IN-DEPTH ANALYSIS

Banking Union: The ECB's disclosure of Pillar 2 capital requirements

In January 2020, the European Central Bank (ECB) published for the first time a list with the specific Pillar 2 capital requirements for all banks under the ECB's direct supervision, each individually mentioned by name. This briefing gives background information on the relevance of that disclosure, complementes the list with additional information, and analyses the data.

Relevance of the disclosure

According to the ECB, *"The Pillar 2 Requirement (P2R) is a capital requirement which applies in addition to, and covers risks which are underestimated or not covered by, the minimum capital requirement (known as Pillar 1)."*

All banks take on risks and are therefore obliged to have capital available that allows them to absorb losses should risks materialise. The bigger the risks taken, the more capital is needed to ensure they keep going in good times and bad. The level of capital that banks need to hold to that end is comprised of three main components, namely Pillar 1 capital requirements, Pillar 2 capital requirements, and capital buffers.

The Pillar 1 capital requirement is the legal minimum, applicable to all banks in the same way. It is essentially calculated by listing all assets of a bank and multiplying them with predefined (standardised) risk weights, or with risk weights established through a predefined methodology (internal ratings-based approach). The less risky an asset, the lower its risk-weighting and the less capital is needed to cover for potential losses.

The Pillar 2 Requirement (P2R) is set by the bank supervisor. In the euro area, the Supervisory Board of the European Central Bank (ECB) is the supervisor in charge of the largest banks; smaller banks are supervised by national authorities. The rational of this component is that it shall incorporate the capital needs that stem from the individual risk profile of a bank. P2R is hence the result of a diligent Supervisory Review and Evaluation Process (SREP) carried out each year. The SREP applies the same methodology for all banks and looks into four main areas, namely the business model (the bank's main activities and business areas), internal governance (making an assessment of how well the bank is managed), specific risks to a bank's capital position (for example, looking into whether a bank's credit portfolio is highly concentrated), and specific risks to a bank's liquidity position (for example, looking into whether a bank is very dependent on certain funding sources).

The third component – additional capital buffers – likewise top-up the legal minimum to incoporate a macroprudential perspective and cover systemic risk, consisting of several subcomponents (the universal capital conservation buffer, the country-specific countercyclical capital buffers, and the bank-specific capital

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surcharges for global or other systemically important banks). Those buffers are not further dealt with in this briefing.

The information about the level of each bank's Pillar 1 capital requirements and macroprudential capital buffers is widely disclosed in the financial statements, complementary Pillar 3 reports, but also, for example, in publications by the ECB, the European Banking Authority (EBA), and the European Systemic Risk Board (ESRB).

On the other hand, information at entity level regarding the specific Pillar 2 capital requirements of the largest banks in the euro area (the "significant institutions") was not systematically available until the end of 2019. In practice, about two thirds of those banks have disclosed P2R related information in their financial statements or Pillar 3 reports upon their own initiative[1]. Yet, the full list of P2R that was published in January 2020 for all banks[2] under direct supervision marks a significant improvement of transparency and makes the information both easily and systematically available.

The EP's calls for increased transparency and related committments

The European Parliament (EP) has repeatedly called for more transparency of the supervisory capital requirements. Transparency of the supervisory capital requirements is, for example, a recurrent topic in the so-called Banking Union reports (own initiative reports) in which the EP has set out its expectations and priorities on issues relating to banking supervision, resolution and the completion of the banking union. The first such Banking Union report, adopted in 2015, already states in point 37: *"[The EP] Considers transparency vis-à-vis market players and the public, including on sensitive topics such as capital targets as a result of the SREP cycle, supervisory practices and other requirements, to be essential for a level playing field between supervised entities, for fair competition in the banking market and for avoiding situations where regulatory uncertainty negatively influences banks' business strategy; underlines that transparency of both supervisors and supervised entities is also a prerequisite for accountability, as it allows Parliament and the public to be informed about key policy issues and to assess consistency with rules and supervisory practices; calls for more transparency with regard to pillar 2 decisions and justifications*". Similar messages can be found in the Banking Union reports of 2016, 2017, 2018 and 2019 (see also previous EGOV briefing).

Andrea Enria, while he was still Chairperson of the European Banking Authority (EBA), pointed to the merits of transparency in a speech that he held in November 2018: "*I am aware that the publication of Pillar 2 requirements (P2R) and guidance (P2G) is still a controversial matter and there are different views on its merits, but I do not think that the approach of providing only partial information to the markets is tenable in a post MDA [Maximum Distributable Amount] and post bail-in world*".

In the ECON hearing on 20 November 2018, in which he spoke as designate successor as Chair of the Single Supervisory Mechanism (SSM), Enria committed to promoting the disclosure of supervisory information in his new role, for which het got the EP's approval on 29 November: "*I know this is controversial in the*

[1] One should note that ESMA has assessed disclosure of Pillar II information under the requirement to disclose price sensitive information. The Market Abuse regime obliges issuers of listed instruments to disclose information that is not known to the public and may affect the value of the issued instruments. Pillar II information may qualify, under the market abuse regime, as price sensitive and therefore ESMA recommended banks falling under such regime to assess whether disclosure would be required.

[2] At the time of the publication, the ECB directly supervised 117 significant institutions. For eight out of those, the P2R information was not available because the banks had only just been designated as significant institution, or because the 2019 SREP decision was still pending. The Pillar 2 capital requirements for UBS Europe SE, J.P. Morgan AG, Morgan Stanley Europe Holding SE, Goldman Sachs Bank Europe SE, Akcinė bendrovė Šiaulių bankas, AS "PNB Banka", Banca Carige S.p.A., and Norddeutsche Landesbank were hence not shown.

supervisory community, but I am convinced that wider disclosure of supervisory requirements and buffers would prove beneficial for market discipline" (video of the hearing, starting at 16:15).

