netherlands	1,935	142	13			240	19		
Norway	843	4					2,411	2,411	
Poland	359								
Portugal	1,147	10	6				18		
Spain	14,427	401	37	13	1	133	1,569	1,361	
Sweden	37,042	536	2				13		
Switzerland	1,259	190	1	6		71	27	11	
United Kingdom	8,360	1,967	404	11	1,010	308	1,480	1,436	
General									2,136



Dec 2016

In thousands of Euro

Sectors	Past Due Days							Specific Prov	General Prov
	<31	<61	<91	<121	<151	<181	Impaired		
1. Primary Industries	614	1					2,411	2,411	
2. Manufacturing	15,421	2,418	837	11	110	591	782	463	
3. Electricity, Gas, Steam and Air Conditioning Supply	1						6		
4. Water Supply, Sewerage, Waste Management and Remediation Activities	294	19							
5. Construction	456	94					25	16	
6. Wholesale/Retail Trade & Repairs	1,289	853	16	9		162	448	316	
7. Transportation and Storage	11,629	554	352		1		113	32	
8. Hotels and Restaurants							49	49	
9. Information and Communication	56,905	556	13	11	292	12	2,573	2,430	
10. Financial Intermediation	5,260	471	16	3	248	1	10		
11. Real Estate, Land and Development Activities	88	128					94		
12. Business and Administrative Services	5,195	885	1		61	281	310	428	
13. Other Community, Social and Personal Services	180	2					66		
14. Education	347						6	3	
15. Human Health and Social Work	206	139	3	2	3	8	19		
17. Public Administration and Defence	19,529	130				680	25	144	
General Provisions									2,136

The movement in the impairments for 2016 are shown in the table below:

	<b>Specific</b>	<b>IBNR</b>	<b>Total</b>
	€'000	€'000	€'000
Provision at 1 January 2016	4,206	2,469	6,675
Charge in statement of comprehensive income	4,022	(333)	3,387
Recoveries	(1,029)	-	(1,029)
Contracts terminated	(918)	-	(1,066)
Exchange adjustments	16	-	(65)
<b>Provision at 31 December 2016</b>	<b>6,297</b>	<b>2,136</b>	<b>7,902</b>

## 4.2 Counterparty credit risks

Counterparty credit risk is the risk that counterparties to derivative contracts will fail to meet their contractual obligations. Counterparty credit risk arises from Treasury activities with other credit institutions including the purchase of interest rate and foreign exchange derivatives for economic hedging purposes. The Bank uses the Mark-to-Market Method for counterparty credit risk as outlined in Article 274 of the CRR. Under this method the positive replacement cost of a contract is added to the potential future credit exposure of a contract. The potential future credit exposure of a contract is determined by multiplying the notional value by an add-on factor. The add-on factor is determined by reference to the contract type and residual maturity. The Bank also utilises the risk reducing benefits of netting as outlined in Article 298 of the CRR where there are contractual netting agreements in place with counterparties. Netting can reduce the potential future credit exposure. The culmination of the positive replacement cost, potential future credit exposure less netting benefits provides the EAD. Limits are set for specific tenors on the basis of product type. For the avoidance of doubt, the Bank cannot transact with a Treasury counterparty in the absence of an approved credit limit. The Treasury counterparty exposure is monitored on a daily basis. On a monthly basis, the Credit function reports the level of exposure for each Treasury counterparty to the Credit Committee. Based on recommendations from the Credit function, the Credit Committee may change the internal rating of a Treasury counterparty if its financial health deteriorates or market conditions change rapidly enough to put the Bank at risk. It is the responsibility of the Bank's Credit function to establish and maintain the Treasury counterparty Credit Limits in the Bank's systems following the credit approval process. The Credit function reports any material breach of a Treasury counterparty Credit Limit to the Credit Committee.

Breakdown of derivative contracts at 31 December 2016:

<i>In thousands of Euro</i>	<b>FX Derivatives</b>	<b>Interest Rate Swaps</b>
Gross Positive Fair Value	11,691	61
Potential Future Credit Exposure	5,209	1,100
Netting Benefits / Cash Collateral Received	-1,336	-295
<b>Total EAD</b>	<b>15,564</b>	<b>866</b>

The volatility of the credit spread of counterparties is captured through the application of CRD IV Standardised CVA Capital Charge.

### 4.3 Market risk - foreign exchange risk

Foreign exchange risk is a financial risk caused by an exposure to unanticipated changes in the exchange rates between two currencies. The Bank is a Euro denominated entity but serves the funding requirements of the leasing business throughout the European Economic Area (“EEA”) region and is exposed to currency risk across the following currencies: GBP, CHF, USD, DKK, SEK, NOK and PLN. The Bank has transaction exposure across the non-Euro countries as it has contractual cash flows (receivables and payables) whose values are subject to unanticipated market changes in exchange rates. To realize the euro value of the Bank’s foreign denominated cash flows, the Bank runs an FX hedging program. Resulting from the use of derivative instruments, the Bank is exposed to the risk that counterparties will fail to meet their contractual obligations. To mitigate against this risk the Bank maintains risk limits that correspond to each institution’s credit ratings. FX forwards converting non-Euro cash-flows back to a Euro basis are utilised in order to minimise the Bank’s FX risk exposure. The risk framework in place is the same as that for IRRBB where the residual un-hedged P&L exposure is measured against the prescribed limits which are based on a percentage of the Bank’s own funds. Periodically, the Bank may choose to obtain funding in Non-Euro currencies and will hedge these drawings accordingly with Foreign Exchange derivatives.

