EUROPEAN COMMISSION

Brussels, 16.05.2012
C (2012) 3256 final

**Subject: State aid No SA.34115 (2012/NN) – Greece**
**Resolution of T Bank**

Sir,

## 1. PROCEDURE

(1) In autumn 2011, the Commission became aware of plans of the Greek authorities to resolve T Bank SA ("T Bank").

(2) On 17 December 2011 the Bank of Greece ("BoG") proceeded with the resolution of T Bank.

(3) On 4 January 2012 the Commission services asked the Greek authorities whether they intended to notify that resolution. On 16 January the Greek authorities indicated that they considered that it did not involve State aid.

(4) On 31 January 2012, the Commission services asked the Greek authorities to submit information regarding the resolution of T Bank.

(5) On 7 March 2012, the Greek authorities submitted information to the Commission services.

(6) On 26 April 2012, the Commission services asked the Greek authorities to submit further information regarding the resolution of T Bank.

(7) On 2 May 2012, the Greek authorities submitted information to the Commission services and informed the Commission services that Greece accepts the adoption of the Decision in the English language.

(8) On 4 May 2012, the Commission services asked the Greek authorities to submit further information regarding the resolution of T Bank.

(9) On 8 May 2012, the Greek authorities submitted further information to the Commission services.

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## 2. DESCRIPTION

### 2.1 T Bank

(10) T Bank is the rebrand of Aspis Bank. Aspis Bank was established in 1992. In April 2010, Hellenic Postbank acquired 32.9% of the share capital of Aspis Bank for an amount of EUR 28.56 million. After that acquisition Aspis Bank was rebranded T-Bank.

(11) At the time of acquisition, Aspis Bank was in a difficult situation. Two of its shareholders, i.e. the insurance companies Commercial Value and Aspis Pronia Group, had had their insurance licenses withdrawn. Moreover, Aspis Bank was in a poor economic situation with the lowest capital adequacy among the Greek banks, insufficient liquidity and profitability, an inability to attract new clients (because of the negative publicity), and poor asset quality.

(12) On 17 December 2011 the BoG proceeded with the resolution of T Bank through a transfer order of its assets and liabilities to Hellenic Postbank which was already a shareholder of T Bank (holding around 32.9% of its shares), and the withdrawal of T Bank's license. T Bank was put into liquidation.

(13) According to the Interim Condensed Statement of Financial Position (estimation), T Bank had a balance sheet total of approximately EUR 2.5 billion the day before the transfer.

### 2.2 Hellenic Postbank

(14) Hellenic Postbank is the sixth biggest Greek domestic bank. At the end of 2011, the bank had a balance sheet total of approximately EUR 15 billion. The bank is traded in the Athens Stock Exchange.

(15) Hellenic Postbank was established in 1900 with the objective of contributing to society and building a long tradition of prestige and reliability.

(16) In May 2009, Hellenic Postbank got a capital injection of approximately EUR 225 million (corresponding to approximately 2.9% of the bank's risk weighted assets at that time) under the Greek recapitalisation scheme[1]. The bank also received guarantees under the Greek guarantee scheme[2].

### 2.3 The measure

(17) On 17 December 2011 the BoG proceeded with the resolution of T Bank through a transfer order of its assets and liabilities to Hellenic Postbank, and the withdrawal of T Bank's license, in accordance with the recently passed law on resolution (Law 4021/2011). T Bank was put into liquidation.

(18) According to the Greek authorities,

a. the decision was taken in light of the fact that all efforts to restore T Bank's capital adequacy had failed, leaving the bank inadequately capitalized;

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[1] That scheme was initially approved by 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.

[2] That scheme was initially approved by 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.

b. the specific action taken safeguards financial stability in a fragile banking environment;

c. the decision taken was the least costly solution as it entailed the smallest funding gap compared to alternatives (such as e.g. transfer only of deposits which would have entailed a larger funding gap) while preventing losses for depositors.

(19) The BoG proceeded[3] to an auction of the assets and liabilities (including deposits) of T Bank in which […][*] credit institutions expressed their interest to participate.[4] Only […] institutions submitted offers, of which […] not eligible because the price proposed was negative. The Credit and Insurance Committee of the BoG decided to transfer the assets and liabilities of T Bank to Hellenic Postbank, whose offer, […], was considered to best safeguard the continuation of the banking operations with the minimum possible distortion.

