

BRIEFING

Capital shortfalls disclosed by the ECB comprehensive assessment: How much progress has been made by banks that were requested to take action?

Interim report provided in advance of the Public Hearing with Danièle Nouy, Chair of the SSM
in ECON on 31 March 2015

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*On 26 October 2014, the ECB presented the results of its comprehensive assessment, stating that capital shortfalls were detected at 25 out of 130 participant banks, in total amounting to €25 billion. Each of the banks concerned had to explain to the ECB within two weeks after the public disclosure of the results how those shortfalls could be addressed within at maximum period of nine months. Given that the overall timeframe for addressing the capital shortfalls has not yet fully elapsed, one can so far only present interim results on the progress made. On the request of the ECON committee Professor Thomas Breuer reviews the progress made and will present the final results by October 2015. Below some **interim results** provided are presented:*

INTERIM RESULTS OF 24 MARCH 2015 BY THOMAS BREUER

The 2014 Comprehensive Assessment conducted by the ECB identified capital shortfalls at 25 banks.¹ Table 1 overleaf summarises the information about capital plans these 25 banks disclosed in press releases before March 20, 2015.

- For six banks there is no public information whether or not a capital plan is required.
- For nine banks, for which a capital plan might be required, it is not clear whether a capital plan was approved by the ECB.
- For ten banks it is either not transparent whether a capital plan if required has been completed or whether it has not yet been completed.

This lack of transparency might potentially harm confidence into affected European banks. Disclosure of relevant information by the ECB can be expected to strengthen the confidence of markets and costumers in banks. This would contribute to the goals of the Comprehensive Assessment.

¹ See European Central Bank: Aggregate Report on the Comprehensive Assessment, 26 October 2014, p. 10.
<http://www.ecb.europa.eu/pub/pdf/other/aggreatereportonthecomprehensiveassessment201410.en.pdf>

Table 1: Availability of public information on capital plans to be completed by the 25 banks for which the Comprehensive Assessment identified capital shortfalls. Source: Press releases published by relevant banks before March 20, 2015.

	Capital plan known publicly?	ECB approval of capital plan?	Capital plan completed?
Eurobank		no capital plan necessary, since capital measures completed in 2014 (dynamic balance sheet projections admitted)	
Monte dei Paschi di Siena	yes	yes	no
National Bank of Greece		no capital plan necessary, since capital measures completed in 2014 (dynamic balance sheet projections admitted)	
Banca Carige	yes	no information	no
Cooperative Central Bank		no capital plan necessary, since capital measures completed in 2014	
Banco Comercial Português	capital measures in 2014 claimed to be sufficient	no information	no
Bank of Cyprus		no capital plan necessary, since capital measures completed in 2014 (dynamic balance sheet projections admitted)	
Oesterreichischer Volksbanken-Verbund	no information	no information	no information
permanent tsb	yes	no information	no
Veneto Banca		no capital plan necessary, since capital measures completed in 2014	
Banco Popolare		no capital plan necessary, since capital measures completed in 2014	
Banca Popolare di Milano	capital measures in 2014 claimed to be sufficient	no information	no information
Banca Popolare di Vicenza	capital measures in 2014 claimed to be sufficient	no information	no information
Piraeus Bank		no capital plan necessary, since capital measures completed in 2014 (dynamic balance sheet projections admitted)	
Credito Valtellinese		no capital plan necessary, since capital measures completed in 2014	
Dexia		no capital plan necessary since in process of resolution (dynamic balance sheet projections admitted)	
Banca Popolare di Sondrio		no capital plan necessary, since capital measures completed in 2014	
Hellenic Bank	yes	no information	no
Münchener Hypothekbank		no capital plan necessary, since capital measures completed in 2014	
AXA Bank Europe		no capital plan necessary, since capital measures completed in 2014	
C.R.H. - Caisse du Refinancement de l'Habitat		no capital plan necessary, since capital measures completed in 2014	
Banca Popolare dell'Emilia Romagna		no capital plan necessary, since capital measures completed in 2014	
Nova Ljubljanska Banka	no information	no information	no information
Liberbank		no capital plan necessary, since capital measures completed in 2014 (dynamic balance sheet projections admitted)	
Nova Kreditna Banka Maribor	no information	no information	no information

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