

BANKA SLOVENIJE

BANK OF SLOVENIA

EUROSYSTEM



Functioning of the Single Resolution Mechanism

Conference on Completing the Banking Union
Wednesday, 14 February 2018

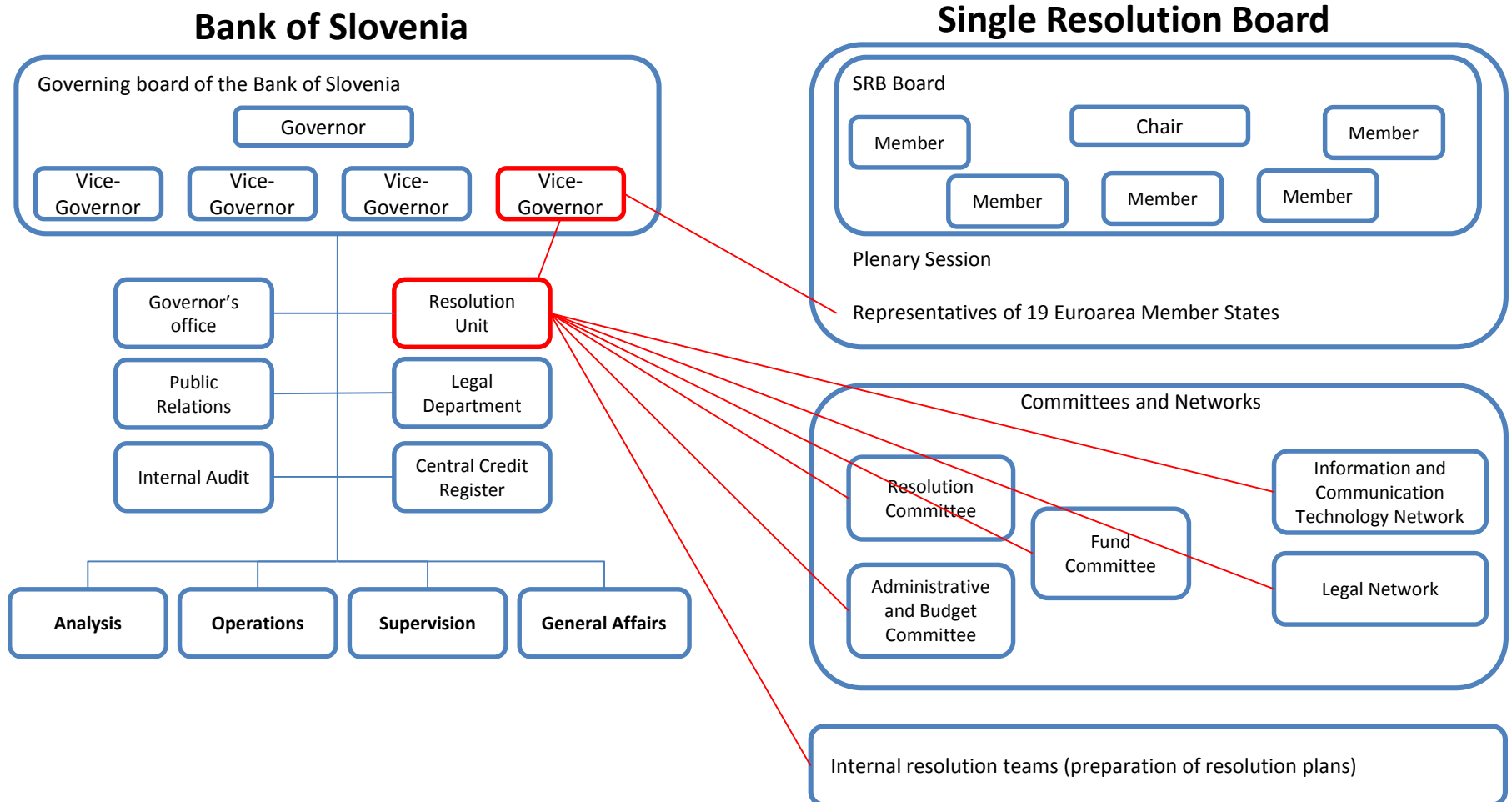
Marko Bošnjak
Vice Governor

Agenda

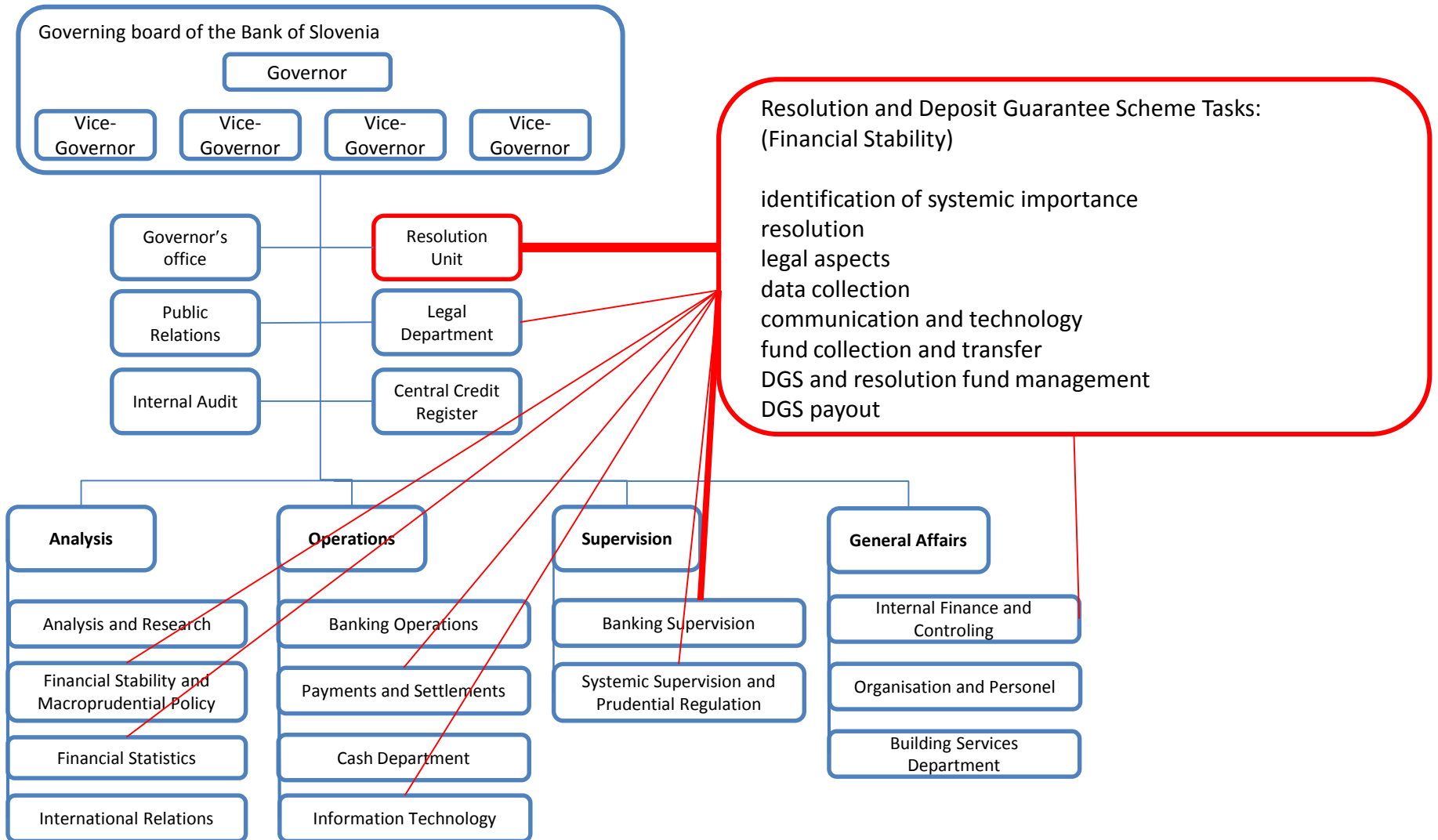
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Single resolution Mechanism

