



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Danièle NOUY

Chair of the Supervisory Board

Mr Brian Hayes
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 19 December 2014

Re: Your letter (QZ49)

Honourable Member of the European Parliament, dear Mr Hayes,

In your letter passed on by Mr Roberto Gualtieri MEP, Chair of the European Parliament's Committee on Economic and Monetary Affairs, to Mr Mario Draghi, President of the ECB, with cover letter of 26 November 2014, you raised questions relating to Permanent TSB (PTSB) and its plans to address the capital shortfall that was identified during the comprehensive assessment. As the matters you have raised concern the ECB's supervisory function, the President of the ECB has forwarded your letter to me in line with the interinstitutional agreement between our two institutions.

The results of the comprehensive assessment were published on 26 October 2014 and indeed revealed a capital shortfall for PTSB. Just like other banks with capital shortfalls, PTSB was required to submit capital plans within two weeks of the publication of the results.¹ It is expected that banks will address their capital shortfalls by raising equity from private sources or through other feasible and eligible capital measures. The banks' capital plans have been subject to a rigorous assessment by the relevant joint supervisory teams (JSTs), with the capital measures being evaluated on the basis of harmonised and transparent criteria. On 14 December 2014, the Supervisory Board endorsed the last set of capital plans from the banks where the comprehensive assessment had detected a capital shortfall. All relevant conclusions from the assessment of the capital plans will be reflected in the capital decisions which are taken as part of the Supervisory Review and Evaluation Process (SREP). As regards PTSB, the details of the capital decision and SREP will soon be sent to the institution. In line with Article 31 of Regulation (EU) No 468/2014 of the European Central Bank, PTSB has the right of commenting on the supervisory decision before it is formally adopted. The implementation of the capital plan and of the SREP decision once adopted is the responsibility of PTSB's management. The relevant JST will of course closely monitor the whole process.

Yours sincerely,

[signed]

Danièle Nouy

This is in line with published guidance:

<https://www.bankingsupervision.europa.eu/ecb/pub/pdf/notecomprehensiveassessment201407en.pdf>

European Central Bank
60640 Frankfurt am Main

Tel.: +49 69 1344 0
E-mail: info@ecb.europa.eu
Website: www.ecb.europa.eu