



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC

COURTESY TRANSLATION

Mario DRAGHI
President

Ms Paloma López Bermejo
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 27 February 2017

L/MD/17/93

Re: Your letter (QZ-002)

Honourable Member of the European Parliament, dear Ms López Bermejo,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 18 January 2017.

The report by the Spanish Court of Auditors to which you refer in your letter concerns the measures taken by the Banco de España in its role as supervisor, by the Fund for Orderly Bank Restructuring and by the Spanish Deposit Guarantee Fund during the period 2009-15. As the questions in your letter mostly relate to previous measures taken by these three institutions and the ECB has only been responsible for banking supervision since November 2014, the ECB is not the competent authority to give opinions on such issues.

As your questions refer to the ECB's involvement in the financial sector adjustment programme for Spain, I would first like to highlight that the ECB's role in such programmes is to act in liaison with the European Commission, providing advice and technical analysis to authorities requesting financial assistance and reporting on this to the Eurogroup Working Group and the Eurogroup. This was also the case for the financial assistance programme requested by the Spanish government in 2012. ECB staff was not involved in determining the financial assistance requirements of specific Spanish banks.

With these clarifications in mind, let me recall that the extent of the European Stability Mechanism's financial assistance was largely based on the solvency stress test conducted by the International Monetary

Address
European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal Address
European Central Bank
60640 Frankfurt am Main
Germany

Tel. +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu

Fund as part of the Financial Sector Assessment Program finalised in June 2012.¹ In line with the conditions of the Memorandum of Understanding on financial-sector policy conditionality of July 2012, the Spanish authorities later commissioned external evaluators and international auditors to conduct an asset quality review of individual Spanish banking groups. This review then formed the basis for bank-by-bank stress tests carried out by external consultants. On the basis of the asset quality review and the bottom-up stress tests, the Spanish authorities determined the amount of funds that was actually disbursed under the financial assistance programme.

With regard to your question about the optimal pace for the privatisation of entities, I would only point out that the conditions and timing of a disinvestment by the Spanish Government regarding an entity that has benefited from State aid are subject to EU State aid rules. The application of these rules falls within the competence of the European Commission; the ECB is not involved in this process.

I would like to conclude by saying that it is the ECB's view that the financial assistance programme for Spain succeeded in restoring the resilience of the Spanish banking system.

Yours sincerely,

[signed]

Mario Draghi

¹ The document is available on the IMF website at: <https://www.imf.org/external/pubs/ft/scr/2012/cr12137.pdf>

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