

## The German banks in the comprehensive assessment An overview of the results

## Contents

1	THE COMPREHENSIVE ASSESSMENT IN GERMANY .....	3
2	THE ASSET QUALITY REVIEW .....	6
3	KEY FINDINGS OF THE STRESS TEST AFTER THE JOIN-UP .....	15
4	RESULTS OVERVIEW .....	24

# 1 The comprehensive assessment in Germany

## 1.1 Background

The European Central Bank (ECB) commenced its extensive financial health check of banks in the euro area in October 2013<sup>1</sup>. This exercise, known as the comprehensive assessment, was conducted by the ECB together with the European Banking Authority (EBA) and the national competent authorities (NCAs) on the basis of the SSM Regulation. The objective of this exercise, the scale of which was unprecedented, was to establish transparency regarding the resilience of the largest European banks in order to increase confidence in the European financial sector and pave the way for the launch of the new Single Supervisory Mechanism (SSM) on 4 November 2014. The announcement of the comprehensive assessment alone led to a string of European banks raising significant amounts of additional capital ahead of the assessment. It is not least because of this that this exercise can be considered a success.

The comprehensive assessment was carried out between October 2013 and October 2014. In Germany, this process was overseen by the Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank, in close cooperation with the ECB.

A total of 130 European institutions<sup>2</sup> participated in the comprehensive assessment, of which 25<sup>3</sup> were based in Germany. These are entities that were

<sup>1</sup> <http://www.ecb.europa.eu/press/pr/date/2013/html/pr131023.en.html>

<sup>2</sup> Euro-area banks including participating banks from Lithuania; this figure takes into account Deutsche Bank (Malta) Ltd as a separate institution.

expected to meet the criteria for classification as significant pursuant to the SSM Regulation at the start of the comprehensive assessment. The significance of these entities was re-examined in July 2014 and 120 banking groups selected to fall under direct ECB supervision in future. This figure includes 21 German institutions. Four<sup>4</sup> German banks that participated in the comprehensive assessment will not fall under direct ECB supervision from 4 November 2014: IKB, KfW-Ipex and the two banks in the Wüstenrot & Württembergische Group. Despite this, the results for these institutions will still be published.

The comprehensive assessment comprised two parts: an extensive examination of banks' portfolios of assets, known as the asset quality review (AQR), and a stress test. The latter was devised in cooperation with the EBA. Approximately 250 members of staff from the Bundesbank and BaFin worked on the exercise.

In a first step, comprehensive balance sheet data were requested from participating banks from October 2013 onwards. Based on these data, supervisors had until March 2014 to select portfolios from banks' banking books, as well as portfolios and models from their trading books, for review. This selection was guided by a risk-based approach. Individual credit files were subsequently reviewed between March and July 2014. The banks calculated initial stress test scenarios according to scenario specifications from mid-April 2014. Quality assurance of the stress test results was conducted between July and September 2014. Additionally, selected AQR findings were incorpo-

<sup>3</sup> Or 24 groups of institutions. This difference is explained by the treatment of the Wüstenrot & Württembergische Group. W&W Pfandbriefbank and W&W Bausparkasse were treated as separate institutions for the purposes of the comprehensive assessment.

<sup>4</sup> Or three banking groups.

rated into the stress test results (a process referred to as the "join-up"). In October 2014, the ECB conducted a final supervisory dialogue with banks to provide a preliminary, partial impression of the findings for their institution; this was designed to enable banks to prepare for the results without triggering ad hoc disclosure requirements. The final results are now available.

## 1.2 Overview of the results

Overall, German banks have performed well in the comprehensive assessment. The quality of their balance sheet assets has been emphatically underscored by the AQR, not just from an accounting perspective but also, notably, in the face of more stringent prudential standards. Irrespective of this, there are individual sub-segments in the balance sheets which pose a challenge for a minority of institutions. This applies in particular to shipping and real-estate financing. Nevertheless, German banks demonstrated in the stress test that they are adequately capitalised to withstand even a severe economic downturn. Despite a simulated capital depletion of €30 billion, German banks had a strong common equity tier 1 (CET1) capital ratio of 9.1% according to the AQR and adverse scenario in the stress test.

Several German institutions have already improved their capital ratios since 31 December 2013 ahead of the comprehensive assessment in particular, by raising external capital and by reducing exposures. This applies, *inter alia*, to Münchener Hypothekenbank eG (MHB), the only German institution in the comprehensive assessment to have a nominal capital shortfall. However, this institution has since successfully addressed the shortfall identified in the comprehensive assessment by raising fresh capital. Overall, the German

banks participating in the comprehensive assessment raised around €14.4 billion in capital between January and September 2014, which equates to approximately one percentage point of the risk-weighted assets (RWA) as of 31 December 2013.

Capital measures undertaken after the cut-off date of 31 December 2013 were not directly taken into account in the comprehensive assessment. Despite this, these capital measures certainly are relevant for the SSM. Please refer to the enclosed results table for all German institutions for more detailed information.