(20) According to the BoG, the fair value of the liabilities transferred from T Bank to Hellenic Postbank amounted to EUR 2 160 182 164 and the fair value of the transferred assets amounted to EUR 1 483 225 650, the difference being the funding gap of EUR 676 956 514. The funding gap was covered pursuant to the relevant provisions by the Resolution Scheme of the Hellenic Deposit and Investment Guarantee Fund ("HDIGF").[5] Of that amount, EUR 450 million has already been paid to Hellenic Postbank, whereas the remaining amount, i.e. EUR 226 956 514, has not yet been paid.[6]

(21) Hellenic Postbank agreed to acquire the transferred assets and liabilities – including the contribution of the HDIGF - at their fair value, […].

(22) According to the Greek authorities, there was a transfer to Hellenic Postbank of all the conventional/contractual relations of T Bank with third parties in which Hellenic Postbank is fully substituted, as well as of the total of T Bank's assets and liabilities (including rights, claims, liabilities and burdens of any kind), excluding those described in recital 30. T Bank will remain the contracting party for the conventional relations which are not transferred, while the assets and liabilities that are not transferred remain in its ownership or continue to burden it.

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3 The auction was conducted on the basis of article 63d of Law 3601/2007 (introduced in October 2011 by law 4021/2011 establishing the so-called 'Resolution Framework').

* Confidential information.

4 […].

5 A resolution branch was created in the HDIGF with the adoption of the Resolution Framework in Greece in 2011. According to law 4021/2011, in the case of a transfer order: '*In case the value of the liabilities transferred to the transferee-credit institution exceeds the value of the assets transferred, the Bank of Greece shall determine the difference, to be covered as follows: a) the Depositors Branch of the HDIGF shall pay an amount equal to the value of the guaranteed deposits after deduction of the value of the transferred assets and b) the Resolution Branch of HDIGF shall pay the surplus.*'

6 According to the BoG, the remaining amount shall be paid by the Hellenic Financial Stability Fund, as according to article 9 par. 12 of law 4051/2012, as applicable, the latter substitutes the HDIGF in its role covering the funding gap as of 29 February 2012 until the end of February 2013.

## 3. POSITION OF THE GREEK AUTHORITIES

(23) The Greek authorities allege that the intervention by the Resolution Branch of the HDIGF does not constitute State aid as they consider that it did not provide an advantage to Hellenic Postbank and the intervention by HDIGF is consistent with how a private investor would have acted. More specifically, the Greek authorities claim that

a. the financing was granted following a competitive process taking place for the transfer of T Bank. All participants were on an equal footing as they made their offers relying on the receipt of same information;

b. a preliminary assessment of the transferrable assets and liabilities was carried out in order for the difference between the transferrable assets and liabilities to be precisely calculated;

c. the financing of the difference was necessary for the transfer. Otherwise, the transfer would not have occurred and the Greek State would be required to provide a higher amount (in order to cover all deposited amounts) than that covering the difference between the transferred assets and liabilities;

d. the financing by the HDGIF was limited to cover that negative difference and did not result in Hellenic Postbank being offered any advantageous terms. The intervention was determined in detail containing ceiling limits in terms of amount to be paid and time; and

e. the HDGIF was involved in the financing of the transfer, while at the same time it is entitled to claim reimbursement against T Bank for an amount equal to the financing. In other words, the HDGIF granted a temporary financing of liabilities while bearing a claim for the future reimbursement by T Bank.

(24) However, even if the HDGIF's intervention does involve State aid, the Greek authorities are of the opinion that such aid would be compatible with the internal market under Article 107(3)(b) TFEU, as the intervention was intended to remedy a serious disturbance in the economy of a Member State.

## 4. ASSESSMENT

### 4.1 Existence of State aid in the meaning of Article 107(1) TFEU and quantity of State Aid

(25) The Commission first has to assess whether the measure constitutes State aid within the meaning of Article 107(1) TFEU. According to that provision, State aid is any aid granted by a Member State or through State resources in any form whatsoever which distorts, or threatens to distort, competition by favoring certain undertakings, in so far as it affects trade between Member States.

(26) The Commission considers the approximately EUR 0.68 billion contributed by the Resolution Scheme of the HDIGF to be State aid within the meaning of Article 107(1) TFEU.

