

Luxembourg, 11 March 2022

Spuerkeess : administrative sanctions imposed by the European Central Bank due to an error in regulatory reporting on the Bank's core capital ratio between June 30th 2017 and December 31st 2018.

Spuerkeess informs that the European Central Bank, its immediate supervisory authority, has imposed an administrative fine of 3,75 million EUR on Spuerkeess due to an error in regulatory reporting on the Bank's core capital ratios between June 30th 2017 and December 31st 2018.

Although the European Central Bank took into account mitigating circumstances, it classified this error in regulatory reporting as « severe » due to its nature and timespan. The amount of the fine is then determined according to a pre-established rate grid based on the balance sheet total assets of the involved bank.

The root cause of this error in regulatory reporting was an input error on an internal model determining the probability of default for a very specific customer sub-segment from June 30th 2017 to December 31st 2018. This input error impacted the computation of the regulatory CET 1 ratio (Common Equity Tier 1) of Spuerkeess which is part of the Bank's regulatory reporting for prudential supervisory needs of the European Central Bank. Consequently, the regulatory ratio CET 1 reported by the Bank on December 31st 2017 was 18,3% instead of 17,5% and the one reported on December 31st 2018 was 22,4% instead of 21,6%.

Unfortunately, this mistake was not detected by the internal control mechanisms, in place at that time, at Spuerkeess.

It is important to mention that the Bank's CET 1 ratios always remained far above the regulatory limit of 8,5% (Total SREP Capital Ratio) set by the European Central Bank for Spuerkeess in 2017 and 2018.

The error was fixed immediately after its detection by the Bank's internal services in early 2019. Simultaneously, the European supervisor was informed of the finding. Without delay, internal control mechanisms were revised and strengthened to prevent such a failure to occur again.

Spuerkeess emphasizes that neither its financial equilibrium and in particular the Bank's stability, backed by its high level of solvency, nor the security of client deposits were at stake. Meanwhile, the Bank was continuously able to serve its clients at its best.

Should you need any further information, please do not hesitate to contact us.

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