



EUROPEAN CENTRAL BANK  
BANKING SUPERVISION

ECB-CONFIDENTIAL  
MARKET-SENSITIVE  
DRAFT

Banca Carige S.p.A  
Via Cassa Di Risparmio, 15  
16123, Genova  
ITALY

(hereinafter the 'Supervised Entity')

cc: Banca d'Italia

ECB-SSM-2018-ITCAR-XX

Frankfurt am Main,

**Decision on the extension of the deadline to comply with the requirements pursuant to Circolare of Banca d'Italia no. 285 of 17 December 2013, Parte Prima, Titolo II, Capitolo I, Sezione V, Para 2 (implementing Article 142 of Directive 2013/36/EU) and on reporting obligations pursuant to Article 10 of Council Regulation (EU) No 1024/2013**

Dear Sir or Madam,

I am writing to notify you that the Governing Council of the European Central Bank (ECB), on the basis of a draft proposal of the Supervisory Board under Article 26(8) of Council Regulation (EU) No 1024/2013<sup>1</sup>, has decided

- 1) pursuant to Circolare of Banca d'Italia no. 285 of 17 December 2013, Parte Prima, Titolo II, Capitolo I, Sezione V, Para 2, implementing Article 142 of Directive 2013/36/EU of the European Parliament and of the Council<sup>2</sup>, in conjunction with Article 9(1), first and second subparagraph, and Article 9(2) of Council Regulation (EU) No 1024/2013, that the date set by ECB Decision ECB-SSM-2018-ITCAR-6, by which at the latest compliance with all capital requirements shall be achieved in a sustainable manner by the Supervised Entity, is extended to 31 December 2019. This new deadline is provided in order to reflect the needs of the business combination transaction the Supervised Entity has identified in the capital plan submitted to the ECB on 30 November 2018 (hereinafter the "Plan") as the measure to restore and ensure in a sustainable manner compliance with capital requirements;
- 2) pursuant to Article 10 of Council Regulation (EU) No 1024/2013, to require the Supervised Entity to

<sup>1</sup> 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 (OJ L 287, 29.10.2013, p. 63).

<sup>2</sup> 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, (OJ L 176, 27.6.2013, p. 338–436).

- 1.4 On 12 November 2018, in order to comply with the capital requirements, the Supervised Entity informed the ECB about the intention to finalise an agreement with the Voluntary Intervention scheme leg of the deposit guarantee scheme (Fondo Interbancario di Tutela dei Depositi - FITD) on the basis of article 47 of the statutes of FITD. On 30 November 2018, FITD General Assembly approved the intervention by subscribing up to EUR 320 million subordinated bonds.
- 1.5 On 30 November 2018, the Supervised Entity submitted to the ECB a Plan outlining measures aimed at restoring short-term compliance with capital requirements as of June 2019 and committing to explore a business combination to be executed in 2019 as a tool to restore sustainable compliance with capital requirements.

The measures outlined in the Plan included i) capital strengthening measures for a total amount of up to EUR 400 million; ii) disposals of non-core assets and Non-performing loans (NPL) ; and iii) launching of a marketing process towards the business combination.

*a) Capital strengthening measures*

On 30 November 2018 the Supervised Entity issued a EUR 320 million 10 year 13% coupon subordinated bonds of which EUR 318.2 million was underwritten by FITD and EUR 1.8 million by Banco di Desio e della Brianza.

In parallel, the Supervised Entity called a General Shareholders Meeting (GSM) to take place on 22 December 2018 in order to approve a capital increase up to EUR 400 million to be executed before June 2019. The proposed resolution of the GSM, if approved, will allow to pay with the subordinated bonds the subscription price of the newly issued shares.

As a result of the issuance of the EUR 320 million subordinated bonds, on 30 November 2018, the Supervised Entity expects the Total Capital Ratio to increase to 13.19%, above the Pillar II requirement (11.25%) and above the 2018 OCR (13.125%), but below the 2019 OCR (13.75%) which will be applicable as of 1 January 2019. The restoration of the Total Capital Ratio above the OCR in the 7 month projection included by the Supervised Entity within the Plan will depend on the successful implementation of deleveraging measures and on the success of the capital increase. The Supervised Entity did not include any projections beyond 30 June 2019.

The Supervised Entity intends to present an industrial plan during the first quarter of 2019.