(27) According to case-law[7] the intervention of the Resolution Scheme, even if the Resolution Scheme is financed through private contributions – collected from banks, is considered to involve State resources as the Resolution Scheme was created by Greek law, which made contributions to the Scheme by the banks compulsory, and the management and use of its resources is decided in accordance with that legislation. It should be noted that, unlike the HDIGF, which was created following the implementation of an EU Directive, the Resolution Branch of HDIGF was not created to implement EU legislation. When deciding to create the Resolution Branch of HDIGF, Greece was not bound by an obligation originating from EU law. It was an autonomous decision of the Greek authorities. Therefore the set-up of the Resolution Branch and any measures granted by the Resolution Branch are imputable to the Greek State. The Commission considers that the measure is being financed through State resources, and is imputable to the State.

(28) Moreover, the measure is selective in nature, since the interventions of the Resolution Branch of HDIGF benefit only banks in difficulty, while the present measure benefits activities of T Bank alone.

(29) The Commission considers that the intervention does not comply with the market economy investor principle. In fact, the HDIGF has no prospect of making a profit on its contribution: in exchange for its contribution, it received no claim against Hellenic Postbank but only a claim against T Bank. However, T Bank is a bankrupt entity with nearly no assets remaining in it, and the HDIGF will almost certainly not recover the money contributed. As regards the fact that such a contribution would be lower than what the HDIGF/the State already paid and might still have to pay if T Bank had been let to go bankrupt, it is not a valid comparison. Any such payment by the HDIGF or by the State to indemnify depositors would not be made as *a market operator* but would be made as *a public authority*. It is settled case-law[8] that payments made by an entity as a public authority should not be counted in the application of private investor test or private creditor test.

(30) The measure provided T Bank with a clear advantage by keeping the undertaking (not the legal entity) alive. The transfer order in that case is indeed a sale "en bloc" in that, while the equity, subordinated debt and deferred tax assets will not be transferred, all the key productive banking assets will be transferred (employees, branches, deposits, loans and headquarters). It is therefore an advantage to the economic activity that continues to exist due to the sale of T Bank's assets 'en bloc'.

(31) That selective advantage distorts competition by keeping one banking activity alive, allowing it to continue competing on the market[9]. It also affects trade between Member States as several subsidiaries of foreign banking groups are

[7] See Case C-345/02 *Pearle and Others* [2004] ECR I-7139, paragraphs 37 and 38. That approach was applied in Commission decision in the State aid case NN 61/2009 – "Rescue and restructuring of Caja Castilla-La Mancha", Spain, 29.06.2010, C(2010)4453 corr., recitals 96-118.

[8] As the General Court ruled in Case T-196/04 Ryanair v Commission [2008] ECR II-3643 at paragraph 85, "the application of [the MEIP] must be excluded in the event that the State acts as a public authority. In [that] event, the conduct of the State can never be compared to that of an operator or private investor in a market economy".

[9] See Commission decision of 25.01.2010 in the State aid case NN 19/2009 – Restructuring aid to Dunfermline Building Society, recital 51; Commission decision of 25.10.2010 in State aid case N 560/2009 – Aid for the liquidation of Fionia bank, recital 56; Commission decision of 8.11.2010 in State aid case N 392/2010 – Restructuring of CajaSur, recital 52.

present on the Greek banking market and in direct competition with the banking activity previously operated within the legal entity T Bank.

(32) The Commission therefore considers that the contribution by the Resolution Branch of the HDIGF to be State aid. The amount of aid is the amount of the contribution, which according to available information is approximately EUR 0.68 billion.

(33) The Commission considers the economic activities of T Bank which were transferred to Hellenic Postbank to be the recipient of the State aid as they will continue because of the aid received.

(34) Hellenic Postbank acquired the package of assets and liabilities of T Bank because it offered the highest bid in the framework of an unconditional tender procedure open to other banks.[10] Therefore, in line with point 20 of the Restructuring Communication and the Commission's decisional practise[11], the Commission considers the sale price to be market price and concludes that aid to the buyer can be excluded. The Commission observes that the BoG, as the authority which organises the resolution, only contacted […] banks and in particular that it did not contact subsidiaries of foreign banks, which therefore did not have the chance to submit a bid for the tendered assets and liabilities. In normal circumstances, the Commission would consider that contacting such a limited set of buyers and in particular excluding banks which have a sufficient size to absorb the tendered assets and liabilities does not allow it to conclude that the tender was open. In such circumstances ordinarily it could therefore not conclude that the highest bid in the tender represents the market price and consequently the Commission would not be able to exclude the possibility of aid to the buyer. However in the very specific situation of Greece at the end of 2011, when foreign banks were trying to reduce their exposure to the Greek economy which was affected by an unprecedented and protracted recession, the Commission exceptionally accepts that it was not necessary to contact other banks as it was reasonable to anticipate that they would show no interest for the tendered assets. The Commission therefore concludes that the tender with only […] banks contacted allows it to exclude the presence of aid to the buyer.

