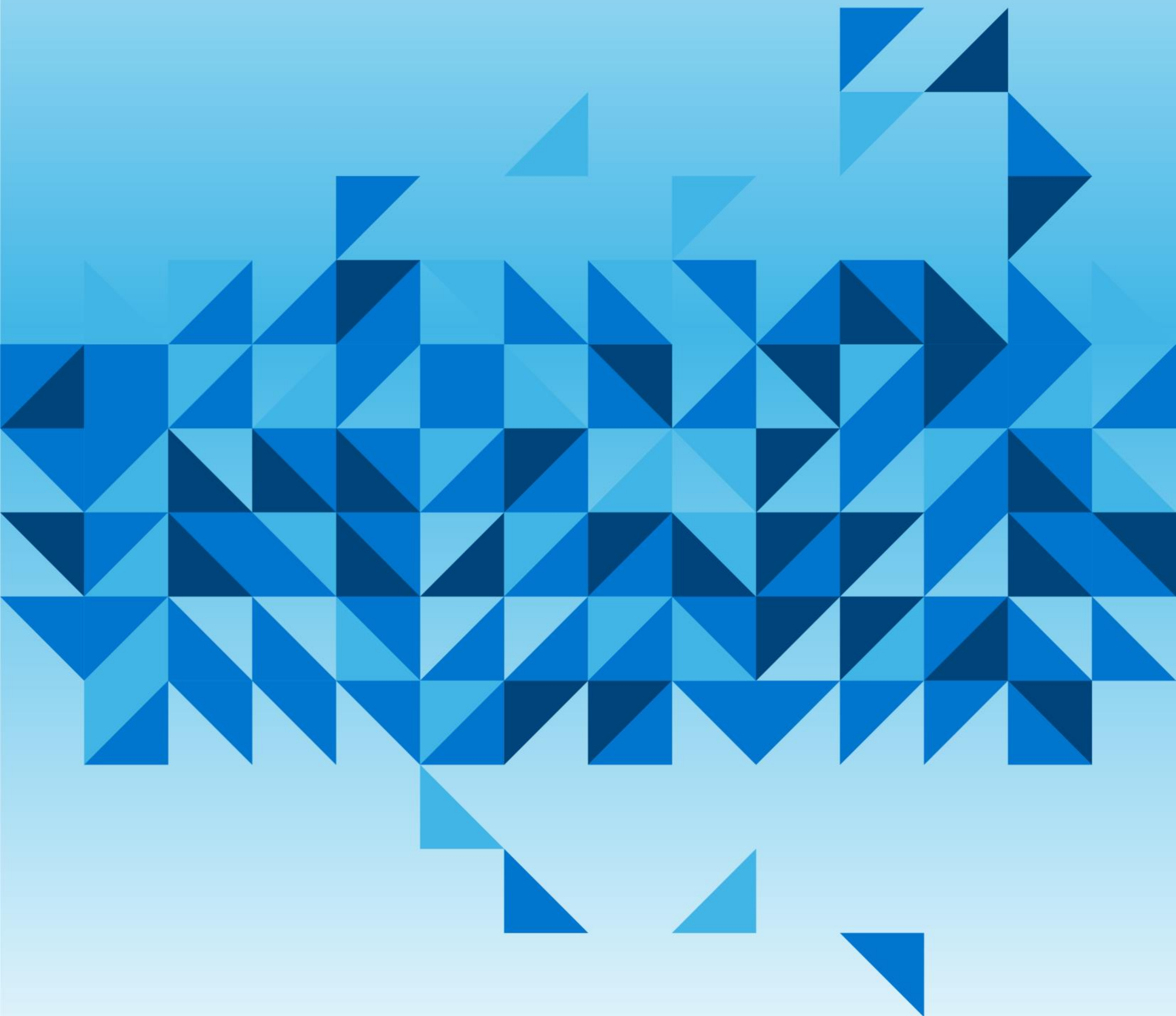
Pillar III Disclosures

For the year ended 31 December 2020

Dell Bank International Designated Activity Company (d.a.c)



1 Overview ... 3
1.1 Principal Activities ... 3
1.2 Capital Requirements Regulation & European Directives ... 4
1.3 Distinction between IFRS and Pillar III Quantitative Disclosures ... 4
1.4 Scope of Application ... 5
2 Own funds and capital management ... 7
2.1 Capital Resources ... 7
2.2 Capital Instruments ... 8
2.3 Capital Management ... 10
2.4 Capital Planning ... 10
3 Risk management ... 12
3.1 Introduction ... 12
3.2 Risk Framework ... 12
3.3 Risk Governance ... 14
3.4 Diversity and Inclusion ... 18
4 Key Risks ... 20
4.1 Credit Risk ... 20
4.2 Market risk - foreign exchange risk ... 29
4.3 Interest rate risk in the banking book (IRRBB) ... 30
4.4 Funding & Liquidity risk ... 31
4.5 Operational risk ... 34
4.6 Residual asset value risk ... 34
4.7 Other risks ... 35
5 Encumbered Assets ... 38
6 Leverage ... 40
7 Remuneration disclosures ... 42
7.1 Proportionality ... 42
7.2 Remuneration components ... 42
7.3 Identified Staff ... 42
7.4 Remuneration Governance ... 44
8 Appendices ... 46

1 Overview

1.1 Principal Activities

Dell Bank International d.a.c. (“Dell Bank”, “the Bank”) was incorporated on 15 August 2011. The Bank’s immediate parent undertaking is DFS BV, a Company incorporated in the Netherlands and the Bank’s ultimate parent undertaking is Dell Technologies Inc. a public company incorporated in the United States of America. On 28 December 2018, Dell Technologies returned to being publicly traded on the New York Stock Exchange (NYSE) under trading symbol “DELL” by completing an exchange of all outstanding shares of its Class V Common Stock for a combination of cash and shares of Class C Common Stock.

The principal activity of the Bank has been the provision of financing solutions to end users of products and services sold by Dell/EMC entities in Europe. This includes leases and loan arrangements, rentals and asset management facilities to all Dell business segments and with third party providers.

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 on 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.

A special purpose vehicle, Dell Receivables Financing 2016 Designated Activity Company (d.a.c.) (the “SPV”), was incorporated on 9 September 2016 as part of a securitisation structure. The Bank and its controlled SPV are collectively referred to as (the “Group”). The SPV is a “qualifying company” as defined in Section 110 of the Taxes Consolidation Act 1997. The Bank began selling eligible receivables to the SPV from the 1 January 2017 and will continue to do so on a revolving basis. The SPV is funded by a senior loan facility provided by a number of external banks and by a junior loan facility provided by the Bank. Operationally the Bank remains responsible for the credit management, servicing, collection, and administration of these assets (including receivables) under a Servicing Agreement between the Bank and the SPV. The Bank retains the credit risk associated with the receivables. In December 2020, the Group renewed the securitised loan facility.

In June 2020, the Bank issued a €500 million senior unsecured note (the “Eurobond”). The Eurobond is listed on the Global Exchange Market of Euronext Dublin (“Euronext Dublin”). The Eurobond matures, and is fully repayable, in June 2024. Interest is payable at a fixed rate on an annual basis.

During the financial year, the Bank availed of funding from the ECB (“European Central Bank”) under Targeted Longer-Term Refinancing Operating (“TLTRO”). The Groups borrowings will be repaid throughout 2023 in line with the terms and conditions of the TLTRO facility.

The Covid-19 pandemic presented challenges for many organisations including the Group. The Group has relied on existing crisis management policies and processes to navigate the crisis with a focus on supporting our teams, our customer and partners and our communities. The final impact of Covid-19 remains uncertain but it has been a major shock to the global economy with its impact being felt by the Group, its customers and partners alike.

The Group continues to closely monitor any impacts arising from the UK’s withdrawal from the EU (“Brexit”). The impact remains uncertain and may affect the UK economy and the wider European economy. This may have an adverse down-stream impact on our customers and on the Bank's financial performance.

1.2 Capital Requirements Regulation & European Directives

The Capital Requirements Directive (CRDIV) and the Capital Requirements Regulation (CRR) were published by the European Banking Authority (EBA) on 27 June 2013. CRD IV and CRR came into effect on 1 January 2014.

Since their publication, CRR and CRD IV have been subject to numerous amendments including by CRRII and CRDV which were published in the Official Journal of the EU on 7 June 2019 and with a phased approach to implementation. Most of these changes will apply from June 2021, however various requirements are already applicable. Various technical standards have been published under CRRII and CRDV, with additional to be published from 2021-2023.

CRD and CRR in the context of this document describes the package CRR and CRRII as amended, CRD IV, CRDV, as amended, and regulations including technical standards.

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

Pillar I ("minimum capital requirements") 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 I ensures capital adequacy.

Pillar II ("supervisory review") 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. 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). The purpose of Pillar II is to address any institution specific risks that are not adequately covered by Pillar I and ensure sufficient capital is held for those risks.

Pillar III ("market discipline") requires disclosure to the market of certain qualitative and quantitative information relating to an institution's risk profile and risk management processes. Pillar III aims to promote market discipline through regulatory disclosure requirements.

This document presents the Bank's Pillar III disclosures as at 31 December 2020. The Bank is required to comply with the Pillar III disclosure requirements as an authorised credit institution by the Central Bank of Ireland (CBI).

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 I information based on regulatory capital adequacy concepts and rules. While some of the Pillar III quantitative disclosures based on Basel methodologies may be comparable with quantitative disclosures in the Annual Report 31 December 2020 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 Bank's regulatory banking licence requires both Dell Bank International d.a.c (individual basis[1]) and the Parent Company, DFS BV, (consolidated basis) to file regulatory returns with the CBI for the purpose of assessing, inter alia, their capital adequacy and balance sheets. In line with CRR requirements, 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 consolidated Financial Statements are presented for Dell Bank International d.a.c (individual basis) and therefore the 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.

In 2016, the EBA published Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013. These guidelines have set out prescriptive requirements for disclosing both qualitative and quantitative data. While these guidelines apply to all Global Systemically Important Institutions (G-SII's) and Other Systemically Important Institutions (O-SII's), the Central Bank of Ireland has requested that all Less Significant Institutions also comply in full with the requirements. The EBA prescriptive templates for quantitative data can be found in the Appendices while the pertinent data is contained within the body of the document. In addition, the EBA published Implementing Technical Standards on Pillar III disclosures which requires implementation by June 2021. This implements regulatory changes introduced by the CRRII and aligns the disclosure framework with international standards.Where possible, comparatives to 2020 have also been included.

