

## Optimal Support for the Bail-in

If a credit institution gets into „difficulties“, its stakeholders and owners can also be consulted since 1st January 2017. This process is known as Bail-in and is a new resolution tool. All credit institutions that have chosen the Bail-in resolution tool are affected. The LSIs (“less significant”) fall under the responsibility of BaFin and its requirements and rules apply accordingly. The SIs („significant“), on the other hand, fall under the responsibility of the SRB and therefore the documents of the SRB apply here in principle.

Bail-In as the chosen resolution tool will in future place very extensive new demands on financial institutions. In the event of an impending resolution, these must be fulfilled within 24 hours. The entire process must be carried out in close cooperation with the supervisory authorities and includes writing down the liabilities as well as extensive and complex reporting. This process will be checked by the supervisory authorities in so-called “dry runs” in 2022 and 2023. In order to check the 24-hour deadline, the time period is given at very short notice and the validation of the reported data is carried out very extensively and comprehensively.

In principle, the following applies: **From 01/01/2024, financial institutions must have resolution capabilities (Bail-in).**

### Course of a resolution weekend of institute with supervisory authorities

The resolution weekend consists of four activities, which are carried out promptly (less than 24 hours) by the institute and the supervisory authority in close coordination. The continued existence of the institute depends on these activities.

- » **Reporting date update**  
 Provision of essential information relevant to resolution as of the reporting date: Approximate update of essential balance sheet/profit and loss statement items, RWA and own funds, taking into account the first valuation results
- » **Creditor identification (Bail-In template)**  
 Provision of a creditor identification list with specific information on relevant capital instruments and eligible liabilities
- » **Impact analysis**  
 Provision within 12 hours after further request. Simulating the impact of intended write-down and conversion rates on P&L, equity, RWA and own funds
- » **Internal External Bail-in**  
 Internal and external implementation of the write-down and conversion (implementation mainly in the back office)

### Bail-In completely under control with targens

targens supports you with a unique combination of technical experts and IT developers. This is necessary in order to introduce Bail-In to you in the long term and to convert it into an efficient control process.

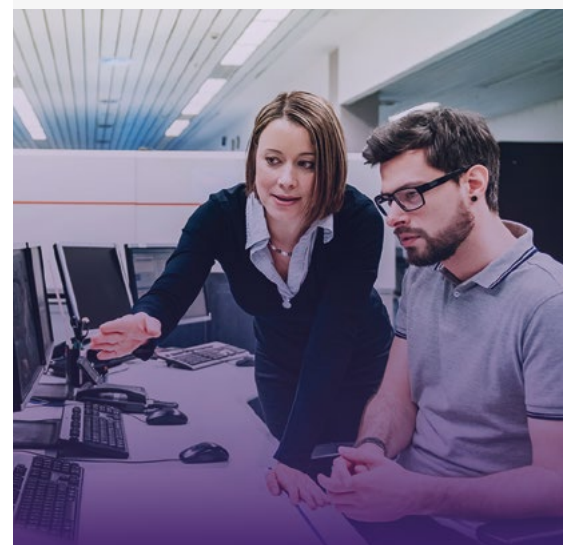
We support you in filling out the Bail-In reporting forms (creditor identification list) and in communicating with the resolution or restructuring department within the institute and with external stakeholders, and we take over the following tasks for you:

- » Conducting a GAP analysis (SRB (LDR) vs. Bail-In)
- » Support in fixing the GAPs by connecting additional data as well as fallback and rules
- » Structure of an IDP or integration into an IT application
- » Quality assurance / validation of the data
- » Support with the Bail-In dry run and queries from the supervisory authorities

### BAIL-IN LIABILITY CASCADE

The liability cascade of the Bail-In goes through seven stages, starting with the own funds and ending with the deposits excluded from the deposit guarantee (> EUR 100,000).

- » Core Tier 1 capital
- » Additional Tier 1 capital
- » Supplementary capital
- » Other unsecured subordinated debt
- » Non-preferred senior bonds
- » Preferred senior bonds
- » Other deposits over EUR 100,000



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