BRIEFING

The orderly liquidation of Veneto Banca and Banca Popolare di Vicenza

This briefing focusses on the failure of two Italian banks, Veneto Banca and Banca Popolare di Vicenza (hereunder "the Veneto banks"), and their subsequent liquidation through a special insolvency procedure under Italian law.

What happened during the last week-end of June 2017?

On Friday 23 June 2017, the European Central Bank (ECB) declared the two Veneto banks "failing or likely to fail". The ECB press release indicates that the decision results from capital shortfalls as "*the two banks repeatedly breached supervisory capital requirements*". For more details about the roots of those failures, see below.

On the same day the Single Resolution Board (SRB) assessed that the conditions for resolution as per BRRD were not met. According to the SRB, while the two banks were failing or likely to fail and no private solution could be implemented to prevent their failure, there was no public interest justifying resolution action. The SRB defends that "*neither of these banks provide critical functions, and their failure is not expected to have significant adverse impact on financial stability*". As a consequence, the two Veneto banks had to be wound down under normal insolvency proceedings at national level, under the responsibility of Banca d'Italia, in its capacity as National Resolution Authority.

On 25 June 2017 the two banks were wound down with the transfer of the performing business (performing loans, financial assets, deposits and senior debt) to Intesa San Paolo (ISP) subject to the injection of cash and the provision of guarantees by the Italian government (see below), the transfer of the non-performing portfolio to SGA, the vehicle formerly used for the liquidation of Banco di Napoli, and the bail-in of equity and subordinated shareholders, which remain in the entity into liquidation.

On 25 June 2017, the European Commission approved the aid measures taken by Italy to facilitate the liquidation of the Veneto Banks. Those measures include:
- a cash injection of EUR 4.785 billion (including EUR 3.5 billion to enable ISP to maintain its capital ratios and its dividend policy unchanged and EUR 1.285 billion to cover the restructuring costs related to staff layoffs and branch closures);
- State guarantees amounting to about EUR 12 billion, related inter alia to the financing of the liquidation procedure by ISP.

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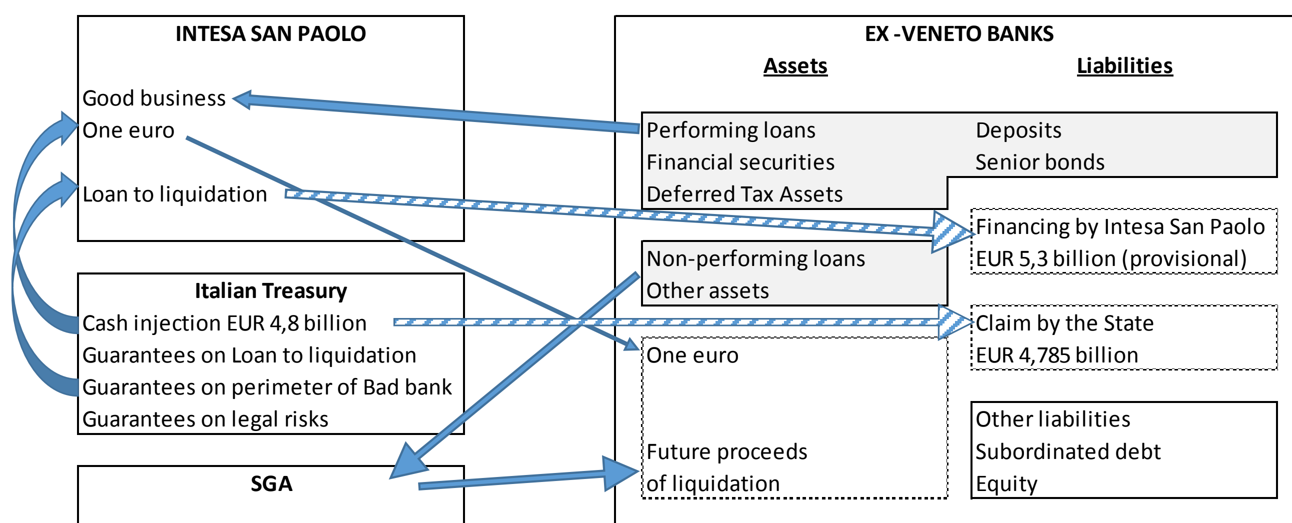
What are the measures implemented to wind down the two Veneto banks?