In the speech that Andrea Enria held at a conference on 20 February 2020 in Frankurt, he explained the rational for disclosing P2R and argued in favour of disclosing the complementary element, Pillar 2 Guidance, as well: "*In January this year we published, for the first time ever, bank-specific Pillar 2 capital requirements, P2R, for all the banks that we directly supervise. Individual P2Rs offer a concrete and comprehensive insight into our view of a bank in terms of overall riskiness and where we, as supervisors, set the bar. In my view, the supervisory stance on capital requirements will help investors to take more informed decisions [...] Our supervisory assessment is not limited to P2R, though. Every year we communicate to banks what capital buffer we expect them to maintain, on top of all existing minimum and buffer requirements, so as to be able to withstand stressed situations. I am referring to the Pillar 2 Guidance, or P2G. So, what about publishing P2G outcomes as well? Personally, I would argue in favour of doing so.*"

CRR II new disclosure rules as of mid 2021

On 7 June 2019, the amended Capital Requirements Regulation (CRR II) was published in the Official Journal, the majority of its provisions will apply from 28 June 2021, among them the new Article 438 (b) which requires large banks under direct supervision of the ECB to annually disclose P2R, i.e. "*the amount of the additional own funds requirements based on the supervisory review process [...} and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments*".

The voluntary disclosure of P2R that the ECB managed to achieve in 2020, asking all banks to approve the publication of the ECB – will hence in any case become a binding exercise as of next year onwards.

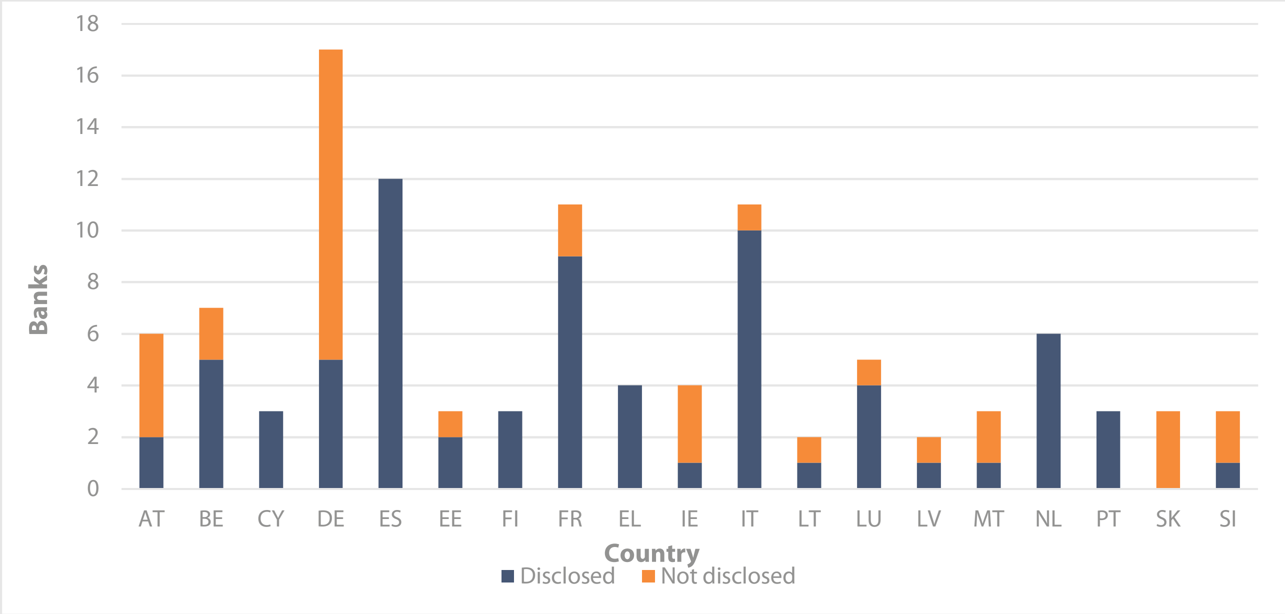
Previous voluntary disclosures

The full list of P2R published by the ECB in January 2020 refers to the supervisory requirements for 2020. There is no comparable list available for the year 2019, or an earlier date. However, the ECB publishes every year selected supervisory information for individual banks under its supervision, with hyperlinks to the individual source documents ("Pillar 3 reports"). Going through all the individual source documents (for details on the methodology applied, see annex 1) of the ECB's 2018 Selected Pillar 3 information – and cross-checking those with the banks' annual financial reports – allowed us to compile a list with all voluntary disclosures regarding the level of Pillar 2 requirements that banks had to comply with on 31 December 2018 (see annex 2).

Our analysis of those source documents shows that on average approximately two thirds of directly supervised banks (73 out of 108) have in the past voluntarily disclosed their P2R. Transparency, however, varied considerably at country level: the voluntary disclosure rate of banks in Austria, Germany and Slovakia was well below the average (see chart 1), while other banks – often those headquartered in countries that had received financial assistance, namely those in Cyprus, Greece, Portugal, and Spain – as well as those in Finland and The Netherlands had all disclosed their P2R.

We conclude that the ECB's full list of P2R for 2020 marks a significant improvement of transparency in comparison to the situation in 2019, making the information systematically and more easily available.

Chart 1: Voluntary disclosures of P2R as at 31 December 2018



Source: EGOV

Analysis of the ECB's 2020 P2R disclosure

P2R per Country

Chart 2 depicts the average 2020 P2R (unweighted) for the banks in all Member States of the Banking Union.

Chart 2: Average 2020 P2R at country level

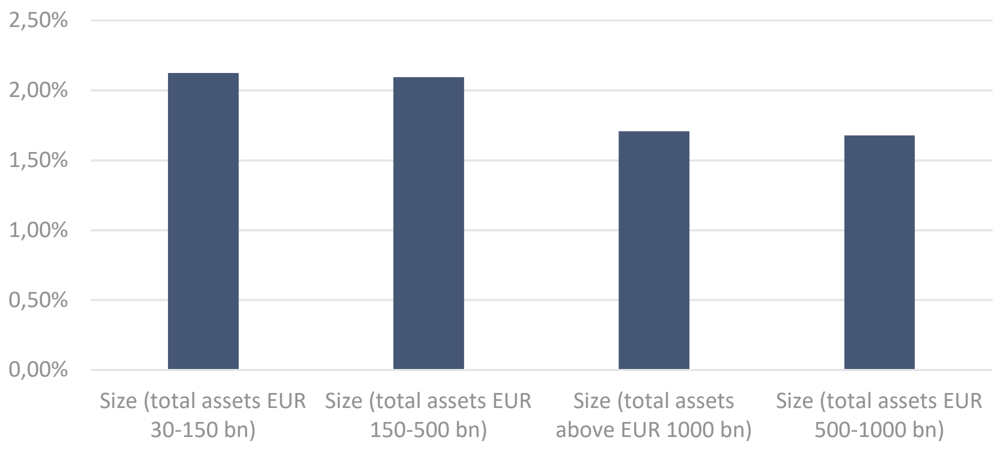
Source: EGOV

P2R per size and classification of significance

The charts below show the average 2020 P2R (unweighted) for all banks by their classification in terms of total balance sheet size (chart 3), or, if they have come under direct ECB supervision for other reasons, by the respective reasoning (chart 4).