[1] For regulatory purposes, the Individual basis includes Dell Receivables Financing 2016 d.a.c.

2 Own funds and capital management

2 Own funds and capital management

2.1 Capital Resources

During 2020 the Bank was predominantly funded by capital, a collateralised loan facility, a securitised senior loan facility, unsecured senior bonds and an intercompany loan from Dell Global BV (DGBV) a fellow subsidiary of Dell Technologies Inc. Dell Technologies 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 Group received a capital contribution of €50 million from its parent in August 2020. In 2019, the Group received two capital contributions from its parent; one for €65 million in April 2019 and the other for €75 million in June 2019.

The following table sets out the Own Funds of the Bank (see Appendix 1 for EBA disclosure templates including nature and amounts of the prudential filters[2] and Appendix 3 for a reconciliation of the own funds).

Regulatory Capital

In thousands of Euro	2020	2019
Tier 1 Capital		
Share Capital	50,018	50,018
Capital Contribution	607,500	557,500
Goodwill	(13,226)	(13,226)
Intangible Assets	(3,515)	(5,252)
Deferred Taxation Assets	(1,714)	(3,299)
Reserves	(27,851)	(41,254)
Adjustments to CET1	539	299
Common Equity Tier 1	**611,751**	**544,784**
Additional Tier 1	**-**	**-**
Total Tier 1 Capital	**611,751**	**544,784**
Tier 2		
Total Tier 2 Capital	**-**	**-**
Total Own Funds	**611,751**	**544,784**
Risk Weighted Assets	**2,410,368**	**2,101,918**
Total Capital Ratio	**25.38%**	**25.92%**

[2] Prudential Filters under article 36 of the CRR are; intangible assets and goodwill.

2.2 Capital Instruments

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 2020

In thousands of Euro	Pillar I 2020	Pillar I 2019
Credit Risk Exposure Classes		
Central Governments and Central Banks	1	61
Regional Governments	998	1,059
Institutions	18,678	6,385
Corporates	147,881	132,623
Default	896	10,136
Other Items	5,915	7,937
Market Risk		
Foreign Exchange Risk	263	468
Operational Risk	16,921	9,094
Credit Valuation Adjustment	1,275	390
Total Pillar I Capital Requirements	**192,829**	**168,153**

The Bank assesses its capital adequacy on a Pillar I basis through the COREP[3] process. The Bank also assesses the adequacy of its capital to support current and future activities through the Internal Capital Adequacy Assessment Process ("ICAAP"). The Bank's Asset and Liability Committee ("ALCO") is the primary management committee responsible for the ICAAP which is reviewed by the Risk Committee and approved by the Board[4]. 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

The Bank reports capital buffers[5] in line with Article 440 of the CRR. The capital conservation buffer is set at 2.5% of CET 1 capital and is a requirement for all banks.

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 calculated based on risk weighted assets excluding those for Covered Bonds, Central Governments or Central Banks, Regional Governments and Institutions and is implemented as an extension of the capital conservation buffer.

Systemic buffer requirements under CRD IV currently do not apply to the Bank as the buffer has not been transposed into Irish law yet. The introduction of the buffer is a national discretion for Member States, and to date the discretion has not been exercised in Ireland.

[3] Common Reporting (COREP) is a standardised reporting framework issued by the European Banking Authority for Capital Requirements Regulation reporting.
[4] The Board or Board of Directors refers to the Management Body as defined in Article 3 (7) of the Capital Requirements Directive 2013/36/EU
[5] Article 128 of CRDIV

Countercyclical Capital Buffers

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

In thousands of Euros	2020				2019			
	General Credit Exposure	Own Fund Requirements	Own funds requirement weights	Countercyclical capital buffer rate	General Credit Exposure	Own Fund Requirements	Own funds requirement weights	Countercyclical capital buffer rate
	Exposure Value for SA	of which: General credit exposures			Exposure Value for SA	of which: General credit exposures		
	010	070	110	120	010	070	110	120
Breakdown by country								
United Kingdom	427,718	32,886	21.26%	0.00%	372,065	30,664	20.35%	1.00%
France	254,309	19,186	12.40%	0.00%	259,479	21,257	14.11%	0.25%
Ireland	147,177	11,668	7.54%	0.00%	69,965	5,902	3.92%	1.00%
Sweden	59,740	4,614	2.98%	0.00%	76,477	6,366	4.22%	2.50%
Luxembourg	45,582	3,629	2.35%	0.25%	25,071	2,006	1.33%	0.00%
Denmark	21,491	1,596	1.03%	0.00%	15,883	1,269	0.84%	1.00%
Norway	20,976	1,510	0.98%	1.00%	14,806	1,187	0.79%	2.50%
Iceland	5,214	417	0.27%	0.00%	635	51	0.03%	1.75%
Czech Rep	3,878	310	0.20%	0.50%	-	-	0.00%	1.50%
Other	1,043,023	78,888	50.99%	0.00%	1,010,823	82,000	54.42%	0.00%
Total	2,029,109	154,705	100%		1,845,204	150,702	100%	

Amount of institution-specific countercyclical capital buffer

		2020	2019
		010	010
010	Total Risk Exposure Amount	2,410,368	2,101,918
020	Institution specific countercyclical capital buffer rate	0.017%	0.412%
030	Institution specific countercyclical capital buffer requirement	401	8,660

2.3 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 to 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 weekly 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).

2.4 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. The Bank's Pillar I capital adequacy position is monitored on a continuous basis and reported to management weekly.

The ICAAP is aligned with the financial planning process. ALCO reviews the Internal Capital Adequacy Assessment Report (ICAAP Report) and recommends it to the Risk Committee who in turn review and recommend it to the Board. The Board review and approve the ICAAP Report.

3 Risk management

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, complexity, 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.

The Bank has in place a Risk Appetite Framework which sets out the Bank's approach to all material risks 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, and do not cause financial loss exceeding Risk Appetite tolerances.

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 CBI. The key material risks that have been identified are as follows:

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

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

The stress testing programme, as part of a range of risk management tools, supports different business decisions and processes including strategic decisions. The results of stress tests are considered in the process of setting and reviewing the Bank's Risk Appetite and fixing exposure limits as well as a planning tool to determine the effectiveness of new and existing business strategies and their impact on capital utilisation. Stress testing is an integral part of the ICAAP and ILAAP. The Bank's ICAAP and ILAAP are forward-looking and takes into account the impact of severe scenarios that could impact the institution. Stress testing reports

provide the Board and senior management with a thorough understanding of the material risks to which the institution may be exposed.

Three lines of defence model

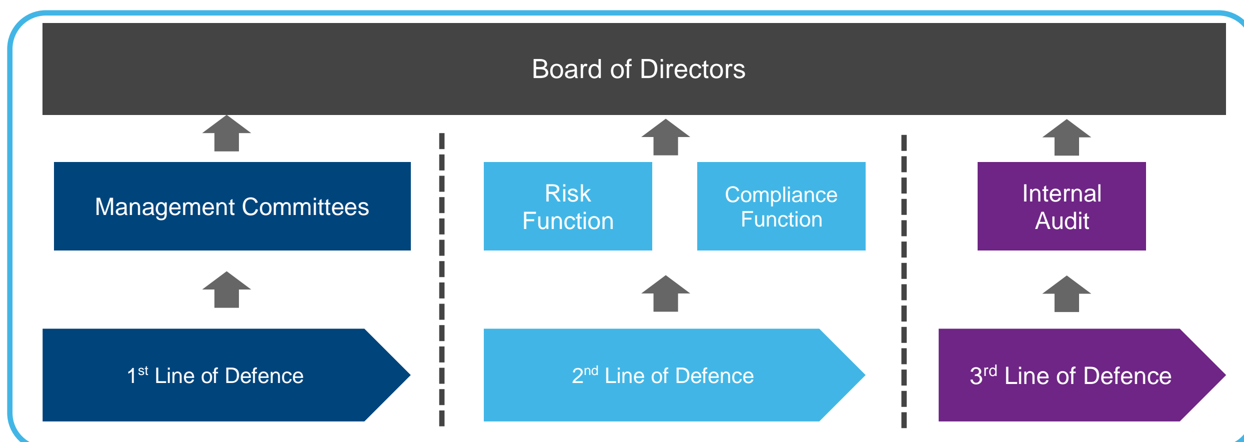
The Bank utilises a 'three lines of defence' approach to ensure that appropriate responsibility is allocated for monitoring, management, reporting and escalation where appropriate.

A key aspect of implementing a strong Internal Control Framework is the allocation of primary responsibility for identifying and managing risks to the Bank's first line of defence which comprises of 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 and the Compliance Function.

The Bank's second line of defence comprises of the Risk Management and Compliance Functions. The second line of defence provides 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. It is also responsible for formulating these policies and procedures and communicating them to the first line of defence. 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 the Internal Audit function, which provides independent assurance to management, the Audit Committee, the Board and external stakeholders. 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.

The diagram below describes the Bank's risk information flow

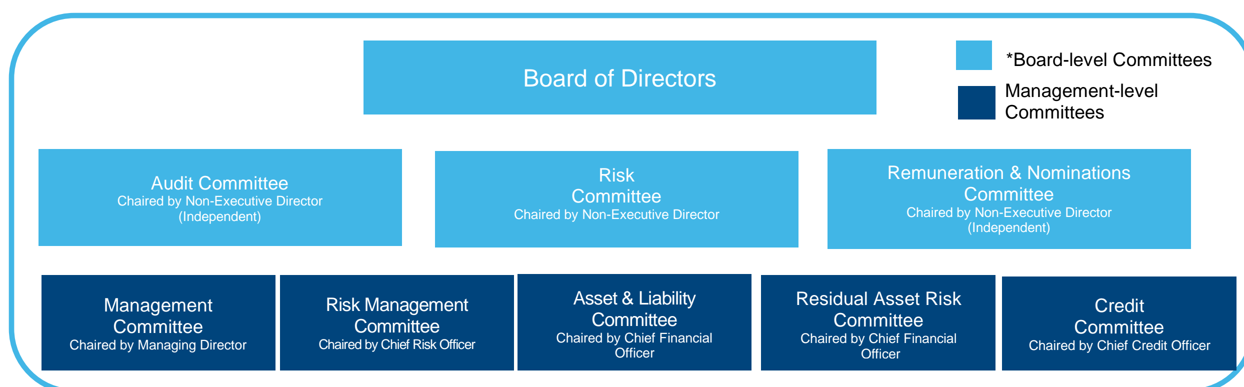


3.3 Risk Governance

The Bank's organisational structure is designed to promote prudent and effective 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 through a Delegated Authority Matrix, matters it has delegated to Board Sub Committees and to Management;
- 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;
- The Risk Committee, a Board Sub Committee met four times during 2020 (2019: four times).