The orderly liquidation of the Veneto banks consisted in various measures:
(1) the sale of the good business of the bank to Intesa San Paolo, which entails a transfer of all performing loans, financial assets, senior bonds, and deposits, as well as branches and employees; Intesa San Paolo paid a consideration of one euro and received, in addition to the good business of the bank, a cash injection of EUR 4.785 billion by the State and State guarantees amounting to up to EUR 12 billion, covering the financing of the liquidation (EUR 5.3 billion, up to EUR 6.3 billion), the perimeter of the good business (EUR 4 billion) and legal risks (up to EUR 1.5 billion) (see below figure 1);
(2) a transfer of the other assets, mainly non-performing loans, to SGA, the vehicle used for the liquidation of Banco di Napoli, in view of their gradual disposal over time aiming at maximising the recovery on those assets; those assets were transferred at book value against a claim of the entity in liquidation on the future proceeds of the liquidation;
(3) the bail-in of shareholders and subordinated creditors;
(4) a cash injection by the Italian Treasury into Intesa San Paolo, amounting to 4.785 billion;
(5) a financing of the entity in liquidation by Intesa San Paolo, covered by a State guarantee for an amount of EUR 5.3 billion, up to EUR 6.3 billion;
(6) a guarantee granted by the State to Intesa San Paolo on legal risks for an amount of up to EUR 1.5 billion.

To summarize, the good business is transferred to Intesa San Paolo subject to a cash injection by the State. The non-performing assets are wound down by SGA. The future proceeds will cover the cost of the liquidation and the remaining creditors:
- The Italian Treasury, which holds a first rank claim of 4.8 billion;
- Intesa San Paolo, which holds a second rank claim guaranteed by the State.

The Italian treasury now holds a claim against the entity in liquidation, and the final costs will be unveiled at the end of the liquidation procedure once the NPLs and other participations have been divested by SGA. The technical report submitted by Banca d'Italia (see annex 1) foresees a possible recovery of up to 11.6 billion on the portfolio of non-performing loans (NPLs) and participations left in the entity in liquidation, which would cover the total costs of EUR 10.6 billion (which include the capital support to ISP). It was reported in the press that the liquidation of Banco di Napoli had enabled the Italian treasury to recover EUR 600 million after 20 years.

Figure 1: The orderly liquidation of the two Veneto banks



Source: EGOV based on press releases by Intesa San Paolo, the European Commission and the Italian decree

What are the origins of the difficulties faced by the Veneto Banks?

The two Veneto Banks were subject to the comprehensive assessment carried out by the ECB in 2014, before their direct supervision was conferred upon the ECB on 4 November 2014. Each of them reported a capital shortfall of EUR 0.7 billion, which was fully addressed by a recapitalisation in the case of Veneto Banca and by a recapitalisation and additional capital measures (a conversion of convertible bonds) by Banca Popolare di Vicenza.

Both Banco Popolare di Vicenza and Veneto Banca have been loss making since they came under direct ECB supervision in 2014. Banco Popolare di Vicenza accumulated net losses of EUR 3.9 billion in 2014, 2015 and 2016, while the total losses of Veneto Banca over this period (2014, 2015 and 2016) amounted to EUR 3.4 billion. Losses were mainly due to impairments on their portfolios of NPLs.

Table 1: Financial highlights of Veneto Banca and Banca Popolare di Vicenza

Veneto Banca		2016	2015	2014	2013	2012
Total Assets	(mEUR)	28.078	33.349	36.167	37.307	40.165
Net Income	(mEUR)	-1.582	-907	-984	-100	-72
Tier 1 Ratio	%	6,39	7,23	9,56	7,69	7,93
NPL Ratio	%	38,24	27,46	19,38	15,53	11,25
Capital Impairment Ratio (unreserved impaired loans / equity)	%	270,36	194,58	100,32	86,71	62,79
Number of Employees		6.089	6.263	6.179	6.192	6.222
Number of Branches		480	521	586	587	586