On average, P2R becomes smaller the larger a bank is (the unweighted average P2R for size-selected banks is 2.05%; for banks with total assets between EUR 30-150 bn the average is 2.12% for, for those between EUR 150-500 bn its 2.09%, for those between EUR 500-1000 bn its 1.68%, and for the largests banks, with assets exceeding EUR 1000 bn, its 1.71%.

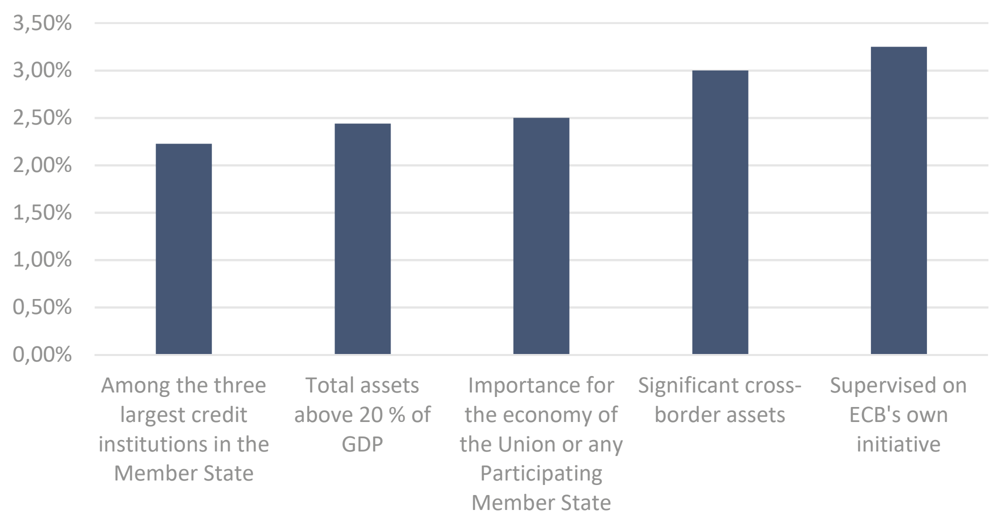
Chart 3: Average 2020 P2R per size classification



Source: EGOV

Banks that have come under direct ECB supervision for other reasons than size on average carry a higher P2R of 2.41%; the bank that carries the higest P2R of 3.25 %, Sberbank Europe AG in Austria, is the one that has come under direct supervision based on the ECB's own initiative, in line with Article 6(5)(b) of Regulation (EU) No 1024/2013 according to which the ECB may decide at any time to exercise direct supervision if that is considered necessary to ensure consistent application of high supervisory standards.

Chart 4: Average 2020 P2R per classification of significance other than size



Source: EGOV

P2R and Credit Ratings

As stated before, the Pillar 2 requirement is the result of a a diligent Supervisory Review and Evaluation Process carried out each year, and its rational is that it to incorporate the capital needs stemming from the individual risk profile of a bank.

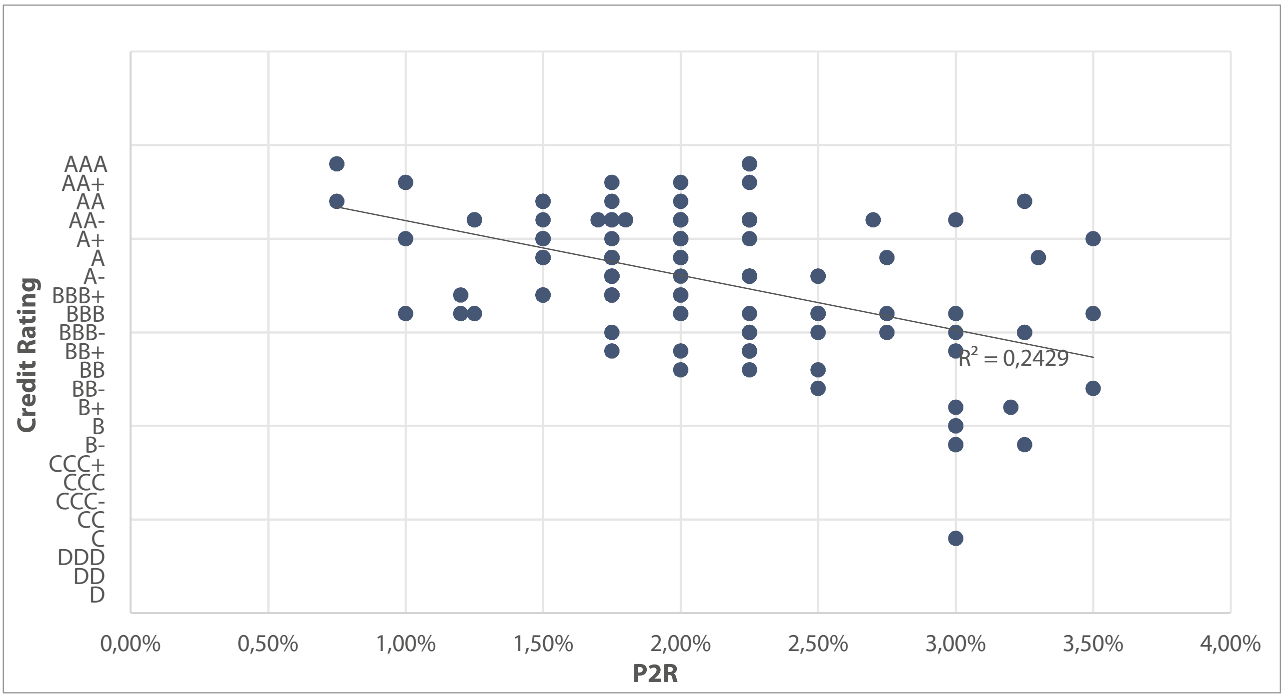
The objective of the ECB is to ensure that banks hold sufficient capital to be able to absorb all losses stemming from the risks they take without becoming insolvent.

