



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Danièle NOUY

Chair of the Supervisory Board

COURTESY TRANSLATION

Mr Fabio de Masi
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 17 September 2015

Re: Your letter (QZ127-129)

Honourable Member of the European Parliament, dear Mr de Masi,

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 20 August 2015.

You asked for information about the division and staff which deal with supervision, as well as a potential restructuring of HSH Nordbank AG. Moreover, you enquired about the involvement of both consultancy firms and the Deutsche Bundesbank in the supervisory and restructuring processes of the institution.

The day-to-day supervision of individual banking groups and credit institutions that are subject to direct supervision of the European Central Bank (ECB) is conducted by Joint Supervisory Teams. These consist of staff from the ECB and the relevant national competent authorities, i.e. the *Bundesanstalt für Finanzdienstleistungsaufsicht* and Deutsche Bundesbank in the case of HSH Nordbank AG. The institution is assigned to a Joint Supervisory Team operating in one of the ECB's Directorates General for Microprudential Supervision that conduct direct supervision of significant credit institutions. With respect to the supervision of HSH Nordbank AG, the ECB has not made use of the services of a consultancy firm.

Your questions about the applicable criteria and procedures for the assessment of the business plan and of the eligibility for an increase in the guarantee amount granted to the bank should be addressed to the European Commission, which is the competent authority in this regard.

Nevertheless, independently of the assessment by the European Commission in the context of the guarantee, the ECB regularly conducts an analysis of the viability of the institution's business model and mid-term planning assumptions, as is standard practice for all institutions under the ECB's direct supervision. This analysis is mainly based on the technical criteria concerning the organisation and treatment of risks

outlined in Article 76 et seqq. of CRD IV¹, as well as the technical criteria for the supervisory review and evaluation detailed in Article 98 et seqq. of Directive 2013/36/EU and the relevant national discretionary regulations, additionally factoring in the nature, scale and complexity of the risks inherent in a supervised bank's business model.

You further asked whether opinions by rating agencies would be sought in this context. When exercising its supervisory tasks, the ECB takes into account all information that is made available about an institution and its micro- and macroeconomic environment in order to make a prudential assessment. This information includes, among a wide variety of data sources, reports published by rating agencies.

Finally, you asked about the timeframe for the restructuring process for HSH Nordbank AG. To this effect, the pending decision to be taken by the European Commission with regard to an increase in the loss guarantee constitutes a significant milestone on which the timing of further action depends.

In general, please let me point out that, as also laid down in the Inter-institutional Agreement, any reporting obligations vis-à-vis European Parliament are subject to the relevant professional secrecy requirements. The situation of and the supervisory measures taken with respect to credit institutions under ECB supervision can therefore generally not be commented on.

Yours sincerely,

[signed]

Danièle Nouy

¹ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.