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Answer given by Executive Vice-President Vestager
on behalf of the European Commission
(4.5.2021)

The Commission is responsible for assessing aid measures under Article 108 of the Treaty on the Functioning of the EU. It has no influence on the costs of a failing bank that are determined by the value of the bank's assets and the losses incurred from the bank's activities.

The Commission set out in its 2015 decision¹ the grounds on which it considered the intervention of the mandatory Deposit Guarantee Scheme (DGS) to support Banca Tercas as State aid. After the decision, Italian banks volunteered to intervene in favour of Banca Tercas, which did not constitute aid. Economically, that step had the same effect for Banca Tercas and its buyer, Banca Popolare di Bari, as the support measures by the mandatory DGS.

Each case has to be assessed on its own facts and merits; the Court of Justice ruling of 2 March 2021 only concerns Banca Tercas². The Commission assessed the aid to the four small banks³ as compatible after they were put in resolution by Italy in 2015. The banks had a large stock of bad loans, which were evaluated at a fraction of book value⁴. Other banks were willing to acquire them only in 2017, recapitalised and clean of bad loans. The Commission approved two extensions to facilitate the sale.

As regards Banca Popolare di Vicenza and Veneto Banca, Italian banks founded the Atlante Fund that injected capital in 2016 without Commission interference. Yet, the competent supervisor had to declare the banks 'failing or likely to fail' in 2017, upon which the Commission approved aid by Italy to facilitate their orderly liquidation.

Finally, where failed banks had mis-sold their financial instruments to retail clients, the Commission services discussed with the Italian administration solutions to enable compensation by the State for social reasons in line with EU rules.

¹ Decision in SA. 39451 of 23.12.2015, OJ L 203, 28 July 2016, p. 1.

² Judgment of the Court of Justice of 2 March 2021, in Case C-425/19 P, *Commission v Italy and Others*, EU:C:2021:154.

³ Decisions in SA. 39543 (2015/N) – Resolution of Banca delle Marche S.p.A., SA.41134 (2015/N) – Resolution of Banca Popolare dell'Etruria e del Lazio Soc. Coop., SA.41925(2015/N) – Resolution of Cassa di Risparmio di Ferrara S.p.A and SA.43547 (2015/N) – Resolution of Cassa di Risparmio della Provincia di Chieti S.p.A. of 22.11.2015 and amendments of 29.4.2016, 7.10.2016, 30.4.2017 and 29.6.2017.

⁴ With the support of external experts, Commission Decision of 7.10.2016 in SA.39543 (2015/N), SA.41134 (2015/N), SA.41925 (2015/N), SA.43547 (2015/N) – Italy – Second amendment to the Resolution of Banca delle Marche S.p.A., Banca Popolare dell'Etruria e del Lazio Soc. Coop., Cassa di Risparmio di Ferrara S.p.A. and Cassa di Risparmio della Provincia di Chieti S.p.A.