The basic logic of that assessment resembles the opinions issued by credit rating agencies (CRAs). Credit ratings generally indicate the credit worthiness, the ability to repay debt on a timely basis (they may also refer to more specific debt obligations, e.g. certain bonds that an issuer has marketed). The "Default Rating" for any bank is hence a measure of its credit risk, or the threat of becoming defunct or entering into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedures.

Annex 2 of this briefing lists all significant banks directly supervised by the ECB, showing both the level of P2R for 2020, and the most recent default rating (cut-off date 24th February 2019; for more technical details, please see Annex 1).

There is a communality in the risk assessment of supervisors and CRAs, but they have neither the same exact purpose, nor are they based on the same information. It seems nevertheless reasonable to assume a certain correlation. From a scrutiny perspective it is in particular interesting to check whether there are any cases where the supervisors' and the CRAs' judgement deviate, namely whether there are cases where significant banks carry a small Pillar 2 requirement despite a weak credit rating. The analysis shows that all banks carrying a very small P2R have a good credit rating (AA or better); the credit rating dispersion of banks with a medium or large P2R is in any case way higher (see chart 5).

Chart 5: Dispersion of P2R and credit ratings



Source: EGOV

Since the actual level of capital held by banks is of key importance for the question whether they can keep going in good times and bad, it may come as a surprise that the correlation (all correlations in Annex 1) between the credit default ratings and P2R is actually higer than that with the actual level of CET1 capital and actual total capital (in this context we would like raise attention to the fact that the significan banks' level of actual total capital and actual CET1 capital includes some notable outliers, which is relevant for the statistical analysis; some banks exceed capital levels of 30%, see Annex 2).

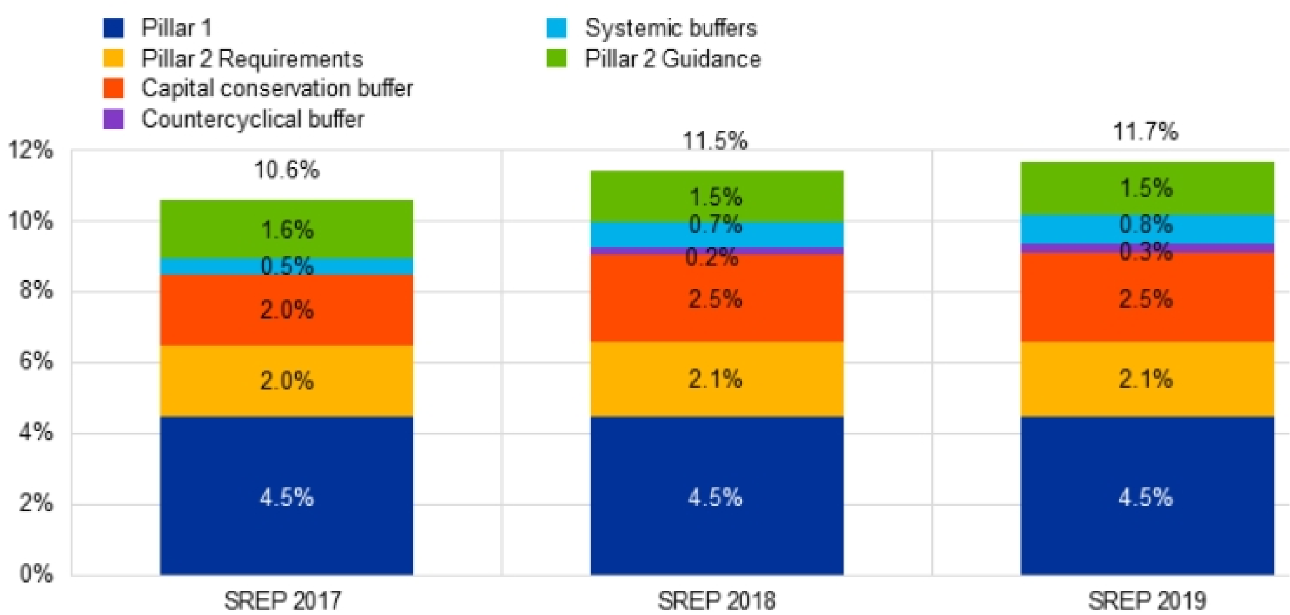
ECB publication: Aggregate SREP outcome for 2019

In 2020, the ECB has not only for the first time published a list with the Pillar 2 requirements for all banks, but it has also decided to share more details about its underlying analysis. The publication on the Aggregate SREP outcome for 2019 contains some details that are not shown in the 2018 SREP Methodology Booklet, or in the 2017 SREP Methodology Booklet.

One of the key messages that Andrea Enria passed when presenting the results of the 2019 SREP cycle in January 2020 is that the SREP exercise is not only about the adequacy of the levels of capital held, but that it rather reveals qualitative information as well. The ECB has more recently become in particular concerned about governance issues, as the SREP scores for internal governance worsened across all business models, continuing a trend seen in previous years: "*Digging a bit deeper, qualitative measures aim to address severe weaknesses in the internal control functions of banks, lack of effectiveness in their management bodies and deficiencies in their risk management. Moreover, remuneration schemes are often designed in a way that places too much weight on short-term profitability, and not enough weight on long-term sustainability. Finally, controls and procedures regarding anti-money laundering are still insufficient.*"

As regards the overall level of capital required, the aggregate level in 2019 – including systemic buffers and countercyclical buffer – was just marginally higher than in 2018 (see hart 6):

