STATSSTØTTE — GRÆKENLAND

Statsstøttesag SA.34825 (2012/C) (ex 2012/NN) — Den græske finansielle stabiliseringsfonds rekapitalisering af EFG Eurobank

Opfordring til at fremsætte bemærkninger efter EUF-traktatens artikel 108, stk. 2

(EØS-relevant tekst)

(2012/C 359/04)

Ved brev af 27.7.2012, der er gengivet på det autentiske sprog efter dette resumé, meddelte Kommissionen Grækenland, at den havde besluttet at indlede proceduren efter EUF-traktatens artikel 108, stk. 2, over for ovennævnte støtteforanstaltning.

Af hensyn til den finansielle stabilitet traf Kommissionen afgørelse om midlertidigt at godkende foranstaltningen, der bestod i en tilsagnserklæring og en midlertidig rekapitalisering, som redningsstøtte i en periode på seks måneder fra afgørelsestidspunktet.

Interesserede parter kan inden en måned efter offentliggørelsen af nærværende resumé og det efterfølgende brev sende eventuelle bemærkninger til den støtteforanstaltning, med hensyn til hvilken Kommissionen indleder proceduren, til:

Europa-Kommissionen
Generaldirektoratet for Konkurrence
Registreringskontoret for Statsstøtte
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Disse bemærkninger vil blive videresendt til Grækenland. Interesserede parter, der fremsætter bemærkninger til sagen, kan skriftligt anmode om at få deres navn hemmeligholdt. Anmodningen skal være begrundet.

RESUMÉ

SAGSFORLØB

Den 20. april 2012 afgav den græske finansielle stabilitetsfond (i det følgende benævnt »stabilitetsfonden«) en tilsagnserklæring til EFG Eurobank (i det følgende også benævnt »banken«), hvorved den forpligtede sig til at medvirke ved udvidelsen af bankens aktiekapital. Den 28. maj 2012 blev der foretaget en midlertidig rekapitalisering af EFG Eurobank. Der er afgivet lignende tilsagnserklæringer til og foretaget midlertidig rekapitalisering af National Bank of Greece (SA. 34824 (2012/NN)), Piraeus Bank (SA. 34826 (2012/NN)) og Alpha Bank (SA. 34823 (2012/NN)). De græske myndigheder anmeldte tilsagnserklæringerne den 10. maj 2012. Da foranstaltningen allerede var truffet, registrerede Kommissionens tjenestegrene den som uanmeldt støtte under sagsnummer SA. 34825 (2012/NN).

BESKRIVELSE AF DEN STØTTE/FORANSTALTNING, OVER FOR HVILKEN KOMMISSIONEN INDLEDER PROCEDUREN

EFG Eurobanks kapital blev væsentligt reduceret som følge af bankens deltagelse i PSI [1], der blev bogført med tilbagevirkende kraft i regnskaberne for fjerde kvartal 2011. Den 20. april 2012 afgav stabilitetsfonden en tilsagnserklæring om, at den ville indskyde en beløb på op til 4,2 mia. EUR i den planlagte udvidelse af bankens aktiekapital. Dette tilsagn ville bringe koncernens samlede solvensgrad op på over 8 % […] (*). På grundlag af forpligtelsen i tilsagnserklæringen ydede stabilitetsfonden den 28. maj 2012 EFG Eurobank et forskud på 4,2 mia EUR i henhold til bestemmelserne om midlertidig rekapitalisering i loven om etablering af stabilitetsfonden, som ændret på daværende tidspunkt (beløbet blev fastsat på grundlag af de finansielle tal for første kvartal 2012). De to beløb i forbindelse med tilsagnserklæringen og den midlertidige rekapitalisering blev beregnet af den græske centralbank, Bank of Greece, for at sikre, at banken overholdt de daværende solvenskrav. EFG Eurobank registrerede derfor en solvensgrad på 9 % og en tier 1-kernekapital på 7,9 % i balancen pr. 31. marts 2012. Den midlertidige rekapitalisering udgjorde ca. 9,4 % af bankens risikovægtede aktiver pr. 31. marts 2012. Med de præferenceaktier, der blev indskudt i maj 2009, udgør den støtte, som EFG Eurobank modtog i form af andet end garantier og likviditetsstøtte, ca. 11,4 % af bankens risikovægtede aktiver.

VURDERING AF STØTTEFORANSTALTNINGEN

Ved tilsagnserklæringen af 20. april 2012 forpligter stabilitetsfonden sig til at rekapitalisere banken. Stabilitetsfonden

[1] Den private sektors deltagelse: Forhandling mellem de græske myndigheder og bankens private kreditorer med det formål at opnå, at sidstnævnte frivilligt eftergiver en del af Grækenlands offentlige gæld. Den private sektors deltagelse er af usædvanlig karakter og påvirkede de græske banker stærkt: En række banker led tab som følge af den private sektors deltagelse.

(*) Fortrolige oplysninger, også angivet nedenfor ved […].

modtager midler fra staten, og det er nøje fastsat og afgrænset ved græsk lov, på hvilke betingelser den kan yde støtte til finansieringsinstitutter. Brugen af statsmidler må derfor tilregnes staten.

Ved tilsagnserklæringen fik banken allerede en fordel […]. Med den midlertidige rekapitalisering, der blev gennemført den 28. maj 2012, blev forpligtelsen i henhold til tilsagnserklæringen opfyldt, og der er dermed tale om en fortsættelse af samme støtte. Den midlertidige rekapitalisering i form af EFSF-obligationer forhøjede EFG Eurobank's solvensgrad til et niveau, der giver den mulighed for at operere på markedet og få adgang til transaktioner inden for eurosystemet, og gav derfor også banken en fordel ved hjælp af statsmidler.

Da banken således fik tilført finansielle midler, for at den fortsat kunne opfylde kapitalkravene, styrkede det dens stilling, hvilket medførte konkurrencefordrejninger. I betragtning af, at banken er aktiv på andre europæiske kapitalmarkeder, og at finansieringsinstitutter fra andre medlemsstater udøver virksomhed i Grækenland, vil foranstaltningen også kunne påvirke samhandelen mellem medlemsstaterne.

Retsgrundlaget for vurderingen af foranstaltningen er fortsat EUF-traktatens artikel 107, stk. 3, litra b), hvor det er fastsat, at statsstøtte kan betragtes som forenelig med det indre marked, hvis den kan »afhjælpe en alvorlig forstyrrelse i en medlemsstats økonomi«. Kommissionen mener fortsat, at betingelserne for godkendelse af statsstøtten efter EUF-traktatens artikel 107, stk. 3, litra b), er opfyldt, fordi kapitalmarkederne på ny er kommet under pres, og den bekræftede dette synspunkt med vedtagelsen af videreførelsesmeddelelsen i december 2011. Med hensyn til den græske økonomi har Kommissionen ved sin successive godkendelse af de græske støtteordninger for kreditinstitutter erkendt, at der foreligger en risiko for en alvorlig forstyrrelse i den græske økonomi, og at statsstøtte til bankerne vil kunne afhjælpe en sådan forstyrrelse. En sådan risiko er endnu større i den foreliggende sag, da EFG Eurobank er en stor bank.