Diagram: Oversight– Management Committees



* The Board Sub Committees are: Audit Committee, Risk Committee, Remuneration and Nominations Committee as shown in the diagram above

Board-level Committees

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 Pillar III disclosures; internal control Framework of the Bank; and oversight of the Bank's external auditors. The Internal Audit Function reports to the Audit Committee.

The Risk Committee of the Group is responsible for oversight and advice to the Board on the significant risk exposures of the Group and future risk strategy. The Risk Committee advises and makes recommendations to the Board on risk matters, including risk appetite, financial performance, capital adequacy, liquidity adequacy, recovery plans and policy. The Risk Committee also oversees the Group's Risk Management Function. The Group's Risk Management Function supports the Risk Committee in carrying out its duties and responsibilities by providing appropriate reporting of the risks in the business. Responsibility for risk management policies and risk tolerances lies with the Board of Directors. The Board of Directors has delegated day to day authority to the Risk Committee to take all actions necessary to perform its duties and responsibilities in overseeing risk.

The Remuneration and Nomination Committee is responsible for determining the remuneration policy and Framework in compliance with CBI and EBA requirements. This includes identifying categories of staff with material risk-taking responsibilities and ensuring that fully compliant variable remuneration structures are in place. The Remuneration and Nomination Committee has oversight for recruitment of suitable candidates to fill the Board and Senior Management vacancies. The Remuneration and Nomination Committee is also responsible for reviewing and approving performance-based remuneration in accordance with regulatory requirements.

Management-level Committees

The Management Committee is responsible for the overall day to day management of the Bank in accordance with its Terms of Reference and the Board Charter. The Management Committee is charged with the development management and monitoring of strategy, change agenda and policies as appropriate, including approving changes to operational processes, procedures and internal controls and ensuring that any relevant documentation is updated to reflect such changes. It also reviews key management information in relation to the performance of the Bank, including financial performance, adherence to budgets and compliance with regulatory requirements. In accordance with the Recovery Plan, the Management Committee will act as the crisis management team throughout the recovery period.

The Risk Management Committee ("RMC") is responsible for the monitoring and implementation of the Bank's Risk Management Framework. The RMC provides support to the Risk function and the Board Risk Committee in promoting an appropriate culture of risk awareness and overseeing the ongoing development of risk management processes across the Bank. In addition, the RMC is supported by a number of Forums and Committees such the Compliance Forum and Outsourcing and Referral Committee.

The Compliance Forum monitors compliance with laws and regulations and considers the impact of future legal and regulatory changes. The Outsourcing Forum oversees the management of risks arising from outsourcing of certain activities.

The Asset and Liability Committee ("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, the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") and the Bank's Internal Liquidity Adequacy Assessment Process ("ILAAP"). ALCO is also responsible for leading the development of the Bank's Recovery Plan. ALCO oversees the establishment and maintenance of 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 Credit Committee has been delegated responsibility by the Board to implement the credit policies and ensure procedures are in place, to oversee the Credit Function and associated credit risk management. The responsibilities of the Credit Committee include approval of credit proposals within its delegated authority, credit portfolio performance monitoring, and considering reviews of the internal credit controls. The Credit Committee is responsible for the overall management of credit exposures of the Bank. Credit exposures include both transactional (for example: derivatives) 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.

The Credit Provision Committee is a subcommittee of the Credit Committee and is responsible for the overall management of the Bank's provisions. The responsibilities include monitoring adherence to the Bank's impairment policy, approval of the provisions and approval & monitoring of Expected Credit Loss (ECL) model components.

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

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

There were no changes to the composition of the Board in 2020. At close of business on 31 December 2020, the Board was comprised of eight Directors (2019: eight).

William Wavro

William Wavro joined Dell in 2005 and is currently the President of Dell Financial Services (“DFS”). Prior to DFS, William served as CFO for the Global Commercial Business and also led the finance teams for the CSMB and SMB business units. William 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, William started his career with Price Waterhouse Coopers 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. William 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. William joined Compaq in 1997 as a controller to help start up and lead Compaq Financial services to what would eventually become a $2 billion 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. William is a Certified Public Accountant in the State of Texas.

William holds six other directorship positions within the Dell Technologies Group.

Daniel Twomey

Daniel Twomey joined Dell in 1997 from PWC. He was appointed Managing Director for Dell Bank International d.a.c on 25 February 2019 and at the same time was appointed to the Board. In this role he is responsible for all functions of the Bank including finance, operations, asset management, credit and compliance.

Prior to joining Dell Bank, Daniel progressed through a number of finance leadership roles in Dell covering manufacturing, operations, financial controller, financial planning, and most recently serving as Senior Vice President, EMEA Commercial Finance. Daniel graduated from the University of Limerick with a Bachelor of Business Studies (First Class Honours) and is a Chartered Accountant.

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

Hugh O’Donnell

Hugh O’Donnell serves as Chief Financial Officer (“CFO”) of the Bank. Hugh joined the Bank in July 2017 and was appointed to the Board on 13 September 2017. In his current capacity, he has responsibility for all financial functions of the Bank including accounting, financial planning, pricing, treasury, tax, and regulatory reporting.

Before joining the Bank, Hugh held the position of Executive Director and CFO for Allied Irish Bank plc’s (AIB) UK Division, a UK regulated Retail and Business Bank. Over his career, Hugh’s experience centred on finance leadership roles in the Capital Markets, UK and Group Divisions of AIB and prior to that in corporate finance and auditing with Price Waterhouse Coopers. Hugh is a Chartered Accountant and a member of the Institute of Chartered Accountants in Ireland and also holds a Master’s Degree in Accounting from the Smurfit Business School and a Bachelor of Commerce degree from UCD.

Hugh holds three 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 re-joined 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 Charter holder since 2006.

Tyler holds eleven other directorship positions within the Dell Technologies Group and one external directorship.

Frank O'Riordan

Frank O' Riordan 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 no additional directorships.

Donal Courtney

Donal Courtney 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 30 years' experience in financial services, commercial banking, asset financing and aircraft leasing industries in Ireland and Europe. In 2009 he was awarded a Certificate in Directors Duties and Responsibilities from the Institute of Chartered Accountants in Ireland.

From 2010 to 2019, he served as a Non-Executive Director of UniCredit Bank Ireland where he was 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 and since 2019 he has served as a Non Executive Director of IPUT Asset services Limited. In 2018 he was appointed as a Non Executive Director of Permanent TSB plc and Permanent TSB Group Holdings plc.

Donal holds an additional four directorships.

Don Berman

Don was President and GM of Dell Financial Services from 2007 until 2012. He retired from Dell in 2013. Prior to that, he was SVP and Chief Credit Officer for Discover Card, a division of Morgan Stanley at that time. From 1982 to 2001, he held various leadership positions at Associates First Capital (acquired by Citigroup in 2000), including EVP and GM for the bankcard and private label businesses, Chief Credit Officer for the credit card group and business CFO for the consumer division.

Don holds MBA and BBA degrees from the University of Texas at Austin.

Don holds no additional directorships.

Roisin Brennan

Roisin Brennan joined the Board 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 companies on a variety of transactions including IPOs and Mergers & Acquisitions. Roisin is a non-executive director of Ryanair plc and Ryanair dac, Musgrave Group plc and Musgrave Limited, Hibernia REIT plc, and Glanbia plc. Roisin was a non-executive director of DCC plc from 2005 until 2016. Roisin graduated with a First-Class Honours Degree from University College Dublin and qualified as a Chartered Accountant with Arthur Andersen.

Roisin holds an additional six directorships.

3.4 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[6]. The Bank aims to have a minimum of twenty five (25%) percent females on the Board of Directors. In 2016 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[7] 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 CRR and CRDIV, this information is made public on the website of the Bank and the "management body" is the Board of Directors of the Bank.

[6] https://www.dell.com/learn/ie/en/iebsdt1/by-service-type-financing-leasing

[7] Article 435 (c) of the CRR

4 Key Risks

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 leases 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 Risk Measurement

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.

Management recognise that system generated scores cannot take into consideration all circumstances and information available to make automated credit decisions. The purpose of the manual adjudication is to reasonably estimate the likelihood associated with a customer's probability of default ("PD"). All manual credit decisions are on a case by case basis using a range of quantitative and qualitative factors that are suitable and applicable to the assessment. This methodology is used in both the original underwriting decisions and as part of the on-going risk management of the portfolio.

The Bank requires all customers to 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 sixteen point scale in assigning PD grades of customers. This PD grade scale is referenced to externally available customer ratings. 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") 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.

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 & customer own 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.

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 standardised 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 by Exposure Class is set out in the table below. Further analysis by geography, industry, maturity and risk weight can be found in Appendix 4 - Credit Risk Analysis.

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

Credit Risk Assets by Asset Class				
In thousands of Euro	**Pillar I EAD 2020**[8]	**Average EAD during 2020**	**Pillar I EAD 2019**[9]	**Average EAD during 2019**
Central Governments and Central Banks	**396,230**	**366,732**	**267,379**	**261,741**
Regional Governments	**62,501**	**69,406**	**67,754**	**41,271**
Institutions	**497,131**	**435,040**	**250,856**	**174,953**
Corporates	**2,049,144**	**1,898,873**	**1,746,022**	**1,576,980**
Default	**7,498**	**50,451**	**84,676**	**130,817**
Other Items	**80,648**	**109,759**	**96,755**	**131,897**
Total	**3,093,151**	**2,930,260**	**2,513,442**	**2,317,658**
Of which Counterparty Credit Risk (MTM approach as per CRR Article 274)	32,215		11,912	

Use of External Credit Assessment Institutions ("ECAI's")

For Credit monitoring and decision making the Bank uses an internal ratings scale based on probabilities of default and ultimate loss to derive its own rating. These ratings may be supplemented by ratings from Moody's Investor Service and /or Standard and Poor's Ratings Agency ratings assessments.