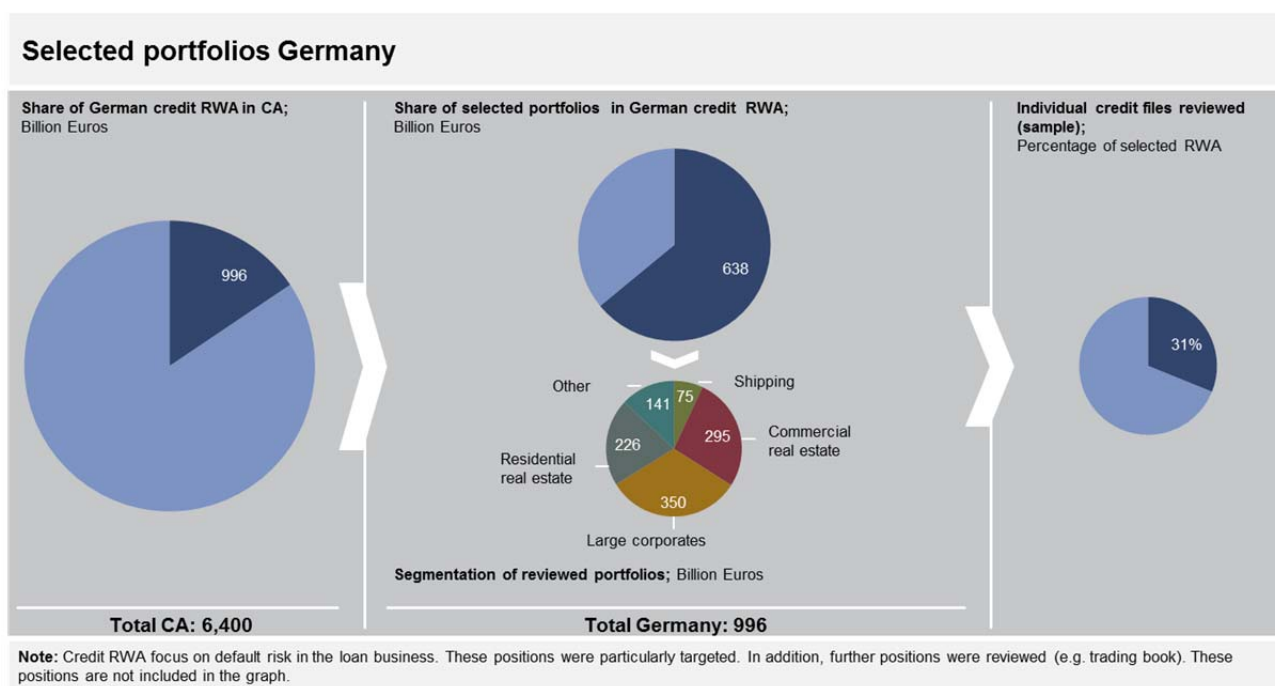
## **2 The asset quality review**

### **2.1 Basic approach**

BaFin and the Bundesbank enlisted the help of external auditors to carry out the AQR. They were selected through an award procedure, taking any potential conflicts of interest into account, and commissioned to carry out ad hoc audits pursuant to section 44 of the Banking Act. Supervisory staff closely monitored the auditors through quality assurance measures. In peak periods, there were approximately 1,700 auditors working on the AQR in Germany.

At its core, the AQR was a prudential exercise. This means that while the auditing of accounting practices did form the point of departure, the review

criteria defined by supervisors went beyond that. The main issue was whether supervisors regarded the valuation of balance sheet assets to be appropriate, ie sufficiently conservative. Accordingly, the assumptions made were often stricter than under currently applicable accounting rules. For example, the valuation leeway allowed for by currently applicable accounting standards was reduced in order to ensure a conservative assessment and improved comparability of the results. Overall, only a few of the audit findings concerned breaches of accounting rules, with the overwhelming majority being exclusively of a supervisory nature.



The AQR included examinations of positions in the banking and trading books, though trading book positions were only reviewed for banks with significant trading positions. In Germany, an average of approximately two

thirds of credit RWA<sup>5</sup> of each bank were covered by the review. Overall, therefore, the review covered nearly €640 billion of risk weighted assets<sup>6</sup>. The AQR therefore went far beyond the scope of traditional audits.

However, it was not possible to review all credit files in the selected portfolios. Instead, sampling was carried out and the results of the reviewed credit files within the selected portfolios were used as the basis for projections. Overall, 18,000 credit files and 15,500 collateral items were reviewed on an ad hoc basis in Germany.<sup>7</sup>

In addition, the AQR also included a "fair value review". This covered trading positions for the most part, but also selected positions from the banking book. The main focus was on Level 3 fair value positions. According to the International Financial Reporting Standards (IFRS), these are the positions for which no observable market data is available. Non-derivative positions were selected by the auditors using standardised portfolio classifications and re-valued for the AQR. For derivative positions, the positions were selected using the valuation models which yielded the largest level 3 positions for the given bank. This took into account the nominal and present values of the positions that were valued using the respective model. The auditors examined whether the valuation methods and reserve levels for these positions were appropriate.

Due to the outlined methodology, it should be noted that when interpreting all the results it is not possible to project these on a linear basis onto the

<sup>5</sup> Credit RWA, ie RWA with regard to default risks, as opposed, for example, to positions with market risks or operational risks.

<sup>6</sup> This includes the positions of participating German banks abroad.

<sup>7</sup> Including the positions of German banks reviewed abroad.



remainder of the balance sheet. It would not have been possible to adequately review all portfolios in the time available. The results are not representative of the entire balance sheets.

## **2.2 Results of the asset quality review**

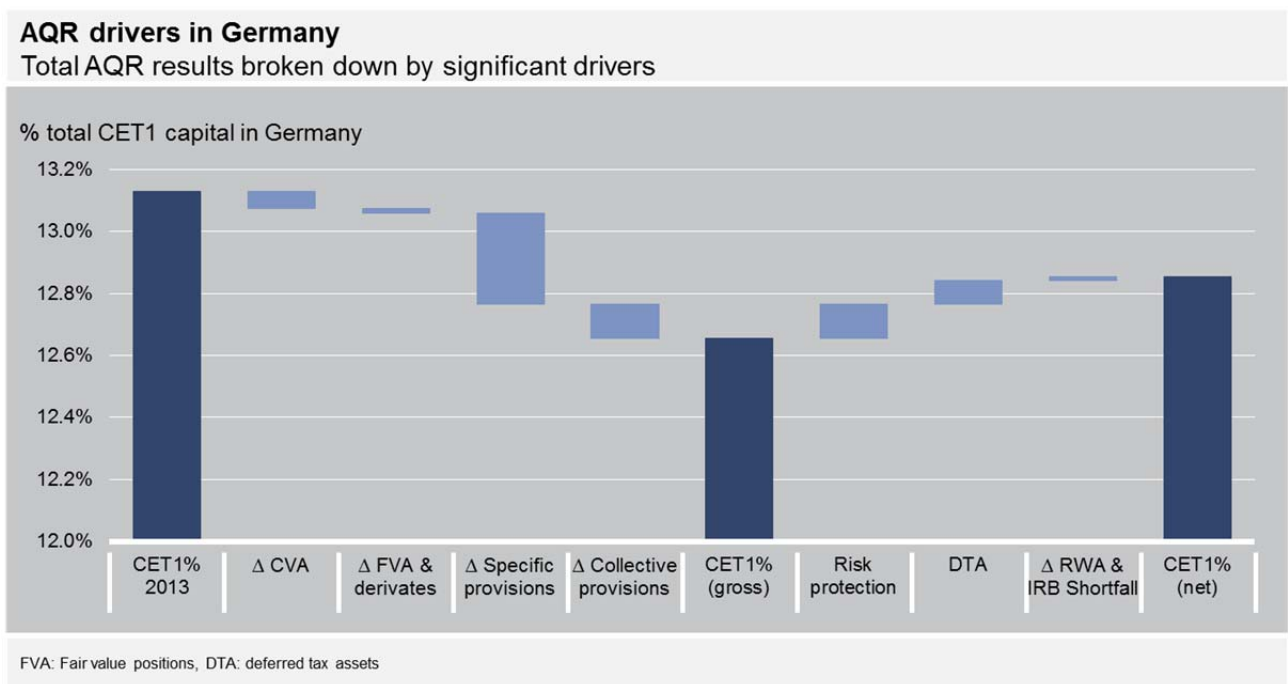
The AQR has confirmed the quality of the assets on the balance sheets of the participating German banks. On a weighted average, the deviations identified at the credit institutions amount to only 0.3% of RWA. The vast majority of the AQR effect is attributable to the supervisory assumptions, which are stricter than the accounting rules (eg in the calculation of collective provisioning). None of the German institutions' financial statements for 2013 need to be adjusted retroactively because of the AQR results.