Kommissionen er dog på nuværende tidspunkt i tvivl om, hvorvidt støtteforanstaltningen opfylder de generelle forenelighedskriterier, dvs. kriterierne for, om støtten er »hensigtsmæssig«, »nødvendig« og »proportional«.

Med hensyn til spørgsmålet om, hvorvidt støtten er »hensigtsmæssig«, bemærker Kommissionen, at foranstaltningen, som hovedsagelig blev nødvendig som følge af PSI, har til formål at sikre, at banken opfylder de lovpligtige kapitalkrav og fortsat er berettiget til likviditetsstøtte fra centralbanken. I betragtning af, at EFG Eurobank er en systemisk vigtig bank i Grækenland, og at foranstaltningen tager sigte på at bidrage til Grækenlands finansielle stabilitet, ser foranstaltningen umiddelbart ud til at være hensigtsmæssig. Kommissionen er dog i tvivl om, hvorvidt dette er tilfældet, og den kan ikke på nuværende tidspunkt vurdere, om alle foranstaltninger blev truffet omgående for at undgå, at banken igen får behov for støtte i fremtiden. Det står ikke klart på nuværende tidspunkt, hvem der kommer til at kontrollere banken, når først den midlertidige rekapitalisering er afløst af en permanent rekapitalisering. Banken kan enten komme til at høre under staten eller blive overtaget af de private minoritetsaktionærer med høj gearing. I begge tilfælde ønsker Kommissionen at sikre, at bankens administration og navnlig dens udlånsforretninger ikke forringes. Hvis banken f.eks. kommer ind under statens kontrol, må den ikke blive udsat for dårlig ledelse eller forkert prissætning eller beskæftige sig med långivning, som ikke er erhvervsorienteret. Kommissionen er på nuværende tidspunkt i tvivl om, hvorvidt de gældende regler for god virksomhedsledelse kan begrænse den offentlige indblanding og samordning. Hvis derimod stemmemajoriteten i EFG Eurobank tilhører en investor, der kun har investeret et begrænset beløb og har call-optioner på statens aktier, kan vedkommende være fristet til at løbe for store risici. Det kan konkluderes, at der er en risiko for, at den måde, hvorpå banken administreres, vil blive forringet, hvilket kan bringe genetableringen af rentabiliteten og opretholdelsen af den finansielle stabilitet i fare. Da det ikke er klart, hvem der vil eje og kontrollere banken i fremtiden, er Kommissionen på nuværende tidspunkt i tvivl om, hvorvidt støtteforanstaltningen er hensigtsmæssig og opfordrer de græske myndigheder, banken og andre interesserede parter til at fremsætte bemærkninger og oplysninger på dette område.

Selv om støttebeløbet blev beregnet således, at det sikrer, at banken overholder de gældende solvenskrav, efterfølger det en længere periode med rekapitaliseringer. Kommissionen betvivler, at der er truffet alle mulige foranstaltninger for at undgå, at banken får behov for yderligere rekapitaliseringsstøtte i fremtiden, og for at opfylde forpligtelserne i memorandummet om økonomisk politik og finanspolitik i andet tilpasningsprogram for Grækenland (som pålægger bankerne et krav om en tier 1-kernekapital på 9 % inden september 2012 og på 10 % inden juni 2013). Hvad angår forrentningen af støtten, vil stabilitetsfonden opnå en forrentning på under de 7 % - 9 %, der er fastsat i rekapitaliseringsmeddelelsen. Hvis den midlertidige rekapitalisering er tilstrækkelig kortvarig, vil Kommissionen måske kunne tage hensyn til dens særlige karakteristika og de forhold, hvorunder den blev foretaget, og dermed kunne acceptere den lavere forrentning. Da den midlertidige rekapitaliserings varighed dog er usikker på nuværende tidspunkt, især på grund af de vanskelige økonomiske forhold, er Kommissionen i tvivl om, hvorvidt forrentningen er tilstrækkelig. Desuden medfører den midlertidige rekapitalisering ingen udvanding af de nuværende aktionærers rettigheder. Bankens økonomiske og retlige ejendomsforhold ændres ikke, før den midlertidige rekapitalisering er konverteret til en endelig rekapitalisering. Denne foranstaltning er derfor ikke i overensstemmelse med forrentnings- og byrdefordelingsprincipperne i henhold til statsstøttereglerne, hvis den midlertidige rekapitalisering strækker sig over en længere periode. Kommissionen vil gerne have bemærkninger hertil.

Hvad angår foranstaltningens proportionalitet, modtager banken et betydeligt støttebeløb, som kan medføre alvorlige konkurrencefordrejninger, hvis der også tages hensyn til stabilitetsfondens rekapitalisering af bl.a. de tre øvrige store banker i Grækenland. I betragtning af det store støttebeløb og den langvarige redningsperiode er Kommissionen på nuværende tidspunkt i tvivl om, hvorvidt sikkerhedsforanstaltningerne i de nuværende godkendte ordninger, f.eks. forbud mod udbytte, forbud mod at udnytte call-optionerne uden forudgående høring af Kommissionen osv., er tilstrækkelige i forhold til den foreliggende midlertidige rekapitalisering. Kommissionen opfordrer de græske myndigheder, støttemodtageren og andre interesserede parter til at fremsætte bemærkninger hertil. Desuden bemærker Kommissionen, at stabilitetsfonden allerede har udpeget en repræsentant i alle de fire banker, som har fået en midlertidig rekapitalisering, men der foreligger endnu ingen regler, som kan forhindre stabilitetsfonden i at formidle oplysninger mellem

disse banker og foretage en samordning mellem dem. For at kunne føre nøje tilsyn med banken bør Kommissionen kunne benytte en tilsynsførende, der skal være fysisk til stede i banken og notere eventuelle skadelige ændringer i bankens forretningspraksis, såsom forkert prissætning, långivning, som ikke er erhvervsorienteret, eller tilbud om uholdbare rentesatser på indlån. Kommissionen opfordrer støttemodtageren og andre interesserede parter til også at kommentere dette.

Ifølge artikel 14 i Rådets forordning (EF) nr. 659/1999 kan ulovligt udbetalt støtte tilbagesøges hos støttemodtageren.

BREVETS ORDLYD

»The Commission wishes to inform Greece that, having examined the information supplied by your authorities on the aid measure referred to above, it has decided to temporarily approve the measure in the form of a commitment letter and bridge recapitalisation as rescue aid and to initiate the procedure laid down in Article 108(2) of the Treaty on the Functioning of the European Union ("TFEU") in regard to that measure.