In respect to COREP capital calculation purposes, where a counterparty is classed as a credit institution and it is rated by an ECAI, the Bank obtains 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 2020 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

[8] Exposure at Default ("EAD") is defined as Exposure Value less provisions and Credit Risk Mitigation Adjustments

[9] Exposure at Default ("EAD") is defined as Exposure Value less provisions and Credit Risk Mitigation Adjustments

ECAI's 2020

Short Term Exposures (Under 3 months' residual maturity)

In thousands of Euro							
Credit Rating	AA-	A+	A	A-	BBB+	BBB	BBB-
Credit Quality Steps for Short Term Exposures	1	2	2	2	3	3	3
Exposure At Default (EAD)	-	58,781	586	9,064	102,372	2,600	-

Long Term Exposures (over 3 months' residual maturity)

In thousands of Euro							
Credit Rating	AA	AA-	A+	A	A-	BBB+	BBB
Credit Quality Steps for Long Term Exposures	1	1	2	2	2	3	3
Exposure At Default (EAD)	21,098	76,148	20,824	8,490	62,015	1,459	1,424

Credit Risk Impairment and Provisioning Policies

Under IFRS 9 all credit exposures are subject to recognition of an impairment loss allowance for expected credit loss ("ECL").ECLs are calculated through the impairment model which allocates financial instruments to stage 1, 2, 3 and POCI (Purchased or Originated Credit- impaired) and measure the appropriate 12 month or lifetime ECL.

- Stage 1 (not credit-impaired): Exposures which have not experienced a significant increase in credit risk since initial recognition and are not credit-impaired. An impairment loss allowance equal to 12-month ECL is recognised.
- Stage 2 (not credit-impaired): Exposures which have experienced a 'significant increase in credit risk since initial recognition' and are not credit-impaired. An impairment loss allowance equal to lifetime ECL is recognised.
- Stage 3 (credit-impaired): Credit-impaired exposures. An impairment loss allowance equal to lifetime ECL is recognised. The Group's identification of credit-impaired exposures results in its population of credit-impaired exposures being consistent with its population of defaulted financial assets (in accordance with Article 178 of the Capital Requirements Regulation (CRR) in scope for the impairment requirements of IFRS 9. This encompasses loans where: (i) the borrower is considered unlikely to pay; and / or (ii) the borrower is greater than 90 days past due and the arrears amount is material.
- POCI: Exposures that were credit-impaired at initial recognition. A POCI is not subject to any initial impairment loss allowance but an impairment loss allowance is subsequently recognised for the cumulative changes in lifetime ECL since initial recognition. A POCI remains classified as such until it is derecognised, even if assessed as no longer credit-impaired at a subsequent reporting date.

ECLs are calculated as the sum of the marginal losses for each time period from the balance sheet date. The key components of the ECL calculation are Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

A financial asset is credit-impaired "when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred". It is the policy of the Bank to adopt a definition of default consistent with the EBA guidelines. Obligors that are deemed to be unlikely to pay or that have material delinquencies of 90 days past due or more are considered defaulted. The Bank considers certain events as resulting in mandatory credit-impaired classification without further assessment regardless of delinquency status where appropriate.

An analysis of impairments can be found in Appendix 5 - Credit Quality.

Template 16: EU CR2-A – Changes in the stock of general and specific credit risk adjustments

	In thousands of Euros	2020		2019	
		a	b	a	b
		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	**Opening balance**	23,494		13,970	
2	Increases due to amounts set aside for estimated loan losses during the period	8,414		2,294	
3	Decreases due to amounts reversed for estimated loan losses during the period	(5,882)		(3,399)	
4	Decreases due to amounts taken against accumulated credit risk adjustments	12,915		13,627	
8	Other adjustments	(9,355)		(2,997)	
9	**Closing balance**	29,587		23,494	
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss			-	
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	(9,392)		(3,847)	

The movement in the Gross Carrying Value of impairments are shown in the table below:

Template 17: EU CR2-B - Changes in the stock of defaulted and impaired loans and debt securities

	In thousands of Euros	2020	2019
		a	
		Gross carrying value defaulted exposures	Gross carrying value defaulted exposures
1	**Opening balance**	88,099	135,515
2	Loans and debt securities that have defaulted or impaired since the last reporting period	10,308	72,067
3	Returned to non-defaulted status	(61,453)	(90,702)
4	Amounts written off	(9,660)	(3,605)
5	Other changes	(12,815)	(25,176)
6	**Closing balance**	14,480	88,099

Non-performing exposures

These are

(i) credit-impaired loans (IFRS Stage 3) which includes loans where the borrower is considered unlikely to pay in full without recourse by the Group to actions such as realising security, and loans where the borrower is greater than 90 days past due and the arrears amount is material; and

(ii) other / probationary loans that have yet to satisfy exit criteria in line with EBA guidance to return to performing.

An analysis of NPEs can be found in Appendix 3.

Covid-19 Payment Moratorium

Following the outbreak of the COVID‐19 pandemic, governments across the globe and in the EU introduced a number of response measures, including various forms of population confinement, which are expected to have significant economic consequences.

As a response to the negative impact that the COVID-19 pandemic may have on the EU banking sector, a number of Member States implemented a broad range of measures, such as legislative moratoria on loan repayments, with the aim to support the operational and liquidity challenges faced by borrowers. In other Member States, similar measures have been introduced under credit institutions' industry-wide coordinated initiatives.

On 2 April 2020, the EBA published Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis which clarified the criteria and conditions under which such measures do not trigger forbearance classification of loans and advances, and sets out their further prudential treatment in this context. These guidelines were further updated on 25 June 2020 and 2 December 2020.

Moratoria on loan payments that are in accordance with the EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis do not trigger forbearance classification and the assessment of distressed structuring of loans and advances benefiting from these moratoria and they do not automatically lead to default classification. However, the Bank continues the monitoring and where necessary the unlikeliness to pay assessment of loans and advances that fall under the scope of these moratoria.

During the year the Bank granted payment breaks on loans amounting to €35 million with €16 million remaining on an active payment break at 31 December 2020. The tables below provide analysis of these loans in accordance with the EBA Guidelines on Covid-19 measures and disclosures.

Template 1: Information on loans and advances subject to legislative and non-legislative moratoria

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non Performing				Performing			Non performing			
In thousands of Euros			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non performing exposures
Loans and advances subject to moratorium	16,413	16,413	-	16,413	-	-	-	(260)	(260)	-	(260)	-	-	-	-
of which: Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Non-financial corporations	16,411	16,411	-	16,411	-	-	-	(260)	(260)	-	(260)	-	-	-	-
of which: Small and Medium-sized Enterprises	590	590	-	590	-	-	-	(2)	(2)	-	(2)	-	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

In thousands of Euros	a	b	c	d	e	f	g	h	i
	Number of obligors	Gross carrying amount							
			Of which legislative moratoria	Of which expired	Residual maturity of moratoria				
					<= 3 months	>3 months <= 6 months	>6 months <= 9 months	>9 months <= 12 months	>1 year
Loans and advances for which moratorium was offered	254	53,931							
Loans and advances subject to moratorium (granted)	221	34,694	8,780	18,281	33,948	746	-	-	-
of which: Households		-	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property		-	-	-	-	-	-	-	-
of which: Non-financial corporations		27,831	8,778	11,419	27,085	746			
Of which: Small and Medium sized enterprises		7,310	2,053	6,720	7,305	5			
of which: Collateralised by commercial immovable property		-	-	-	-	-	-	-	-

Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID19 crisis

In thousands of Euros	a	b	c	d
	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		Of which forborne	Public guarantees received	Inflows to non performing exposures
Loans and advances subject to moratorium	-	-	-	-
of which: Households	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-
of which: Non-financial corporations	-	-	-	-
of which: Small and Medium-sized Enterprises	-	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-

Counterparty credit risks

Counterparty credit risk is the risk that counterparties to derivative contracts will fail to meet their contractual obligations causing replacement losses to the other party. Counterparty credit risk arises from Treasury activities with other credit institutions including the execution of interest rate and foreign exchange derivatives for economic hedging purposes. The Bank uses the Mark-to-Market Method for measuring 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 mitigates counterparty credit risk by implementing netting techniques and exchanging collateral. Netting as outlined in Article 298 of the CRR, is employed where there are contractual netting agreements in place with counterparties. Netting can reduce the potential future credit exposure. The combination of the positive replacement cost, potential future credit exposure less netting benefits provides the Exposure at default (EAD). The Bank has the ability to call on collateral for in scope derivatives, as defined under the European Market Infrastructure Regulation.

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. 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 it's financial health deteriorates or market conditions change. 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.

The volatility of the credit spread of counterparties is captured through the application of CRD IV Standardised Credit Value Adjustment (CVA) Capital Charge.

Template 26: EU CCR2 - CVA Capital Charge

	In thousands of Euros	2020		2019	
		a	b	a	b
		Exposure value	RWAs	Exposure value	RWAs
4	All portfolios subject to the standardised method	32,215	15,940	11,128	4,877
5	Total subject to the CVA capital charge	32,215	15,940	11,128	4,877

4.2 Market risk - foreign exchange risk

Foreign exchange risk is a financial risk caused by an exposure to changes in the exchange rates between two currencies. The Bank is a Euro denominated entity that engages in leasing business throughout the European Economic Area ("EEA") in the following currencies: GBP, CHF, USD, DKK, SEK, NOK and PLN. The Bank has transaction exposure as it has contractual non-Euro cash flows whose values are subject to changes in exchange rates. To manage the Euro value of the Bank's foreign currency denominated cash flows, the Bank runs an FX hedging program using foreign exchange derivatives. The Bank does not assume any discretionary risk taking in the form of trading book risk.

FX forwards converting non-Euro cash-flows to Euro are utilised 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 exposure is measured against the prescribed targets, triggers and limits which are based on a percentage of the Bank's own funds with performance reported to ALCo. The Bank may choose to obtain funding in Non-Euro currencies and will hedge these drawings accordingly with Foreign Exchange derivatives or through natural hedging with non-euro assets.