Banca Popolare di Vicenza		2016	2015	2014	2013	2012
Total Assets	(mEUR)	34.424	39.783	46.475	45.235	46.709
Net Income	(mEUR)	-1.901	-1.406	-758	-27	101
Tier 1 Ratio	%	7,47	6,65	10,44	9,21	8,23
NPL Ratio	%	35,54	30,41	18,46	13,41	10,41
Capital Impairment Ratio (unreserved impaired loans / equity)	%	227,62	196,66	85,27	76,04	65,05
Number of Employees		5.147	5.273	5.275	5.267	5.296
Number of Branches		511	627	661	640	640

Source: Orbis Bank

In 2016 those two banks attempted to raise private capital to strengthen their solvency in view of the stress test exercise carried out by the ECB. After the failure of both exercises, the Italian government sponsored the establishment of a private fund called Atlante, aimed at supporting the restructuring of the Italian banking sector. Indeed, those recapitalisations had been underwritten by the two largest Italian banks, Intesa San Paolo (for Banca Popolare di Vicenza) and Unicredit (for Veneto Banca), which put the position of the two lenders under pressure once the Veneto banks failed to attract private investors.

The Atlante fund injected EUR 2.5 billion of capital in the two lenders in 2016 and a further EUR 0.9 billion in January 2017 in advance of the future capital increase. Intesa San Paolo and Unicredit are the two main shareholders of the fund, alongside a number of Italian financial institutions. Now that the capital injected in the two Veneto Banks has been wiped out, the losses will be ultimately borne by the shareholders of the Atlante fund. It is not clear at this stage what is the precise involvement of the ECB regarding (i) the underwriting of the two recapitalisations by Intesa San Paolo and Unicredit (were the two decisions by Intesa San Paolo and Unicredit formally approved by the ECB?), (ii) the capital injections by the Atlante fund (did the ECB approve a recapitalisation exercise while it had detailed information on the potential further needs of capital by the two banks?).

The involvement of Atlante was cleared under State aid rules, since the Commission concluded that Cassa di Depositi e Prestiti (a public shareholder) invested pari passu with private investors.

In the meantime, Italy activated in June 2016 a guarantee scheme in order to facilitate the funding of solvent Italian banks. Such liquidity support is regularly approved by the European Commission and such schemes have been widely used since the start of the crisis. Point 58 of the 2013 Banking Communication provides that "*such schemes must be restricted to banks which have no capital shortfall*", otherwise an individual notification is required. Therefore in January 2017 the Commission approved the provision of such guarantees on an individual basis, to both Vento Banca and Banco Popolare di Vicenza. It is reported in the public domain that the ECB confirmed in January 2017 the solvency of the two banks when they applied for liquidity support.

On 4 April 2017 Veneto Banca and Banca Popolare di Vicenza announced that they had applied for a precautionary recapitalisation and for additional guarantees. They indicated that they had received official letters from the Italian ministry of finance and from the ECB confirming that the banks fulfilled the criteria for precautionary recapitalisation, and that both banks were solvent at that point in time since they complied with their minimum capital requirements (but not the pillar 2 capital requirements nor the combined buffers).

The two banks confirmed in April 2017 that the capital shortfall estimated by the ECB in the adverse scenario of the 2016 stress test amounted to EUR 3.3 billion and EUR 3.1 billion. The two banks were planning to merge and had applied for a precautionary recapitalisation, claiming that the January 2017 capital increases had adequately addressed the shortfall in the baseline scenario[1]. It was reported in the public domain that the Commission had requested that EUR 1.2 billion be raised from private investors, as part of the combined capital increase.

On 23 June the ECB finally announced the two banks were deemed failing or likely to fail. At that point in time, Italy had guaranteed up to EUR 10 billion of senior bonds issued by the two Veneto banks or used as collateral for central bank refinancing.

It is to be noted that a number of irregularities in the conduct of the two banks were mentioned by the Governor of Banca d'Italia when he appeared before the Italian Senate on 19 April 2016. In particular, the inspection of Banca Popolare di Vicenza unveiled unauthorized share buy-backs, and both banks omitted to deduct from their regulatory capital the loans provided to their customers for them to participate in the capital raising exercises carried out in 2014.