1. **PROCEDURE**

(1) In May 2009, EFG Eurobank ("the bank") was recapitalised under the recapitalisation scheme which is part of the "Support Measures for the Credit Institutions in Greece" approved by the European Commission on 19 November 2008 ([2]).

(2) Recital 14 of the decision of 19 November 2008 provided that a restructuring plan needed to be notified to the Commission for the beneficiaries of that recapitalisation scheme. The extent of the restructuring plan for each bank depended on that bank's individual situation.

(3) A plan was submitted to the European Commission by the Greek authorities on 2 August 2010 describing the bank's programme for ensuring long-term viability under the macro-economic assumptions which were relevant at that point in time. That plan, its subsequent updates as well as additional information submitted by the Greek authorities were administratively registered by the Commission services under case SA.30342 (PN 26/2010) and then SA.32789 (2011/PN).

(4) EFG Eurobank has also benefited from aid measures under the guarantee and the bond loan schemes which are part of the "Support Measures for the Credit Institutions in Greece" approved by the European Commission on 19 November 2008 and subsequently prolonged and amended ([3]).

(5) On 20 April 2012, the Hellenic Financial Stability Fund provided EFG Eurobank with a commitment letter to participate in the share capital increase of the bank. On 28 May 2012, a bridge recapitalisation of EFG Eurobank was implemented.

(6) Similar commitment letters have been sent and bridge recapitalisations granted to Alpha Bank (SA.34823 (2012/NN)), National Bank of Greece (SA.34824 (2012/NN)) and Piraeus Bank (SA.34826 (2012/NN)). In May 2012, the Greek authorities notified to the Commission the commitment letters provided to EFG Eurobank (and the other banks) in line with recital 43 of the Commission decision of 6 February 2012 ([4]). As the measure had already been taken, the Commission services registered as a non-notified aid under case SA.34825 (2012/NN).

(7) The Commission notes that Greece accepts that the adoption of the decision be in the English language.

([2]) See Commission decision of 19 November 2008 in State Aid N 560/2008 "*Support Measures for the Credit Institutions in Greece*", OJ C 125, 05.06.2009, p. 6. It was attributed the number SA.26678 (N 560/2008). That scheme was subsequently prolonged and amended (see below under footnote 2).

([3]) On 2 September 2009, Greece notified a number of amendments to the support measures and a prolongation until 31 December 2009 that were approved on 18 September 2009 (See Commission decision of 18 September 2009 in State Aid N 504/2009 "*Prolongation and amendment of the Support Measures for the Credit Institutions in Greece*", OJ C 264, 06.11.2009, p. 5). On 25 January 2010, the Commission approved a second prolongation of the support measures until 30 June 2010 (See Commission decision of 25 January 2010 in State Aid N 690/2009 "*Prolongation of the Support Measures for the Credit Institutions in Greece*", OJ C 57, 09.03.2010, p. 6). On 30 June 2010, the Commission approved a number of amendments to the support measures and an extension until 31 December 2010 (See Commission decision of 30 June 2010 in State Aid N 260/2010 "*Extension of the Support Measures for the Credit Institutions in Greece*", OJ C 238, 03.09.2010, p. 3.). On 21 December 2010 the Commission approved a prolongation of the support measures until 30 June 2010 (See Commission decision of 21 December 2010 in State aid SA 31998 (2010/N) "*Fourth extension of the Support measures for the credit Institutions in Greece*", OJ C 53, 19.02.2011, p. 2). On 4 April 2011 the Commission approved an amendment (See Commission decision of 4 April 2011 in State Aid SA.32767 (2011/N) "*Amendment to the Support Measures for the Credit Institutions in Greece*", OJ C 164, 02.06.2011, p. 8). On 27 June 2011 the Commission approved a prolongation of the support measures until 31 December 2011 (See Commission decision of 27 June 2011 in State aid SA.33153 (2011/N) "*Fifth prolongation of the Support measures for the credit Institutions in Greece*", OJ C 274, 17.09.2011, p. 6). On 6 February 2012, the Commission approved a prolongation of the support measures until 30 June 2012 (See Commission decision of 6 February 2012 in State aid SA.34149 (2011/N) "*Sixth prolongation of the Support Measures for the Credit Institutions in Greece*", OJ C 101, 04.04.2012, p. 2. On 6 July 2012, the Commission approved a prolongation of the support measures until 31 December 2012 (See Commission decision of 6 July 2012 in State Aid case SA.35002 (2012/N) - Greece "*Seventh prolongation of the Support Scheme for Credit Institutions in Greece*", not yet published.

([4]) See Commission decision of 6 February 2012 in State Aid SA.34148 (2011/N) "*Third prolongation of the Recapitalisation of credit institutions in Greece under the Financial Stability Fund (FSF)*", OJ C 101, 04.04.2012, p. 2. Recital 43 of the decision provides that the Greek authorities will '*notify individually any recapitalisation of a bank which has already received a recapitalisation from the State in the current crisis. The Commission notes that commitment will allow it to assess individually recapitalisation of banks which receive successive aid. It is important, as, in such cases, it has to be assessed more in detail whether an additional recapitalisation of the bank is the best option to preserve financial stability and limit distortions of competition. In such cases of successive aid, it has also to be verified whether the recapitalisation instrument and remuneration to be used by the HFSF are still appropriate*'.

2. DESCRIPTION

2.1. General context of the Greek banking sector

(8) As regards the performance of their assets and resulting capital needs, the Greek banks face the double challenge of high losses on their holding of Greek government bonds (GGBs) and a deep and protracted recession which has given rise to a rapidly raising default rate on loans to Greek households and companies ([5]).

(9) Greek banks have participated in the private sector bond exchange, known as Private Sector Involvement – PSI. The first decision on the PSI, envisaging a 21% write-down on GGBs, was taken in the European Council of 21 July 2011. PSI-II was put forward by the Euro-area Member States on 26 October 2011 and envisaged a bond exchange with a nominal discount of around 50% on notional Greek debt held by private investors. In February 2012, Greece put in place PSI-II and announced the results on 9 May 2012. The debt exchange resulted in significant additional losses and capital needs for the Greek banks. At that time, Euro-area Member States decided that additional financing to Greece would include the recapitalisation of Greek banks ([6]).

(10) As regards the liquidity position of the Greek banks, it has continued to tighten. Domestic deposits decreased markedly in 2011 (-18%) due to recession and political uncertainty. As Greek banks are shut out from wholesale funding markets, they are entirely dependent on Central Bank financing, a growing portion of which is in the form of emergency liquidity assistance.

(11) Since the Greek banks were expected to face substantial capital shortfalls as a result of the PSI-II and the continuing recession, the Memorandum of Economic and Financial Policies of the Second Adjustment Programme for Greece between the Greek Government, the European Union, the International Monetary Fund and the European Central Bank dated 11 March 2012 has made available funds for the banks' recapitalisation. Total bank recapitalisation needs and resolution costs to be financed under that programme are estimated at EUR 50 billion ([7]). An amount of EUR 25 billion was made available upfront to deal with recapitalisation needs arising from PSI and the estimated funding gap due to resolutions ([8]). The funds are available through the Hellenic Financial Stability Fund.