Template 34: EU MR1 - Market Risk under the Standardised Approach

		2020		2019	
	In thousands of Euros	a	b	a	b
		RWAs	Capital requirements	RWAs	Capital requirements
3	Foreign exchange risk	3,293	263	5,845	468
9	Total	3,293	263	5,845	468

4.3 Interest rate risk in the banking book (IRRBB)

Interest rate risk is the risk that the Bank will experience deterioration in its financial position as interest rates move over time. This risk arises naturally through the conduct of business.

The Bank manages this risk be entering into interest rate related derivatives to manage the interest rate risk arising in its Banking Book. The Bank's portfolio of non-traded financial instruments principally comprises of commercial finance and operating leases, external loan facilities, and hedging instruments.

The main source of this interest rate risk is re-pricing risk, which reflects the maturity and interest rate bases mismatches that arise from the Bank's normal business. This is the risk that the interest earned on assets and paid on liabilities will change by different amounts if interest rates fluctuate 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.

Interest rate risk in the banking book 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 assets and liabilities (mainly comprised of operating leases) are spread evenly across the risk ladder over medium and longer term maturities.

The Bank applies a range of stress scenarios to this profile to measure the overall level of interest rate risk and ensure that the exposure is optimally managed. One scenario applied is the Committee of the EBA ”outlier” test based on a 200bps upward yield curve shock, others are designed to test exposure to the shape and slope of the yield curve. 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 (EVE) position during the course of the reporting period was:

	2020	2019
	€'000	€'000
200bps upward shock stress scenario as at 31 December	(321)	1,020
Average 200bps upward shock stress scenario for the reporting period 1 January – 31 December	(219)	915
Maximum 200bps upward shock stress scenario during the reporting period 1 January – 31 December	3,686	3,230

The Bank applyies a 200bps upward ramped shock to its projected net interest margin over a one year period. The earnings measure is used to capture the short-term effect of the interest rate changes on earnings and therefore, indirectly through profitability, a short-term solvency effect. The risk position is then measured against prescribed risk limits.

The Non-Traded Interest Rate Risk (NII) position during the course of the reporting period was:

	2020	2019
	€'000	€'000
200bps upward shock stress scenario as at 31 December	1,968	(1,837)
Average 200bps upward shock stress scenario for the reporting period 1 January – 31 December	292	(1,048)
Maximum 200bps upward shock stress scenario during the reporting period 1 January – 31 December	2,766	(1,837)

IRRBB is monitored on a daily basis and the positions are reported regularly to ALCO.

4.4 Funding & 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.

Funding risk can occur where there is an over-reliance on a particular type of funding, a funding gap or a concentration of funding maturities.

Outflows include payments made to affiliates and Value Added Resellers; those resellers that add features or services to existing offerings, 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.

The Bank's assets are comprised primarily of lease and loan obligations. These loans have short to medium term contractual repayment profiles, typically three year amortisation schedules. 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 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 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) Liquidity 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 apply to 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.

The ILAAP enables the Board to assess the adequacy of the Group's funding and liquidity risk management, to assess the key liquidity and funding risks to which it is exposed; and determine the level of contingent liquidity that is required to be maintained under both normal and stress scenarios.

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") and Net Stable Funding Ratio ("NSFR") are modelled and monitored by the Bank against Board approved Target, Trigger and Limit parameters set out in Risk Appetite.

The Treasury function reports the results of the ILAAP Idiosyncratic Scenario to the ALCO members on a weekly 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, capital contributions and retained earnings
- Affiliate borrowings
- External Loan facilities
- Secured funding
- Unsecured funding

The mix of the above sources provides the Group with a diversified and stable funding base.

On 24 June 2020, the Bank issued another €500 million in Senior Unsecured 1.625% Notes (Eurobond) Maturing on 24 June 2024. The notes bear interest on the outstanding nominal amount, payable annually in arrears on 24 June each year. The notes are listed on the Global Exchange Market of Euronext Dublin.

On 17 October 2019, the Bank issued €500 million Senior Unsecured 0.625% Notes (Eurobond) maturing on 17 October 2022. The notes bear interest on the outstanding nominal amount, payable annually in arrears on 17 October each year. The notes are listed on the Global Exchange Market of Euronext Dublin.

The ALMM return provides regulatory supervisors (ECB) with additional metrics/monitoring tools beyond the LCR and Net Stable Funding Ratio (NSFR) to help assess a bank's 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 or product type which allows the identification of the Bank's sources of funding of such significance that their withdrawal could trigger liquidity problems.

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

Rollover of funding captures the Bank's 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 Bank's concentration of counterbalancing capacity, undrawn committed funding lines granted to the Bank

The Bank use the ALMM monitoring tools to further strengthen the Bank's 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

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

d) Derivatives

Where relevant, the Bank enters into Credit Support Annexes ("CSAs") with its derivative counterparties for European Market Infrastructure Regulation ("EMIR") purposes. A CSA forms part of the ISDA Master Agreement and defines the terms under which collateral is posted or transferred between swap counterparties to mitigate the credit risk arising from derivative positions. The Bank's CSAs require collateral to be posted in euro cash.

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 the Supervisory Review & Evaluation Process (SREP) methodology.

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 have 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 & Contingency Funding Plan (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 CFP. The Liquidity Buffer effectiveness is reviewed over short term acute stresses with the CFP effectiveness reviewed over longer term stress events.

The Board and Senior Management are ultimately responsible for the Bank's Internal Liquidity Adequacy Assessment Process (ILAAP).

4.5 Operational risk

The Group faces operational risks in the regular conduct of its day to day business objectives. Operational risk is the risk that actual losses resulting from inadequate or failed internal processes, people and systems or from external events differ from the expected losses. The Group's Operational Risk Management Framework exists to mitigate against such risks. It is structured in a three tier approach 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, cybercrime risk
- New product development
- Outsourcing

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.

4.6 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 potential 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 of 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.

4.7 Other risks

a) Capital Adequacy Risk

Capital adequacy is assessed under the Bank's 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 €50 million and capital contributions received of €607.5 million at 31 December 2020. The Bank's objectives when managing capital are:

- To comply with Pillar I and Pillar II capital requirements set by the CBI;
- To safeguard the Bank's ability to continue as a going concern so that it can provide returns to 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 on an ongoing basis by the Bank's Regulatory Reporting function. The Bank has considered the capital and other related requirements which will apply to it through the following key legislation and requirements:

- CRR/CRD
- Relevant EBA guidelines and technical standards
- The CBI's Pillar II assessment
- Central Bank's Licensing and Supervision Standards and Requirements

The Bank holds own funds in excess of the higher of capital charges calculated under Pillar I or Pillar II.

The Bank monitors a range of balance sheet metrics and limits in accordance with the Bank's risk appetite. 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. The Bank did not breach any regulatory capital ratio requirements during the current or prior year.

The Bank must comply with the Banking Recovery and Resolution Directive , its amending directives, and any supplementary regulation, associated EBA guidelines and standards that are issued as part of its implementation (collectivelly "the BRRD"). 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 a Board approved Recovery Plan to the CBI as required. The Bank must also provide all necessary information to enable the CBI to prepare a Resolution plan for the Bank.

b) Regulatory Compliance Risk

Regulatory risk is the risk to earnings, capital and / or 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, statutory or legislative bodies.

c) Reputational Risk

Reputational Risk is the risk to the DFS brand, Dell brand, or goodwill exhibited towards these brands, by the Bank's customers and wider market. Reputational risk can include social, ethical and environmental.

The Bank will not enter into activities that will knowingly give rise to reputational risk issues with the potential to materially damage the DFS or Dell brands. 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 mitigation against this risk category. Business & Strategic Risk is included in the ICAAP assessment.

Business and Strategy Risk also includes Brexit risks (risks and uncertainties arising from the UK's withdrawal from the EU). On 24 December 2020, EU and UK reached an agreement in principle on the text of a new Trade and Cooperation Agreement ("TCA") to govern the future relations between the parties. While the TCA does not cover any decisions relating to equivalences for financial services, the parties have issued a Joint Declaration on Financial Services Regulatory Cooperation in which they commit to establish structured regulatory cooperation on financial services through a Memorandum of Understanding due by March 2021.

Under the TCA, and existing WTO GATS rules, the Group continues to provide services to its UK customers in compliance with local authorisation/licensing requirements. The Group's Brexit Steering Group continues to manage the ongoing impacts of Brexit. The Board and senior management receive regular updates ensuring close monitoring and management of the specific risks and challenges arising from Brexit.

The Covid-19 pandemic presented challenges for many organisations including the Group. The Group has relied on its crisis management and operational resilience frameworks and processes to navigate the crisis with a focus on supporting our teams, our customers and partners and our communities. The final impact of Covid-19 remains uncertain but it has been a major shock to the global economy with its impact being felt by the Group, its customers and partners alike. The Group continues to manage the ongoing impact of Covid-19 and the Board and senior management receive regular updates ensuring close monitoring and management of the specific risks and challenges arising from Covid-19.

e) Group Risk

Group Risk arises from reliance on Dell Technologies Inc. for financial and operational support, including certain funding facilities and outsourced services. Group risk includes the risk of negative impact on the Bank from other Group entities or third parties 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 mitigation against this risk category. Group Risk is included in the ICAAP assessment.

f) Environmental Social and Governance ("ESG") Risk

ESG Risk is an evolving risk which materialises when the ESG Risk factors affecting the Group, it's stakeholders, and the external environment have a negative impact on the reputation, business strategy, financial performance or solvency of the Group. ESG Risk factors can be summarised as follows:

- Environmental and climate-related factors include both the physical effects of climate change and impact of transition to a low carbon economy;
- Social factors include advancing sustainability, cultivating inclusion, transforming lives and upholding ethics and privacy;
- Governance Risk factors are primarily focused on ensuring that ESG Risks are appropriately integrated into the Bank's Risk Management Framework

Dell Technologies, the Bank's parent, is committed to driving human progress. Through its reach, technology and people it strives to create a positive and lasting impact by advancing sustainability, cultivating inclusion and transforming lives around the world. Foundational to this ability to drive meaningful impact is an enduring commitment to upholding ethics and privacy.

The Bank is developing a comprehensive ESG framework that will be integrated into existing policies while also aligning with the overall Dell Technologies ESG strategy.

