



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

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This is a non-confidential version of the ECB Failing or Likely to Fail assessment adopted by the ECB on 15 August.

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Failing or Likely to Fail' Assessment of AS PNB Banka**I. Legal basis**

1. The assessment of 'failing or likely to fail' (FOLTF) is made by the ECB, after consulting the SRB, in accordance with Article 18(1) subparagraph 2 of Regulation (EU) 806/2014 (the SRM Regulation – SRMR)¹, if an entity fulfils one of the conditions mentioned in Article 18(4) of the SRMR.

II. Conclusion of the assessment

2. AS PNB Banka (hereinafter the 'Supervised Entity') is deemed to be failing or likely to fail as there are objective elements to support the determination that the assets of the Supervised Entity are less than its liabilities in accordance with Article 18(4)(b) of the SRMR.
3. At the same time, the Supervised Entity infringes the requirements for continuing authorisation in a way that would justify the withdrawal of the authorisation by the ECB in accordance with Article 18(4)(a) of the SRMR.

III. Facts**1.1. The Supervised Entity is a significant institution directly supervised by the ECB**

4. Following a request made by the Latvian Financial and Capital Market Commission (FCMC), on 1 March 2019 the ECB decided to classify the Supervised Entity as significant² within the meaning of Article 6(5)(b) of Regulation (EU) No 1024/2013 (SSMR)³ in conjunction with Article 39(5) of Regulation (EU) No 468/2014 (SSMFR)⁴. The ECB's decision was notified to the Supervised Entity on 4 March 2019. From 4 April 2019, the ECB is directly supervising the Supervised Entity.

¹ Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ L 225, 30.7.2014, p. 1).

² [...]

³ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

⁴ Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (ECB/2014/17) (OJ L 141, 14.5.2014, p. 1).

1.2. Supervisory history of the Supervised Entity⁵

5. The Supervised Entity has experienced material capital depletion since 2017, primarily driven by idiosyncratic weaknesses, and as of 31 December 2017 has been consistently breaching Pillar 2 requirements. The Supervised Entity has not been able to restore compliance with Pillar 2 requirements, despite repeated requests by the competent authorities as demonstrated below. Moreover, the Supervised Entity has been in breach of the large exposure limits in accordance with Article 395 of Regulation 575/2013 (CRR)⁶ since March 2016 and has been in breach of the national related party lending limit of 15% of the eligible capital according to Section 43(1) of the Latvian Credit Institutions Law since February 2018.
6. The idiosyncratic weaknesses of the Supervised Entity mainly result from a concentration of its assets on a small number of borrowers with a high level of non-performing loans (NPLs) (as of 31 December 2018 the total NPL ratio stood at [...], while the NPL ratio for the non-financial corporates portfolio amounted to [...] on individual level), a structural decrease of its operating income, which historically relied on fees from high amount international money transfers and non-residents' account maintenance fees, and elevated administrative expenses negatively impacted by the compensation of the Supervised Entity's Board members and the cost of legal services.
7. The Supervised Entity submitted in February 2018 end of 2017 COREP data, which indicated breaches of prudential requirements with reference date as of 31 December 2017 of (i) Total SREP Capital Requirements (TSCR) in Tier1 and Total Capital on the consolidated level, (ii) Overall Capital Requirements (OCR⁷) on the consolidated level and (iii) OCR on the individual level⁸ (see Table 1 and Table 2 in the Annex).
8. As a result, on 27 February 2018 the FCMC adopted decision No. [...] requiring the Supervised Entity to restore compliance with the requirements imposed by FCMC decision No. [...] as follows: [...] **[Specific supervisory measures and deadlines]**.
9. The Supervised Entity did not restore compliance with the requirements imposed by decision No. [...] within the required deadlines. In fact, as of 31 December 2018 the Supervised Entity continued to breach (i) TSCR for Tier 1 Capital on the consolidated level, (ii) OCR on both consolidated and individual level and in addition breached TSCR for Tier 1 Capital on individual level (see Table 1 and Table 2 in the Annex).
10. On 21 January 2019, the ECB launched an on-site inspection on credit risk.
11. On 26 February 2019 the FCMC adopted decision No. [...] requiring the Supervised Entity to satisfy, as a minimum, on an individual and on a consolidated basis, [...] **[Specific supervisory requirements]**.