Are those measures similar to resolution actions taken in other EU Member States?

The actions described above are similar to actions taken in other EU Member States throughout the crisis. In particular, a number of Greek banks were resolved through the sale of the good business to a competitor, while the Hellenic Financial Stability Fund had to inject large amounts of cash into the bank in liquidation in order to balance the liabilities transferred (mostly deposits) with sufficient amounts of assets (mostly performing loans). The HFSF thereby accumulated exposures to the liquidated entities, as reported in their financial statements. However it is to be noticed that when the HFSF had, in addition to financing the funding gap (difference between the amount of assets to be transferred and the amount of liabilities to be transferred), to inject additional capital into the purchaser so that the purchaser complies with its requirements, such injections took the form of proper recapitalisations and the HFSF acquired shares into the buyer. For example, on 27 July 2012, the Bank of Greece transferred the good business of Agricultural Bank of Greece (ATE) to Piraeus Bank. Since fewer assets than liabilities were transferred to Piraeus Bank, the HFSF complemented the transferred with EFSF bonds for an amount of EUR 7.5 billion (the "funding gap"). In addition, in order for the transferred activities to be capitalised up to 9%, the HFSF injected EUR 570 million into Piraeus Bank and received ordinary shares in exchange.

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[1] See press release from Veneto Banca and Banca Popolare di Vicenza.

Box 1: What is resolution and why does it differ from normal insolvency proceedings?

A resolution is, according to Article 2(1) BRRD, "*the application of a resolution tool (...) in order to achieve one or more of the resolution objectives referred to in Article 31(2)*", which are the following: to ensure the continuity of critical functions, to avoid a significant adverse effect on the financial system, to protect public funds, to protect covered depositors and covered investors, and to protect clients assets and clients funds.

Normal insolvency proceedings are on the other hand defined in Article 2(47) BRRD as "*collective insolvency proceedings which entail the partial or total divestment of a debtor and the appointment of a liquidator or an administrator normally applicable to institutions under national law*". It is also the default procedure when a bank is failing: recital (45) of the BRRD provides that "*a failing institution should in principle be liquidated under normal insolvency proceedings. However liquidation under normal insolvency proceedings might jeopardise financial stability, interrupt the provision of critical functions, and affect the protection of depositors. In such a case it is highly likely that there would be a public interest in placing the institution under resolution and applying resolution tools rather than resorting to normal insolvency proceedings*".

In addition, normal insolvency proceedings also constitute, throughout the BRRD and the SRMR, the counterfactual scenario used to determine whether the resolution has infringed the fundamental rights of shareholders, creditors and deposit guarantee schemes (Article 15(1)(g) SRMR: "*no creditor shall incur greater loss than (...) under normal insolvency proceedings*"). Article 20(16) and 20(17) of the SRMR thereby provides that a valuation should be carried out to calculate whether the treatment of shareholders and creditors under normal insolvency proceedings would differ from their actual treatment under resolution. It is to be noted that no provision of extraordinary public support should be assumed in the scenario of normal insolvency proceedings (Article 20(18) SRMR).

The BRRD and the SRMR thereby provide that the application of resolution tools and the liquidation under normal insolvency proceedings are two separate alternatives: Article 10.4 SRMR indicates that "*a group shall be deemed to be resolvable if it is feasible for the Board to either liquidate group entities under normal insolvency proceedings or to resolve them by applying resolution tools and exercising resolution powers*". However the application of resolution tools does not exclude that part of the failed banks will be liquidated under normal insolvency proceedings (Article 22.5 SRMR). The only difference then stems from the application of a resolution tool through the exercise of resolution powers conferred upon the resolution authority, in order to cater for unintended consequences of liquidating the bank under normal insolvency proceedings.

Does the orderly liquidation of the Veneto banks qualify as a resolution action?

The orderly liquidation of the Veneto banks seems to constitute, prima facie, a case of resolution as per EU law, since the national resolution authority, Banca d'Italia, has exercised resolution powers to apply a resolution tool: the sale of part of the assets and liabilities of the failing bank and their transfer on commercial terms to a purchaser without the consent of the shareholders fully complies with the definition of the sale of business tool as per Article 38 BRRD.