(35) The Commission regrets that Greece put the aid in question into effect, in breach of Article 108(3) of the Treaty on the Functioning of the European Union.

## 4.2 Compatibility of the aid

### *4.2.1 Legal basis for the compatibility assessment*

(36) Article 107(3)(b) TFEU provides that aid falling within the scope of Article 107(1) TFEU may be compatible with the internal market where it "remedies a serious disturbance in the economy of a Member State".

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10 It was known to the entire market that T Bank was for sale once Hellenic Postbank had withdrawn its merger proposal in October 2011. As such, the BoG could reasonably well ascertain who could be interested in T Bank's assets and liabilities. Any potential interested party could have contacted the BoG from that moment on. See also Commission decision in the State aid case NN 61/2009 – "Rescue and restructuring of Caja Castilla-La Mancha", Spain, 29.06.2010, C(2010)4453 corr., recital 121.

11 See Commission decision of 25.01.2010 in the State aid case NN 19/2009 – Restructuring aid to Dunfermline Building Society, recital 47; Commission decision of 25.10.2010 in State aid case N 560/2009 – Aid for the liquidation of Fionia bank, recital 55; Commission decision of 8.11.2010 in State aid case N 392/2010 – Restructuring of CajaSur, recital 52.

(37) The Commission has acknowledged in its decisions approving the Greek recapitalisation scheme that there is a threat of serious disturbance in the Greek economy and that State support of banks is suitable to remedy that disturbance. In view of the persistent turbulence that continues to affect the financial markets and institutions, the Commission still considers that requirements for State aid to be approved pursuant to Article 107(3)(b) TFEU are fulfilled[12].

(38) For those reasons the Commission accepts that the intervention by the Resolution Scheme of the HDIGF can be analysed as a measure taken to avoid a serious disturbance in the economy of Greece.

### *4.2.2 Compatibility assessment*

(39) In line with point 15 of the Banking Communication[13], in order for an aid to be compatible under Article 107(3)(b) TFEU it must comply with the general criteria for compatibility[14]:

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.

(40) The Recapitalisation Communication[15] elaborates further on the level of remuneration required for State capital injections.

### *4.2.3 Compatibility with the Banking and Recapitalisation Communications*

#### *a. Appropriateness of the Measures*

(41) The intervention by the Resolution Scheme is needed in order to fill the gap between the fair value of T Bank's assets and liabilities which were transferred to Hellenic Postbank.

(42) The Commission considers that the measure is appropriate because it helps keep alive T Bank's economic activities which were transferred to Hellenic Postbank. Without the intervention of the Resolution Branch, those activities would not have been able to continue, as T Bank was on the verge of bankruptcy and in current difficult market conditions no bank would have acquired a package having a

12 See Commission decision of 6 February 2012 in State Aid SA.34149 "Sixth prolongation of the Support Measures for the Credit Institutions in Greece" OJ C 101, 04.04.2012, p. 2.

13 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.

14 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.

15 Communication from the Commission - The recapitalisation of financial institutions in the current financial crisis: limitation of aid to the minimum necessary and safeguards against undue distortions of competition, OJ C 10, 15.1.2009, p. 2.

negative value (i.e. with the fair value of the assets lower than the fair value of the liabilities). The measure thereby ensures that financial stability in Greece is maintained in the short-term. […]. On that basis, the Commission finds that the measure is appropriate as rescue aid.

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

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

(44) As regards the amount of the intervention, the Commission observes that the amount is the result of careful calculations of the Greek authorities. The contribution exactly covered the difference between the fair value of the transferred assets and the liabilities. The Commission observes that the fact that even with such a contribution there was only one bank ready to buy the package for a positive price supports the conclusion that the contribution was not excessive. The Commission also notes that the equity and subordinated debt was not transferred and therefore will be left in T Bank. Therefore, the shareholders and subordinated debt-holders will suffer a full loss and the contribution of the HDIGF is not inflated by the cost of rescuing those investors.