⁵ The information on the supervisory history of the Supervised Entity before ECB took over direct supervision on 4 April 2019 has been provided by the FCMC.

⁶ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

⁷ As defined in section 1.2 of EBA Guidelines EBA/GL/2014/13 as amended in 2018; i.e., including the TSCR and capital buffer requirements and macro-prudential requirements, when expressed as own funds requirements.

⁸ Unless otherwise mentioned, "consolidated" refers to the prudential scope of consolidation according to Article 11 CRR.

12. On 28 March 2019 the FCMC requested the Supervised Entity to submit a capital conservation plan in order to address a breach of combined buffer requirements in line with the Latvian law implementation of Article 142 of Directive 2013/36/EU (CRD IV)⁹.
13. On 11 April 2019 the Supervised Entity submitted to the ECB and the FCMC a capital conservation plan which included the following measures: the sale of the Winergy exposure by [...] in order to remediate the largest large exposure limit breach, as well as measures to increase capital, such as the sale of pension funds the Supervised Entity is managing¹⁰ by [...] the acquisition of a Latvian less significant credit institution, [...], and capital injections by an existing minority shareholder without any specific information and timeline. With respect to the acquisition of [...], the ECB decided to oppose the proposed acquisition of qualifying holdings¹¹ since the assessment could not be concluded positively, neither on the financial soundness of the Supervised Entity (Article 23(1)(c) of the CRD), nor on the compliance of the new group with prudential requirements (Article 23(1)(d) of the CRD), as transposed into Latvian law. The Supervised Entity did not manage to implement any of the remaining measures included in this capital conservation plan.
14. On 25 June 2019, the main shareholder Mr Guselnikov and his family members, also shareholders, sold a large proportion of their shareholding in the Supervised Entity to six new shareholders, each acquiring 9.99 % of the Supervised Entity's capital. In total, these new shareholders hold 59.94% of the Supervised Entity's capital¹². [...] [**Charge for the acquired shares**]
15. [...] [**Details of the transaction**]
16. On 11 July 2019, the ECB adopted a decision on early intervention measures¹³ (the 'ECB early intervention decision') requiring the Supervised Entity to submit, by 1 August 2019 at the latest, an action plan setting out how it intended to achieve the restoration of sustainable compliance with the requirements that the Supervised Entity was breaching [...] [**Specific supervisory measures and deadlines**].
17. On 19 July 2019, as a result of the additional impairments and fair value adjustments requested by the external auditor of the annual financial statements of the Supervised Entity, PWC, the Supervised Entity re-submitted updated COREP data for the reference dates 31 December 2018 and 31 March 2019. These data included parts of the additional impairments and fair value adjustments requested by PWC (and not the full amount of impairments and fair value adjustments identified by PWC – see paragraph 18 below), leading the Supervised Entity close to a breach of Pillar 1 requirements as specified in Article 92 of CRR¹⁴. In particular, the distance between the Supervised Entity's own funds

⁹ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

¹⁰ Measures provided in the capital conservation plan are disclosed in this specific case due to the fact that this information has been published by the bank in its annual financial statement 2018, page 67 et seq., and is no longer confidential.

¹¹ [...]

¹² On 16 July 2019, Mr Guselnikov in a first step bought 6.11286% from a former minority shareholder and in a second step sold 6.75256% to a seventh new shareholder. Hence, the group of seven new shareholders holds 66.69% of the Supervised Entity's capital.

¹³ [...]