In addition, the introductory part of the Italian decree law mentions that the implementation of an "*ordinary*" insolvency proceeding would cause great damages to the economy, and that additional tools to the ordinary procedure are necessary[2]. The introductory statement then indicates

[2] "*Pertanto, per effetto di queste decisioni le Banche devono essere poste in liquidazione coatta amministrativa ai sensi dell'articolo 80 del testo unico delle leggi in materia bancaria e creditizia, di cui al decreto legislativo 1° settembre 1993, n. 385 (di seguito denominato «testo unico bancario»). Tuttavia, l'ordinaria procedura di liquidazione in forma atomistica determinerebbe gravissimi*

that submitting the Veneto banks to a mere mandatory administrative liquidation would lead to the destruction of value and serious losses for non-professional unsecured creditors, and to the cessation of credit relationships for businesses and families[3] (a reasoning which, in substance, remains very similar to the resolution objectives set in Article 31(2) BRRD). This justified the recourse to a "*special*" insolvency proceeding, as acknowledged in the first sentence of the text submitted to the Italian Parliament[4].

One would also note that the measures implemented are very similar to previous resolution cases implemented in the EU. For instance, the resolution of Panellinia Bank through a transfer order to Piraeus Bank was approved by the Commission in April 2015. The performing loans and deposits of the banks were transferred to another Greek Bank in an open tender procedure, and the difference between assets and liabilities was financed by the Greek resolution fund. The Commission noted that "*although Greece [had] not transposed Directive 2014/59 into national law (...) the resolution measure corresponds to the "sale of business tool" provided in Articles 38 and 39 of Directive 2014/59*". Therefore the Commission assessed whether the resolution of Panellinia did "*violate directly applicable intrinsically linked provisions of Directive 2014/59*". In particular, in this specific cases, the Commission checked that the aid was channelled through a resolution fund (which matters since such funds are contributed by the banking sector and not by taxpayers). Therefore it seems that the Commission used to assess the compatibility of aid measures with the BRRD when such measures, in substance, qualified as resolution tools.

However, the competent resolution authority in the case at hand is the Single Resolution Board, and by its decision of 23 June 2017 it assessed that there was no public interest in resolving the Veneto banks and that the banks would be wound down "*under normal Italian insolvency proceedings*". Indeed the SRB concluded that (i) neither Veneto Banca nor Banca Popolare di Vicenza provided critical functions, (ii) their failure was not expected to have significant adverse impact on financial stability and (ii) their orderly liquidation under normal Italian insolvency proceedings would ensure the same level of protection for depositors, investors, customers and clients 'assets and clients' funds. It is not clear whether the SRB, to come to the latter conclusion (point (iii)), assumed that the liquidation under "normal Italian insolvency proceeding" would entail the provision of State aid as provided in the Italian decree law and as approved by the Commission.

The Commission concurred with the SRB that the measures implemented by Italy do not qualify as resolution action since the presence of public interest was dismissed by the SRB. The European Commission has approved the measures as liquidation aid under Italian national insolvency procedures (see below for the detailed assessment of the measures under State aid rules).

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pregiudizi per l'economia: è quindi opportuno individuare una soluzione che consenta di gestire la crisi dei due gruppi con strumenti aggiuntivi rispetto a quelli previsti dal testo unico bancario."

[3] "*in assenza di misure pubbliche di sostegno, la sottoposizione delle Banche a liquidazione coatta amministrativa potrebbe comportare una distruzione del valore delle aziende bancarie coinvolte, con conseguenti gravi perdite per gli operatori non professionali creditori chirografari, che non sono protetti né preferiti, e imporrebbe un'improvvisa cessazione dei rapporti di affidamento creditizio per imprese e famiglie, con conseguenti forti ripercussioni negative sul tessuto produttivo e sociale nonché occupazionali."*

[4] *"Con il presente disegno di legge, il Governo chiede alle Camere la conversione del decreto-legge 25 giugno 2017, n. 99, recante disposizioni urgenti per la liquidazione coatta amministrativa di Banca Popolare di Vicenza S.p.A. e di Veneto Banca S.p.A., al fine di consentire l'adozione di misure pubbliche a sostegno dell'ordinata fuoriuscita dal mercato della Banca popolare di Vicenza Spa e della Veneto Banca Spa (di seguito denominate «Banche») nel contesto di una speciale procedura d'insolvenza."*

Why did the SRB conclude that resolution was not warranted in the public interest?