5 Encumbered Assets

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 and a securitisation facility (SPV) was put in place in January 2017. At 31 December 2020 the CLA facility was €600 million of which €370 million was drawn (2019: €600 million facility of which €468 million drawn) and the SPV facility was €800 million of which €680 million was drawn (2019: €800 million facility of which €659 million drawn). The following table splits the Bank's balance sheet by asset type and encumbered and unencumbered assets.

Encumbered and unencumbered assets

	2020		2019	
In thousands of Euros	Carrying amount of encumbered assets	Carrying amount of unencumbered assets	Carrying amount of encumbered assets	Carrying amount of unencumbered assets
Assets of the reporting institution	1,514,352	1,420,821	1,428,686	913,405
Other assets	1,514,352	1,420,821	1,428,686	913,405

Liabilities associated with encumbered assets

	2020		2019	
In thousands of Euros	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered	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	1,050,707	1,514,352	1,127,877	1,428,686

6 Leverage

6 Leverage

The CRR establishes a leverage ratio that is designed to restrict the build-up of leverage in the Banking sector. It is a simple, non-risk-weighted measure. Under CRR II the leverage ratio will become a binding legal requirement from June 2021.

The leverage ratio is calculated as Tier One Capital/Total Exposures. As at December 2020 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).

The Leverage Ratio as at December 2020 was 19.85% compared to a target of 3% (this is the binding minimum requirement from June 2021).

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 capital surplus in excess of the regulatory minimum as at December 2020. The Bank's Risk function ensures 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 ration during 2020

The Bank's balance sheet grew by 24% during 2020. This represents a growth of €588 million in Assets. The other primary factor that impacted the Leverage Ratio during the year was a contribution in the form or Common Equity Tier 1 (CET1) capital totalling €50 million which the Bank received from Dell Technologies Inc.

7 Remuneration disclosures

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, by motivating performance toward key company objectives and supporting and enhancing our strong meritocracy. The Bank values accountability and seeks to reward teams and individual team members who continually improve their capabilities 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 all applicable regulatory requirements.

The approach to remuneration encourages a positive risk culture by aligning risk management practices with remuneration practices which discourages excessive risk taking.

The applicable regulations, under which these disclosures are made, include the Capital Requirements Directive, as amended (CRD IV Directive 2013/36/EU), Capital Requirements Regulation, as amended (CRR-Regulation (EU) 575/2013, Updated EBA Regulatory Technical Standards on Identified Staff (EBA RTS 2020 05), and the EBA Guidelines on Sound Remuneration Policies.

7.1 Proportionality

The Bank's remuneration policy is commensurate with the small size, non-complexity and relatively low risk profile of the institution. The CBI has granted Dell Bank derogations from the the requirement to defer at least 40% of variable remuneration over a 3-5 year period and the requirement for at least 50% of variable pay to be payable in instruments. Dell Bank has adopted these derogations which are reflected in the remuneration disclosures set out in this section.

7.2 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 (including death-in-service); 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. Variable remuneration takes account of individual performance, the performance of the Bank and the performance of Dell Group.

The Bank also makes use of Dell Group's long-term incentive programme (LTI) for the purposes of staff retention. LTI awards vest over a deferral period. It is to be noted that variable remuneration may not be payable in full or in part on the basis of unsustainable results.

In order to achieve risk alignment, variable remuneration is performance-based and subject to risk-adjustments as deemed appropriate, including malus and clawback provisions.

7.3 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 including Members of the Management Body 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 2020:

- Non-Executive Directors of the Bank
- Managing Director
- Chief Financial Officer
- Chief Risk Officer
- Chief Credit Officer
- Head of Compliance
- Legal Director
- Head of Treasury
- Head of Internal Audit
- Chief Information Officer
- Chief Operating Officer
- Spanish Branch Manager

There are eleven employees of the Bank (excluding non-executive directors) included in the Identified Staff. The process for determining the identification of staff who have a material impact on the institution's risk profile is carried out annually, or more frequently if required. It takes into account the qualitative and quantitative identification criteria set out in the updated 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 2020 is detailed in the table below:

In thousands of Euros	Non-Executive Directors	Finance & Management	Control Functions	Operations and Other	Total
Total Fixed Remuneration	282	1,076	938	386	2,682
Total Variable Remuneration	-	1,174	527	239	1,940
Ratio between variable and fixed remuneration	0.0%	109.1%	56.2%	62.1%	72.3%

The Bank is compliant with the remuneration ratio requirements as set by CRR and CRD. In accordance with article 94 (1) (g) (i) of the CRDIV, 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 CRDIV which allows for the ratio to be increased to 200% for certain individuals.

In thousands of Euros	**Non-Executive Directors**	**Senior Management**	**Other material risk takers**
Number of Identified Staff	6	10	1
Total value of remuneration awards for performance in 2020			
Fixed Remuneration	**282**	**2,232**	**168**
Cash-based (paid out)	*282*	*2,232*	*168*
Variable Remuneration	**-**	**1,912**	**28**
Cash-based (paid out)[(1)]	-	*710*	*28*
Deferred:			
Cash-based (unvested)	-	-	-
Shares & share-linked instruments (unvested)	-	*1,202*	-

(1) Up to 31 March 2021

In thousands of Euros	**Non-Executive Directors**	**Senior Management**	**Other material risk takers**
Number of Identified Staff			
Deferred variable remuneration awards from prior year performance (2017 - 2019)			
Vested (paid out) of which:			
Cash-based[(1)]	-	*953*	-
Shares & share-linked Instruments	-	*848*	-
Unvested (remaining deferred) of which:			
Cash-based	-	*22*	-
Shares & share-linked Instruments	-	*2,494*	-

(1) Up to 31 March 2021

Remuneration over €1 million

During 2020 one individual received remuneration that was between the €1 millon – €1.5 million category.

Sign-On Bonuses

During 2020 no sign-on bonus was paid to any individual designated as Identified Staff.

Severance Payment

During 2020 no severance payment was made to an individual designated as Identified Staff.

7.4 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. The Remuneration and Nominations Committee meets at the same frequency as the Board. In general the Bank implements the remuneration policies and practices of Dell Group with appropriate oversight of the Remuneration Committee and the Board of Directors. Non Executive Board directors that are not part of Dell Group receive a fixed annual fee. Non Executive Directors employed by 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. The Risk Committee also review the Remuneration Policy to ensure it is appropriately aligned with risk appetite and does not promote excessive risk taking. Furthermore, the Bank has a gender neutral Remuneration Policy in place.

8 Appendices

8 Appendices

Appendix 1 – Own Funds Disclosure

Ref	Own funds disclosure template	2020 (a) Amount at disclosure date (€000s)	(b) Regulation (EU) no 575/2013 article reference	2019 (a) Amount at disclosure date (€000s)
Common Equity Tier 1 capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	50,018	26 (1), 27, 28, 29	50,018
2	Retained earnings	(27,851)	26 (1) (c)	(41,254)
3	Accumulated other comprehensive income (and other reserves)	607,500	26 (1)	557,500
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	629,667		566,264
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	539	34, 105	299
8	Intangible assets (net of related tax liability) (negative amount)	(16,741)	36 (1) (b), 37	(18,479)
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)	(1,715)	36 (1) (c), 38,	(3,300)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(17,916)		(21,479)
29	Common Equity Tier 1 (CET1) capital	611,751		544,784
Additional Tier 1 (AT1) capital: regulatory adjustments				
44	Additional Tier 1 (AT1) capital			
45	Tier 1 capital (T1 = CET1 + AT1)	611,751		544,784
Tier 2 (T2) capital: instruments and provisions				
46	Capital instruments and the related share premium accounts	-	62, 63	-
50	Credit risk adjustments		62 (c) & (d)	
51	Tier 2 (T2) capital before regulatory adjustments	-		-
Tier 2 (T2) capital: regulatory adjustments				
58	Tier 2 (T2) capital	-		-
59	Total capital (TC = T1 + T2)	611,751		544,784
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)			
	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)		472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	
60	Total risk weighted assets	2,410,368		2,101,918

Ref	Own funds disclosure template	2020 (a) Amount at disclosure date (€000s)	(b) Regulation (EU) no 575/2013 article reference	2019 (a) Amount at disclosure date (€000s)
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	25.38%	92 (2) (a)	25.92%
62	Tier 1 (as a percentage of total risk exposure amount)	25.38%	92 (2) (b)	25.92%
63	Total capital (as a percentage of total risk exposure amount)	25.38%	92 (2) (c)	25.92%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	7.017%	CRD 128, 129, 130, 131, 133	7.412%
65	of which: capital conservation buffer requirement	2.500%		2.500%
66	of which: countercyclical buffer requirement	0.017%		0.41%
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)	2,029	36 (1) (c), 38, 48	1,645

.

Appendix 2 – Own Funds and Audit Financial Statements Reconciliation

In thousands of Euros	Audited Financial Statements 31 December 2020	Regulatory Own Funds 31 December 2020	Variance	Comments
Share Premium	-	-	-	
Paid in Capital	50,000	50,018	(18)	Variance relates to additional capital held at the consolidated level. Financial Statements are audited at solo level (DBID)
Reserves	580,882	579,649	1,233	Difference in reserves at consolidated level.
Intangible Assets	(16,741)	(16,741)	0	
Year End Losses	-	-	-	
Additional value adjustments	-	539	(539)	Variance due to Regulatory adjustment for AVA
Deferred Tax Assets	(3,795)	(1,714)	(2,081)	Variance due to treatment of DTA for capital purposes
Core Equity Tier 1	**610,345**	**611,751**	**(1,406)**	**Total of above**
Total Capital	**610,345**	**611,751**	**(1,406)**	**Total of above**

Appendix 3 – Credit Risk Analysis

Template 7: EU CRB-B - Total and average net amount of exposures

	In thousands of Euros	a	b
		Net value of exposures at the end of the period	Average net exposures over the period
16	Central governments or central banks	**396,230**	**366,732**
17	Regional governments or local authorities	**62,501**	**69,406**
21	Institutions	**497,131**	**435,040**
22	Corporates	**2,049,144**	**1,898,873**
23	Of which: SMEs	490,908	342,747
28	Exposures in default	**7,498**	**50,451**
34	Other exposures	**80,648**	**109,759**
35	***Total standardised approach***	**3,093,151**	**2,930,260**
36	**Total**	**3,093,151**	**2,930,260**

Movement in Exposure values and RWA’s during the period align with the reported growth of the Bank’s balance sheet.