There are three main drivers for the AQR results.

1. A strict and uniform measure for classifying non-performing loans was applied, which was based on the definition published by the EBA in October 2013. Ahead of the introduction of this EBA standard, which does not have to be implemented until 31 December 2014, a number of exposures had to be reclassified in the AQR and then, where necessary, assigned risk provisioning.
2. In addition, adjustments had to be made within the group of exposures already classified as non-performing. Above all, this affected the valuation of the collateral held and assumptions on future returns. For ex-

ample, assumptions were made regarding the expected cash flows or the assumed realisation value.

3. Ultimately, adjustments were necessary in some cases because the bank models used to calculate collective provisioning were not sufficiently valid according to the criteria applied by the ECB or because the data set was not considered sufficient. Some banks were unable to supply evidence of the parameters applied which met the very strict requirements – particularly in connection with the calibration of their models for calculating collective provisioning. In these cases, uniform and generally stricter supervisory requirements were applied in order to ensure that the exercise was as consistent as possible.



In absolute terms, the capital effect of the AQR at the examined German banks – before offsetting effects from risk protection and tax assets – totals

€6.7 billion, which corresponds to around 0.4% of the aggregated CET1 capital of German banks. The overall effect can be broken down as follows.

- €4.2 billion correspond to additional specific provisioning.<sup>8</sup> This is due, first, to the aforementioned reclassification of "performing" loans as "non-performing" loans. In total, positions totalling €8.4 billion were reclassified as "non-performing".
- Furthermore, there were additional collective provisioning needs amounting to €1.6 billion.
- The credit value adjustment (CVA)<sup>9</sup> review ultimately led to another around €760 million in required adjustments.

The review of selected trading book positions and the other fair value positions valued with models did not lead to major value corrections in Germany (around €200 million). Nor were there any material findings regarding quality.

After taking account of offsetting effects from risk protection (€1.6 billion) and (deferred) tax assets (€1.1 billion), there was ultimately an effective total impact amounting to €3.9 billion in CET1 capital. On aggregate and taking account of (mostly small) RWA adjustments from the AQR, this corresponds to a reduction of 0.3% in the aggregated CET1 ratio.

<sup>8</sup> Here and in the following paragraphs, this provisioning always refers mainly to the provisioning needs arising from the supervisory assumptions of the AQR and not from inadequate accounting practices.

<sup>9</sup> Correction amount for counterparty credit risk for derivatives positions.

## 2.3 Results for selected sectors

The low overall effect of the AQR underlines the fact that the valuation of assets in German banks' balance sheets is appropriate even if stricter supervisory requirements are applied. Nevertheless, institutions in individual sub-segments and economic sectors face challenges, as has already been highlighted by German supervisors in earlier investigations. The spotlight falls on shipping finance and real estate collateral valuation, in particular.

These two segments account for more than half of the overall AQR effect, before taking into account offsetting impacts from risk protection and tax assets. Around 30% alone (approx €2 billion) is attributable to shipping finance and just over 25% (approx €1.7 billion) to real estate – predominantly commercial real estate. The chart below shows this distribution of the gross AQR effect among the various sectors.

The relatively high adjustment effect in the shipping finance segment should be placed in the context of the difficult situation faced by the market as a whole, and can also be explained by the prudential conservative valuation assumptions used in the AQR.

## Gross AQR impact on CET1 capital by significant segments

Before risk protection and deferred tax assets

In MM Euro

	(1) gross impact (2 + 3 + 4)	(2) of which specific provisions			(3) of which collective provisions	(4) of which CVA and fair value
		Total	of which from sampling	of which from projection of findings		
Total	6,698	4,157	2,954	1,203	1,572	969
Shipping	2,023	1,808	1,076	732	215	
Commercial real estate	1,425	1,185	1,067	118	240	
Large corporates	764	510	366	143	254	
Residential real estate	270				270	
Other	1,247	655	445	209	592	

**Note:** The final provisioning adjustment includes both effects from prudential requirements as well as adjustments due to accounting. In Germany, the effect due to prudential requirements is predominant.

Fair value = fair value assets & derivatives

To ensure maximum uniformity in the valuation of shipping loans in Germany, the audit firms entrusted with the audit developed a joint framework, in keeping with the legal and economic setting. For valuation under the going-concern approach,<sup>10</sup> external data from a recognised, internationally active provider with a reputation for conservative valuation were used – for example, for the forecasts regarding the development of charter rates. To take account of the uncertainty surrounding the forecasts and the high degree of volatility in the shipping market, the ECB also required an additional deduction on the discounted cash flow for the valuation of non-performing loans under the going-concern approach. This ultimately accounts for a large part of the gross adjustments in the shipping finance segment.

<sup>10</sup> Under this approach, the ships serving as collateral for the loan are not sold but remain in service to generate income, which is used to service the loan after deduction of costs; the opposite of this would be the gone-concern approach, under which the ships serving as collateral for the loan are sold and the proceeds used to repay the loan.

With regard to real estate collateral, almost 80% of the more than 10,000 real estate collateral items assessed under the AQR were revalued. The revaluation resulted overall in slightly higher real estate collateral values than those estimated by the banks, although very different results were calculated depending on the portfolios and banks. For example, for a few institutions the AQR collateral values were up to 20% lower than the banks' values. Commercial real estate collateral abroad tended to be affected by this to a greater extent. Nonetheless, the overall valuation of real estate has been a success in Germany – particularly in the case of residential real estate – and this has been confirmed by the AQR results.