The SRB has indicated in its press release that it had concluded that "*resolution action by the SRB is not warranted in the public interest*". The SRB also confirmed that the other two conditions of Article 32 BRRD were met: the bank was deemed failing or likely to fail, notably because it infringed capital requirements "*in a way that would justify the withdrawal of the authorisation by the competent authority*", and no alternative private measure nor supervisory action would have prevented the failure of the bank.

In the two summaries of its decisions on Veneto Banca and Banca Popolare di Vicenza, the SRB explains why it dismissed the existence of any public interest. In particular, the SRB argues that:
(i) the deposit taking and lending activities of the bank do not constitute "critical functions" in the meaning of Article 2(1)(35) BRRD, since they are "*provided to a limited number of third parties and can be replaced in an acceptable manner and within a reasonable timeframe*";
(ii) there is no risk to financial stability given the low interconnectedness of the bank with other financial institutions;
(iii) normal insolvency proceedings would offer the same level of protection to depositors, investors, other customers as well as to clients' funds and assets.

Box 2: The definition of critical functions in Article 2 BRRD

"*(35) 'critical functions' means activities, services or operations the discontinuance of which is likely in one or more Member States, to lead to the disruption of services that are essential to the real economy or to disrupt financial stability due to the size, market share, external and internal interconnectedness, complexity or cross border activities of an institution or group, with particular regard to the sustainability of those activities, services or operations*"

This decision means that deposit taking activities and lending activities are not considered critical per se, since competitors would be able to provide similar services relatively easily ("*in an acceptable manner within a reasonable timeframe*"). However it is to be noted that the SRB considered on 7 June, in its decision to put Banco Popular in resolution[5], that the deposit taking activities of the Spanish bank and its lending to SMEs constituted critical functions. The SRB also considers that the liquidation, under normal insolvency proceedings, of a traditional bank with a combined balance sheet of EUR 62.5 billion does not undermine financial stability insofar as the bank has few interconnections with other financial institutions. This suggests that a number of institutions under the direct remits of the SRB may not be eligible for resolution action given their small size and low interconnectedness with other financial institutions. Andrea Enria, Head of the EBA, has declared in an interview: "*a very high bar for resolution has been set. The decision that there was no EU public interest at stake in the crises of two ECB-supervised banks that were hoping to merge and operate in the same region with combined activities of around €60 billion sets the bar for resolution very high*".

The SRB also dismissed the risk of deposit run, claiming that normal insolvency proceedings offer the same level of protection to depositors. However the press release of the SRB does not clarify whether the SRB, to come to this conclusion, assumes that the liquidation of the Veneto banks under normal insolvency proceedings necessarily involves the recourse to public funds to protect unsecured senior creditors which are not covered by deposit guarantee schemes. This was also highlighted by Andrea Enria, who stresses out that some investors were better off in liquidation than in resolution, which, according to him, should not be possible.

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[5] *"The SRB concluded that resolution action would be necessary to achieve the following resolution objectives outlined in Article 14 SRMR: to ensure the continuity of critical functions, namely: deposit taking from households and non-financial corporations (small and medium sized enterprises - "SMEs" - and non SMEs); lending to SMEs, and payment and cash services"*

Why did the Commission approve the liquidation under State aid rules?

The assessment of liquidation aid under State aid rules follow the same patterns as the assessment of restructuring aid, with a few peculiarities. First, the aid measure must be necessary, appropriate and proportionate (2008 Banking Communication). In the case at hand, albeit the SRB had concluded that the resolution was not warranted in the public interest, the Commission indicated that EU rules foresee the possibility to grant State aid to mitigate economic disturbance at regional level. Therefore as noted by Andrea Enria "*two different definitions of "public interest" have been applied, one at the EU level and another one by national authorities*", which may undermine the consistent application of the EU framework for resolution.