Cooperation with Single Resolution Board



Resolution Unit in the Bank of Slovenia



Responsibility for preparing resolution plans and taking the resolution decision

SI SSM banks

- NLB
- NKBM
- Abanka

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SRB

members of SSM groups

- Unicredit
- SKB
- Sberbank
- Intesa Sanpaolo
- Sparkasse
- Addiko bank

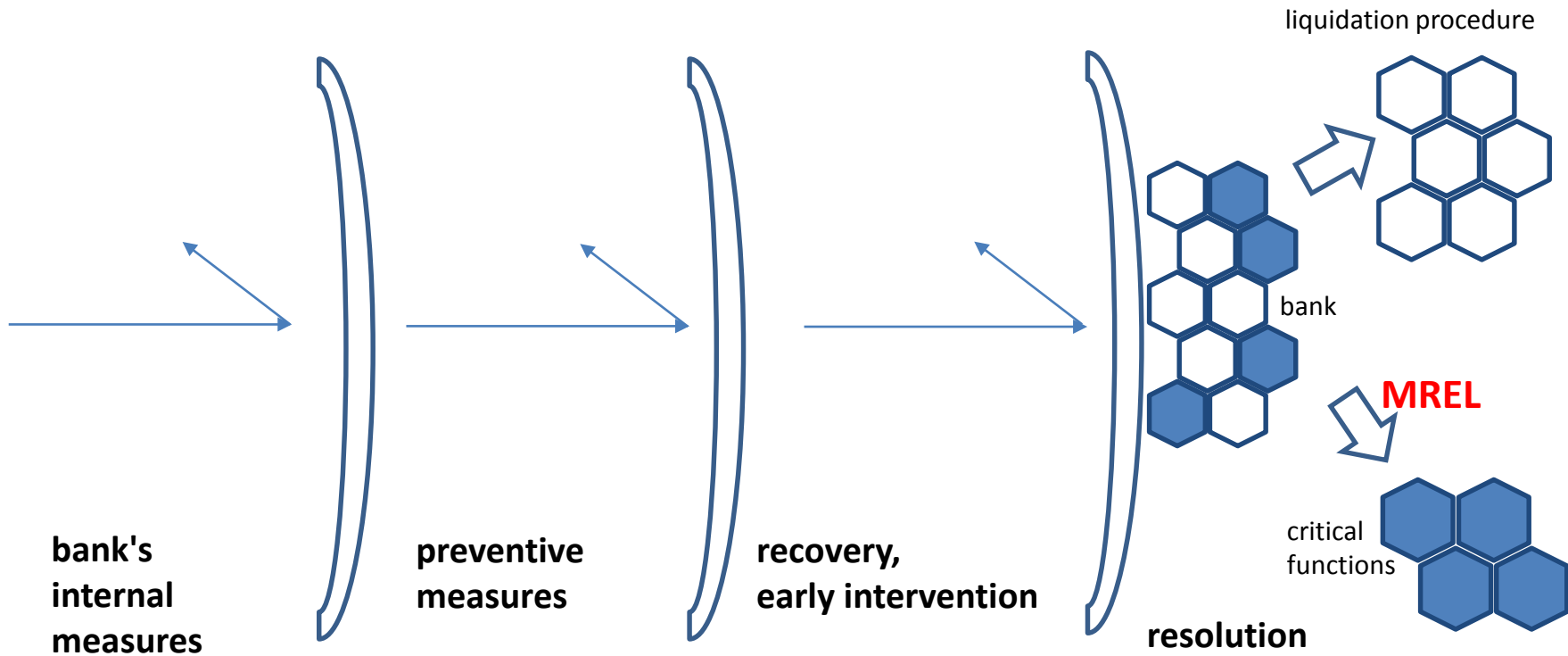
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non-SSM,
cross-boarder
banking group

other banks

- Gorenjska banka
- Deželna banka
- Delavska hranilnica
- Hranilnica Vipava
- Hranilnica LON

