



## Bail-in: the bank crisis resolution system

As of 1 January 2016 a new European set of rules entered into force for the management of bank crises, in order to prevent the collapse effects from having an impact on the financial statements of States and accordingly on all citizens.

### 1. What is Bail-in?

It is a resolution instrument allowing the Bank of Italy to intervene in case of difficulties of a banking institution, guaranteeing the operational continuity thereof, for the purpose of protecting the community interest and indirectly, that of the entire economic system.

### 2. Why was Bail-in created?

In the recent past we have witnessed a number of crises of banking institutions in Europe (Dexia in Belgium, HypoAlpeAdria Bank in Austria, RBS in Great Britain, ING in The Netherlands, etc.) resolved by a State intervention at the expense of all taxpayers. The regime introduced by the BRRD European directive aims at making national regimes homogeneous, avoiding the worsening of difficulty situations and directly involving the institutions' shareholders and bondholders in the resolution of crises.

### 3. How does it work?

In case of crisis of the institution, prior to a public recovery intervention, shareholders, bondholders and depositors of the various institutions are called to intervene in the above indicated order with a possible reduction of their assets. In respect of depositors, the first Euro 100,000 are guaranteed and hence excluded from the procedure.

### 4. As of when is it effective?

The new regime is effective as of 01/01/2016



## **5. How are BFF Bank S.p.A. Clients protected?**

Besides on the soundness of its Institution, BFF Bank S.p.A. clients may rely on the Deposit Protection Guarantee Fund that guarantees a coverage up to € 100,000 per depositor.

## **6. What indicators help us to evaluate a bank soundness?**

A bank is today deemed sufficiently sound if it meets certain financial parameters set by the supervisory bodies and that shall be communicated on a quarterly basis.

## **7. What is as at today BFF Bank S.p.A. situation?**

The most recent ordinary inspection of the Bank of Italy had a positive outcome. This puts us in a privileged position in the current Italian quite complex banking panorama.

Our Clients may therefore rely on the transparency and thorough control carried out by the Supervisory Authority on the financial soundness as well as on the organisational structure and audit systems adopted.