The FX risk management model transforms the net un-hedged position by currency into an implied maximum loss amount. Credit Conversion Factors (“CCF”) are utilized to calculate the exposure by currency and maturity profile. The total implied FX loss by currency is then converted to a Euro equivalent base and aggregated. The resulting Euro implied FX loss aggregation is monitored against the Bank’s FX loss Target, Trigger and Limit on a daily basis and reported to ALCo monthly. FX risk was managed in accordance with the Risk appetite framework for the year ended 31 December 2015 and no breaches of the Target or Trigger occurred during this period.

### 4.4 Interest rate risk in the banking book

Interest rate risk is the risk that the Bank will experience deterioration in its financial position as interest rates move over time. The Bank does not take any proprietary positions on the interest rate markets for P&L purposes and therefore only runs non-traded interest rate risk. The Bank’s portfolio of non-traded financial

instruments principally comprises of commercial finance and operating leases, external loan facilities, capital and hedging instruments.

The main source of this interest rate risk is re-pricing risk, which reflects the fact that the Bank's assets and liabilities are comprised of different maturities and are priced off different interest rate bases. This is the risk that the interest earned on assets and paid on liabilities will change by different amounts if interest rates change owing to differences in the re-pricing characteristics of those assets and liabilities. The extent of the risk depends on the scale of the re-pricing maturity mismatches on the Bank's balance sheet.

Non-traded interest rate risk is calculated on the basis of establishing the re-pricing risk ladder. The majority of asset and liability balances are profiled out by contractual maturity or re-pricing date. Non-financial asset and liabilities (mainly comprised of operating leases, the Bank's capital and reserves) are spread evenly across the risk ladder over medium and longer term maturities.

IRRBB exposures are primarily identified through the use of the Committee of European Banking Authority ("EBA") Interest Rate Risk stress scenario based on a 200bps upward yield curve shock. The EBA guidelines provide the maturity bucket percentage weightings and the residual un-hedged risk position is then measured against prescribed risk limits.

**The Non Traded Interest Rate Risk position during the course of the reporting period was:**

	<b>2016</b>
	<b>€'000</b>
200bps upward shock stress scenario as at 31 December 2016	3,096
Average 200bps upward shock stress scenario for the reporting period 1 January 2016 – 31 December 2016	1,200
Maximum 200bps upward shock stress scenario during the reporting period 1 January 2016 – 31 December 2016	3,096

IRRBB is monitored on a daily basis and the positions are reported at the monthly ALCo meeting. As the Bank is a Euro denominated entity providing funding for its non-Euro denominated business primarily in Euro and with the FX hedging program ensuring cash-flows convert to Euro base currency, risk positions are managed and monitored on a Euro basis. The Bank also uses an undiscounted PV01<sup>11</sup> and an Earnings at Risk (EAR) metric as a means of interest rate risk management. The PV01 measures the P&L impact of a one basis point shift in the yield curve on the Bank's risk exposure.

The EAR captures the short-term effect of interest rate changes on the earnings of the Bank. The EAR is measured by applying a +200bps ramped shock to interest rate sensitive asset and liabilities which are based on dynamic balance sheet projections contained within the Banks ICAAP over a one year period.

The EBA, PV01 & EAR metrics are used to determine the level of hedging required. The Bank maintains a Euro based interest rate swap portfolio to mitigate its interest rate risk exposure.

## 4.5 Liquidity risk

Effective liquidity risk management is central to the building of a strong and solid balance sheet and is a key pillar in the Bank's core strategy.

Liquidity risk is the risk that the Bank is unable to meet its on and off balance sheet obligations when they fall due without incurring significant costs. Liquidity risk is highly dependent on the Bank's balance sheet characteristics such as the maturity profile of the assets and liabilities, the quality of its liquidity buffer, broader market conditions and access to sufficient market funding.

<sup>11</sup> PV01 is the change in present value of an asset or liability for a 1 basis point change in the nominal yield curve used to value the asset or liability

Outflows include payments made to affiliates and Value Added Resellers, on the origination of lease contracts, cash requirements from contractual commitments, inter-bank deposits being withdrawn or other cash outflows, such as significant operating expenditure or debt maturities. Such outflows would deplete available cash resource.

The Bank's assets are comprised primarily of lease and loan obligations. These loans have short to medium term contractual repayment profiles (typically 3 year amortisation schedules) although the credit agreements allow the lessor in general to repay at will. In aggregate, such a pool of assets will have a reasonably predictable repayment profile, though one that is still variable and that may vary systematically based on a variety of market and macroeconomic factors.

The Bank has a robust and comprehensive policy for assessing, measuring and managing liquidity risk. The ALCO is responsible for defining and approving the Bank's liquidity policy in accordance with the broader Risk Policies established by the Risk Committee.

The Bank's Liquidity Policy will reflect CRD IV requirements and the Central Bank of Ireland's requirements for the Management of Liquidity Risk. The liquidity risk framework is subject to internal oversight, challenge and governance. The ALCO has primary responsibility and reports to the Board Risk Committee. Liquidity risk is also monitored by the control functions as appropriate.

#### a) **Stress Testing**

The strength of the Bank's liquidity risk management is evaluated based on its ability to survive under stress. Effective management of liquidity involves assessing this potential mismatch under a variety of stress scenarios. Stress testing is used to help inform a broader understanding of liquidity risk as well as to model specific liquidity risk events.

The Bank actively monitors a range of market and firm specific indicators on an on-going basis which are designed to act as early warning indicators that liquidity stresses are emerging. The stresses will apply a range of behavioural assumptions to the performance of the asset and liability products. Scenarios include assumptions about significant changes in key funding sources, credit ratings, contingent sources of funds and political and economic conditions. The Bank is expected to be able to withstand these stressed conditions through its own resources. Simulated liquidity stress testing is carried out regularly and reflects the impact of firm specific and market related scenarios on the adequacy of the Bank's liquid resources.