If there is no transfer of business to a competitor (that is to say the asset are wound down over in the liquidated entity), the objective is not the return to long term viability but the minimisation of cost and of distortions of competition, in particular to ensure that the winding down phase is limited to the period strictly necessary for the orderly liquidation. In any case the burden sharing requirement (in particular the bail of shareholders and subordinated creditors) applies evenly to all cases of liquidation aid.

When part of the business is transferred to a purchaser, the aid beneficiary is not the failing bank, but the activities which are transferred to the purchaser. Therefore the Commission usually assesses whether those activities are adequately restructured, which is usually the case since they are integrated into a sound business. The return to long term viability if thus ensured through the transfer of activities to the buyer. Regarding burden sharing, the same principles apply, that is to say that the Commission ensures that shareholders and subordinated creditors fully contribute to the liquidation costs: they are generally let in the entity in liquidation, and remain in the last order of priority for the reimbursement of claims under insolvency proceedings. Finally distortions of competition are generally less of a concern due to the exit of the failed bank from the market, and the restructuring of the transferred business into a sound business.

In addition, the measures may entail aid to the purchaser. In order to dismiss the existence of aid to the buyer, the Commission must conclude that there is no advantage to the buyer, that is to say that the price paid is market conform. To determine that a price is market conform, one possibility for the Commission is to demonstrate that the tender process was open, fair and transparent.

Regarding the orderly liquidation of the Veneto banks, the Commission indicated in its press release that the sale procedure was open, fair and transparent. This requires that a number of potential purchasers be contacted and be given the opportunity to bid on equal footing. The Commission has so far not disclosed any detail about the sale process related to the transfer of the good business of the Veneto banks. Regarding burden sharing and the limitation of distortions of competition, the Commission indicates that shareholders and subordinated creditors fully contribute to the cost of the liquidation, and that the exit of the bank from the market alleviate concerns about distortions of competition.

Annex 1: Technical report of Banca d'Italia on the expected recovery

Table 2: Net recovery from the assets in liquidation

Realizzo dell'attivo della liquidazione	*(in miliardi di euro)*
Importo lordo dei crediti deteriorati rientranti tra gli attivi della liquidazione	*17,8*
Recuperi sui crediti deteriorati (valutazione Banca d'Italia)	9,9
Partecipazioni e equity	1,7
Totale ipotesi di realizzo (a)	**11,6**
Impegni a fronte del realizzo	
rafforzamento patrimoniale	4,8
Importo dello sbilancio di cessione (debito vs cessionario)	5,4
Rischi su crediti in bonis retrocedibili alla liquidazione	0,3
Garanzia relativa ai rischi legali e altre garanzie su dichiarazioni del cedente	0,1
Totale impegni a fronte del realizzo (b)	**10,6**
Differenza tra realizzo e impegni (a-b) equivalente ad ammontare Fondo rischi e oneri	**1,0**
Altri impegni dello Stato	
Garanzia ad esito due diligence fino ad 1 miliardo (art. 9, co. 2)	*0,3*

Source: Camera dei Deputati

Annex 2: Combined balance sheet of the Veneto banks

Table 3: Combined balance sheet of the Veneto banks as of 31 December 2016 (EUR billion)

Assets	**Veneto Banca**	**Banca Popolare di Vincenza**	**Total**
Performing loans	14,2	17,4	31,6
NPL	5,1	5,2	10,3
Securities	3,9	7,4	11,3
DTA	1,0	0,9	1,9
Other assets	3,9	3,5	7,4
Total assets	**28,1**	**34,4**	**62,5**
Liabilities	**Veneto Banca**	**Banca Popolare di Vincenza**	**Total**
Central banks /interbank	4,3	9,2	13,4
Deposits	13,7	14,4	28,1
Bonds issued	5,7	3,5	9,2
Other liabilities	2,0	4,6	6,6
Subordinated debt	0,6	0,6	1,3
Equity	1,8	2,2	4,0
Total liabilities	**28,1**	**34,4**	**62,5**

Source: Veneto Banca and Banca Popolare di Vincenza financial statements

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