↕
Bank of Slovenia

Implications in financial crisis

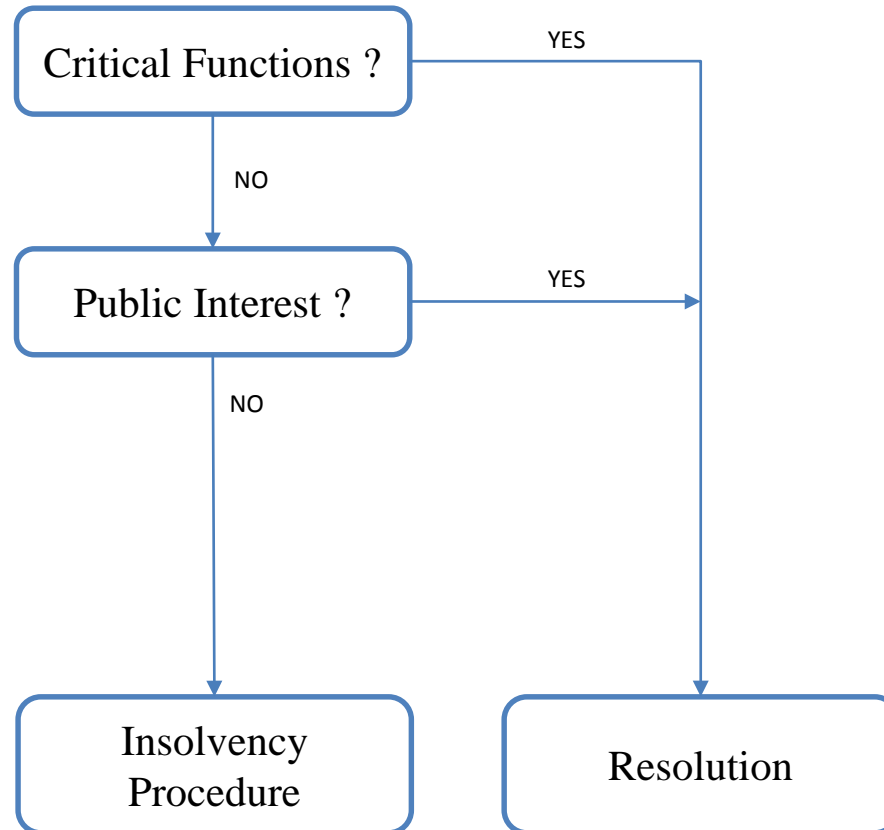


MREL (Minimum Required Own Funds and Eligible Liabilities for Bail-in)

- core idea of the Bank Recovery and Resolution Directive* (BRRD) is to avoid the use of taxpayers' money in the times of crisis,
- demanded funds for bail-in to ensure further functioning of the critical functions of a bank,
- funds, that are not covered deposits, with maturity above one year,
- if MREL (banks own contribution) is not sufficient to restore the capital adequacy of the bank, Single Resolution Fund can be used,
- if at the time of decision resolution is chosen preferably to liquidation Slovene resolution fund can be used.