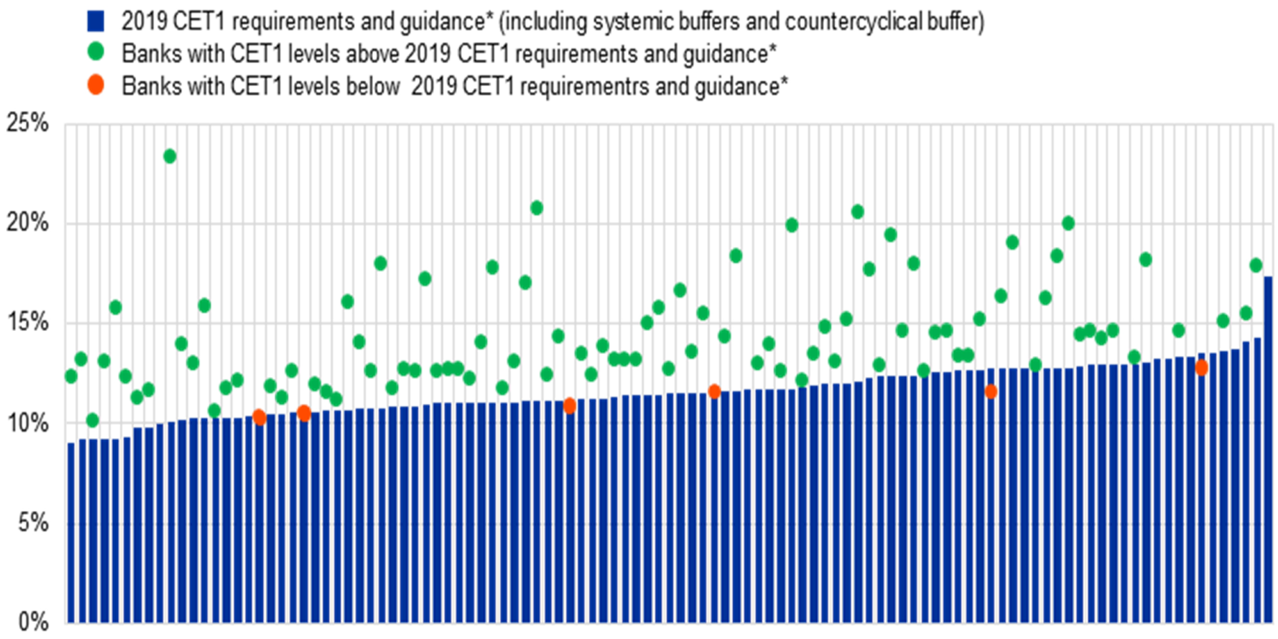
Chart 6: SREP CET1 requirements and guidance (including systemic buffers/countercyclical buffer)



Source: ECB Aggregate SREP outcome for 2019

The ECB decided to add information to a graph that compares actual capital levels to required capital levels. In previous publications, that graph came without a scale and therefore had only very limited informational value. As can be seen in chart 7, at the end of the third quarter of 2019, six banks had capital levels below the Pillar 2 requirements and guidance set for 2020.

Chart 7: Overall CET1 requirements and guidance and CET1 capital levels

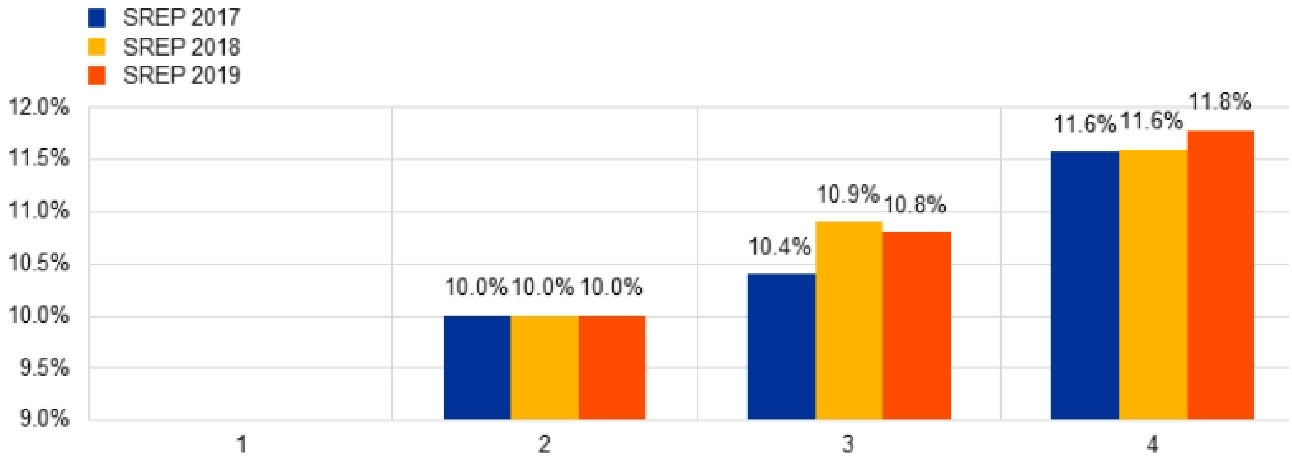


Source: ECB [Aggregate SREP outcome for 2019]

Andrea Enria explained that in four cases, the depicted shortfall had already been remedied by the end of 2019, while the two other remaining banks have been requested to take remedial actions within a well-defined timeline.

The ECB's Aggregate SREP outcome for 2019 contains more information not dealt with in this briefing (e.g. breakdown of capital measures and qualitative measures by business modell, evolution of scores, risks to capital and liquidity, NPL evolution etc.). There is, yet, one graph in the ECB publication that merits a final comment, namely the one on "SREP CET1 requirements and guidance by overall SREP score" (see chart 8). As one would expect, banks that have a higher risk profile and have worse SREP scores are faced with a higher CET1 demand (the graph puts them into four different "risk buckets"); the actual difference for the supervisory capital add-on between those risk buckets is, however, smaller than what the graph visually suggests. That graph was truncated, that is it's y axis that does not start at 0, creating the impression of an important change while the change is *de facto* quite small.

