

## **Notice summarising the effects of the decision taken in respect of Banca Popolare di Vicenza S.p.A.**

On 23 June 2017, the Single Resolution Board (the “**SRB**”) decided not to take resolution action in respect of Banca Popolare di Vicenza S.p.A. (the “**Bank**”). The SRB assessed that, while the conditions for resolution action of Article 18(1)(a) and (b) of Regulation (EU) No 806/2014 (the “**SRMR**”) were met, the condition of Article 18(1)(c) was not satisfied.

- **Article 18(1)(a) of the SRMR: Failing or likely to fail.** On 23 June 2017, the European Central Bank concluded that the Bank is failing or likely to fail on the basis of Article 18(1)(a) in conjunction with Article 18(4)(a) of the SRMR. In particular, there is material evidence to conclude that the Bank infringes the requirements for continuing authorization, in particular with respect to capital adequacy, in a way that would justify the withdrawal of the authorization by the competent authority.
- **Article 18(1)(b) of the SRMR: Alternative private measures and supervisory actions.** The SRB concluded that no such measures or actions could have prevented the failure of the Bank within a reasonable timeframe. The SRB reached this conclusion taking into account several elements, including the Bank’s inability to raise sufficient additional private capital, the weaknesses and lack of credibility of its business plans, and the ineffectiveness of the application of the power to write down or convert the Bank’s capital instruments to remedy the breach of the capital requirements by it.
- **Article 18(1)(c) of the SRMR: Public interest.** The SRB concluded that, given the particular characteristics of the Bank and its specific financial and economic situation, resolution action with respect to the Bank is not necessary in the public interest, in accordance with Article 18(1)(c) in conjunction with Article 18(5) of the SRMR. This conclusion is based on the following grounds:
  - The functions performed by the Bank, e.g. deposit-taking, lending activities and payment services, are not critical since they are provided to a limited number of third parties and can be replaced in an acceptable manner and within a reasonable timeframe;
  - The failure of the Bank is not likely to result in significant adverse effects on financial stability taking into account, in particular, the low financial and operational interconnections with other financial institutions; and,
  - Normal Italian insolvency proceedings would achieve the resolution objectives to the same extent as resolution, since such proceedings would also ensure a comparable degree of protection for depositors, investors, other customers, clients’ funds and assets.

The decision in respect of the Bank is addressed to and is to be implemented by Banca d’Italia, in its capacity as National Resolution Authority. The Bank will be subject to winding up under Italian insolvency proceedings.