



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC

COURTESY TRANSLATION

Mario DRAGHI
President

Mr Nuno Melo
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 17 May 2016

L/MD/16/227

Re: Your letters (QZ-045 and QZ-046)

Honourable Member of the European Parliament, dear Mr Melo,

In your letters to Ms Danièle Nouy, passed on by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, with a cover letter dated 12 April 2016, you raised questions relating to the activities of the European Central Bank (ECB) in the period before the establishment of the Single Supervisory Mechanism (SSM). The Chair of the Supervisory Board has thus forwarded these letters to me.

Firstly, please allow me to clarify that, during the years of Portugal's economic adjustment programme, Banco Internacional do Funchal S.A. (Banif) was under the direct supervision of the Banco de Portugal. The ECB was one of the institutions charged with negotiating – on behalf of euro area Member States – the country's financial assistance programme, and assessing compliance with the related economic policy conditions.

I would also like to highlight that, during the course of this programme, the European Commission, acting in liaison with the ECB, and the International Monetary Fund, ensured that the policies and practices for addressing financial sector problems were appropriate and well funded. In this context, the Portuguese banking system was substantially reinforced via the recourse to a dedicated Bank Solvency Support Facility for public recapitalisation of banks, as well as extensive liquidity support from the Eurosystem. Please note

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that all the elements related to the programme discussions are reflected in the regular publications of the European Commission.¹

Moreover, throughout the whole period of the said programme, the ECB was not entrusted with specific tasks concerning policies relating to the prudential supervision of credit institutions. Following the establishment of the SSM in November 2014, Banif was classified as a “less significant institution” in accordance with Article 6(4) of the SSM Regulation² and, as such, remained under the direct supervision of the relevant national competent authority, i.e. the Banco de Portugal.

Yours sincerely,

[signed]

Mario Draghi

¹ See http://ec.europa.eu/economy_finance/assistance_eu_ms/portugal/index_en.htm

² Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions

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