Chart 8: SREP CET1 requirements and guidance by overall SREP score



Source: ECB Aggregate SREP outcome for 2019

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This document is available on the internet at: www.europarl.europa.eu/supporting-analyses

Annex 1: Methodology

All data displayed in this briefing was taken from publicly available sources which are indicated throughout the text.

Relevant hyperlinks to the corporate websites of significant banks can be found in the ECB document "2018 Selected Pillar 3 information".

The calculation of the CET1 requirement is the sum of the Pillar 1 requirement (4,5%), the Pillar 2 requirement, the CCoB (set at 2,5% from the 1st January 2019), the CCyB and the maximum among the O-SIB, the G-SIB and the SRB . The Pillar 2 requirement (for 2020) was taken from the ECB Pillar 2 list for 2020. The CCyB, O-SIB, G-SIB, SRB buffers were taken from the overview of national macroprudential measures on the ESRB website, if not directly available either in the banks' Pillar 3 disclosures or in the quarterly financial statements.

The actual CET1 and total ratios were taken from the quarterly/interim financial publications that the banks disclosed (preferrably, if available, referring to the third quarter of 2019, otherwise those referring to the second quarter 2019; for two banks, we had to use data for the forth quarter of 2019; the datum reference is marked in the table).

As concerns the credit ratings, the latest available long-term Issuer Default Rating (IDR) was taken into consideration for the analysis, provided they came from either Fitch, Moody's, or Standard & Poor's. In case there was more than one rating available updated either on the same date or on the same month, the higher of them has been used. The cut-off date for the collection of credit ratings was 24 February 2019; rating actions that have taken place after that date are not reported. The rating scales used by those CRAs are not identical but have been standardised for this analysis.

Correlation default rating / P2R:

Correlations

		Default rating	P2R for 2020
Default rating	Pearson Correlation	1	-,493**
	Sig. (2-tailed)		,000
	N	105	105
Req: P2R for 2020	Pearson Correlation	-,493**	1
	Sig. (2-tailed)	,000	
	N	105	109

**. Correlation is significant at the 0.01 level (2-tailed).

Correlation default rating / Actual CET1:

Correlations

		Default rating	Actual CET1 Capital %
Default rating	Pearson Correlation	1	,340**
	Sig. (2-tailed)		,000
	N	105	103
Actual CET1 Capital %	Pearson Correlation	,340**	1
	Sig. (2-tailed)	,000	
	N	103	105

**. Correlation is significant at the 0.01 level (2-tailed).

Correlation default rating / Actual Total capital:

Correlations

		Default rating	Actual Total capital %
Default rating	Pearson Correlation	1	,359**
	Sig. (2-tailed)		,000
	N	105	103
Actual Total capital %	Pearson Correlation	,359**	1
	Sig. (2-tailed)	,000	
	N	103	105

**. Correlation is significant at the 0.01 level (2-tailed).

Annex 2: Overview of Pillar 2 requirements and credit ratings

Name	Pillar 2 Requirement (for 2020)	Actual CET1 Capital ratio (3Q 2019)	Required CET1 (calculated based on 2020 P2R)[1]	Size/Significance	Country	Most recent credit rating
Aareal Bank AG	2,25%	16,60%	9,40%	Size (total assets EUR 30-150 bn)	DE	A-
AB SEB bankas	2,00%	17,80%	12,00%	Among three largest banks in the MS	LT	AA-
ABANCA Corporación Bancaria	1,75%	13,10%	8,75%	Size (total assets EUR 30-150 bn)	ES	BB+
Abanka d.d.	3,50%	23,50%	10,75%	Among three largest banks in the MS	SLO	BBB
ABN AMRO Bank	2,00%	18,20%	12,00%	Size (total assets EUR 150-500 bn)	NL	A+
AIB Group	3,00%	20,30%	11,40%	Size (total assets EUR 30-150 bn)	IRL	BBB
Alpha Bank AE	3,00%	18,00%[2]	10,25%	Size (total assets EUR 30-150 bn)	GR	B
ARGENTA Spaarbank	1,75%	22,26%[2]	9,53%	Size (total assets EUR 30-150 bn)	BE	A-
AS "SEB banka"	2,25%	16,60%	11,00%	Among three largest banks in the MS	LV	AA-
AS SEB Pank	2,25%	31,70%	11,25%	Total assets above 20 % of GDP	EST	AA-
AS Swedbank	1,70%	41,20%	10,70%	Total assets above 20 % of GDP	EST	AA-
AXA Bank Belgium	2,75%	14,89%	10,50%	Size (total assets EUR 30-150 bn)	BE	A
Banca Monte Dei Paschi di Siena	3,00%	14,77%	10,01%	Size (total assets EUR 30-150 bn)	IT	B-
Banca Popolare di Sondrio	3,00%	15,55%	10,00%	Size (total assets EUR 30-150 bn)	IT	BBB-

Name	Pillar 2 Requirement (for 2020)	Actual CET1 Capital ratio (3Q 2019)	Required CET1 (calculated based on 2020 P2R)[1]	Size/Significance	Country	Most recent credit rating
Banco Bilbao Vizcaya Argentaria	1,50%	11,80%	9,27%	Size (total assets EUR 500-1000 bn)	ES	A
Banco BPM	2,25%	13,60%	9,32%	Size (total assets EUR 150-500 bn)	IT	BBB-
Banco Comercial Portugués	2,25%	12,30%	9,63%	Size (total assets EUR 30-150 bn)	PT	BB
Banco de Crédito Social Cooperativo	2,50%	13,14%	9,50%	Size (total assets EUR 30-150 bn)	ES	BB-
Banco de Sabadell	2,25%	11,88%	9,50%	Size (total assets EUR 150-500 bn)	ES	BBB
Banco Santander	1,50%	11,30%	9,50%	Size (total assets above EUR 1000 bn)	ES	A+
Bank of America Merrill Lynch	2,30%	N/A	N/A	Size (total assets EUR 30-150 bn)	IRL	N/A
Bank of Cyprus Holdings	3,00%	14,90%	10,50%	Total assets above 20 % of GDP	CY	B-
Bank of Ireland Group	2,25%[3]	15,00%	10,65%	Size (total assets EUR 30-150 bn)	IRL	A-
Bank of Valletta	3,25%	19,10%[2]	12,25%	Total assets above 20 % of GDP	MT	BBB-
Bankinter	1,20%	11,57%	8,20%	Size (total assets EUR 30-150 bn)	ES	BBB+
Banque Degroof Petercam	3,00%	N/A	N/A	Significant cross-border assets	BE	N/A
Banque et Caisse d'Epargne de l'Etat	1,00%	21,20%[2]	8,50%	Size (total assets EUR 30-150 bn)	LU	AA+
Banque Internationale á Luxembourg	1,75%	12,01%	9,33%	Total assets above 20 % of GDP	LU	A-
Barclays Bank Ireland PLC	3,30%	13,40%	12,30%	Size (total assets EUR 30-150 bn)	IRL	A
BAWAG Group AG	2,00%	15,70%	10,00%	Size (total assets EUR 30-150 bn)	AT	A+