(45) As regards the remuneration of the aid, as indicated previously, the HDIGF will most probably not recover any money. It therefore clearly does not receive any remuneration and its contribution is similar to a grant. As indicated in point 44 of the Recapitalisation Communication, the Commission observes that an insufficiently remunerated recapitalisation can only be accepted in the case of distressed banks which cannot pay any remuneration. The Commission considers that to be the case for T Bank. The absence of remuneration triggers the need for in-depth restructuring, as provided by the Recapitalisation Communication, which will be assessed in the restructuring decision on Hellenic Postbank.

(46) In conclusion, the measure is necessary in both its amount and form to achieve the objectives of limiting the disturbance in the Greek banking system and economy as a whole.

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

(47) The Commission notes that T Bank ceases to exist in the manner in which it previously existed. Therefore there are no negative spill-over effects from T Bank. As economic activities of T Bank continue to exist in Hellenic Postbank, Hellenic Postbank should be subject to measures limiting negative spill-over effects. The Commission recalls that Hellenic Postbank already received State aid in the past in the form of State guarantees under the Greek guarantee scheme and in the form of recapitalisation in preference shares under the Greek recapitalisation scheme, and that Hellenic Postbank is under a restructuring obligation[16]. Hellenic Postbank received State aid under the rescue schemes and is bound by the conditions of those schemes, which impose a number of behavioural constraints on the business activities of participating banks (ban on dividend payments, prohibition of aggressive market strategies and limit on expansion of business activities)[17].

[16] The Commission has not reached yet a final decision on the restructuring of Hellenic Postbank

[17] See, for example, recital 19 of Commission Decision of 19 November 2008 in case State Aid N 560/2008; Commission decision of 18 September 2009 in State Aid N 504/2009 "Prolongation and

Therefore, the Commission considers that there are sufficient measures in place to limit negative spill-over effects of the rescue aid.

(48) The Commission thus considers the above elements to be sufficient to consider the rescue measure as proportionate and to temporarily approve the measure as rescue aid.

### *4.2.4 Compatibility with the Restructuring Communication*

*Restoration of long-term viability of the sold activity through sale:*

(49) As indicated above, T Bank was not viable on a standalone basis. The Restructuring Communication provides that in case a bank cannot return to viability on a stand-alone basis, the viability can be restored through a sale and integration into a larger entity. In that respect, point 17 of the Restructuring Communication clarifies that *the sale of an ailing bank to another financial institution can contribute to restoring long-term viability, if the purchaser is viable and capable of absorbing the transfer of the ailing bank and may help restoring market confidence.* Therefore, the sale of T Bank's main assets and liabilities to another group seem to constitute an appropriate way to preserve the banking activities. The Commission observes, however, that in line with point 17 of the Restructuring Communication and its own decisional practise[18] the sale of an ailing bank to another financial institution can contribute to the restoration of financial stability if the purchaser is viable. However, all the large Greek domestic banks have received State aid and are subject to restructuring and there was no interest manifested by subsidiaries of foreign groups. Under those exceptional circumstances and given the need for financial stability, given the absence of bidders which were not themselves subject to restructuring, the Commission can at present and pending its examination of the restructuring plan of the purchaser accept that the sale is made to a larger bank subject to restructuring.

(50) Since the Commission has not concluded yet on the restructuring aid to Hellenic Postbank, which now includes T Bank activities, it cannot conclude […]. Therefore, the Commission cannot yet give its final approval on the aid granted to T Bank activities. The final assessment of that aid will be made in the decision assessing the restructuring aid granted to Hellenic Postbank.

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amendment of the Support Measures for the Credit Institutions in Greece ", OJ C 264, 06.11.2009, p. 5; 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; Commission decision of 12 May 2010 in State Aid N 163/2010 "Amendment to the Support Measures for the Credit Institutions in Greece", OJ C 166, 25.06.2010, p. 2; 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; 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; 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; Commission decision of 30 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. 5; Commission decision of 6 February 2012 in State Aid SA.34149 "Sixth prolongation of the Support Measures for the Credit Institutions in Greece" OJ C 101, 04.04.2012, p. 2.

18 In other cases of sale of a small bank to a larger bank (see footnote 10), the Commission was able to definitely approve the aided sale immediately after it was implemented, as the buyer was viable.