(12) According to the Memorandum of Economic and Financial Policies, "banks submitting viable capital raising plans will be given the opportunity to apply for and receive public support in a manner that preserves private sector incentives to inject capital and thus minimizes the burden for taxpayers" ([9]). The recapitalisation of the Greek banking sector has to be carried out by the end of September 2012, in order for banks to comply with a Core Tier 1 ratio of 9 % by September 2012 and of 10 % by June 2013.

2.2. Description of the Schemes put in place by greece during the financial crisis

2.2.1. *Description of the Support Measures for the Credit Institutions in Greece introduced in 2008*

(13) On 19 November 2008, the Commission approved the "Support Measures for the Credit Institutions in Greece" ([10]) designed to ensure the stability of the Greek financial system. The Greek package of State aid measures for credit institutions included (i) a recapitalisation scheme, (ii) a guarantee scheme, and (iii) a government bond loan scheme. The Commission subsequently approved amendments to those measures and prolonged them several times ([11]).

2.2.2. *Description of the recapitalisation scheme for credit institutions in Greece under the Hellenic Financial Stability Fund*

(14) The Memorandum of Understanding on Specific Economic Policy Conditionality between the Greek Government, the European Union, the International Monetary Fund and the European Central Bank dated 3 May 2010 provided for the establishment of the Hellenic Financial Stability Fund (HFSF). The objective of the HFSF is to safeguard the stability of the Greek banking system by providing equity capital to credit institutions ([12]). On 3 September 2010, the Commission approved the HFSF as a recapitalisation scheme in line with the rules on support schemes for the financial sector during the crisis ([13]) and prolonged it several times ([14]). The Commission approved the most recent prolongation of the HFSF recapitalisation scheme on 6 February 2012 until 30 June 2012 ([15]). The

([5]) European Commission – Directorate-General Economic and Financial Affairs. *The Second Economic Adjustment Programme for Greece - March 2012*, p. 17, available online at http://ec.europa.eu/economy_finance/publications/occasional_paper/2012/pdf/ocp94_en.pdf.

([6]) See the Euro Summit Statement of 26 October 2011, point 12, available online at: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/125644.pdf.

([7]) European Commission - Directorate General Economic and Financial Affairs. *The Second Economic Adjustment Programme for Greece - March 2012*, p. 106.

([8]) International Monetary Fund, *Greece: Request for Extended Arrangement Under the Extended Fund Facility - Staff Report*, IMF Country Report No. 12/57, 16 March 2012, p. 28, available online at http://www.imf.org/external/pubs/ft/scr/2012/cr1257.pdf.

([9]) European Commission-Directorate General Economic and Financial Affairs. *The Second Economic Adjustment Programme for Greece - March 2012*, p. 104.

([10]) See Commission decision of 19 November 2008 in State Aid N 560/2008 "*Support Measures for the Credit Institutions in Greece*", OJ C 125, 05.06.2009, p. 6.

([11]) See footnote 3.

([12]) HFSF operates in parallel with the Recapitalisation Scheme. The other new role of the HFSF is to provide capital support to transitional credit institutions established under the resolution framework in Greece (Article 63 of Law 3601/2007). The HFSF's role in the resolution process was not subject to the Commission's approval.

([13]) See Commission Decision of 3 September 2010 in State aid Case N 328/2010, "*Recapitalisation of Credit Institutions in Greece under the Financial Stability Fund (FSF)*", OJ C 316, 20.11.2010, p. 7.

([14]) See Commission Decision of 14 December 2010 under State aid case SA.31999 (2010/N), "*Prolongation of the Recapitalisation of credit institutions in Greece under the Financial Stability Fund (FSF)*", OJ C 62, 26.02.2011, p. 16. See Commission decision of 27 June 2011 in State Aid case SA.33154 (2010/N), "*Second prolongation of the Recapitalisation of credit institutions in Greece under the Financial Stability Fund (FSF)*", OJ C 244, 23.08.2011, p. 2.

([15]) See Commission decision of 6 February 2012 in State Aid SA.34148 (2011/N) "Third prolongation of the Recapitalisation of credit institutions in Greece under the Financial Stability Fund (FSF)", OJ C 101, 04.04.2012, p. 2.

HFSF Law has subsequently been amended as regards the recapitalisation scheme. The provisions referred to below were in place when the commitment letter was sent and the bridge recapitalisation took place. Since the later amendments were adopted after the date of the Commission's most recent decision on the HFSF recapitalisation scheme, they were not part of the Commission's approval at the time.

Provisions of the HFSF Law

(15) A credit institution whose viability has been confirmed by the Bank of Greece may submit a request to the HFSF for capital support, following an instruction from the Bank of Greece.

(16) A credit institution's request for the provision of capital support must be accompanied by the following documents:

a) a business plan, that shows how the credit institution will ensure viability for the next three to five years under conservative/prudent assumptions and that has been assessed as sustainable and credible by the Bank of Greece, establishing the amount of the required capital support and detailing the measures that the credit institution intends to take so as to safeguard and strengthen its solvency as soon as possible, in particular by increasing its capital (including through capital support from the HFSF), sale of parts of the credit institution, and/or restoring its profitability through cost-cutting, reducing risks or securing support from other companies within its group; and

b) a detailed timetable for the implementation of the measures described in the business plan.

(17) Following the finalisation of the terms and conditions of the share capital increase, the HFSF will provide capital support in compliance with the EU State aid legislation.

(18) The credit institution must prepare a detailed restructuring plan or amend the plan already submitted to the European Commission, in accordance with the applicable EU State aid rules. The restructuring plan will be approved by the HFSF. Within three months from the provision of capital support, the Ministry of Finance must submit the restructuring plan to the European Commission for approval.

(19) The implementation period of the restructuring plan may not exceed three years. An extension of up to two years may be granted by decision of the HFSF, following consultation with the Bank of Greece and subject to approval by the European Commission.

(20) Until the share capital increase is finalised, the relevant HFSF legal framework specifies that the HFSF may provide two temporary solutions as capital support:

I. A commitment letter;

II. A bridge recapitalisation.

I. COMMITMENT LETTERS PROVIDED BY THE HFSF

(21) The HFSF, upon a decision of the Bank of Greece, may provide a credit institution with a letter stating that it will participate in that bank's share capital increase (hereinafter "commitment letter"). That credit institution (i) has to be assessed as viable by the Bank of Greece and (ii) has to submit a request for capital support to the HFSF.

(22) The HFSF provides the commitment letter on condition that:

a) the business plan of the credit institution has been assessed as viable and credible by the Bank of Greece,

b) the request for capital support has been approved by the Bank of Greece,

c) the Bank of Greece has considered that the provision of that letter is necessary for the credit institution:

i. to continue operating on a going concern basis;

ii. to meet the current capital adequacy requirements set up by the Bank of Greece ([16]); and

iii. to maintain the financial stability of the Greek banking system.