## 3 Key findings of the stress test after the join-up

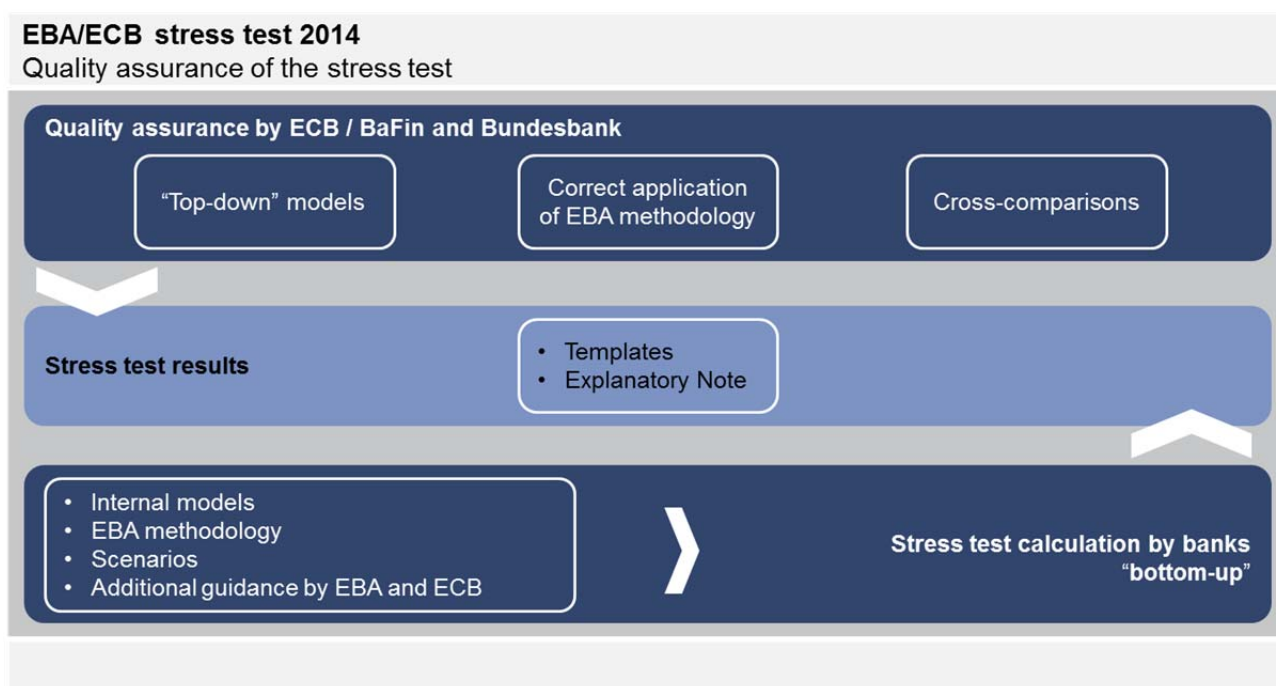
### 3.1 Basic approach

The stress test within the framework of the comprehensive assessment was carried out in cooperation with the EBA as part of the EU-wide stress test.<sup>11</sup> The methodology of the stress test was largely based on the experiences and concepts of the previous EBA stress test. Nevertheless, the EBA and the ECB made a few key changes compared to previous exercises. Although the assumption of a static balance sheet<sup>12</sup> was maintained, this time the stress test results for a difficult market environment were determined for a period of three years (instead of two years in the 2011 stress test), which represents a significant tightening of conditions. In comparison to the 2011 EBA stress test, this time restrictions on passing on increased funding costs to borrowers were also taken into account, as were negative developments on bond markets and additional write-downs on already defaulted loans. With a minimum Common Equity Tier 1 (CET1) capital ratio of 5.5% in the adverse scenario and 8% in the baseline scenario, the current stress test had a higher capital requirement and, in line with new rules, a narrower definition of regulatory capital than previous tests. The EBA/ECB stress test was therefore in itself an extremely demanding projection of the development of European banks in a difficult market environment. By taking account of the results of the AQR, which was carried out in parallel, it was also ensured that

<sup>11</sup> The results for SEB AG are not being published by the EBA, as the Swedish parent company SEB also took part in the EBA stress test and the results for SEB AG are integrated in the results for SEB.

<sup>12</sup> The static balance sheet assumption stipulates that the structure of the balance sheet may not change over the stress horizon. Maturing positions are therefore replaced with corresponding positions with the same original maturity. This ensures that banks do not influence their stress test results by making advantageous shifts in their books to less risky business. Only banks that are required to reduce asset holdings on the basis of a restructuring plan approved by the European Commission were allowed to deviate from the narrow confines of this basic rule.

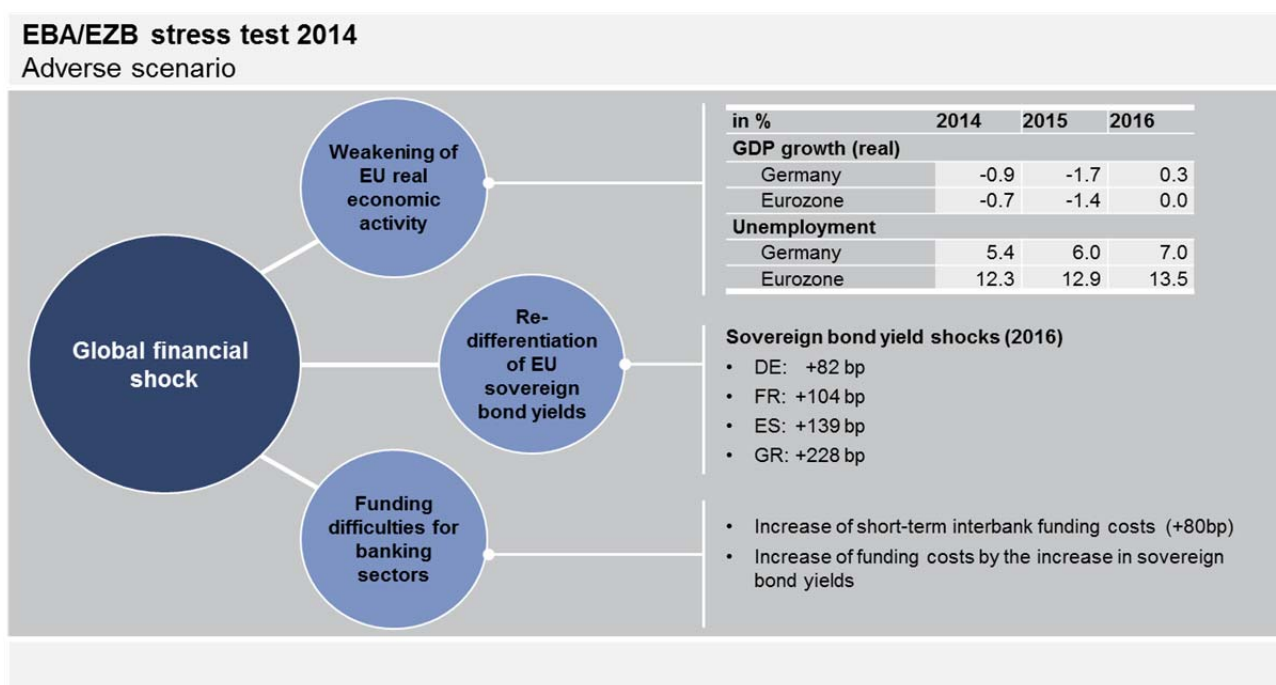
the banks' starting values were conservative for the stress test itself. A key criticism of the 2011 EBA stress test has therefore been addressed. For German banks (at least), it can be confirmed without reservation that the repeated calls for a strict test have been fulfilled.