#### b) **Liquidity Monitoring**

The Treasury function is responsible for the daily management of the liquidity buffer, monitoring and reporting of the Bank's liquidity position in accordance with the Liquidity Policy. The Liquidity Coverage Ratio ("LCR") as prescribed in the Basel III accord is internally modelled and monitored by the Bank and includes Target, Trigger and Limit parameters. The Bank complies with the Liquidity Coverage Ratio (LCR) as specified by the regulations<sup>12</sup>. As per the CRR and EBA regulatory guidelines, from October 2015 the Bank began reporting the LCR ratio calculation template on a monthly basis to the Central Bank of Ireland. As at December 2016 the Bank's reported LCR was 298% (See Appendix 5). This is in excess of the regulatory requirement for 2016 of 70%. This requirement is being phased in over the next number of years in to reach a maximum of 100% in 2018.

The Net Stable Funding Ratio is also monitored and modelled by the Treasury function.

The Treasury function reports the results of the Idiosyncratic Scenario to the ALCO members on a daily basis. The liquidity position, compliance and policy are further monitored by the Risk Management function.

Any breach or material deterioration of these metrics would set in motion a series of actions and escalations.

The Bank sources funds from five principal sources:

- Initial contributed equity and retained earnings

<sup>12</sup> COMMISSION DELEGATED REGULATION to supplement Regulation (EU) 575/2013 with regard to liquidity coverage requirement for Credit Institutions

- Affiliate borrowings
- External Loan facilities
- Interbank/Corporate Deposits
- Unsecured funding

The mix of sources is intended to provide the Bank with a diversified and stable funding base

The Additional Liquidity Monitoring Metrics (ALMM) return came into force in March 2016. The ALMM return was introduced to provide regulatory supervisors (ECB) additional metrics/monitoring tools beyond the LCR and Net Stable Funding Ratio (NSFR) to help assess a banks overall liquidity risk and facilitate the Internal Liquidity Adequacy Assessment Process (ILAAP) review process. Dell Bank International d.a.c. report the following ALMM metrics:

**Concentration of funding by counterparty/product type** which allows the identification of the banks sources of funding of such significance that their withdrawal could trigger liquidity problems.

**Prices of various lengths of funding** which measures the banks average transaction volume and prices paid for the banks new sources of funding in the previous 30 days.

**Rollover of funding** captures the banks volume of funds maturing, rolling over and any new funding obtained on a daily basis over a monthly time horizon.

**Concentration of counterbalancing capacity** by counterparty captures the banks concentration of counterbalancing capacity, undrawn committed funding lines granted to Dell Bank International d.a.c.

Dell Bank International d.a.c. use the ALMM monitoring tools to further strengthen the banks liquidity risk management with ongoing monitoring of the liquidity risk exposures of the Bank.

### **c) Assets held for Managing Liquidity Risk**

The Bank holds a portfolio of cash and money market placements to manage its liquidity profile. Liquid assets are assets which can be quickly and easily converted into cash without incurring significant loss. The Bank's assets held for managing liquidity risk comprise of:

- Cash
- Short term bank placements
- Overnight placement with the CBI as an eligible High Quality Liquid Asset for the purpose of supporting management of the Bank's LCR regulatory requirement.

These assets in aggregate are permitted to comprise up to 100% of the Bank's liquid asset holdings.

### **d) Derivatives**

The Bank does not have any Credit Support Annexes ("CSAs") in place on its derivative portfolio and is therefore not subject to collateral calls.

### **e) Liquidity Risk – Off Balance sheet items**

The following items are listed as off balance sheet items at the financial year end:

- Residual value guarantees
- Lease and loan commitments to extend credit

### **f) Internal Liquidity Adequacy Assessment Process (ILAAP)**

The ILAAP process forms one of the four core components of a significantly enhanced Supervisory Review & Evaluation Process (SREP) methodology. The Bank completed its first ILAAP submission to the Central Bank of Ireland (CBI) in March of 2017 with the results demonstrating the Banks Liquidity Adequacy.

The Bank's ILAAP is formulated as required to facilitate senior management and supervisors in determining overall liquidity risk/adequacy within the Bank.

The key components addressed are disclosed below:

- **Liquidity & Funding Strategy:** The Bank has in place a detailed Board approved Liquidity and Funding Plan which considers the impacts of short term (liquidity) and longer term (funding) risks.
- **Liquidity Adequacy:** In supporting the assessment of the Bank's Liquidity and Funding strategies the Bank separately identifies short term and longer term risk factors. These factors are subject to regular monitoring and internal stress testing with the objective of ensuring regulatory compliance is maintained at all times.
- **Liquidity Buffer & CFP Effectiveness:** The effectiveness of the Bank in addressing the impacts of stress events is determined by the strength of its Liquidity Buffer and actions contained within its contingency funding plan. The Liquidity Buffer effectiveness is reviewed over short term acute stresses with the CFP effectiveness reviewed over longer term stress events.

In line with the governance process applied under the Internal Capital Adequacy Assessment Process (ICAAP) assessment the Board and Senior Management are ultimately responsible for the Bank's Internal Liquidity Adequacy Assessment Process (ILAAP).

#### 4.6 Operational risk

The Bank faces operational risks in the regular conduct of its day to day business objectives. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Sources of operational risk include internal fraud; external fraud; employment practices and workplace safety; clients, products, and business practices; damage to physical assets; business disruption and system failures; and execution, delivery and system failures.

The Bank's Operational Risk management framework exists to mitigate against such risks. The Operational Risk management framework is structured in a three tier environment comprising; identification and assessment, monitoring and reporting; and control and mitigation.

Operational risk specifically arises in the areas of:

- Business continuity
- Change management
- People
- Internal controls
- Information technology
- New product development
- Outsourcing

The Bank uses a range of tools to identify, assess and manage operational risk such as: business process mapping, risk and control assessments and testing, key risk indicator and key performance indicator reporting and assessments, and internal loss data, errors and control failure reporting.

