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Ms Irene Tinagli
European Parliament
Chair of the Committee on Economic and Monetary Affairs
ASP 15G306
60 Rue Wiertz
B-1047 Brussels

Reply to written question QZ-063/2020 addressed to the Chair of the Single Resolution Board

Dear Ms Tinagli,

Please find enclosed the SRB's reply to the written question QZ-063/2020 by MEP Valentino Grant on the Public Interest Assessment. While the official reply is in English, a courtesy copy in Italian is attached as well.

I would kindly ask you to forward our reply to Mr Grant.

Yours sincerely,

Elke KÖNIG
Chair

Reply to written question QZ-063/2020 addressed to the Chair of the Single Resolution Board

Dear Mr Grant,

I would like to thank you for your written question, which was passed on to me by Ms. Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs.

Regarding your question on the public interest assessment (PIA), please allow me to first recall that the Single Resolution Board (SRB) plans for and manages bank failures in such a way that the public interest is safeguarded. The PIA is a key component of any resolution decision. It determines whether the application of resolution tools to a failing bank is in the public interest. The PIA also determines whether a resolution would achieve one or more of the resolution objectives¹ better than normal insolvency proceedings. It thus constitutes the basis for the decision, as to whether a bank will be resolved or wound up in an orderly manner in accordance with the applicable national law.

Last year, the SRB published the methodology² for how the PIA is performed, while continuously working to further deepen the analysis that underpins the overall assessment. The SRB has repeatedly stated clearly that resolution is the planned way forward for most banks under the SRB's remit.

The PIA is included in every resolution plan, in order to decide on the preferred resolution strategy and choice of resolution tools. It is reviewed at least annually, as well as at the point of failure in order to account for the circumstances at the point in time. The PIA-policy offers flexibility to properly account for unprecedented situations like the current COVID-19 pandemic and the potential repercussions for the economy and the banking sector.

In a recent blogpost from July 2020³ I outlined in more detail, how the time-dependency of the PIA allows for the analysis of the latest situation of the bank at the point of failure, which, depending on the specifics of the case at hand, may have changed compared to the assessment during the resolution planning phase. Nevertheless, the preliminary analysis included in the resolution plan will provide the point of departure and foundation for the conclusion of the PIA at the time of failing or likely to fail. At the same time not only the bank, which is failing or likely to fail, and its interconnectedness may have changed, but also the situation of the banking sector and the economy may have evolved. This will all be taken into account by the SRB in an appropriate manner and in accordance with the applicable legal framework.

¹ Pursuant to Article 14(2) SRMR and Article 31(2) BRRD the resolution objectives are the following: 1.) to ensure continuity of critical functions; 2.) to avoid significant adverse effects on financial stability in one or more countries; 3.) protect public funds; 4.) to protect covered depositors and investors; 5.) to protect clients' funds and clients' assets

² The "Public Interest Assessment: SRB Approach" is available at: <https://srb.europa.eu/en/content/public-interest-assessment-0>

³ <https://srb.europa.eu/en/node/1040>



The SRB considers the current framework fit for purpose and is continuously refining its approach to the PIA.

Yours sincerely,

Elke KÖNIG
Chair