*Burden-sharing:*

(51) The shareholders and subordinated debt holders are not transferred and remain in the entity in liquidation. They will be entitled to proceeds from the liquidation only if the proceeds are sufficient to repay first the Resolution Scheme, which has a priority claim over the other creditors. Knowing that there are no more assets in T Bank, it is very likely that the shareholders and subordinated debt holders will not get back their investments.

(52) As regards the possible sale of assets to finance part of the cost of the resolution and thereby reduce the aid needed, the Commission notes that T Bank was a very small bank. It owned no stand-alone subsidiaries or business of sufficient size to be sold separately to contribute to the cost of the restructuring.

(53) As regards the remuneration of the aid, as concluded previously, the absence of remuneration triggers the need for in-depth restructuring.

(54) Therefore the Commission considers that sufficient burden-sharing is achieved, while the absence of remuneration triggers the need for in-depth restructuring, both in terms of viability measures and in terms of measures to limit distortions of competition.

*Distortion of competition:*

(55) As concluded previously the absence of remuneration triggers the need for in-depth restructuring, both in terms of viability measures and in terms of measures to limit distortion of competition.

(56) The Commission, however, observes that T Bank was a very small bank (less than 1% market share on the deposit market). In addition, T Bank will not exist as a stand-alone competitor. Given the small size of T Bank activities that were integrated into Hellenic Postbank, the Commission considers that the distortions of competition caused by the aid to the economic activities are limited. Hence, the Commission considers it not necessary to impose measures to limit distortions of competition for the State aid granted to the transferred economic activities. The same approach has been applied in other cases of resolution of small-sized banks, such as Dunfermline, Fionia and CCM.

(57) According to point 40 of the Restructuring Communication, banks which are subject to restructuring should not use State aid for the acquisition of competing business. However, point 41 of the Restructuring Communication mentions that in exceptional circumstances and upon notification, acquisitions may be authorised by the Commission where they are part of a consolidation process necessary to restore financial stability or to ensure effective competition.

(58) The Commission observes that Hellenic Postbank is a bank under restructuring obligation. Therefore, Hellenic Postbank in principle has to refrain from carrying out acquisitions. However, Hellenic Postbank bought the T Bank activities in a tender organised in the framework of T Bank's resolution. Such resolution aimed at preserving financial stability and, to be successful, required another bank to acquire assets and liabilities. T Bank was clearly not viable anymore on a standalone basis. Under those circumstances, and considering that no non-aided bank submitted a bid for T Bank's assets and liabilities, while the Commission regrets that it was not notified of the potential acquisition prior to the auction, the

Commission exceptionally accepts the acquisition of T Bank's activities by Hellenic Postbank in line with point 41 of the Restructuring Communication.

*Conclusion*

(59) The Commission, thus, concludes that the intervention by the Resolution Scheme of the HDIGF is appropriate, necessary and proportionate as rescue intervention.

(60) As regards the […] assessment, the Commission will be able to conclude on the assessment of […] the merged entity only at the time when the Commission reaches a final decision on the restructuring of Hellenic Postbank. The Commission can therefore not conclude its assessment of the aid as restructuring aid at this stage.

(61) The Commission therefore temporarily approves the measure as compatible rescue aid for six months as from the date of adoption of this decision. If the Greek authorities submit to the Commission, within that six-month period, an updated restructuring plan for Hellenic Postbank which takes into account the integration of T Bank's activities into Hellenic Postbank, this temporary authorisation will be automatically prolonged until the Commission reaches a final restructuring decision on Hellenic Postbank´s restructuring plan.

## 5. CONCLUSION

- The Commission concludes that the intervention by the Resolution Scheme of the HDIGF of EUR 676 956 514 to the economic activities of T Bank constitutes State aid within the meaning of Article 107(1) TFEU.

- The Commission finds that the intervention fulfills the requirements of Article 107(3)(b) TFEU and is compatible with the internal market for reasons of financial stability for a period of six months as from the date of adoption of this decision. If the Greek authorities submit to the Commission, within that six-month period, an updated restructuring plan for Hellenic Postbank which takes into account the integration of T Bank's activities into Hellenic Postbank, this temporary authorisation will be automatically prolonged until the Commission reaches a final restructuring decision on Hellenic Postbank´s restructuring plan.

- The Commission notes that Greece accepts that the adoption of the Decision be in the English language.

If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site: http://ec.europa.eu/eu_law/state_aids/state_aids_texts_en.htm.

Your request should be sent by registered letter or fax to:

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Yours faithfully,
For the Commission

Joaquín ALMUNIA
Vice-President