The macroeconomic scenarios on which the stress test was based were devised by the European Systemic Risk Board (ESRB). The baseline scenario corresponds largely to the European Commission's 2014 winter forecast. The adverse scenario assumes economic developments that are significantly worse than this, and reflects the risks to the stability of the financial system deemed significant by the ESRB. Banks have to have the capability to withstand a global financial shock that weakens the real economy, leads to a renewed divergence in European government bond yields and creates funding difficulties for credit institutions. For the euro area the adverse scenario entails a GDP contraction of 0.7% in 2014 and 1.4% in



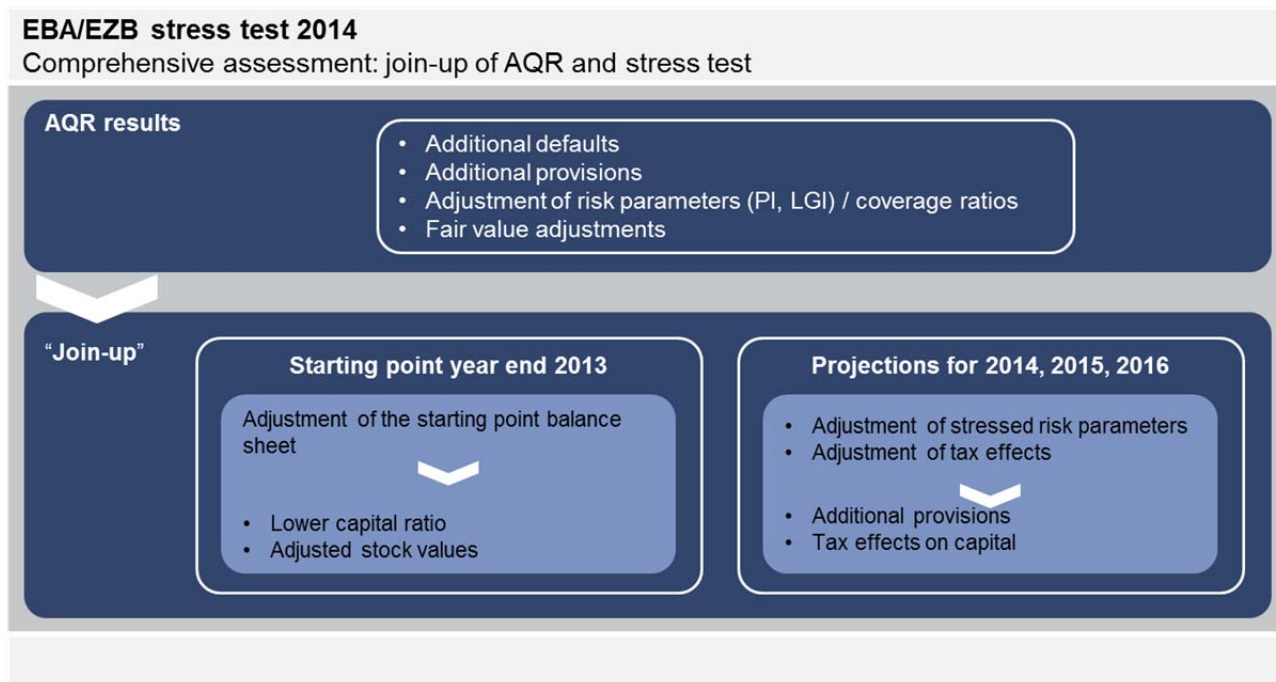
2015, followed by zero growth in 2016. Compared to the baseline scenario, this means a cumulative decline in GDP in Germany of 7.6% by 2016. This simulated economic slump is accompanied by rising unemployment and falling financial and real estate market prices. The adverse scenario also assumes an increase in general interest rate levels. Overall, therefore, these assumptions make for an extremely conservative stress test. The diagram below shows key data for the assumptions in the adverse scenario.



The five major risk categories covered by the stress test were credit risk, market risk, risks in connection with government bonds and securitisations, and funding risk. With respect to loans in the banking book, institutions used either their own models or parameters specified by the ECB to turn scenarios into probabilities of default (PD) and loss given default under "stress", and calculated additional provisioning on this basis. In the area of market risk, the stress effect for positions in the banking and trading books carried at fair value is derived from a revaluation of individual positions based on defined market risk parameters (in line with the "comprehensive approach"). In the case of institutions with a small trading book, a simplified approach taking into account historical net trading income alone was adopted. Risk profiles were raised for securitisation positions (rating downgrade), which led to an increase in RWA and write-downs. Haircuts were applied to government bonds carried at fair value. For sovereign exposures which are held to maturity, provisioning was formed according to the rating downgrade ("rating migration") specified by the ESRB and ECB. Funding costs were increased in order to model the funding risks; this rise could only be limited by recognising interest rate increases as asset items.

A unique feature of the stress test conducted as part of the comprehensive assessment was the incorporation of AQR findings into the stress test results (the "join-up"). The first step in the process was to adjust the banks' balance sheets for the AQR findings at the start of the stress test, ie at the end of 2013. Of course, while this primarily concerns the capital ratio as at the end of 2013, the balance sheet values and the level of provisioning were also adjusted to reflect the additional defaults from the AQR. If the AQR resulted in material shifts in AQR risk parameters ("probability of impairment" and "loss given impairment"), the risk parameters for the stress tests ("probability of

default" and "loss given default") were adjusted accordingly, ie generally revised upwards. This resulted in additional defaults in the stress test period.



### 3.2 Results of the stress test

The results of the stress test clearly illustrate that, even in a very tough economic climate, German banks remain well capitalised. Of the 25 participating German institutions, only Münchener Hypothekenbank, which already had a CET1 capital ratio of 6.9% when the comprehensive assessment was launched, failed to clear the 5.5% hurdle in the adverse scenario in 2016. Taking account of the capital measures implemented in 2014, however, all German institutions have passed the exercise.