*b) Disposal of non-core assets and of NPL*

The Plan submitted by the Supervised Entity outlines a number of NPL reduction measures, aiming to reduce the gross NPL amount to achieve a NPL ratio below 10%. These measures include the NPL securitization with the State Guarantee Scheme (GACS) and NPL sales (Project Isabella and SGA).

Moreover, the Supervised Entity plans other capital strengthening measures including the securitisation of a portfolio of consumer loans from its subsidiary Creditis and the sale of its Banca d'Italia shares (see Annex I).

*c) Marketing process towards the business combination*

On 23 October 2018, the Supervised Entity appointed UBS as advisor on the business combination process. Planned preparatory steps for the business combination process include: (i) appointing the provider of the virtual data room by the end of 2018 and, (ii) opening it to the interested parties

decided that the Supervised Entity shall inform the ECB, within ten days after the end of each calendar quarter, of the progress of the business combination process and whether the milestones laid down in Annex II to this Decision are met and within two working days after the end date envisaged in Annex II for each of the actions listed therein whether actions were accomplished. Such information is also suitable and necessary in order for the ECB to be informed early on if the business combination should stagnate, triggering an assessment whether the imposition of additional supervisory measures is warranted.

**3. General**

3.1 The ECB takes this decision on the basis of the facts provided and statements made by the Supervised Entity. If any of those facts or statements were not true, or no longer reflect the state of affairs described, this could constitute sufficient grounds to revoke this Decision.

3.2 This Decision takes effect on the day of its notification to the Supervised Entity.

**4. Administrative and judicial review**

4.1 A review of this Decision by the ECB's Administrative Board of Review may be requested under the conditions and within the time limits set out in Article 24 of Regulation (EU) No 1024/2013 and Decision ECB/2014/16 of the European Central Bank<sup>4</sup>. A request for a review should be sent preferably by electronic mail to [ABoR@ecb.europa.eu](mailto:ABoR@ecb.europa.eu), or by post to:

The Secretary of the Administrative Board of Review  
European Central Bank  
Sonnemannstrasse 22  
60314 Frankfurt am Main  
Germany

4.2 This Decision may be challenged before the *Court of Justice of the European Union* under the conditions and within the time limits provided for in Article 263 of the Treaty on the Functioning of the European Union.

Yours sincerely,

*The Secretary of the Governing Council*

Pedro Gustavo TEIXEIRA

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<sup>4</sup> Decision ECB/2014/16 of the European Central Bank of 14 April 2014 concerning the establishment of an Administrative Board of Review and its Operating Rules (OJ L 175, 14.6.2014, p. 47).



EUROPEAN CENTRAL BANK  
BANKING SUPERVISION

Petra Senkovic  
Secretary of the Supervisory Board

**ECB-CONFIDENTIAL  
MARKET SENSITIVE**

Banca Carige S.p.A.  
Via della Cassa di Risparmio, 15  
16123 Genova  
ITALY

cc: Banca d'Italia

SSM/2018/0688

Frankfurt am Main,

**Notification of the ECB's intention to adopt a decision on the extension of the deadline to comply with the requirements pursuant to Circolare of Banca d'Italia no. 285 of 17 December 2013, Parte Prima, Titolo II, Capitolo I, Sezione V, Para 2 (implementing Article 142 of Directive 2013/36/EU) and on reporting obligations pursuant to Article 10 of Council Regulation (EU) No 1024/2013**

Dear Sir or Madam,

On the basis of a draft proposal of the Supervisory Board under Article 26(8) of Council Regulation (EU) No 1024/2013, the European Central Bank intends to adopt the enclosed draft decision.

In accordance with Article 22 of Regulation (EU) No 1024/2013 and Article 31 of Regulation (EU) No 468/2014, you have the opportunity to make submissions in writing regarding this draft decision within *two weeks* from the day of receipt of this letter.

Please send any submissions preferably by electronic mail to [SSMSecretariat@ecb.europa.eu](mailto:SSMSecretariat@ecb.europa.eu) or alternatively by post to:

Secretariat to the Supervisory Board  
European Central Bank  
Sonnemannstrasse 22  
60314 Frankfurt am Main  
Germany

Yours sincerely,

Encl. (1)

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60640 Frankfurt am Main  
Germany

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Annex 2: Indicative timeline and actions towards the business combination laid down in the Plan