Allocation of clear responsibilities for operational risk management ensures that risks are identified, monitored, managed and mitigated, in line with the Bank's risk appetite.

The Bank uses the Basic Indicator Approach (BIA) to calculate operational risk capital requirements under Pillar I. Under the BIA the capital requirement for operational risk is 15% of the three year average of gross income as defined by Article 315 of the CRR.

## 4.7 Residual asset value risk

Residual value risk is the risk that the realisation based residual value set at the start of a lease is not achieved at the end of the lease. This may be due to a number of factors, including lower than expected equipment resale value, changes in customer behaviour or higher fulfilment costs and/ or end of lease operating expenses. The Bank seeks to minimise losses arising from residual value risk by understanding the equipment leased, identifying long-term customer behaviour and applying expert judgement when applying residual values in order to provide a balanced view of expected realisation.

The Bank's Asset Management End of Lease ("EOL") function utilises analysis on historic remarketing, renewal and extension data to determine the average end of lease recovery. The function utilises knowledge and the global experience of Management to apply expert judgement to the historically achieved remarketing values to derive Recovery Based Residuals ("RBR").

The Residual Asset Risk Committee is responsible for the setting, validation and monitoring of the residual risk for the Bank. The Bank has established internal controls, with defined limits and regular reporting for residual value risk exposures within and across its portfolios.

## 4.8 Other risks

### a) Balance Sheet Measurement

Capital adequacy is assessed under the Banks ICAAP framework. The treasury function manages the Bank's capital strategy under the guidance of the Board. The Bank is committed to maintaining its sound capitalisation. The Bank has equity share capital of €50m and capital contributions received of €317.5 million at 31 December 2016.

The Bank's objectives when managing capital are:

- To comply with Pillar I and Pillar II capital requirements set by the Regulator
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders
- To maintain a strong capital base to support the development of its business
- To meet the financial covenant on our revolving credit facility

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's Regulatory function. The Bank has considered the capital and other related requirements which apply to it through the following key legislation and requirements:

- CRD IV
- Relevant EBA technical standards
- The CBI Pillar II capital assessment
- Central Bank's Licensing and Supervision Standards and Requirements
- Banking Recovery and Resolution Directive (BRRD)

The Bank holds own funds in the form of capital which will always be more than or equal to the higher of capital requirements calculated under Pillar I or Pillar II.

The Bank monitors a range of ratios which have been set at, or in excess of, its minimum regulatory requirements and are designed to reflect the Bank's risk appetite. This takes into consideration the impact of CRD IV phasing arrangements. The ratios provide a mechanism to monitor compliance and include early warning triggers to allow management to take appropriate timely action should the Bank approach a limit. Per the terms of the license with the Central Bank of Ireland, the Bank has committed to maintain a solvency ratio that is in excess of the minimum required under CRD IV.

The Bank must comply with the 2014 Banking Recovery and Resolution Directive (BRRD) and any supplementary regulation, associated EBA guidelines and standards that are issued as part of its



implementation, The purpose of the BRRD is to establish a framework for the recovery and resolution of institutions which are failing or likely to fail. Under the BRRD the Bank must prepare and submit (on at least an annual basis) a Board approved Recovery plan to the CBI. The Bank must also provide information to the CBI to enable the preparation of a Resolution plan for the Bank.

The Bank did not breach any external capital ratios during the current or prior year.

**b) Regulatory Risk**

Regulatory risk is the risk to earnings, capital and reputation arising from non-compliance with banking regulations, anti-money laundering, data protection, and other associated requirements. Upstream risk is the risk arising from a new regulatory measure that the Bank is currently unaware of or from regulations becoming applicable due to a change in the nature or scope of the Bank's activities. The Bank has zero appetite for censure from regulatory, political or legislative bodies.

**c) Reputational Risk**

Reputational Risk is the risk to the Dell brand, or goodwill exhibited towards that brand, by the Bank's customers and wider market. Reputational risk includes social, ethical and environmental risks for the purpose of this Framework.

The Bank will not enter into activities that will knowingly give rise to reputational risk issues that will materially damage the Dell brand. The Bank seeks to ensure that outsourced activities meet the Bank's reputational risk standards, including the treatment and disposal of hardware

**d) Business & Strategy Risk**

Business & Strategic Risk arises from adverse and unexpected changes in income, costs or profitability that are due to the Bank's business model, its strategy, and decisions made by Board and Senior Management. The Bank considers effective governance to be the most appropriate mitigant against this risk category. Business & Strategic Risk is included in the ICAAP assessment.

**e) Group Risk**

Group Risk arises from reliance on Dell Inc. for financial and operational support, including funding and outsourced activities. Group risk includes the risk of negative impact on the Bank from other Group entities which may disrupt outsourced activities of the Bank, or may impact the Bank's ability to operate effectively. The Bank considers effective governance to be the most appropriate mitigant against this risk category. Group Risk is included in the ICAAP assessment.

## 5. Encumbered Assets

An asset should be treated as 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 (for instance, to be pledged for funding purposes).

The Bank has a third party Collateralised Loan Agreement (CLA) in place since 2014. The CLA facility was €600 million as at 31 December 2016. There was €428.5 million drawn on the Facility as at 31<sup>st</sup> December 2016; with €505 million of encumbered receivables. The following table splits the Bank's balance sheet by asset type and encumbered and unencumbered assets.

It should be noted that after the reporting year, the Bank drew €216.6 million, of a €600 million committed facility, in relation to a securitization transaction on 20 January 2017. Concurrently €204 million of the Bank's Asset Backed Loan facility was repaid on 20 January 2017.