¹⁴ Article 92(1) of the CRR provides that credit institutions shall at all times satisfy the own funds requirements of a Common Equity Tier 1 (CET1) capital ratio of 4,5 %, a Tier 1 capital ratio of 6 % and a total capital ratio of 8 %. The distance to Pillar 1 requirements is defined by the excess of own funds above the absolute amount necessary to meet the Pillar 1 requirements.

and its Pillar 1 requirements amounted to EUR 7.3 million on individual level and EUR 1.3 million on consolidated level (see Table 1 and Table 2 in the Annex). Taking into account the full amount of the impairments requested by PWC, the Supervised Entity would have already breached Pillar 1 requirements (see paragraph 18 below).

18. On 25 July 2019, the Supervised Entity published its audited financial statement for 2018, incorporating parts of the impairments and fair value adjustments requested by PWC. PWC issued a qualified opinion¹⁵, which indicated that additional impairments and fair value adjustments were necessary on the 31 December 2018 accounts of the Supervised Entity (in addition to the ones recognised by the Supervised Entity). The main findings of PWC are presented below. PWC stated that the group and the bank did not recognise sufficient allowances for expected credit losses on loans to and receivables from customers and did not recognise sufficient provisions for impairment of tangible fixed assets as of 31 December 2018. PWC found in addition that the group did not recognise sufficient provisions for impairments of intangible assets, while the bank did not appropriately fair value its investments in shares and other non-fixed income securities as well as its investments in subsidiaries. Overall, the auditor found that the total understated provisions and unrecognised decrease of fair value of assets of the Supervised Entity amounted to EUR 15.964 million and EUR 13.893 million at individual and consolidated level¹⁶, respectively¹⁷. These understated provisions and unrecognised decrease of fair value of assets subject to the qualified opinion of PWC exceed by a substantial amount the remaining available buffer of CET1 (or Tier 1) capital of the Supervised Entity above the Pillar 1 requirements¹⁸ and indicate a breach of Pillar 1 requirements both on individual and on consolidated level.
19. On 25 July 2019, the Supervised Entity has informed the ECB that it has incurred three additional large exposure breaches on individual level and three additional large exposure breaches on consolidated level in addition to the existing breaches mentioned in the ECB early intervention decision of 11 July 2019 [...].
20. On 30 July 2019 the CEO of the Supervised Entity, Mr Oliver Bramwell, resigned.
21. On 30 July 2019, the Supervised Entity provided its feedback to the ECB on the preliminary outcome of an on-site inspection (OSI) conducted by the ECB. The on-site field work at the Supervised Entity took place between 4 March 2019 and 10 May 2019. The ECB Head of Mission shared the preliminary OSI results with the Supervised Entity on 10 May 2019. The ECB shared the draft OSI report with the Supervised Entity on 10 July 2019 as part of the preparation of the OSI exit meeting, which took place on 16 July 2019. The Supervised Entity provided comments on the draft OSI report and submitted additional documentation. In its comments the Supervised Entity mainly maintained a different view regarding individual findings of the OSI and its methodology. However, the Supervised Entity did not contest the overall finding that it appears to have negative net worth. The ECB assessed the comments and concluded that both the findings and the methodology were adequate

¹⁵ AS PNB Banka Annual financial report 2018, pp. 161-162, available at: https://static.pnbbanka.eu/media/documents/gada_parskats_2018aud_en.pdf

¹⁶ Accounting scope of consolidation.

¹⁷ These provisions are in addition to the impairments and fair value adjustments requested by PWC which the Supervised Entity had accepted.

¹⁸ As mentioned in paragraph 17.

and that only some amendments to the draft report were necessary (and implemented), which did not change the substance and the main findings.