Prior to the asset quality review (AQR) and the stress test, ie on 31 December 2013, the aggregate CET1 capital ratio of the German banks participat-

ing in the stress test came to 13.13%, although individual institutions reported, in some cases, significantly higher capital ratios. The specific impact of the AQR taken in isolation resulted in this starting figure being reduced to 12.86%. In the adverse scenario, the assumptions caused an additional decline in the ratio by 3.57 percentage points to 9.29%. The adjustment of the projections for the stress test horizon in line with the AQR results in the join-up produced an additional contribution to the result of -0.19 percentage point. The final result of the comprehensive assessment for the German banks – after the three steps of the AQR, stress test and join-up – produced an aggregate CET1 capital ratio of 9.10% in the adverse scenario. For the baseline scenario, the ratio was 12.50%.<sup>13</sup>

A detailed breakdown of the drivers of the stress effect shows that, at an aggregated level, German banks were still able to generate positive income effects of 2.13 percentage points of CET1 capital before losses and provisioning, even in the adverse scenario.<sup>14</sup> These are weighed on by the following factors. Losses arising from proprietary trading amounted to a burden of 0.88 percentage points under stress. Provisioning for financial and non-financial assets<sup>15</sup> resulted in losses of a further 2.18 percentage points. The envisaged gradual changeover to, and ultimately full implementation of, CRR/CRD IV for selected capital instruments will reduce the capital ratio by an additional 0.72 percentage point up to the end of 2016. Other capital changes<sup>16</sup>

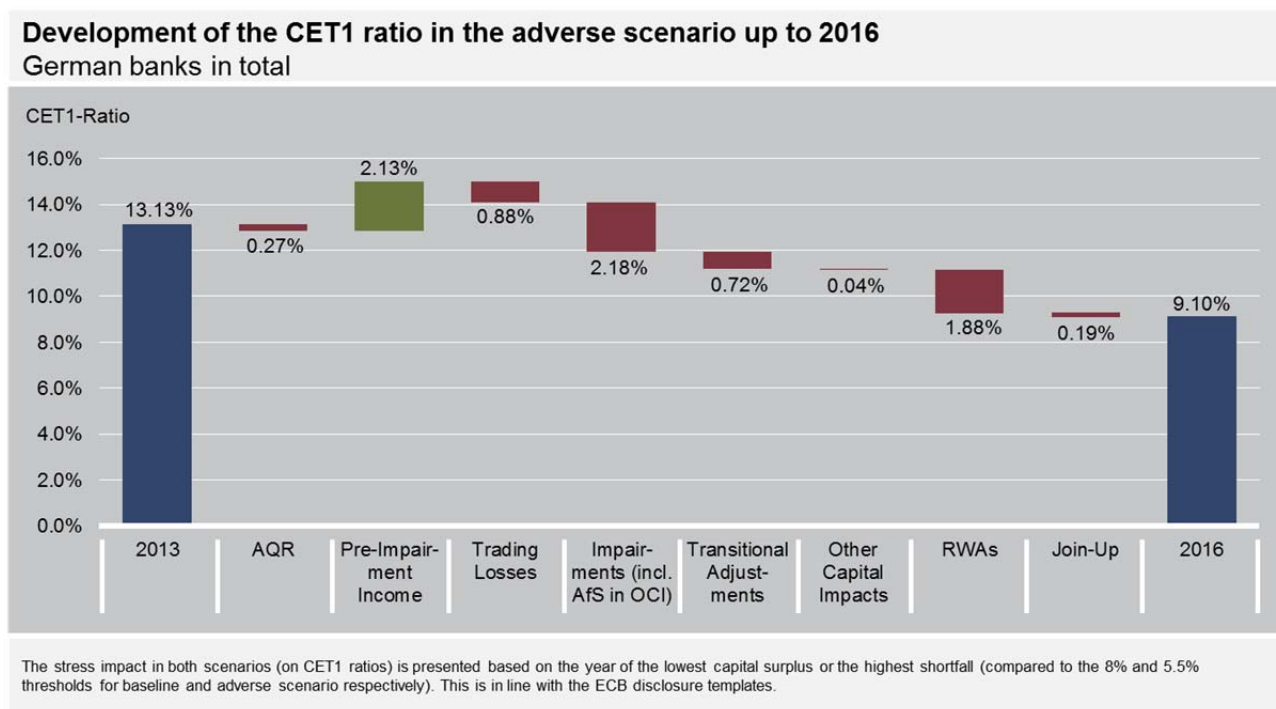
<sup>13</sup> For both the baseline and the adverse scenarios, the year with the lowest surplus or the greatest shortfall of CET1 capital relative to the target thresholds (8% in the baseline scenario and 5.5% in the adverse scenario) is taken when determining the recorded stress effect (CET1 ratios), in line with the ECB disclosure templates.

<sup>14</sup> All the profit and loss data shown are net values after adjustment for deferred tax assets of 30%.

<sup>15</sup> Provisioning for financial assets also contains the market value losses in available-for-sale portfolios, reduced by the prudential filter on government bonds.