### Encumbered and unencumbered assets as at 31 December 2016:

<i>In thousands of Euro</i>	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
<b>Assets of the reporting institution</b>	<b>505,570</b>		<b>557,140</b>	
Equity instruments	0		0	
Debt securities	0		0	
Other assets	505,570		557,140	

### Liabilities associated with encumbered assets as at 31 December 2016

<i>In thousands of Euro</i>	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	428,481 <sup>13</sup>	505,570

<sup>13</sup> Carrying amount of matching liabilities refers to the amount drawn by DBIL on the collateralised loan.

## 6. Leverage

The CRD IV leverage ratio is designed to restrict the build-up of leverage in the Banking sector. It is a simple, non-risk-weighted measure.

The leverage ratio is calculated as Tier One Capital/Total Exposures. As at December 2016 total Exposures of the Bank consist of;

- On-balance sheet exposures
- Derivatives exposures at replacement cost plus an add-on for potential future exposure;
- Off-balance sheet items (Committed Facilities and Guarantees).

While the ratio is not binding until 2018<sup>14</sup>, Appendix 4 contains the full leverage ratio disclosure template completed for the Bank as at December 2016. The Leverage Ratio as at December 2016 is 24.38%.

### **Process used to manage the risk of excessive leverage**

The Bank does not engage in proprietary trading and only engages in derivatives for the purpose of hedging interest rate and foreign exchange risk. The Bank is well capitalised and has a sizeable capital surplus in excess of the regulatory minimum as at December 2016. The Bank's Risk function ensure that all activities in the Bank are within the ranges specified in the Bank's risk appetite statement. The Leverage Ratio is one of the suite of key internal risk indicators and is monitored on a monthly basis by the Bank's Risk function. The Bank's primary business is leasing. The Bank borrows funds with the sole intention of facilitating growth in its business. The Bank's funding base primarily consists of private secured funding and intergroup borrowing. Liquidity in the Bank is managed with a focus on maturity transformation of cash flows.

### **Factors that had an impact on the leverage ratio during 2016**

The Bank's balance sheet grew by 15% during 2016. This represents a growth of €161 million in Assets. The other primary factor that impacted the Leverage Ratio during the year was a capital contribution of €100 million which the Bank received from Dell Inc.

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<sup>14</sup> As per European Commission [http://europa.eu/rapid/press-release\\_MEMO-14-580\\_en.htm](http://europa.eu/rapid/press-release_MEMO-14-580_en.htm)

## 7. Remuneration disclosures

The Bank's strategy with regards to remuneration of employees and members of the Board of Directors is to attract, retain and motivate the talent needed to drive the growth of the business. The Bank executes this strategy by: providing market-competitive base and incentive pay; motivating performance toward key company objectives; and supporting and enhancing our strong meritocracy – the Bank values accountability and seeks to reward team and team members who continually improve their capability and increase their contribution.

The Bank's approach to remuneration includes the following factors: the Bank's business strategy and business plan performance; the performance of the Dell Group; market factors; Dell Group governance and standards, including group remuneration policies and standards; and applicable regulatory requirements & standards

### 7.1 Remuneration components

The Bank's remuneration components are derived from the individual job role, including responsibility and job complexity, performance and benchmarking to relevant market data, pay and conditions. The key remuneration components include: base pay remuneration; performance-based remuneration; pension scheme; other benefits; and severance schemes.

#### Base pay remuneration

Base pay or "fixed" remuneration is determined primarily by the job role definition, employee individual performance and external market benchmarking.

#### Performance-based remuneration

Performance-based or "variable" remuneration is awarded in a manner which promotes sound risk management and does not induce excessive risk-taking while maintaining an appropriate balance of fixed and variable remuneration.

Performance based remuneration also takes account of the Bank's business plan performance and that of the performance of the Dell Group, including modifiers or a percentage multiplier which reflects performance of , the Dell group and individual performance.

The Bank makes use of Dell Group's Long-term incentive programme for the purposes of staff retention. Awards are made and then paid out in three equal cash instalments over a three year period subsequent to the award date. The award payouts may be adjusted based on Dell Group performance in the first year of the three year vesting cycle.

It is to be noted that variable compensation may not be payable in full or in part on the basis of unsustainable results.

#### Proportionality

The Bank is a small non-complex institution with a single business line focused on the provision of financing solutions for IT equipment and related services. On that basis the Bank continued to apply the principle of proportionality during 2016. This included neutralising the requirement to defer a portion of variable pay and the requirement to pay a certain portion of variable pay in instruments. <sup>15</sup>

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<sup>15</sup> Under the Guidelines on Sound Remuneration Policies (Guidelines) banks are no longer permitted to neutralize the deferral and payment in instruments requirements. These requirements are effective from 1st January 2017. During 2016 the Bank developed a variable pay model to meet the Guidelines. This variable pay model will first be applied to variable awards for identified staff made in 2018 for the performance year 2017.

## 7.2 Identified Staff

Identified Staff are defined as those individuals whose professional activities have a material impact on the Bank's risk profile. The Remuneration and Nominations Committee shall be responsible for determining those groups, categories of employees or individuals that fall within the definition of Identified Staff. In determining those individuals to be included as Identified Staff the Remuneration and Nominations Committee will at a minimum consider the following staff members;

- Executive members of the Bank's corporate bodies
- Senior management with responsibility for day-to-day management
- Staff with responsibility for independent control functions
- Other risk takers
- Staff whose total remuneration is in the same bracket as senior managers and risk-takers

The following roles were deemed Identified Staff as at December 2016:

- Directors of the Bank
- Managing Director
- Chief Financial Officer
- Chief Risk Officer
- Chief Credit Officer
- Chief Compliance Officer
- Legal Director
- Treasurer
- Head of Internal Audit
- Chief Information Officer
- Operations Director
- Branch manager
- Business Development Director

There are twelve employees of the Bank (excluding non-executive directors) included in the Identified Staff (compared to fourteen in 2015). The process for determining the identification of staff who have a material impact on the institution's risk profile is carried out on an annual basis, or as required. It takes into account the qualitative and quantitative identification criteria set out in the EBA Regulatory Technical Standard on identified staff. The Chief Risk Officer is responsible for carrying out the Identified Staff assessment. The results are presented to the Remuneration and Nominations Committee for their review and recommendation to the Board for approval.