22. [...] **[OSI findings]**
23. [...] **[OSI findings]**
24. Considering the need for the additional provisions identified above, the OSI report concludes that the Supervised Entity has a negative net worth [...] **[OSI findings]** as of 31 December 2018. [...]
25. [...] **[Comparison of the OSI findings and the external auditor report]**
26. On 1 August 2019 the Supervised Entity submitted to the ECB an action plan as required by the ECB early intervention decision of 11 July 2019 setting out measures to achieve the restoration of sustainable compliance with capital requirements. The action plan explains that the Supervised Entity has calculated that it will need an additional EUR 146 million to ensure it reaches all of the capital adequacy ratios required by the ECB. The action plan sets out the following measures: i) a capital contribution “in-kind” made up of shares in [...] amounting to EUR 150 million [...], ii) the sale of the Winery asset at book value (a measure already included in the Supervised Entity’s capital conservation plan submitted in April 2019, which was not implemented so far) [...] and [...]. [...] **[Information provided in the action plan]**
27. [...] **[Information provided in the action plan]**. On 25 October 2019, the new shareholders would subscribe to a capital increase of the Supervised Entity of approximately EUR 150 million, paid in-kind by transferring their participation in [...] to the Supervised Entity. [...].
28. In the action plan, the Supervised Entity has calculated its capital ratios as of 30 June 2019, including the understated provisions and unrecognised decrease of fair value subject to the PWC qualified opinion, as follows: (i) CET1 and Tier 1 ratios of 4.01% on individual and 2.77% on consolidated level, and (ii) Total Capital Ratios of 7.78% on individual level and 6.60% on consolidated level. [...] **[Information provided in the action plan]**
29. On 6 August 2019 a letter was sent to the Supervised Entity with the supervisory assessment that the action plan does not provide sufficient reassurance that the Supervised Entity will be able to restore sustainable compliance with capital requirements by [...] as required by the ECB early intervention decision mentioned above and requesting from the Supervised Entity’s shareholders to express their commitment to improve the capital situation of the Supervised Entity [...] **[Supervisory actions]**.
30. On 12 August, the ECB OSI of the Supervised Entity was finalised and on 13 August 2019 the OSI report was sent to the Supervised Entity, confirming the findings mentioned in paragraphs 22-25 above.
31. On 13 August 2019, the Supervised Entity submitted its reply to the letter of 6 August with supervisory assessment of the Bank’s action plan to restore compliance with prudential requirements as determined in the 11 July ECB early intervention decision. In its reply, the Supervised Entity, supported by a letter signed by the bank’s new shareholders, clarified the following: [...] **[Content of the letter]**. According to the Supervised Entity the above transactions would result in a capital increase of EUR 146 million. [...] **[Content of the letter]**

32. The latest available daily capital reporting data of the Supervised Entity as of [...] and the estimates of the bank included in the action plan [...] can be found in Table 1, Table 2 and Table 3 in the Annex.

1.3. Cooperation and information exchange between the ECB and the SRB

33. The SRB was informed by the ECB about the financial situation of the Supervised Entity in March 2019. Cooperation and information exchange between ECB and the SRB has been continuous since then. It should be noted that:

- The ECB has informed the SRB via weekly calls from 28 March 2019;
- The ECB has informed the SRB on a daily basis regarding liquidity from 27 May 2019;
- The SRB has received the supervisory decisions related to the Supervised Entity;
- The SRB access to IMAS for the specific Supervised Entity has been enhanced;
- The SRB has received the OSI report for the Supervised Entity;
- The SRB attended the Institution-Specific Crisis Management Team meetings for the Supervised Entity on 7 May, 8 July, 5 August and 14 August 2019 and the Supervisory Board meetings on 31 January, 16 May 2019, 18 July 2019 and 8 August 2019;
- The ECB attended the SRB Extended Executive Sessions on the Supervised Entity on 24 May 2019, 24 July 2019, 9 August 2019, 11 August 2019 and 14 August 2019.

IV. Overall supervisory assessment

34. The Supervised Entity has experienced material capital depletion, which has led to persistent breaches of capital requirements since 31 December 2017. The Supervised Entity is loss-making and subject to a high level of non-performing exposures, which raises the concern that its capital situation could deteriorate further. The Supervised Entity has also been persistently in breach of other prudential requirements, namely large exposure limits and related party lending limits.