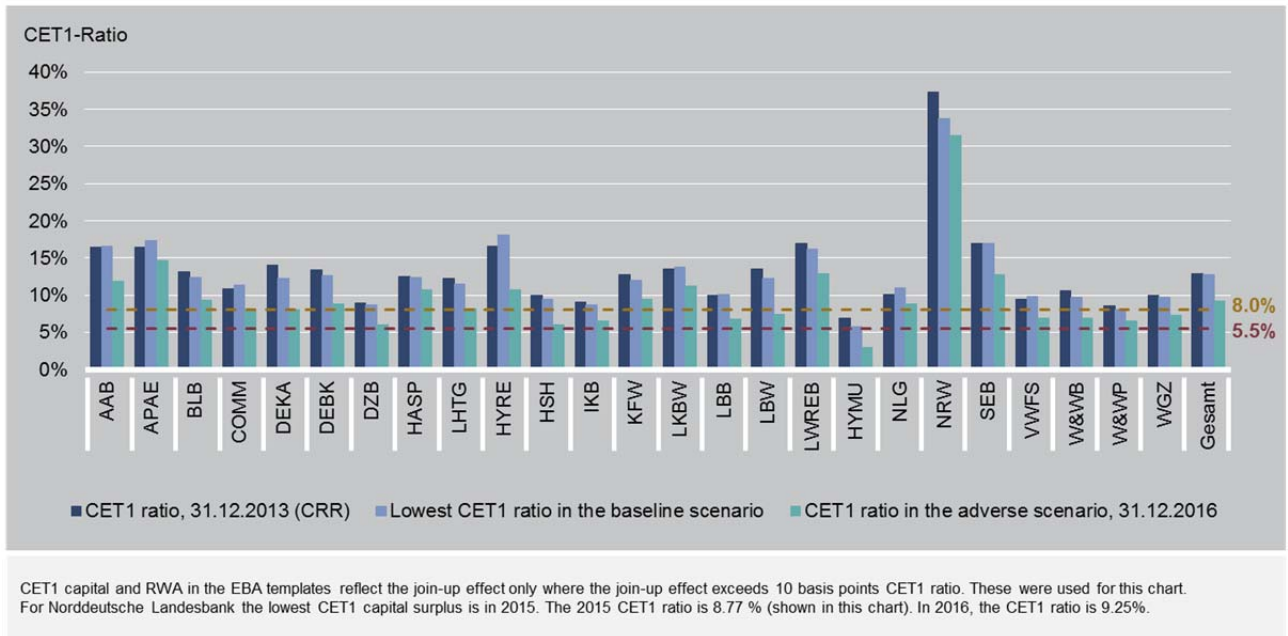
<sup>16</sup> Other capital changes primarily comprise changes in other comprehensive income after deduction of the market value losses for government bonds in the available-for-sale categories, changes in deferred tax assets and the development of the IRB shortfall.

led to a further decline of 0.04 percentage point. The increase in RWA in the adverse scenario reduced the capital ratio by a further 1.88 percentage points.



The chart below shows the stress test results for German institutions. The results take into account the effects of the AQR and the join-up, where these are material. This is the case if the CET1 ratio has changed by more than 0.1 percentage point. The figure "overall" (*Gesamt*) provides the aggregate result for German banks.

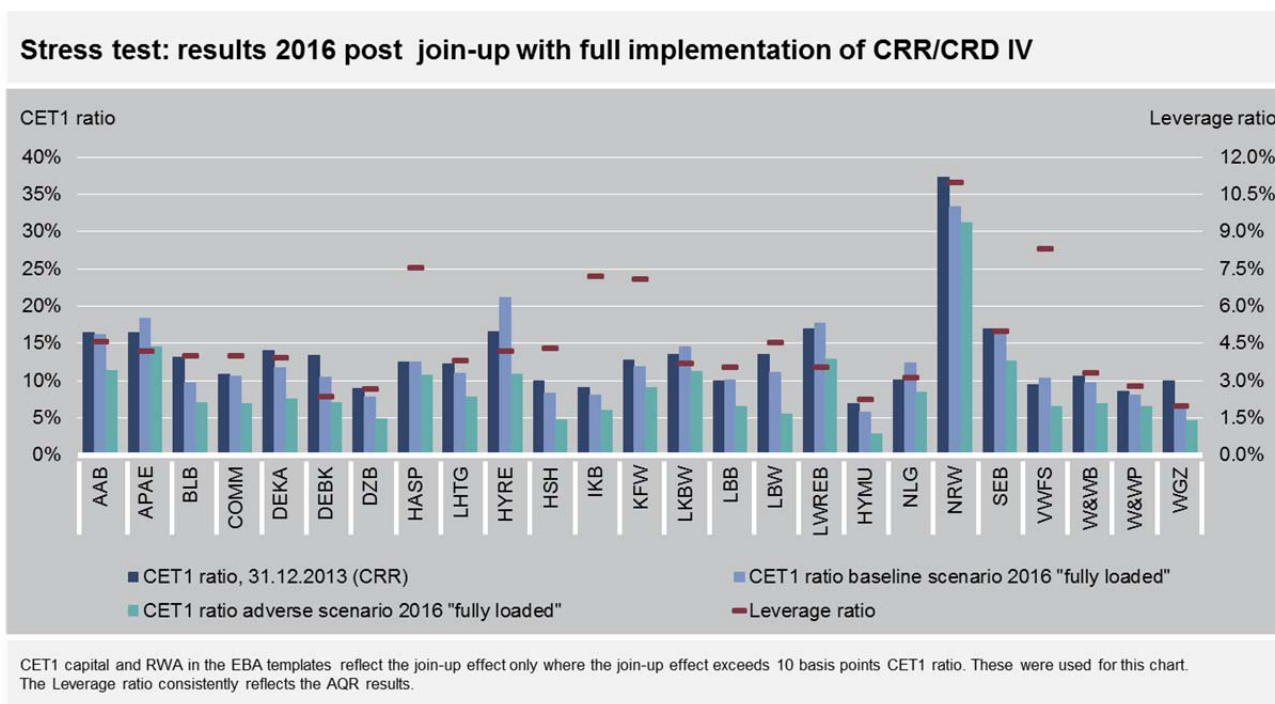
## Stress test: results post AQR and join-up



The results show that German banks are well capitalised overall even under the tighter conditions of the adverse scenario. In the wake of the financial crisis, German banks gradually improved their capital positions, also in order to comply with the new regulatory requirements (Basel III). This is reflected – across all 25 banks – in the evolution of the tier 1 capital ratio over time. Since the end of 2010, this ratio has improved on average from 11.8% to 14.7%.

German supervisors have been monitoring the institutions' implementation of the Basel III requirements very closely since the end of 2010. The results of the comprehensive assessment show that most German banks are already able to meet these requirements, even under adverse conditions. The picture is similar for the leverage ratio, compliance with which will be mandatory

from 2018.<sup>17</sup> The German institutions are thus also on the right track with regard to implementing Basel III. The results for Germany are shown in the chart below.



<sup>17</sup> The leverage ratio is the ratio of equity to total balance sheet and off-balance-sheet transactions. In simplified terms, it is a debt ratio, which must be disclosed from 1 January 2015. The Basel Committee is currently testing a minimum ratio of 3%.