Aggregate quantitative data as at 31 December 2016 is detailed in the table below:

<i>In thousands of Euro</i>	<b>Finance &amp; Management</b>	<b>Control Functions</b>	<b>Operations and Other</b>	<b>Total</b>
<b>Total Fixed Remuneration</b>	1,000	748	474	2,224
<b>Total Variable Remuneration</b>	1,115	453	294	1,862
<b>Ratio between variable and fixed remuneration</b>	112%	60%	62%	84%

The Bank is compliant with the remuneration ratio requirements as set by CRR and CRD. As per article 94 (1) (g) (i) of the CRD, the variable component shall not exceed 100% of the fixed component of the total remuneration for each individual. The Bank has adhered to the conditions set out in article 94 (1) (g) (ii) of the CRD which allows for the ratio to be increased to 200% for certain individuals.

<i>In thousands of Euro</i>	<b>Senior Management</b>		<b>Other material risk takers</b>	
<b>Number of Identified Staff</b>	11		1	
<b>Total value of remuneration awards for 2016</b>	<b>Unrestricted</b>	<b>Deferred and vested</b>	<b>Unrestricted</b>	<b>Deferred and vested</b>
<b>Fixed Remuneration</b>	<b>2,074</b>	-	<b>148</b>	-
<i>Cash-based</i>	2,074	-	148	-
<i>Shares and share-linked instruments</i>	-	-	-	-
<i>Other</i>	-	-	-	-
<b>Variable remuneration</b>	<b>1,183</b>	<b>636</b>	<b>44</b>	-
<i>Cash-based</i>	1,183	636	44	-
<i>Shares and share-linked instruments</i>	-	-	-	-
<i>Other</i>	-	-	-	-

### Remuneration over €1 million

During 2016, one individual received remuneration that was between the €1million – €1.5 million category.

### Sign-On Bonuses

There were no sign-on bonuses paid out during 2016 to Identified Staff.

### Severance Payment

There was one instance during 2016 where a severance payment was made to an individual designated as Identified Staff. The total value of payments made to this population was €89.5k.

## 7.3 Remuneration Governance

The Board of Directors is the ultimate decision making body for the Bank. It has delegated certain responsibilities to the Bank's Remuneration and Nominations Committee. This committee meets at the same frequency as the main Board. In general the Bank implements the Remuneration Policies and practices of the Dell Group with the oversight of the Remuneration Committee and the Board of Directors. Board directors that

are not part of Dell Group receive a fixed annual fee. Directors employed by the Dell Group receive no fee for Board membership.

The Bank's remuneration policy is reviewed by the Remuneration & Nominations Committee and recommended to the Board for approval on an annual basis.

## 8. Appendices

### Appendix 1 – Own Funds Disclosure (as per COREP reporting)

#### ANNEX VI – Transitional own funds disclosure template

Ref	Own funds disclosure template	(a) Amount at disclosure date	(b) Regulation (EU) no 575/2013 article reference
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	50,018,000	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	-67,257,460	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)		26 (1)
3a	Funds for general banking risk	317,500,000	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, 479, 480
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	300,260,540	Sum of rows 1 to 5a
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	Additional value adjustments (negative amount)		34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-28,062,151	36 (1) (b), 37
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-3,657,022	36 (1) (c), 38,
11	Fair value reserves related to gains or losses on cash flow hedges		33(1) (a)



Ref	Own funds disclosure template	(a) Amount at disclosure date	(b) Regulation (EU) no 575/2013 article reference
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33(1) (b)
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41
16	Direct and indirect holdings by an institution 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) (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) to (3), 79
20	Empty set in the EU		
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)

Ref	Own funds disclosure template	(a) Amount at disclosure date	(b) Regulation (EU) no 575/2013 article reference
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) (i), 48 (1) (b)
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a)
25a	Losses for the current financial year (negative amount)	-4,678,010	36 (1) (a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)
26	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468		
	Of which: ...filter for unrealised loss 1		467
	Of which: ...filter for unrealised loss 2		467
	Of which: ...filter for unrealised gain 1		468
	Of which: ...filter for unrealised gain 2		468
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
	Of which: ...		481
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)	-36,397,183	Sum of rows 7 to 20a, 21, 22 and 25a to 27
29	Common Equity Tier 1 (CET1) capital	263,863,356	Row 6 minus Row 28

Ref	Own funds disclosure template	(a) Amount at disclosure date	(b) Regulation (EU) no 575/2013 article reference
<b>Additional Tier 1 (AT1) capital: instruments</b>			
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
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>			
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

Ref	Own funds disclosure template	(a) Amount at disclosure date	(b) Regulation (EU) no 575/2013 article reference
41	Regulatory adjustments applied to additional tier 1 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)		
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, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc		
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)
	Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc		
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481
	Of which: ...possible filter for unrealised losses		467
	Of which: ...possible filter for unrealised losses		468
	Of which: ...		481
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital		Sum of rows 37 to 42
44	Additional Tier 1 (AT1) capital		Row 36 minus row 43
45	Tier 1 capital (T1 = CET1 + AT1)	263,863,356	Sum of row 29 and row 44