Template 8: EU CRB-C - Geographical Breakdown of Exposures

	In thousands of Euros	A EEA	b France	c Germany	d Ireland	e Italy	f Netherlands	g Spain	h United Kingdom	i Other countries[10]	Total
7	Central governments or central banks	387,099	12,141	23,189	157,744	37,271	33,310	42,865	49,242	40,468	396,230
8	Regional governments or local authorities	61,350	14,573	119	80	5,507	1,372	-	39,520	1,330	62,501
12	Institutions	493,558	46,857	123,602	93,841	1,066	7,132	33,477	94,740	96,417	497,131
13	Corporates	1,976,701	261,055	446,554	72,903	213,275	123,749	124,791	479,530	327,287	2,049,144
16	Exposures in default	7,393	832	1,195	401	1,909	400	237	2,059	465	7,498
22	Other exposures	79,922	18,264	20,609	7,018	3,748	1,740	2,246	20,881	6,140	80,648
23	***Total standardised approach***	**3,006,023**	**353,722**	**615,268**	**331,988**	**262,776**	**167,702**	**203,616**	**685,973**	**472,107**	3,093,151
24	***Total***	**3,006,023**	**353,722**	**615,268**	**331,988**	**262,776**	**167,702**	**203,616**	**685,973**	**472,107**	**3,093,151**

[10] Other Countries include exposures to Austria, Belgium, Czech Republic, Denmark, Hungary, Finland, Luxembourg, Norway, Poland, Portugal, Switzerland, Sweden and Iceland.

Template 9: EU CRB-D – Concentration of exposures by industry or counterparty types

	In thousands of Euros	Manufacturing	Wholesale/Retail Trade & Repairs	Transportation and Storage	Information and Communication	Financial Intermediation (Excl. Monetary Financial Institutions)	Business and Administrative Services	Other Community, Social and Personal Services	Human Health and Social Work	Public Administration and Defence	Extra-Territorial Organisations and Bodies	Credit Institutions	Other	Total
7	Central governments or central banks	-	-	1,371	957	2,074	1,033	-	-	383,749	41	-	7,005	396,230
8	Regional governments or local authorities	1,823	-	633	4,344	-	113	13	25,543	11,194	-	-	18,838	62,501
12	Institutions	-	-	-	-	-	-	-	-	-	-	497,131	-	497,131
13	Corporates	385,953	154,952	51,084	935,481	126,958	240,929	20,295	18,950	13,187	-	-	101,355	2,049,144
16	Exposures in default	3,542	786	(14)	898	52	1,837	324	-	23	-	-	50	7,498
22	Other exposures	16,755	7,042	1,664	39,928	2,030	7,393	467	576	1,378	3	-	3,410	80,648
23	***Total standardised approach***	408,074	162,780	54,738	981,607	131,114	251,305	21,099	45,069	409,531	44	497,131	130,658	3,093,151
24	***Total***	408,074	162,780	54,738	981,607	131,114	251,305	21,099	45,069	409,531	44	497,131	130,658	3,093,151

Template 10: EU CRB-E - Maturity[11] of Exposures

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

	a	b	c	d	e	f	g	h
In thousands of Euros	Net Exposure Value							
	Up to 3 months	3 to 6 months	6 months to 1 year	1-2 Years	2-5 Years	Greater than 5 years	No stated maturity	Total
Central governments or central banks	256,427	14,158	4,868	19,174	99,371	307	1,925	396,230
Regional governments or local authorities	126	105	317	11,455	50,038	0	461	62,501
Institutions	176,315	1,178	5,463	27,469	223,088	62,612	1,006	497,131
Corporates	11,990	20,732	77,520	391,148	1,342,777	48,161	156,816	2,049,144
Exposures in default	66	86	887	1,771	4,645	0	42	7,498
Other exposures	21,046	13,469	21,750	13,359	4,470	6	6,547	80,645
Total standardised approach	**465,970**	**49,728**	**110,805**	**464,376**	**1,724,389**	**111,086**	**166,797**	**3,093,151**
Total	**465,970**	**49,728**	**110,805**	**464,376**	**1,724,389**	**111,086**	**166,797**	**3,093,151**

[11] Residual Maturity

Template 20: EU CR5 - Standardised Approach[12]

In thousands of Euros	Exposure classes	Risk weight							
		0%	20%	50%	100%	150%	250%	Total	Of which: Unrated
1	Central governments or central banks	396,211			18			396,230	396,230
2	Regional government or local authorities		62,443		58			62,501	62,501
6	Institutions		270,608	94,211	132,312			497,131	1,006
7	Corporates				2,049,144			2,049,144	2,049,144
10	Exposures in default				41	7,457		7,498	7,498
16	Other items				78,619		2,029	80,648	80,648
17	**Total**	396,211	**333,051**	**94,211**	**2,260,192**	**7,457**	**2,029**	**3,093,151**	**2,597,027**

Ce

Template 25: EU CCR1 - Analysis of CCR **exposure by approach**

	a	b	c	d	e	f	g
In thousands of Euros	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market		16,101	16,114			32,215	16,074
Total		16,101	16,114			32,215	16,074

[12] Exposures are post conversion factor and post risk mitigation techniques

Template 28: EU CCR3 - **Standardised Approach – CCR exposures by regulatory portfolio and risk**

In thousands of Euros	Exposure classes	Risk weight			
		20%	50%	Total	Of which unrated
6	Institutions	22	16,052	16,074	-
17	**Total**	22	16,052	16,074	-

Template 31: EU CCR5-A – Impact of netting and collateral held on exposure values

In thousands of Euros	Instrument	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	46,310	14,094	32,215		32,215
4	Total	**46,310**	**14,094**	**32,215**		**32,215**

Template 32: EU CCR5-B – Composition of collateral for exposures to CCR

In thousands of Euros	Instrument	Collateral used in derivative transactions			
		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
1	Derivatives	7,240		2,910	
4	Total	**7,240**		**213,8402,910**	

Template 3: Credit quality of performing and non-performing exposures by past due days

In thousands of Euros	Gross carrying amount/nominal amount											
	Performing exposures			Non performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Loans and advances	**2,037,045**	**2,034,774**	**2,271**	**14,563**	**8,087**	**1,806**	**1,904**	**2,766**	**-**	**-**	**-**	**14,480**
Central banks	6,496	6,496	-	-	-	-	-	-	-	-	-	-
General governments	200,379	200,379	-	18	18	-	-	-	-	-	-	18
Credit institutions	138,432	138,432	-	-	-	-	-	-	-	-	-	-
Other financial corporations	126,689	126,689	-	183	48	20	-	115	-	-	-	183
Non-financial corporations	1,560,771	1,558,500	2,271	14,355	8,014	1,786	1,904	2,651	-	-	-	14,271
Of which SMEs	264,128	263,686	441	4,198	1,405	1,060	814	919	-	-	-	4,180
Households	4,278	4,278	-	7	7	-	-	-	-	-	-	**7**
Debt securities	**153,471**	**153,471**	-	-	-	-	-	-	-	-	-	-
Central banks	-		-	-	-	-	-	-	-	-	-	-
General governments	-		-	-	-	-	-	-	-	-	-	-
Credit institutions	153,471	**153,471**	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-		-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-		-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**122,450**			**74**								**74**
Central banks	-			-								-
General governments	2,431			-								-
Credit institutions	122			-								-
Other financial corporations	6,302			-								-
Non-financial corporations	113,462			74								74
Households	133			-								-
Total	**2,312,966**	**2,188,245**	**2,271**	**14,637**	**8,087**	**1,806**	**1,904**	**2,766**	**-**	**-**	**-**	**14,480**

Template 4: Performing and non-performing exposures and related provisions.

In thousands of Euros	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
Loans and advances	**2,037,045**	**1,916,036**	**121,009**	**14,563**	**416**	**14,147**
Central banks	6,496	6,496	-	-	-	-
General governments	200,379	179,222	21,156	18	-	18
Credit institutions	138,432	137,751	681	-	-	-
Other financial corporations	126,689	114,104	12,586	183	14	169
Non-financial corporations	1,560,771	1,474,268	86,504	14,355	402	13,953
Of which SMEs	264,128	254,940	9,187	4,198	21	4,176
Households	4,278	4,196	82	7	-	7
Debt securities	**153,471**	**153,471**	**-**	**-**	**-**	**-**
Credit institutions	153,471	153,471		-		
Off-balance-sheet exposures	**122,524**	**122,524**	**-**	**-**	**-**	**-**
General governments	2,431	2,431		-		
Credit institutions	122	122		-		
Other financial corporations	6,302	6,302		-		
Non-financial corporations	113,462	113,462		74	**74**	
Households	133	133		-		
Total	**2,312,966**	**2,191,957**	**121,009**	**14,637**	**490**	**14,147**

Template 4: Performing and non-performing exposures and related provisions (cont'd)

In thousands of Euros	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
	Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	On performing exposures	On non-performing exposures
Loans and advances	21,422	17,694	3,728	7,430	3	7,427	222,220	249
Central banks	32	32	-	-	-	-	-	-
General governments	596	434	162	-	-	-	-	-
Credit institutions	711	708	3	-	-	-	-	-
Other financial corporations	2,833	1,499	1,334	128	-	128	6,310	-
Non-financial corporations	17,233	15,006	2,227	7,294	3	7,291	215,910	249
Of which SMEs	1,700	1,507	192	3,504	-	3,504	29,207	129
Households	15	15	1	7	-	7	-	-
Debt securities	-	-	-	-	-	-	-	-
Credit institutions								
Off-balance-sheet exposures								
General governments								
Credit institutions								
Other financial corporations								
Non-financial corporations								
Households								
Total	21,422	17,694	3,728	7,430	3	7,427	222,220	249

Appendix 4 – Credit Quality

Template 11: EU1-A - Credit quality of exposures by exposure class

		a	b	c	d	e	f	G
In thousands of Euros		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)*
16	Central governments or central banks		396,571	341				396,230
17	Regional governments or local authorities		62,747	246				62,501
21	Institutions		497,843	711				497,131
22	Corporates		2,073,646	24,502				2,049,144
28	Exposures in default	11,283		3,786				7,498
34	Other exposures		80,648					80,648
35	***Total standardised approach***	11,283	3,111,454	29,587				3,093,151
36	***Total***	11,283	3,111,454	29,587				3,093,151