(23) For a credit institution for which the HFSF has issued a commitment letter and until the completion of the share capital increase, the HFSF:

a) appoints up to two representatives in the Board of Directors of the credit institution;

b) may request from the credit institution any data and information which it considers necessary, e.g. due diligence.

(24) The HFSF's representative in the Board of Directors of the credit institution has the following rights:

a) to call the General Assembly of Shareholders;

b) to veto any decision of the credit institution's Board of Directors:

i. regarding the distribution of dividends and the bonus policy concerning the Chairman, the Managing Director and the other members of the Board of Directors, as well as the general managers and their deputies; or

ii. where the decision in question could seriously compromise the interests of depositors, or impair the credit institution's liquidity or solvency or its overall sound and smooth operation (e.g. business strategy, asset/liability management, etc.);

c) to request an adjournment of any meeting of the credit institution's Board of Directors for three business days, until instructions are given by the HFSF's Executive Board, following consultation with the Bank of Greece;

d) the right to request that the Board of Directors of the credit institution be convened;

e) the right to approve the Economic Director.

([16]) The current capital adequacy requirements of the Bank of Greece are set at 8 %.

(25) In exercising its rights, the HFSF's representative in the Board of Directors must respect the credit institution's business autonomy.

II. BRIDGE RECAPITALISATIONS PROVIDED BY THE HFSF

(26) In view of its participation in the future capital increase of a credit institution that has been deemed viable by the Bank of Greece, the HFSF may advance its contribution (hereinafter "bridge recapitalisation") to such an increase or part thereof, up to the amount specified by the Bank of Greece.

(27) The bridge recapitalisation is paid by the HFSF to the bank in the form of European Financial Stability Fund (EFSF) floating notes with maturities of six and ten years with an issue date of 19 April 2012.

(28) The EFSF notes are deposited into an account of the credit institution with the Bank of Greece exclusively for the purpose of the HFSF participation in the capital increase. The EFSF notes can be used only for the purpose of ensuring liquidity through repurchase transactions with market participants or/and through Euro-system operations.

(29) The terms of the bridge recapitalisation are enshrined into a pre-subscription agreement agreed between the credit institution, the HFSF and the EFSF.

(30) For the period between the date of the bridge recapitalisation and the date of the conversion of the bridge recapitalisation into ordinary shares and other convertible financial instruments (hereinafter "conversion into the final recapitalisation instruments"), the pre-subscription agreement provides that:

a) the bank must pay to the HFSF a 1% annual fee on the nominal value of the EFSF notes;

b) any coupon payments and accrued interest to the EFSF notes for that period will count as additional capital contribution by the HFSF ([17]).

(31) The HFSF grants the bridge recapitalisation following a decision of the Bank of Greece, provided that:

a) The credit institution has submitted to the HFSF an application for capital support, accompanied by a business plan and a detailed timetable;

b) The application for capital support has been approved by the Bank of Greece, while the business plan has been assessed by the Bank of Greece as being viable and credible;

c) The Bank of Greece considers that the bridge recapitalisation is necessary in order for:

i. the credit institution to meet the capital adequacy requirements set up by the Bank of Greece;

ii. the credit institution to maintain access to the monetary policy operations of the Euro-system; and

iii. to ensure the stability of the Greek banking system;

d) The credit institution has agreed with the HFSF and the EFSF a presubscription agreement for the capital increase.

(32) The Minister of Finance, following an opinion of the HFSF, may decide to provide additional corporate governance safeguards until the conversion into the final recapitalisation instruments.

2.3. **Beneficiary**

(33) EFG Eurobank Ergasias Group ("the Group"), composed of EFG Eurobank Ergasias SA and its subsidiaries, is a European banking organisation offering universal banking services across eight countries. The Group offers a full range of banking and financial products and services to households and enterprises. It is active in retail, corporate and private banking, asset management, insurance, treasury, capital markets and other services. EFG Eurobank is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Group operates mainly in Greece and in Central, Eastern and South-eastern Europe. At the end of 2011, the Group employed 19 156 people, 9 319 in Greece and 9 837 in South Eastern Europe.

(34) The Group participated in the PSI programme exchanging GGBs and other eligible securities of face value of around EUR 7.3 billion. In that framework, the total PSI-impairment charge amounted to around EUR 5.8 billion before tax, entirely booked in 2011 accounts.

(35) The key figures of the Group in December 2010, December 2011 and Q1 of 2012 (consolidated data) are:

Selective Volume figures (EUR million)	31 March 2012	31 December 2011	31 December 2010
Net Interest Income	451	2,039	2,103
Total Operating Income	568	2,456	2,730
Total Operating Expenses	293	1,198	1,280
Pre Provision Income	275	1,258	1,450
Impairment Losses	365	1,333	1,273

([17]) The pre-subscription agreement provided that: "The Effective Risk payable to the Bank shall include the EFSF bonds and any coupon payments and accrued interest to the EFSF bonds for the period from the issuance of the bonds until the conversion of the Advance into share capital and other convertible financial instruments as prescribed herein".

Selective Volume figures (EUR million)	31 March 2012	31 December 2011	31 December 2010
Net Profit/Loss before PSI and one-offs	—	(29)	113
Net Profit/Loss	(236) (*)	(5,508) (**)	68
Total Gross Loans	50,515	51,491	53,412
Total Deposits	31,591	32,459	41,173
Total Assets	73,587	76,822	87,188
Total Equity	482	875	6,094

Source: *EFG Eurobank-Press Release, Full Year 2011Results, p. 5 and 6, available on line at*: http://www.eurobank.gr/Uploads/pdf/AFY2011%20Results%20Press%20Release.pdf *and EFG Eurobank-Press Release, First Quarter 2012 Financial Results p. 4 and 5, available on line at* http://www.eurobank.gr/Uploads/pdf/1Q2012%20Results%20Press%20Release.pdf.

(*) after impairment of GGBs

(**) after PSI and one-offs

2.4. **State recapitalisation already received by the bank**

(36) In May 2009, EFG Eurobank received a capital injection of EUR 950 million, equivalent to around 2 % of its risk weighted assets ("RWA") at the time from the Greek State under the recapitalisation scheme.

(37) The recapitalisation took the form of preference shares subscribed by the State which have a fixed remuneration of 10 %.

2.5. **State liquidity support already received by the bank**

(38) EFG Eurobank has benefited and still benefits from aid measures under the guarantee and the bond loan schemes which are part of the "Support Measures for the Credit Institutions in Greece". As of 22 May 2012 ([17]), the guarantees granted to the bank amounted to around EUR 17.8 billion. The bank has been allocated around EUR 2.9 billion under the bond loan scheme which, according to the information submitted by the Greek authorities in the mid-term report, has not been granted ([18]). The bank has benefited and still benefits also from the emergency liquidity assistance granted by the Bank of Greece.