35. The ECB on-site inspection has identified serious weaknesses in the management of NPLs and foreclosed assets, deficiencies in the collateral management process which led to underestimated provisions, and a largely overestimated capital base, leading to the conclusion that the Supervised Entity has less assets than liabilities. In particular, taking into account the need for additional provisions identified in the OSI report, the Supervised Entity has a negative net worth [...].

36. The OSI report is based on the initial submission of the COREP and FINREP data as of 31 December 2018 by the Supervised Entity in February 2019. Hence it does neither take into account the additional impairments and fair value adjustments requested by PWC and accepted by the Supervised Entity nor the unrecognised additional impairments and fair value adjustments subject to the qualified opinion by PWC¹⁹. That means that based on the OSI report alone [...], the Supervised Entity has less assets than liabilities. [...]

¹⁹ See paragraph 18.

37. Even prior to the findings of the OSI report and on the basis of the report of the external auditor published on 25 July 2019, the Supervised Entity was already breaching Pillar 1 capital requirements in accordance with Article 92 of the CRR.
38. If the total understated provisions and unrecognised decrease of fair value of assets of the Supervised Entity subject to the qualified opinion of PWC are taken into account in the calculation of the CET1 (or Tier 1) capital of the Supervised Entity as of 31 December 2018, the remaining available buffer of CET1 (or Tier 1) capital of the Supervised Entity above the Pillar 1 requirements would be eliminated. This indicates a breach of Pillar 1 requirements both on individual and on consolidated level since 31 December 2018.
39. Taking into account both the OSI outcome [...] and the PWC qualified opinion requesting additional impairments, the Supervised Entity included in its action plan of 1 August 2019 an estimation as of 30 June 2019 of: [...] **[Bank estimations of capital ratios]**. This confirms the breach of Pillar 1 requirements in accordance with Article 92 of the CRR and the negative net worth.
40. In addition, the Supervised Entity remains in breach of the large exposure limits [...].
41. The ECB has assessed the action plan submitted by the Supervised Entity on 1 August 2019 and has concluded that the measures proposed to achieve the restoration of sustainable compliance with capital requirements are neither adequate nor credible. In particular, the measures proposed are subject to significant implementation risks as recognised by the Supervised Entity and no contingency measures are provided. [...] **[Content of the action plan and supervisory assessment]**
42. The action plan lacks essential elements necessary to verify its credibility and adequacy. [...] **[Content of the action plan and supervisory assessment]**
43. [...] **[Content of the action plan and OSI findings]**
44. Furthermore, the capital raising operations do not comply with the ECB early intervention decision deadline without any further explanation. [...] **[Supervisory assessment]**. Such delay is inappropriate given the presently negative estimated net worth of the bank and the continuous breaches of capital requirements.
45. [...] **[Content of the action plan and supervisory assessment]**
46. Based on the reply and the additional information submitted by the Supervised Entity on 13 August 2019, the ECB has assessed that the supervisory concerns raised in the letter of 6 August 2019 were not adequately addressed. In particular, the ECB has concluded that the measures proposed by the Supervised Entity are neither adequate nor credible, [...] **[Supervisory assessment]**. The measures foreseen in the reply also do not ensure compliance with the deadlines imposed by the ECB early intervention decision of 11 July 2019, while they are subject to significant implementation risks. Moreover, the proposed capital contribution [...] is not considered adequate to address the current situation of the Supervised Entity [...] **[Supervisory assessment]**.
47. Therefore, pursuant to Article 18(4)(b) of the SRMR, the Supervised Entity is assessed as failing or likely to fail as there are objective elements to support a determination that the assets of the entity are less than its liabilities.
48. In addition, the above-mentioned breaches of prudential requirements would also justify the withdrawal of the Supervised Entity's authorisation in accordance with Article 18(d) and (e) of the

CRD IV and Article 27 of the Latvian Credit Institutions Law. Therefore the Supervised Entity infringes the requirements for continuing authorisation in a way that would justify the withdrawal of the authorisation by the ECB, in accordance with Article 18(4)(a) of the SRMR.