Name	Pillar 2 Requirement (for 2020)	Actual CET1 Capital ratio (3Q 2019)	Required CET1 (calculated based on 2020 P2R)[1]	Size/Significance	Country	Most recent credit rating
Bayerische Landesbank	2,00%	14,50%	10,00%	Size (total assets EUR 150-500 bn)	DE	AA-
Belfius Bank NV	2,00%	16,00%[2]	10,57%	Size (total assets EUR 30-150 bn)	BE	A-
BFA Tenedora de Acciones	2,00%	13,97%	9,25%	Size (total assets EUR 150-500 bn)	ES	BBB
Biser Topco	3,00%	22,39%[2]	10,26%	Among three largest banks in the MS	SLO	BB+
BNG Bank	2,25%	32,00%[2]	10,25%	Size (total assets EUR 30-150 bn)	NL	AAA
BNP Paribas	1,25%	12,00%	9,75%	Size (total assets above EUR 1000 bn)	FR	AA-
BPCE Group	1,75%	15,40%	10,00%	Size (total assets above EUR 1000 bn)	FR	A+
BPER Banca	2,00%	13,10%	9,02%	Size (total assets EUR 30-150 bn)	IT	BB
Bpifrance S.A.	1,50%	31,20%[2]	8,75%	Size (total assets EUR 30-150 bn)	FR	AA
Caisse de Refinancement de l'Habitat	0,75%	19,46%[2]	8,75%	Size (total assets EUR 30-150 bn)	FR	AAA
Caixa Geral de Depósitos	2,25%	14,60%[2]	9,75%	Size (total assets EUR 30-150 bn)	PT	BB+
CaixaBank	1,50%	11,70%	8,77%	Size (total assets EUR 150-500 bn)	ES	BBB+
Cassa Centrale Banca/Credito Cooperativo Italiano	2,25%	19,63%[2]	9,25%	Size (total assets EUR 30-150 bn)	IT	BB+
Citibank Holdings Ireland	2,70%	11,60%	10,95%	Size (total assets EUR 30-150 bn)	IRL	AA-
Commerzbank	2,00%	12,80%	10,00%	Size (total assets EUR 150-500 bn)	DE	BBB+
Confédération Nationale du Crédit Mutuel	1,75%	16,40%[3]	9,50%	Size (total assets EUR 500-1000 bn)	FR	A

Name	Pillar 2 Requirement (for 2020)	Actual CET1 Capital ratio (3Q 2019)	Required CET1 (calculated based on 2020 P2R)[1]	Size/Significance	Country	Most recent credit rating
Coöperatieve Rabobank	1,75%	15,80%[2]	11,75%	Size (total assets EUR 500-1000 bn)	NL	AA
Crédit Agricole Group	1,50%	15,50%	9,75%	Size (total assets above EUR 1000 bn)	FR	A+
Credito Emiliano Holding	1,00%	13,68%	8,01%	Size (total assets EUR 30-150 bn)	IT	BBB
de Volksbank	2,50%	37,10%[2]	10,50%	Size (total assets EUR 30-150 bn)	NL	A-
DekaBank Deutsche Girozentrale	1,50%	13,70%[2]	9,00%	Size (total assets EUR 30-150 bn)	DE	A+
Deutsche Apotheker- und Ärztebank	1,25%	15,00%	8,25%	Size (total assets EUR 30-150 bn)	DE	AA-
Deutsche Bank	2,50%	13,40%	11,50%	Size (total assets above EUR 1000 bn)	DE	BBB
Deutsche Pfandbriefbank	2,50%	18,30%	9,85%	Size (total assets EUR 30-150 bn)	DE	A-
Dexia	3,25%	24,70%[2]	10,60%	Size (total assets EUR 150-500 bn)	BE	AA
DZ BANK Deutsche Zentral-Genossenschaftsbank	1,75%	14,32%[2]	9,78%	Size (total assets EUR 150-500 bn)	DE	AA+
Erste Group Bank	1,75%	13,20%	11,20%	Size (total assets EUR 150-500 bn)	AT	A
Eurobank Ergasias	3,00%	16,30%	10,25%	Size (total assets EUR 30-150 bn)	GR	C
Hamburg Commercial Bank (HSH Nordbank)	2,75%	17,00%[2]	N/A	Size (total assets EUR 30-150 bn)	DE	BBB
HASPA Finanzholding	1,00%	15,90%[2]	8,00%	Size (total assets EUR 30-150 bn)	DE	A+
Hellenic Bank Public Company Limited	3,20%	19,00%	10,58%	Total assets above 20 % of GDP	CY	B+
HSBC Bank Malta	2,25%	16,20%[2]	10,75%	Total assets above 20 % of GDP	MT	A+