3. **DESCRIPTION OF THE AID MEASURE**

(39) Following its participation in the PSI, which was booked retrospectively in the account of the fourth quarter of 2011, the capital of EFG Eurobank diminished significantly.

(40) On 20 April 2012, the HFSF provided a letter committing to participate for an amount of up to EUR 4.2 billion in the planned share capital increase of EFG Eurobank. The commitment for that support would bring the Group's Total Adequacy Ratio above 8 % ([19]) […] (*).

(41) On the basis of the obligation already undertaken in the commitment letter, the HFSF advanced EUR 3.97 billion to EFG Eurobank on 28 May 2012, in line with the provisions for bridge recapitalisations laid down in the HFSF Law. Both the amounts provided in the commitment letter and in the bridge recapitalisation were calculated by the Bank of Greece in order to ensure the bank's compliance with the current capital adequacy requirements. Therefore, in the balance sheet of 31 March 2012, EFG Eurobank registered a capital adequacy ratio of 9 % and a Core Tier 1 of 7.9 %.

(42) The difference of EUR 230 million between the amounts included in the commitment letter and the bridge recapitalisation arises from the fact that the amount in the commitment letter was estimated based on the financial figures of the fourth quarter of 2011, while the amount of bridge recapitalisation was determined based on the financial figures of the first quarter of 2012.

(43) The amount of bridge recapitalisation represents around 9.4% of EFG Eurobank's RWA as of 31 March 2012 ([20]). With the preference shares injected in May 2009, the amount of aid received by EFG Eurobank in forms other than guarantees and liquidity assistance stands at around 11.4 % of the bank's RWA.

4. **THE POSITION OF GREECE**

(44) The Greek authorities acknowledged that the commitment to provide capital to EFG Eurobank contained in the letter provided to the bank constitutes State aid.

([17]) According to the mid-term report on the operation of the guarantee and the bond loan schemes submitted by the Ministry of Finance on 27 June 2012. See recital 38 of the Commission decision of 6 February 2012 in State aid SA.34149 (2011/N) "*Sixth prolongation of the Support Measures for the Credit Institutions in Greece*", OJ C 101, 04.04.2012, p. 2.

([18]) As at 31 December 2011, the special Greek Government bonds borrowed by the Bank matured and were not renewed. See note 4 to the Consolidated Statements for EFG Eurobank, Annual Financial Report for the year ended 31 December 2011.

([19]) See p. 2 of the Director's Report and Note 6 on page 19 of the Notes to the Consolidated Statements for EFG Eurobank, Annual Financial Report for the year ended 31 December 2011 also available online at: http://www.eurobank.gr/Uploads/pdf/REPORT2011tT4%20SITE.PDF.

(*) Confidential information also indicated below by […].

([20]) The amount of RWA as of 31 March 2012 stood at EUR 42.253 billion.

(45) The Greek authorities consider that the measures are compatible with the internal market under Article 107(3)(b) of the Treaty on the Functioning of the European Union ("TFEU").

5. ASSESSMENT OF THE AID

5.1. Existence of aid in the form of the commitment letter and bridge recapitalisation

(46) As stated in Article 107(3)(b) TFEU any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market.

(47) The Commission notes that the commitment letter provided by the HFSF on 20 April 2012 firmly commits the HFSF to recapitalise the bank. HFSF receives its resources from the State. The HFSF has a limited duration up to 2017, and so any profit or loss it incurs will eventually be borne by the State. The Commission therefore concludes that the letter commits State resources and that the bridge recapitalisation involves State resources. The circumstances in which the HFSF can grant support to financial institutions are precisely defined and limited by the Law. Accordingly the use of those State resources is imputable to the State.

(48) As regards the existence of an advantage, the commitment letter already granted an advantage to the bank. […]. The bridge recapitalisation finalised on 28 May 2012 is the implementation of the obligation undertaken in the commitment letter and thus a continuation of the same aid. The bridge recapitalisation in the form of EFSF notes increased the bank's capital ratio to a level that allows the functioning of the bank on the market and access to Eurosystem operations. Therefore, the bridge recapitalisation also granted an advantage to the bank from State resources.

(49) As a result, the position of the beneficiary was strengthened since the bank was provided with the financial resources to continue to comply with the capital requirements, thus leading to competition distortions. As the bank is active in other European financial markets and as financial institutions from other Member States operate in Greece, the bridge recapitalisation by the HFSF is also likely to affect trade between Member States.

(50) The bridge recapitalisation in essence implements the commitment contained in the HFSF letter to EFG. The Commission considers that the commitment letter and the bridge recapitalisation refer to one and the same measure. The Commission will hereafter refer to 'the measure' and only make reference to the bridge recapitalisation when necessary.

5.2. Compatibility of the aid

5.2.1. *Application of Article 107(3)(b) TFEU*

(51) Article 107(3)(b) TFEU provides for the possibility that State aid can be regarded as compatible with the internal market where it is granted "*to remedy a serious disturbance in the economy of a Member State*".

(52) The Commission has acknowledged that the global financial crisis can create a serious disturbance in the economy of a Member State and that measures supporting banks are apt to remedy that disturbance. The Commission explained its approach in the Banking Communication ([21]), the Recapitalisation Communication ([22]) and the Restructuring Communication ([23]). The Commission still considers that requirements for State aid to be approved pursuant to Article 107(3)(b) TFEU are fulfilled in view of the reappearance of stress in financial markets. The Commission confirmed that view by adopting the 2011 Prolongation Communication in December 2011 ([24]).

(53) In respect to the Greek economy, the Commission has acknowledged in its successive approval of the Greek support schemes for credit institutions that there is a threat of serious disturbance in the Greek economy and that State support of banks is suitable to remedy that disturbance. Such a threat is even greater here as EFG Eurobank is a large bank. Therefore, the legal basis for the assessment of the aid measure should be Article 107(3)(b) TFEU.

5.2.2. *Compatibility of the aid measure under Article 107(3)(b) TFEU*

(54) In line with point 15 of the Banking Communication, in order for an aid to be compatible under Article 107(3)(b) TFEU it must comply with the general criteria for compatibility ([25]):

a) *Appropriateness*: The aid has to be well-targeted in order to be able to effectively achieve the objective of remedying a serious disturbance in the economy. It would not be the case if the measure were not appropriate to remedy the disturbance.

b) *Necessity*: The aid measure must, in its amount and form, be necessary to achieve the objective. Therefore it must be of the minimum amount necessary to reach the objective, and take the form most appropriate to remedy the disturbance.

c) *Proportionality*: The positive effects of the measure must be properly balanced against the distortions of competition, in order for the distortions to be limited to the minimum necessary to reach the measure's objectives.