Proportionality

49. The Supervisory Entity has been requested by the competent authorities to restore compliance with prudential requirements on several occasions²⁰ and was given sufficient time to take measures. The Supervised Entity has constantly failed to implement remediation measures and there is no credible indication that it will be able to do so in the near future.
50. The ECB assessed the action plan submitted by the Supervised Entity on 1 August 2019 and concluded that the plan is not sufficient to restore compliance with capital requirements (see paragraphs 41 to 45 above).
51. In addition, the Supervised Entity and its new shareholders have failed to demonstrate that they can sufficiently and timely improve the capital position of the Supervised Entity and address the supervisory concerns raised in the letter of 6 August
52. Moreover, there are no credible recovery options in the recovery plan of the Supervised Entity that could help restore its capital position other than those included in the capital conservation plan submitted by the Supervised Entity on 11 April 2019²¹. In addition, the recovery plan has been superseded by the action plan submitted by the Supervised Entity on 1 August 2019, which has been assessed as not adequate and not credible (see paragraphs 41 to 45 above).
53. The ECB has also considered in its assessment that these breaches have persisted for extended periods, which means that the Supervised Entity has been aware of them and of the need to restore compliance for an extended period of time and has failed to do so.
54. There are no further available supervisory or early intervention measures that could restore the capital position of the Supervised Entity. The available measures to the ECB as competent authority under the national transposition of Article 104 of CRD IV and Article 27-29 of Directive 2014/59/EU²² or under Article 16 of SSMR have been explored but they cannot ensure that the institution will be in a position to generate capital, since the restoration of capital can only be ensured through injection of new capital, which cannot be generated by supervisory measures.

V. Conclusion

55. On the basis of the above, the ECB has concluded that there are objective elements to support the determination that the assets of the Supervised Entity are less than its liabilities while the Supervised

²⁰ See paragraphs 8, 12 and 16.

²¹ The recovery plan included as an additional measure to raise capital the conversion of subordinated capital (bonds) into CET1 capital. However, this measure cannot be implemented due to seizure of these subordinated bonds by the Economic Crime Enforcement Department of the State Police.

²² Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 190).

Entity also infringes the requirements for continuing authorisation in a way that would justify the withdrawal of the authorisation by the ECB.

56. Therefore, the Supervised Entity is deemed to be failing or likely to fail in accordance with Article 18(1)(a) and 18(4)(a) and (b) of SRMR.

The SRB was consulted on 14 August 2019 on a draft of this FOLTF assessment and stated in its response (SRB/EES/2019/130) that it concurs with the ECB's assessment that the Supervised Entity is deemed to be FOLTF in accordance with Article 18(1)(a) as the conditions as provided under Articles 18(4)(a) and 18(4)(b) SRMR are met.

Annex

Table 1

Individual level	COREP 31 December 2017			COREP 31 December 2018*			Bank's daily management reporting [...]		
	CET1	Tier1	TC	CET1	Tier1	TC	[...]	[...]	[...]
Pillar 1 requirement acc. to Art. 92 CRR (P1R)	4.50%	6.00%	8.00%	4.50%	6.00%	8.00%	[...]	[...]	[...]
+ SREP Pillar 2 requirement acc. to Art. 104(1)(a) CRD IV	1.97%	2.63%	3.50%	1.97%	2.63%	3.50%	[...]	[...]	[...]
= Total SREP Capital Requirement (TSCR)	6.47%	8.63%	11.50%	6.47%	8.63%	11.50%	[...]	[...]	[...]
+ Combined Buffer requirement (CBR) acc. to Art. 128(6) CRD IV	2.50%	2.50%	2.50%	2.55%	2.55%	2.55%	[...]	[...]	[...]
= Overall Capital Requirement (OCR)	8.97%	11.13%	14.00%	9.01%	11.17%	14.05%	[...]	[...]	[...]
Available capital %	9.15%	9.15%	14.24%	7.56%	7.56%	12.48%	[...]	[...]	[...]
Available capital [EUR million]	52.8	52.8	82.1	35.6	35.6	58.9	[...]	[...]	[...]
Distance to P1 breach in percentage points	4.65%	3.15%	6.24%	3.06%	1.56%	4.48%	[...]	[...]	[...]
Distance to P1 breach [EUR million]	26.8	18.2	36.0	14.4	7.3	21.1	[...]	[...]	[...]
Additional capital need to meet TSCR [EUR million]					5.0			[...]	[...]
Additional capital need to meet OCR [EUR million]		11.4		6.9	17.0	7.4	[...]	[...]	[...]
Total Risk Exposure Amount [EUR million]	576.9			471.8			[...]		