Ref	Own funds disclosure template	(a) Amount at disclosure date	(b) Regulation (EU) no 575/2013 article reference
<b>Tier 2 (T2) capital: instruments and provisions</b>			
46	Capital instruments and the related share premium accounts	65,000,000	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)
	Public sector capital injections grandfathered until 1 January 2018		483 (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	2,136,354	62 (c) & (d)
51	Tier 2 (T2) capital before regulatory adjustments	67,136,354	
<b>Tier 2 (T2) capital: regulatory adjustments</b>			
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
54a	Of which new holdings not subject to transitional arrangements		
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements		

Ref	Own funds disclosure template	(a) Amount at disclosure date	(b) Regulation (EU) no 575/2013 article reference
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	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)	-854,541	
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) (a), 472 (9), 472 (10) (a), 472 (11) (a)
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc		
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)
	Of which items to be detailed line by line, e.g. reciprocal cross holdings in at1 instruments, direct holdings of non significant investments in the capital of other financial sector entities, etc		
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR		467, 468, 481
	Of which: ...possible filter for unrealised losses		467
	Of which: ...possible filter for unrealised losses		468
	Of which: ...		481
57	Total regulatory adjustments to Tier 2 (T2) capital	-854,541	Sum of rows 52 to 56
58	Tier 2 (T2) capital	66,281,812	Row 51 minus row 57
59	Total capital (TC = T1 + T2)	330,145,169	Sum of row 45 and row 58

Ref	Own funds disclosure template	(a) Amount at disclosure date	(b) Regulation (EU) no 575/2013 article reference
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 amounts)	6,570,015	
	Of which: ...items not deducted from CET1 (Regulation (EU) No 575/2013residual 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)	6,570,015	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)
	Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013residual 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) (c), 475 (4) (b)
	Items not deducted from T2 items (Regulation (EU) No 575/2013residual 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)
60	<b>Total risk weighted assets</b>	1,015,732,484	

Ref	Own funds disclosure template	(a) Amount at disclosure date	(b) Regulation (EU) no 575/2013 article reference
<b>Capital ratios and buffers</b>			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	25.98%	92 (2) (a)
62	Tier 1 (as a percentage of total risk exposure amount)	25.98%	92 (2) (b)
63	Total capital (as a percentage of total risk exposure amount)	32.50%	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)	5.75%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	0.625%	
66	of which: countercyclical buffer requirement	0.625%	
67	of which: systemic risk buffer requirement		
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		CRD 128
69	[non relevant in EU regulation]		
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		



Ref	Own funds disclosure template	(a) Amount at disclosure date	(b) Regulation (EU) no 575/2013 article reference
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), 46, 45, 56 (c), 59, 60, 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		
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)	187,000	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)	1,281,812	62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	11,225,189	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

Ref	Own funds disclosure template	(a) Amount at disclosure date	(b) Regulation (EU) no 575/2013 article reference
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)
82	Current cap on AT1 instruments subject to phase out arrangements		484 (4), 486 (3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)
84	Current cap on T2 instruments subject to phase out arrangements	60.0%	484 (5), 486 (4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)

## Appendix 2 – Capital Instruments Disclosure

	Capital Type 2
	EURO
Issuer	DGBV
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
Governing law(s) of the instrument	Courts of Ireland
Regulatory treatment	
Transitional CRR rules	Tier 2
Post-transitional CRR rules	Tier 2
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	€65,000,000
Nominal amount of instrument	€65,000,000
Issue price	€65,000,000
Redemption price	€65,000,000
Accounting classification	Liability – amortised cost
Original date of issuance	4th June 2013
Perpetual or dated	Dated
Original maturity date	1st June 2023
Issuer call subject to prior supervisory approval	NO
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons / dividends	
Fixed or floating dividend/coupon	Floating
Coupon rate and any related index	3 month Euro Libor + 280bps
Existence of a dividend stopper	N/A
Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
Existence of step up or other incentive to redeem	N/A
Noncumulative or cumulative	N/A
Convertible or non-convertible	Nonconvertible
If convertible, conversion trigger(s)	N/A
If convertible, fully or partially	N/A
If convertible, conversion rate	N/A
If convertible, mandatory or optional conversion	N/A
If convertible, specify instrument type convertible into	N/A
If convertible, specify issuer of instrument it converts into	N/A
Write-down features	NO
If write-down, write-down trigger(s)	N/A

If write-down, full or partial

N/A

Capital Type 2

	EURO
If write-down, permanent or temporary	N/A
If temporary write-down, description of write-up mechanism	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Ranks ahead of the holders of shares from time to time issued by the Borrower in the share capital of the Borrower and rank junior to all Senior Liabilities.
Non-compliant transitioned features	NO
If yes, specify non-compliant features	N/A

## Appendix 3 – Own Funds and Audit Financial Statements Reconciliation

	Audited Financial Statements 31 December 2016	Own Funds 31 Dec 2016	Variance	Comments <sup>16</sup>
Share Premium	50,000,001	50,018,000	18,000	Variance relates to additional share premium held at the consolidated level. Financial Statements are audited at solo level (DBIL)
Paid In Capital	317,500,000	317,500,000	0	
Reserves	(-67,224,330)	(-67,257,460)	33,192	Variance in reserve is a result of the financials being audited at solo level and the Pillar III prepared at consolidated level.
Intangible Assets	(28,012,833)	(28,062,151)	0	Capitalisation of software (adjusted due to audit review)
Year-end losses	(4,738,183)	(4,678,011)	83,029	Variance is a result of audit adjustments and the basis of preparation
Deferred Tax Assets	(10,443,617)	(3,657,023)	(6,786,594)	Variance due to treatment of DTA for capital purposes
Core Equity Tier 1	257,081,038	263,863,356	(6,639,116)	Total of above
Subordinated Debt	65,000,000	65,000,000	0	
IBNR provisions	2,136,354	1,281,813	854,541	Variance due to transitional adjustments for IBNR provisions as T2 capital
Tier 2	67,136,354	66,281,812	854,541	
Total Capital	324,217,392	330,145,170	(5,784,577)	Total of above

<sup>16</sup> Audit adjustments made to the balance sheet post regulatory return submission fall below the Bank's internal materiality threshold.