([21]) Communication from the Commission "The application of State aid rules to measures taken in relation to financial institutions in the context of the current global financial crisis" OJ C 270, 25.10.2008, p. 8.

([22]) Commission Communication "Recapitalisation of financial institutions in the current financial crisis: limitation of the aid to the minimum necessary and safeguards against undue distortions of competition", OJ C 10, 15.1.2009, p. 2.

([23]) Commission Communication "The return to viability and the assessment of restructuring measures in the financial sector in the current crisis under the State aid rules", OJ C 195, 19.8.2009, p. 9.

([24]) Communication from the Commission on the application, from 1 January 2012, of State aid rules to support measures in favour of banks in the context of the financial crisis, OJ C 356, 6.12.2011, p. 7.

([25]) See recital 41 of Commission decision in Case NN 51/2008 Guarantee scheme for banks in Denmark, OJ C 273, 28.10.2008, p. 2.

(55) The Recapitalisation Communication elaborates further on the three principles of the Banking Communication and states that recapitalisations can contribute to the restoration of financial stability.

(56) The Commission has doubts on the application of all three criteria i.e. the criteria of "*appropriateness*", "*necessity*" and "*proportionality*".

5.2.3. *Compatibility with the Banking and Recapitalisation Communications*

a. *Appropriateness of the measure*

(57) The measure aims to help the bank to comply with the current regulatory capital requirements of the Bank of Greece, i.e. a total capital adequacy ratio of 8%. In addition, in order to be eligible for Central bank financing a bank has to comply with the regulatory capital requirements. In the present case, the measure helps the bank to remain eligible to obtain Central bank liquidity until the final recapitalisation of the bank takes place.

(58) In that respect, the Commission notes that the bank is one of the largest banking institutions in Greece, both in terms of lending and collection of deposits. As such, EFG Eurobank is a systemically important bank for Greece. Consequently, a default of the bank would create a serious disturbance in the Greek economy. Under the current circumstances where all financial institutions in Greece have difficulties in accessing funding, which limits to a certain extent the provisions of loans to the Greek economy, the disturbance to the economy would be aggravated by such a default. Moreover, the Commission notes that the measure came about mainly as a result of PSI, a highly extraordinary and unpredictable event and not as a result of mismanagement or excessive risk-taking from the banks. The measure thereby aims to mainly deal with the results of PSI and contribute to maintain financial stability in Greece. For those reasons, the measure would at first seem appropriate.

(59) However, the Commission notes that the aid comes after prior recapitalisations and liquidity aid. The Commission can therefore not treat the aid as rescue aid received for the first time by a company. That context of repeated rescue aid measures requires additional safeguards. The context of a protracted rescue period blurs the distinction between rescue aid - which is normally temporarily approved without the Commission seeking many commitments from the Member State restraining the beneficiary's actions during the rescue period - and restructuring aid which is approved only after a thorough assessment. In particular, the Commission doubts at this stage that all the measures possible have been taken immediately to avoid that the bank again needs aid in the future.

(60) There is no clarity at this stage about who will control the bank in the future once the bridge recapitalisation is replaced by a permanent recapitalisation. The bank may either come under the control of the State or the minority private owners may enjoy control and high leverage. The Commission would wish to ensure that the quality of the bank's management, and notably its lending process, should not deteriorate in either case.

(61) If the bank comes under State control, the bank should not suffer from poor management or mispricing or carry out lending that was not business-oriented. The bank's assessment of credit applications has to include, inter alia, the quality of collateral, the pricing and the solvency of the borrower. If such decisions were no longer taken on the basis of commercial criteria due to, for instance, State interference, it would increase the bank's need for aid (or reduce the remuneration for the shareholder i.e. the State) and endanger the restoration of viability. In light of the poor track record of some State-controlled banks in Greece, additional safeguards might have to be put in place in order to limit the public interference in the day-to-day management of banks, including regarding pricing and lending decisions. In that respect, lending to public companies should be scrutinised and normal commercial practices applied in the assessment of their borrowing capacity. The Commission has doubts, at this stage, whether the current corporate governance framework can limit public interference and coordination (coordination due to the high amounts of State aid provided by the HFSF which thus becomes a shareholder in several banks which may, inter alia, lead to an infringement of the EU rules in mergers and anti-trust).

(62) If, conversely, the majority of the voting rights of the bank were held in the future by an investor which had invested only a limited amount of money and enjoyed call options on the shares held by the State, that investor might be tempted to take excessive risks. In such a scenario, in case of success it would earn a large and disproportionate return thanks to the leverage offered by the call options. The Commission notes that the current situation of the bank already presents such a risk as, while the State has provided all the capital to the bank through the bridge recapitalisation, all the regular shares of the bank are held by its historical shareholders

(63) In conclusion, there is a risk that the way the bank is managed will deteriorate and it could endanger the restoration of viability and preservation of financial stability. In the absence of clarity about who will own and control the bank in the future, the Commission has doubts at this stage that the aid measure is appropriate. The Commission therefore finds it necessary to open the procedure under Article 108(2) TFEU on that new aid in order to collect all the facts from the Greek authorities and allow interested parties to comment.

b. *Necessity – limitation of the aid to the minimum*

(64) According to the Banking Communication, the aid measure must, in its amount and form, be necessary to achieve the objective. Thus the capital injection must be of the minimum amount necessary to reach the objective.

(65) As regards the amount of aid, the Commission notes that it was calculated in order to ensure the bank's compliance with the current capital adequacy requirements of the Bank of Greece. It therefore does not seem to provide the bank with excess capital. However, as indicated above, that aid comes after several other aid measures in the context of a protracted rescue period. In particular, as indicated above, the Commission doubts at this stage that all the measures possible have been taken to avoid that the bank again needs aid in the future.

(66) As regards the remuneration of the aid, the Commission notes that, for the period until the conversion of the bridge recapitalisation into a permanent recapitalisation, the HFSF will receive a fee of 1 % plus the accrued interest on the EFSF notes. It will not receive any shares in the bank. That remuneration is below the range of 7 % to 9 % laid down in the Recapitalisation Communication. At this stage, the duration of the bridge recapitalisation period is uncertain. If it is sufficiently short, the Commission might be able to take into account the specific characteristics of the bridge recapitalisation and the context in which it was granted, and so to accept the lower remuneration. It is indeed recalled that the bridge recapitalisation aims at immediately covering the large capital gap which was the result of the PSI, while leaving some time to the bank to try to raise capital on the market (and thereby reduce the amount of recapitalisation aid which would have to be permanently injected in the bank). Accordingly, the bridge recapitalisation seems acceptable if it is truly a short-term solution to give time to find private investors. However, it would become problematic if it remains in its current form for a long period without being converted. In conclusion, given that at this stage the duration of the bridge recapitalisation is uncertain, the Commission has doubts that its remuneration is sufficient.