*COREP Q4/2018 re-submission, based on the audited Annual Statement published on 25 July 2019. The external auditor (PwC) issued a qualified statement, mentioning the need for additional impairments/fair value adjustments

Table 2

Consolidated level	COREP 31 December 2017			COREP 31 December 2018*			Bank's daily management reporting [...]		
	CET1	Tier1	TC	CET1	Tier1	TC	[...]	[...]	[...]
Pillar 1 requirement acc. to Art. 92 CRR (P1R)	4.50%	6.00%	8.00%	4.50%	6.00%	8.00%	[...]	[...]	[...]
+ SREP Pillar 2 requirement acc. to Art. 104(1)(a) CRD IV	1.72%	2.29%	3.05%	1.72%	2.29%	3.05%	[...]	[...]	[...]
= Total SREP Capital Requirement (TSCR)	6.22%	8.29%	11.05%	6.22%	8.29%	11.05%	[...]	[...]	[...]
+ Combined Buffer requirement (CBR) acc. to Art. 128(6) CRD IV	2.50%	2.50%	2.50%	2.55%	2.55%	2.55%	[...]	[...]	[...]
= Overall Capital Requirement (OCR)	8.72%	10.79%	13.55%	8.77%	10.84%	13.60%	[...]	[...]	[...]
Available capital %	6.46%	6.46%	10.41%	6.28%	6.28%	11.26%	[...]	[...]	[...]
Available capital [EUR million]	48.0	48.0	77.4	29.3	29.3	52.5	[...]	[...]	[...]
Distance to P1 breach in percentage points	1.96%	0.46%	2.41%	1.78%	0.28%	3.26%	[...]	[...]	[...]
Distance to P1 breach [EUR million]	14.6	3.4	17.9	8.3	1.3	15.2	[...]	[...]	[...]
Additional capital need to meet TSCR [EUR million]		13.6	4.8		9.4		[...]	[...]	[...]
Additional capital need to meet OCR [EUR million]	16.8	32.2	23.4	11.6	21.2	10.9	[...]	[...]	[...]
Total Risk Exposure Amount [EUR million]	743.6			466.0			[...]		

*COREP Q4/2018 re-submission, based on the audited Annual Statement published on 25 July 2019. The external auditor (PwC) issued a qualified statement, mentioning the need for additional impairments/fair value adjustments

Table 3: Capital ratios provided by the Supervised Entity in its action plan from 6 August 2019

Data as of 30.06.2019	With PWC-agreed impairments		[...]	
	individual	consolidated	[...]	[...]
			[...]	
Total Capital	10,81%	9,71%	[...]	[...]
CET1 and Tier 1	7,16%	6,01%	[...]	[...]
	With PWC additional impairments (from qualified opinion)		[...]	
	individual	consolidated	[...]	[...]
			[...]	
Total Capital	7,78%	6,60%	[...]	[...]
CET1 and Tier 1	4,01%	2,77%	[...]	[...]
	[...]		[...]	
	[...]	[...]	[...]	[...]
			[...]	
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]

[...]

Table 4: Impact of the OSI review

[...]