## Appendix 4 – Leverage Ratio Disclosure Template

<b>CRR Leverage Ratio - Disclosure Template</b>		
	Reference date	December 31st 2016
	Entity name	Dell Bank International d.a.c.
	Level of application	Consolidated
Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures		
		Applicable Amounts
1	Total assets as per published financial statements	1,060,867,726
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 exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	
4	Adjustments for derivative financial instruments	4,678,282
5	Adjustments for securities financing transactions "SFTs"	
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	53,318,389
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	
7	Other adjustments	-36,376,640
8	Total leverage ratio exposure	1,082,487,757

Table LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	1,049,135,926
2	(Asset amounts deducted in determining Tier 1 capital)	-36,397,183
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	1,012,738,743
<b>Derivative exposures</b>		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	11,752,343
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	4,678,282
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 derivative exposures (sum of lines 4 to 10)	16,430,625
<b>Securities financing transaction exposures</b>		
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 Article 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)	
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposures at gross notional amount	102,388,562
18	(Adjustments for conversion to credit equivalent amounts)	-49,070,173
19	Other off-balance sheet exposures (sum of lines 17 to 18)	53,318,389
<b>Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)</b>		
EU-19a	(Exemption of intragroup exposures (solo basis) 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))	
<b>Capital and total exposures</b>		
20	Tier 1 capital	263,863,356
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	1,082,487,757
<b>Leverage ratio</b>		
22	Leverage ratio	24.38%
<b>Choice on transitional arrangements and amount of derecognised fiduciary items</b>		
EU-23	Choice on transitional arrangements for the definition of the capital measure	
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	



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

		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	1,042,204,514
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	1,042,204,514
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	141,074,575
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	5,319,139
EU-7	Institutions	56,358,572
EU-8	Secured by mortgages of immovable properties	
EU-9	Retail exposures	
EU-10	Corporate	673,187,662
EU-11	Exposures in default	28,185,173
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	138,079,391

## Appendix 5 – Liquidity Coverage Ratio

Scope of consolidation: consolidated		Total unweighted value (average)				Total weighted value (average)			
Currency and units: EURO actual									
Quarter ending on (31 December 2016)		31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec
Number of data points used in the calculation of averages		0	0	0	0	0	0	0	0
<b>HIGH-QUALITY LIQUID ASSETS</b>									
1	Total high-quality liquid assets (HQLA)	39,952,089	39,914,800	39,871,348	39,831,044	39,952,089	39,914,800	39,871,348	39,831,044
<b>CASH-OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	0	0	0	0	0	0	0	0
3	<i>Stable deposits</i>	0	0	0	0	0	0	0	0
4	<i>Less stable deposits</i>	0	0	0	0	0	0	0	0
5	Unsecured wholesale funding	0	0	0	0	0	0	0	0
6	<i>Operational deposits ( all counterparties) and deposits in networks of cooperative banks</i>	0	0	0	0	0	0	0	0
7	<i>Non-operational deposits (all counterparties)</i>	0	0	0	13,018,189	0	0	0	13,018,189
8	<i>Unsecured debt</i>	0	0	0	0	0	0	0	0
9	Secured wholesale funding					0	0	0	0
10	Additional requirements	0	0	0	0	0	0	0	0
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	0	0	472,075	417,493	0	0	472,075	417,493
12	<i>Outflows related to loss of funding on debt products</i>	0	0	0	0	0	0	0	0
13	<i>Credit and liquidity facilities</i>	0	0	0	0	0	0	0	0
14	Other contractual funding obligations	52,727,959	37,444,995	26,829,987	31,155,365	50,784,847	35,840,687	25,742,504	29,604,371
15	Other contingent funding obligations	0	0	808,512	1,603,424	0	0	808,512	1,603,424
16	<b>TOTAL CASH OUTFLOWS</b>	52,727,959	37,444,995	28,110,574	46,194,471	50,784,847	35,840,687	27,023,091	44,643,477

Scope of consolidation: consolidated		Total unweighted value (average)				Total weighted value (average)			
Currency and units: EURO actual									
Quarter ending on (31 December 2016)		31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec
Number of data points used in the calculation of averages		0	0	0	0	0	0	0	0
<b>CASH-INFLOWS</b>									
17	Secured lending (eg reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	56,971,851	69,890,253	37,679,953	74,359,787	21,710,333	24,371,478	16,729,860	28,596,672
19	Other cash inflows	28,211,258	10,016,213	3,889,977	2,663,200	28,211,258	10,016,213	3,889,997	2,663,200
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	<b>TOTAL CASH INFLOWS</b>	85,183,109	79,906,466	41,569,930	77,022,986	49,921,591	34,387,691	20,619,837	31,259,872
EU-20a	<i>Fully exempt inflows</i>								
EU-20b	<i>Inflows Subject to 90% Cap</i>								
EU-20c	<i>Inflows Subject to 75% Cap</i>	85,183,109	79,906,466	41,569,930	77,022,986	49,921,591	26,880,515	20,267,318	31,259,872
						TOTAL ADJUSTED VALUE			
21	<b>LIQUIDITY BUFFER</b>	39,952,089	39,914,800	39,871,348	39,831,044	39,952,089	39,914,800	39,831,044	39,831,044
22	<b>TOTAL NET CASH OUTFLOWS</b>	12,696,212	8,960,172	6,755,773	13,383,604	12,696,212	8,960,172	6,755,773	13,383,604
23	<b>LIQUIDITY COVERAGE RATIO</b>	314.68%	445.47%	590.18%	297.61%	314.68%	445.47%	590.18	297.61%