(67) The bridge recapitalisation will be converted into a permanent recapitalisation at a later stage. However, as regards the remuneration of the aid once the bridge recapitalisation is converted into a permanent one, the terms of the conversion are still unknown. The Commission can therefore not assess them at this stage. The present decision cannot therefore endorse them and the Greek authorities must notify that measure once the terms of the final recapitalisation are known.

(68) The Commission notes that the bridge recapitalisation does not trigger the dilution of the bank's current shareholders. Until the conversion into the final recapitalisation instruments, the bank's economic and legal ownership does not change. The State does not receive any shares, despite the large size of the recapitalisation (without the State recapitalisation there would be almost no capital left in the bank as a result mainly of the extraordinary consequences triggered by the PSI). While such an arrangement could be acceptable as a temporary measure, to give some time to find private investors, it would not comply with the remuneration and burden-sharing principles under State aid rules if the bridge recapitalisation were to last over a protracted period.

c. *Proportionality – measures limiting negative spill-over effects*

(69) The Commission notes that the bank receives a very large amount of State aid. It is also the case of the three other large privately-owned banks. If one also takes into account the recapitalisations of Agricultural Bank of Greece (ATE) ([26]) and Hellenic Postbank (TT) ([27]), all the domestic large and medium-sized banks in Greece will have received large amount of State aid. That situation may therefore lead to serious distortions of competition. However, it is noted that the need for the bridge recapitalisation stems mainly from the participation in the PSI programme and not from the mismanagement or excessive risk-taking from the existing investors.

(70) As indicated above, the repeated rescue aid granted to the bank means that the new aid cannot be considered as a genuine rescue aid and should be scrutinized in more depth. In addition, more safeguards should be required, taking inspiration from what is required for restructuring aid.

(71) Point 38 of the Banking Communication requires that capital injections should not allow the beneficiary to engage in aggressive commercial strategies. Furthermore, point 37 of the Recapitalisation Communication acknowledges that safeguards may be necessary to prevent aggressive commercial expansion financed by State aid. Under the current approved schemes, Greece has committed that the beneficiary banks will suspend dividend and coupon payments on outstanding hybrid instruments unless those payments stem from a legal obligation, will not exercise a call option on the same instruments and will not carry out any other capital management deals (e.g. buy-back) on hybrid instruments or any other equity-like instruments without consulting with the Commission in advance. The Commission doubts at this stage that those safeguards are sufficient in relation to the bridge recapitalisation under consideration. The Commission invites the beneficiary and third parties to comment on that issue.

(72) The Commission notes that the HFSF has already appointed its representatives in all of the four banks which have received a bridge recapitalisation. The HFSF representatives are different for each bank and the HFSF does not yet have control in the four banks. Nevertheless, the Commission notes that there are no rules in place that prevent the HFSF from carrying out coordination between them. Moreover, adequate safeguards should be in place to ensure that commercially sensitive information is not

([26]) ATE, a State-owned bank was the fifth-largest banking group in Greece in 2011. It has received State aid under the support measures for credit institutions in Greece in the form of recapitalisation, guarantees and bond loans.

([27]) TT was listed on the Athens Stock Exchange in June 2006. It has a network of 146 branches in 65 cities around the country and it operates also in the 850 Hellenic Post offices. The shareholders' structure includes the Greek State which is the biggest shareholder with a participation of 34 % and the Hellenic Post with 10 %. Hellenic Postbank received a State capital injection under the Support scheme for credit institutions in Greece of approximately EUR 225 million.

shared between those undertakings which could lead to distortions of competition. In order to monitor the bank closely, it seems appropriate that the Commission should be able to rely on a monitoring trustee which would be physically present in the bank. The same monitoring trustee might have in its mandate to observe any detrimental changes in the bank's commercial practices, such mispricing, carrying out lending that is not business-oriented or offering unsustainable interest rates on deposits. The Commission invites the beneficiary and third parties to comment.

(73) The Commission notes that the restructuring plan/viability review submitted under State aid cases SA.30342 (PN 26/2010) – "Assessment of the recapitalised Greek banks" and SA.32789 (2011/PN) – "Viability plan of EFG Eurobank" was based on a much lower amount of aid and outdated macro-economic assumptions. For example, it does not include the effect of PSI. Therefore, the Commission requests the Greek authorities that the updated restructuring plan that Greece has to submit three months from the date of the bridge recapitalisation, as also provided under the amended HFSF law, should take account of the large aid amount received, include the new developments and update the measures envisaged by the bank to cope with the new environment.

5.3. **Conclusion**

(74) The Commission has doubts at this stage that the bridge recapitalisation by the HFSF is appropriate, limited to the minimum and proportionate. On that basis, the Commission has doubts whether the aid can be considered compatible with the internal market pursuant to Article 107(3)(b) TFEU. It therefore finds it necessary to open the procedure laid down in Article 107(3)(b) TFEU.

(75) At the same time, the Commission notes that the Greek banks are currently operating under extreme conditions. Their participation in the PSI and the deep recession have wiped out banks' capital. Given those totally exceptional circumstances which are not the result of the banks' own mismanagement or excessive risk-taking, the Commission approves the aid in the form of the commitment letter and the bridge recapitalisation for six months from the date of adoption of the current decision.

(76) The Commission recalls that this temporary approval does not cover the conversion of the bridge recapitalisation into the final recapitalisation which the Greek authorities need to notify to the Commission. Upon the receipt of the complete notification of that conversion, if it is received by the Commission within six months from the date of this decision, the duration of that approval will be automatically extended until the Commission reaches a final decision on those terms.

(77) The Commission observes that Greece has to submit a restructuring plan for the bank three months after granting the bridge recapitalisation.

6. **DECISION**

The Commission concludes that the commitment to provide capital to the bank in the HFSF commitment letter and the bridge recapitalisation which took place on 28 May 2012 constitutes State aid pursuant to Article 107(1) TFEU.

The Commission temporarily approves that measure as rescue aid for reasons of financial stability for a period of six months from the date of this decision. If within that period, the Greek authorities submit a complete notification of the conversion of the bridge recapitalisation into a final recapitalisation, then the duration of the approval will be automatically extended until the Commission reaches a final decision on those terms.

Moreover, in the light of the foregoing considerations, the Commission, acting under the procedure laid down in Article 108(2) of the Treaty on the Functioning of the European Union, requests Greece to submit its comments and to provide all such information as may help to assess the aid measure, within one month of the date of receipt of this letter. It requests your authorities to forward a copy of this letter to EFG Eurobank immediately.

The Commission notes that Greece accepts for reasons of urgency that the adoption of the decision be in the English language.

The Commission warns Greece that it will inform interested parties by publishing this letter and a meaningful summary of it in the *Official Journal of the European Union*. It will also inform interested parties in the EFTA countries which are signatories to the EEA Agreement, by publication of a notice in the EEA Supplement to the *Official Journal of the European Union* and will inform the EFTA Surveillance Authority by sending a copy of this letter. All such interested parties will be invited to submit their comments within one month of the date of such publication.«