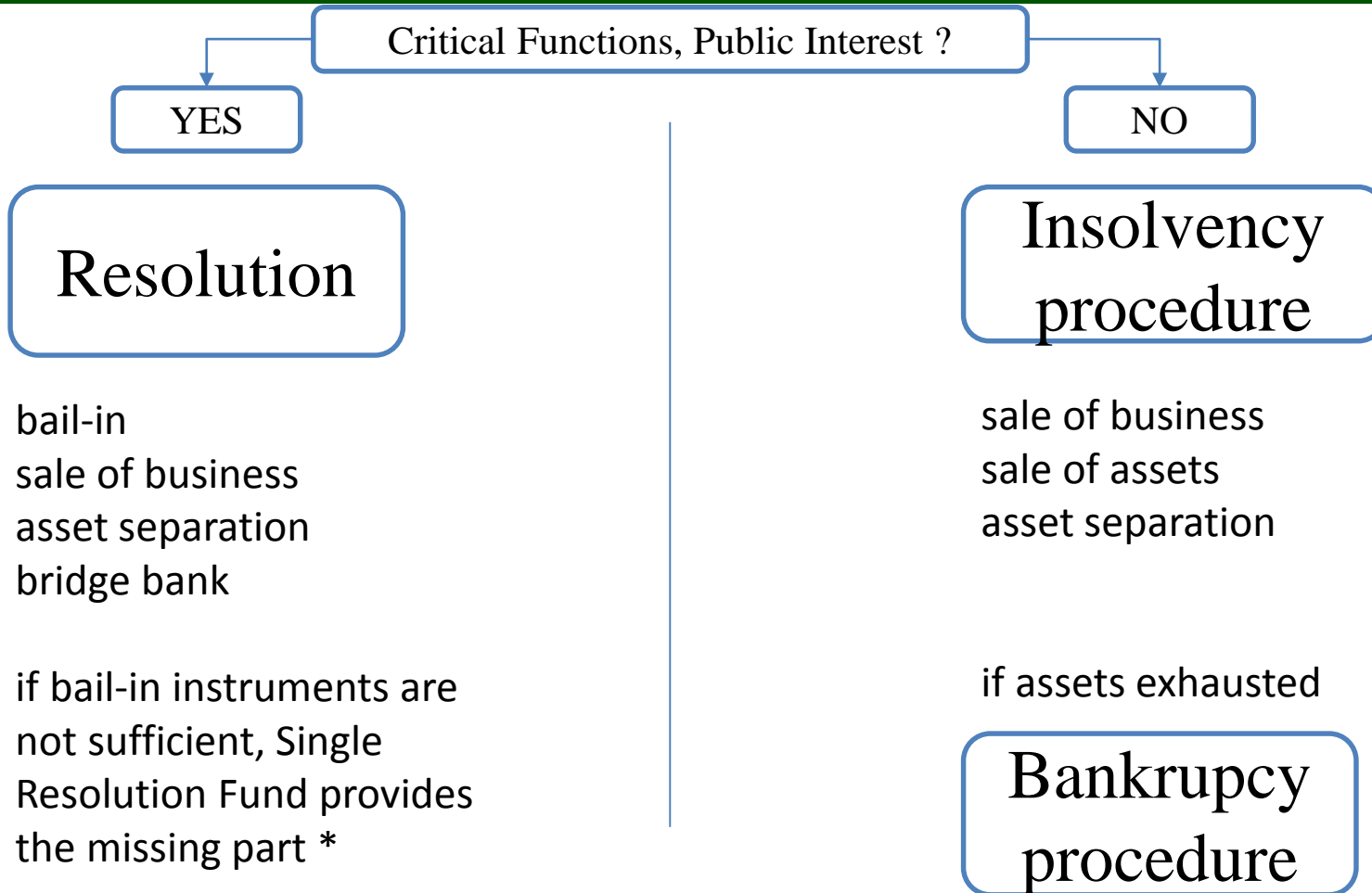
* DIRECTIVE 2014/59/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms

Resolution or Insolvency Procedure?



Determination of Critical Functions and Public Interest is preliminary within resolution plans and reassessed in the time of crisis.

Available tools



*Use of Single resolution Fund is preconditioned with bail-in of 8 % of total assets and own funds and limited to up to 5% of total liabilities and own funds.

Final thoughts

- Priority for banks is running a successful business model.
- Additional information for resolution plans directly from banks is reduced to minimum extent possible.
- Internal Resolution Teams are open for discussions with banks.

Thank you