## 4 Overview of the results

### German results of the comprehensive assessment 2014

Name of the bank	Starting point 2013			Asset quality review (AQR)		Stress test						Capital measures acceptable and published for the purpose of the comprehensive assessment		For reference only		
	CET1 capital (in MM Euro)	RWA (in MM Euro)	CET1 ratio (in %)	CET1 ratio post AQR (in %)	Change in CET1 ratio vs. 2013 (in PP)	Baseline scenario post join-up (Minimum 2014-2016) <sup>1)</sup>		Adverse scenario 2016 post join-up <sup>1)</sup>				Mitigating CET1 capital measures realised between 01.01.14 and 30.09.14 (in MM Euro) <sup>3)</sup>	CET1 ratio after mitigating measures in the adverse scenario (in %)	Leverage ratio 2013 after AQR (in %)	CET1 ratio after full Basel III implementation in the adverse scenario in 2016 (in %)	
						CET1 ratio (in %)	Change in CET1 ratio vs. 2013 post AQR (in PP)	CET1 capital (in MM Euro) <sup>2)</sup>	RWA (in MM Euro) <sup>2)</sup>	CET1 ratio (in %)	Change in CET1 ratio vs. 2013 post AQR (in PP)					CET1 short-fall (in MM Euro)
Aareal Bank	2,188	13,351	16.39%	16.29%	-0.1	16.48% *	0.19	2,105	17,782	11.76%	-4.53		11.76%	4.60%	11.38%	
Deutsche Apotheker- und Ärztebank	1,751	10,593	16.53%	16.40%	-0.14	17.28% *	0.88	1,731	11,816	14.65%	-1.74	101	15.51%	4.21%	14.55%	
Bayerische Landesbank	13,129	93,713	14.01%	13.19%	-0.82	12.41%	-0.78	10,905	116,413	9.37%	-3.82		9.37%	4.01%	7.04%	
Commerzbank	24,587	215,929	11.39%	10.84%	-0.55	11.37% *	0.53	19,472	244,745	7.96%	-2.88		7.96%	4.02%	6.94%	
DekaBank	3,643	25,708	14.17%	14.03%	-0.14	12.26%	-1.78	2,621	32,714	8.01%	-6.02		8.01%	3.93%	7.53%	
Deutsche Bank	47,312	353,103	13.40%	13.33%	-0.07	12.55%	-0.78	42,411	478,072	8.78%	-4.55	9,781	10.83%	2.38%	7.01%	
DZ Bank	9,143	99,760	9.16%	8.99%	-0.18	8.68%	-0.31	7,444	124,653	5.97%	-3.02	1,477	7.16%	2.70%	4.91%	
HASPA	3,933	31,517	12.48%	12.46%	-0.02	12.44% *	-0.03	3,577	33,317	10.74%	-1.73		10.74%	7.55%	10.71%	
Landesbank Hessen-Thüringen	7,065	56,531	12.50%	12.23%	-0.27	11.44% **	-0.79	5,930	72,641	8.16%	-4.07		8.16%	3.81%	7.74%	
Hypo Real Estate Holding	4,086	24,484	16.69%	16.54%	-0.15	18.16% *	1.62	2,702	25,070	10.78%	-5.76		10.78%	4.20%	10.78%	
HSH Nordbank	3,790	37,900	10.00%	10.00%	0	9.41%	-0.59	2,533	41,761	6.06%	-3.94		6.06%	4.34%	4.76%	
IKB Deutsche Industriebank	1,341	14,327	9.36%	9.05%	-0.31	8.69% **	-0.36	922	14,129	6.53%	-2.52		6.53%	7.24%	6.05%	
KfW IPEX-Bank	2,452	18,614	13.17%	12.80%	-0.37	11.97% *	-0.83	2,032	21,586	9.42%	-3.38		9.42%	7.11%	9.04%	
Landeskreditbank Baden-Württemberg	2,933	21,738	13.49%	13.49%	0	13.82% *	0.33	2,620	23,349	11.22%	-2.27	49	11.43%	3.70%	11.23%	
Landesbank Berlin	3,112	31,207	9.97%	9.89%	-0.08	10.13% *	0.24	2,920	42,745	6.83%	-3.06		6.83%	3.57%	6.48%	
Landesbank Baden-Württemberg	12,359	88,441	13.97%	13.47%	-0.5	12.29%	-1.18	7,526	101,382	7.42%	-6.05		7.42%	4.55%	5.47%	
Landwirtschaftliche Rentenbank	2,907	17,180	16.92%	16.88%	-0.04	16.11% *	-0.77	2,749	21,266	12.89%	-3.99		12.89%	3.56%	12.93%	
Münchener Hypothekbank	532	7,739	6.87%	6.87%	0	5.81%	-1.06	262	8,907	2.93%	-3.94	229	408	7.51%	2.25%	2.88%
Norddeutsche Landesbank	7,760	73,090	10.62%	10.13%	-0.49	10.93% *	0.8	6,482	73,912	8.77% **	-1.36		8.77%	3.13%	8.48%	
NRW-Bank	17,972	48,209	37.28%	37.28%	0	33.76%	-3.52	17,883	56,832	31.47%	-5.81	37	31.53%	10.99%	31.14%	
SEB AG	2,009	11,726	17.13%	16.92%	-0.21	16.96% *	0.05	1,532	11,992	12.78%	-4.14		12.78%	5.00%	12.60%	
Volkswagen Financial Services	7,981	84,022	9.50%	9.30%	-0.2	9.78% *	0.48	6,154	88,438	6.96%	-2.34	2,255	9.51%	8.34%	6.46%	
Wüstenrot Bausparkasse AG	778	7,346	10.59%	10.59%	0	9.73%	-0.86	537	7,761	6.91%	-3.68		6.91%	3.34%	6.91%	
Wüstenrot Bank AG Pfandbriefbank	393	4,576	8.59%	8.59%	0	8.02%	-0.57	313	4,824	6.50%	-2.09	6	6.62%	2.81%	6.50%	
WGZ Bank	2,346	22,094	10.62%	10.00%	-0.62	9.71%	-0.29	1,837	25,324	7.26%	-2.74	327	8.55%	1.98%	4.62%	
<b>German banks in total</b>	<b>185,503</b>	<b>1,412,896</b>	<b>13.13%</b>	<b>12.86%</b>	<b>-0.27</b>	<b>12.50%</b>	<b>-0.36</b>	<b>155,201</b>	<b>1,701,432</b>	<b>9.10%</b>	<b>-3.76</b>	<b>229</b>	<b>14,441</b>	<b>9.94%</b>		

#### Remarks:

1) The stress impact in both scenarios (on CET1-ratios) is presented based on the year of the lowest capital surplus or the highest shortfall (compared to the 8% respectively 5.5% threshold for the baseline and adverse scenario). This is in line with the ECB disclosure templates. Where this is not the case in 2016, this is marked with \* (2014) or \*\* (2015).

2) CET1 capital and RWA shown in the table post join-up only where the join-up effect exceeds 10 basis points CET1 ratio. The CET1 ratio, however, always reflects the full join-up effect.-

3) Please refer to "Issuance of CET1 instruments" (positions C1, C2, C3) in the ECB disclosure template.