Name	Pillar 2 Requirement (for 2020)	Actual CET1 Capital ratio (3Q 2019)	Required CET1 (calculated based on 2020 P2R)[1]	Size/Significance	Country	Most recent credit rating
HSBC France	3,00%	13,40%[2]	10,05%	Size (total assets EUR 150-500 bn)	FR	AA-
Ibercaja Banco, S.A.	2,00%	12,30%	9,00%	Size (total assets EUR 30-150 bn)	ES	BB+
Iccrea Banca/Istituto Centrale del Credito Cooperativo	2,50%	15,50%[2]	9,50%	Size (total assets EUR 150-500 bn)	IT	BB
ING Group	1,75%	14,60%	11,75%	Size (total assets EUR 500-1000 bn)	NL	A-
Intesa Sanpaolo	1,50%	14,00%	8,88%	Size (total assets EUR 500-1000 bn)	IT	BBB+
J.P. Morgan Bank Luxembourg	2,25%	20,70%	9,91%	Total assets above 20 % of GDP	LU	AA-
KBC Group	1,75%	13,90%	10,70%	Size (total assets EUR 150-500 bn)	BE	BBB+
KBL European Private Bankers	2,00%	16,00%[2]	9,00%	Total assets above 20 % of GDP	LU	N/A
Kuntarahoitus Oyj	2,25%	69,08%[2]	10,24%	Size (total assets EUR 30-150 bn)	FI	AA+
Kutxabank	1,20%	16,29%[2]	8,20%	Size (total assets EUR 30-150 bn)	ES	BBB
La Banque Postale	2,00%	12,70%[2]	10,75%	Size (total assets EUR 150-500 bn)	FR	A
Landesbank Baden-Württemberg	1,75%	14,60%[2]	9,75%	Size (total assets EUR 150-500 bn)	DE	AA-
Landesbank Berlin	1,50%	16,30%[2]	8,50%	Size (total assets EUR 30-150 bn)	DE	AA
Landesbank Hessen-Thüringen Girozentrale	1,75%	14,60%[2]	10,00%	Size (total assets EUR 150-500 bn)	DE	A
Liberbank	2,50%	14,50%	9,50%	Size (total assets EUR 30-150 bn)	ES	BBB-
LSF Nani Investments (Novo Banco)	3,00%	13,50%[2]	10,25%	Size (total assets EUR 30-150 bn)	PT	B+

Name	Pillar 2 Requirement (for 2020)	Actual CET1 Capital ratio (3Q 2019)	Required CET1 (calculated based on 2020 P2R)[1]	Size/Significance	Country	Most recent credit rating
Luminor Bank	2,00%	18,73%	11,43%	Among three largest banks in the MS	EST	BBB
MDB Group	3,00%	13,68%[2]	10,83%	Among three largest banks in the MS	MT	N/A
Mediobanca - Banca di Credito Finanziario	1,25%	14,09%[2]	8,25%	Size (total assets EUR 30-150 bn)	IT	BBB
Münchener Hypothekenbank	1,50%	19,94%[2]	8,53%	Size (total assets EUR 30-150 bn)	DE	AA-
National Bank of Greece	3,00%	16,80%	10,25%	Size (total assets EUR 30-150 bn)	GR	B
Nederlandse Waterschapsbank	2,25%	59,30%[2]	9,25%	Size (total assets EUR 30-150 bn)	NL	AAA
Nordea Bank Abp	1,75%	15,40%	13,25%	Size (total assets EUR 500-1000 bn)	FI	AA-
Nova Ljubljanska banka d.d. Ljubljana	2,75%	15,60%	10,75%	Total assets above 20 % of GDP	SLO	BBB-
OP Osuuskunta	2,25%	19,50%[3]	11,25%	Size (total assets EUR 30-150 bn)	FI	AA-
Piraeus Bank	3,25%	14,17%	10,50%	Size (total assets EUR 30-150 bn)	GR	B-
Raiffeisen Bank International	2,25%	13,70%	11,25%	Size (total assets EUR 30-150 bn)	AT	A-
Raiffeisenbankengruppe OÖ Verbund	1,75%	14,16%	9,86%	Size (total assets EUR 30-150 bn)	AT	BBB+
RBC Investor Services Bank	2,00%	23,63%	9,52%	Total assets above 20 % of GDP	LU	A
RCB Bank	3,50%	N/A	10,88%	Total assets above 20 % of GDP	CY	BB-
RCI Banque	2,00%	14,59%[2]	9,11%	Size (total assets EUR 30-150 bn)	FR	BBB+
Sberbank Europe	3,25%	N/A	11,25%	Direct supervision on ECB own initiative	AT	BBB-

Name	Pillar 2 Requirement (for 2020)	Actual CET1 Capital ratio (3Q 2019)	Required CET1 (calculated based on 2020 P2R)[1]	Size/Significance	Country	Most recent credit rating
SFIL	0,75%	24,60%[2]	7,75%	Size (total assets EUR 30-150 bn)	FR	AA
Slovenská sporitel'ňa	1,50%	14,89%	11,00%	Among three largest banks in the MS	SK	A
Société Générale	1,75%	12,50%	10,00%	Size (total assets above EUR 1000 bn)	FR	A
State Street Europe Holdings Germany	2,00%	11,30%	9,00%	Size (total assets EUR 30-150 bn)	DE	AA+
Swedbank AS	2,00%	29,19%	11,00%	Among three largest banks in the MS	LV	AA-
Swedbank, AB	1,80%	21,87%	11,80%	Total assets above 20 % of GDP	LT	AA-
Tatra banka	1,50%	14,45%	11,00%	Among three largest banks in the MS	SK	BBB+
The Bank of New York Mellon	2,00%	64,80%	9,90%	Size (total assets EUR 30-150 bn)	BE	AA
Ulster Bank Ireland	3,50%	30,30%	11,75%	Size (total assets EUR 30-150 bn)	IRL	A+
Unicaja Banco	1,75%	15,40%	8,75%	Size (total assets EUR 30-150 bn)	ES	BBB-
UniCredit	1,75%	12,60%	9,84%	Size (total assets EUR 500-1000 bn)	IT	BBB+
Unione di Banche Italiane	2,25%	12,14%	9,25%	Size (total assets EUR 30-150 bn)	IT	BBB-
Volksbank Wien	2,50%	17,90%[2]	10,50%	Importance for the economy of EU/MS	AT	BBB
Volkswagen Bank	2,00%	16,20%	9,16%	Size (total assets EUR 30-150 bn)	DE	A+

[1] Calculation based on P1R (4,5%), P2R for 2020, the CCoB (2,5%), the O-SIB/G-SIB/SRB and the CCyB for the end of 2019
[2] Data taken from Q2 2019
[3] Data taken from Q4 2019