Template 12: EU CR1-B – Credit Quality of Exposures by Industry or Counterparty Types

		a	b	c	d	e	f	g
In thousands of Euros		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values (a +b-c-d)
		Defaulted exposures	Non-defaulted exposures					
1	Primary Industry	1	17,633	104				17,531
2	Manufacturing	3,897	408,571	4,394				408,074
3	Electricity, Gas, Steam and Air Conditioning	15	38,946	158				38,803
4	Water Supply, Sewerage, Waste Management and Remediation Activities	2	1,578	5				1,574
5	Construction	102	18,156	189				18,070
6	Wholesale/Retail Trade & Repairs	1,118	166,678	5,016				162,780
7	Transportation and Storage	33	56,505	1,800				54,738
8	Hotels and Restaurants	42	4,817	79				4,781
9	Information and Communication	1,387	987,202	6,983				981,607
10	Financial Intermediation (Excl. Monetary Financial Institutions)	179	132,369	1,434				131,114
11	Real Estate, Land and Development Activities	302	12,917	366				12,853
12	Business and Administrative Services	2,784	253,471	4,951				251,305
13	Other Community, Social and Personal Services	1,198	22,090	2,189				21,099
14	Education	71	25,356	401				25,027
15	Human Health and Social Work	126	45,347	404				45,069
16	Public Administration and Defence	25	256,853	366				256,512
17	Extra-Territorial Organisations and Bodies	0	44	-				44
18	Central Banks	0	165,078	39				165,039
19	Credit Institutions	0	497,843	711				497,131
20	***Total***	11,283	3,111,454	29,586				3,093,151

Template 13: EU CR1-C – Credit Quality of Exposures by Geography

		a	b	c	d	e	f	g
	In thousands of Euros	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
		Defaulted exposures	Non-defaulted exposures					(a+ b -c-d)*
1	Finland	-	36,623	94	-		-	36,528
2	France	1,633	357,961	5,872	-		-	353,722
3	Germany	1,388	614,925	3,897	-		-	612,416
4	Ireland	402	331,741	155	-		-	331,988
5	Italy	2,693	262,467	2,384	-		-	262,776
6	Netherlands	400	170,100	1,508	-		-	168,992
7	Spain	987	204,446	1,817	-		-	203,616
8	Sweden	109	121,888	332	-		-	121,664
9	Switzerland	73	50,259	384	-		-	49,948
10	United Kingdom	3,044	694,475	11,671	-		-	685,849
11	Other countries[13]	554	266,569	1,470	-		-	265,653
12	***Total***	11,283	3,111,454	29,587	0	0	0	3,093,151

[13] Other Countries include exposures to Austria, Belgium, Czech Republic, Denmark, Hungary, Luxembourg, Norway, Poland, Portugal and Iceland.

Appendix 5 – Leverage Ratio Disclosure Template

CRR Leverage Ratio - Disclosure Template

Reference date	31 December 2020
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 (€000s)
1	Total assets as per published financial statements	2,930,178
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	11,165
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)	87,458
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	(15,209)
8	Total leverage ratio exposure	3,013,593

Table LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures (€000s)
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	2,910,661
2	(Asset amounts deducted in determining Tier 1 capital)	(16,741)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	2,893,920
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	2,436
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	29,779
11	Total derivative exposures (sum of lines 4 to 10)	32,215
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	170,023
18	(Adjustments for conversion to credit equivalent amounts)	(82,564)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	87,458
Capital and total exposures		
20	Tier 1 capital	611,751
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	3,013,593
Leverage ratio		
22	Leverage ratio	20.30%

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)		
		CRR leverage ratio exposures (€000s)
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	2,910,661
EU-3	Banking book exposures, of which:	2,910,661
EU-5	Exposures treated as sovereigns	393,745
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	61,960
EU-7	Institutions	463,910
EU-10	Corporate	1,892,609
EU-11	Exposures in default	8,220
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	90,217

Appendix 6 – Liquidity Coverage Ratio

Scope of consolidation: Consolidated Currency and units: EURO (€000s) actual	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on:	**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
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					103,552	153,421	153,213	153,019
CASH-OUTFLOWS								
Outflows related to derivative exposures and other collateral requirements	5,201	3,180	263	1,876	5,201	3,180	263	1,876
Outflows related to loss of funding on debt products								
Credit and liquidity facilities								
Other contractual funding obligations	100,106	41,246	36,763	34,076	92,990	35,586	31,676	30,328
Other contingent funding obligations	1,474	1,420	1,291	1,038	1,474	1,420	1,291	1,038
TOTAL CASH OUTFLOWS	**106,780**	**45,847**	**38,317**	**36,990**	**99,665**	**40,186**	**33,230**	**33,242**
CASH-INFLOWS								
Secured lending (eg reverse repos)								
Inflows from fully performing exposures	141,551	165,295	131,208	131,666	52,600	111,221	89,478	60,905
Other cash inflows	50,380	39,112	32,664	17,290	50,380	38,979	32,664	17,234
TOTAL CASH INFLOWS	**191,931**	**204,407**	**163,872**	**148,956**	**102,980**	**150,200**	**122,143**	**78,139**
Inflows Subject to 75% Cap	**191,931**	**204,407**	**163,872**	**148,956**	**102,980**	**150,200**	**122,143**	**78,139**
					TOTAL ADJUSTED VALUE			
LIQUIDITY BUFFER					103,552	153,421	153,213	153,019
TOTAL NET CASH OUTFLOWS					24,916	10,047	8,308	8,310
LIQUIDITY COVERAGE RATIO					**415.60%**	**1,527.09%**	**1,844.27%**	**1,841.29%**

Appendix 7 – Asset Encumbrance Disclosure

Template A - Encumbered and unencumbered assets

In thousands of Euros	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
	010	030	040	050	060	080	090	100
Assets of the reporting institution	1,514,352				1,420,821	153,019		
Loans and advances other than loans on demand	1,069,254				953,503			
Other assets	445,098			-	467,318		-	-

Template B - Collateral received

	In thousands of Euros	Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	1,514,352			

Template C-Sources of encumbrance

	In thousands of Euros	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	138,183	138,183
120	**Other sources of encumbrance**	1,050,707	1,050,707
160	Other	1,050,707	1,050,707
170	**TOTAL SOURCES OF ENCUMBRANCE**	1,188,890	1,188,890

Appendix 8 – Accounting & Regulatory consolidation

Template 1: EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

	a	b	c	d	e	f	g
			Carrying Values of items				
In thousands of Euro	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central banks	153,019	153,019	153,019			153,019	
Loans and advances to banks	322,474	322,474	322,474			322,474	
Loans and advances to customers	1,873,623	1,873,623	1,873,623			1,873,623	
Derivative financial instruments	21,050	21,050		21,050		21,050	
Deb Securities at amortised cost	153,274	153,274	153,274			153,274	
Intangible Assets and Goodwill	16,741	16,741				16,741	16,741
Property, Plant & Equipment	286,242	286,242	286,242			286,242	
Deferred Income Tax Assets	3,795	3,795				3,795	3,795
Other Assets	99,959	99,959	99,959			99,959	
Total assets	**2,930,178**	**2,930,178**	**2,888,591**	**21,050**		**2,930,177**	**20,536**
Liabilities							
Deposits from banks	1,193,755						1,193,755
Debt securities in issue	1,002,564						1,002,564
Other Liabilities	24,903						24,903
Derivative financial instruments	13,853						13,853
Amounts due to fellow subsidiaries	63,995						63,995
Current tax liabilities	226						226
Total liabilities	**2,299,296**						**2,299,296**

Template 2: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

In thousands of Euros	a	b	c	d	e
	Total	Items subject to			
		Credit risk framework	CCR Framework	Securitisation framework	Market risk framework
Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	2,930,178				
Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	2,299,296				
Total net amount under the regulatory scope of consolidation	2,788,079	2,767,029	21,050		2,788,079
Off-balance-sheet amounts	170,023	170,023			
Differences due to different netting rules, other than those already included in row 2	11,165		11,165		
Exposure amounts considered for regulatory purposes	**2,969,267**	**2,937,052**	**32,215**		**2,788,079**

Template 3: EU LI3 – Outline of the differences between in the scopes of consolidation (entity by entity)

	a	b	c	d	e	f
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Dell Bank International d.a.c.	Full consolidation	✓				Credit institution
Dell Receivables Financing 2016 Designated Activity Company (d.a.c)	Full consolidation	✓				SPV
Dell Bank International d.a.c Sucursal en Espana	Full consolidation	✓				Branch
DFS BV	Neither consolidated nor deducted	✓				Hold Co

Appendix 9 – Risk-Weighted exposures

Template 4: EU OV1 - Overview of RWAs

In thousands of Euros			RWAs		Minimum capital requirements
			2020	2019	2020
	1	Credit risk (excluding CCR)	2,163,542	1,971,669	173,083
Article 438(c)(d)	2	Of which the standardised approach	2,163,542	1,971,669	173,083
Article 107 Article 438(c)(d)	6	CCR	32,014	10,735	2,561
Article 438(c)(d)	7	Of which mark to market	16,074	5,859	1,286
Article 438(c)(d)	12	Of which CVA	15,940	4,877	1,275
Article 438 (e)	19	Market risk	3,293	5,845	263
	20	Of which the standardised approach	3,293	5,845	263
Article 438(f)	23	Operational risk	211,519	113,669	16,921
	24	Of which basic indicator approach	211,519	113,669	16,921
	29	Total	**2,410,368**	**2,101,918**	**192,829**

Template 19: EU CR4 – Standardised Approach - Credit Risk Exposure and CRM effects

In thousands of Euros

		a	b	c	d	e	f
		Exposures before CCF and CRM		**Exposures post CCF and CRM**		**RWAs and RWA density**	
	Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central governments or central banks	389,933	6,297	389,933	3,417	18	0.00%
2	Regional government or local authorities	62,040	461	62,040	231	12,477	20.04%
6	Institutions	310,439	1,006	336,916	945	233,478	69.10%
7	Corporates	1,886,928	162,216	1,870,210	82,845	1,848,515	94.65%
10	Exposures in default	7,456	42	7,456	21	11,195	149.73%
16	Other items	80,648	-	70,888	-	73,932	104.29%
17	**Total**	**2,737,442**	**170,023**	**2,737,442**	**87,458**	**2,179,616**	**77.16%**