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EU Commission opens in-depth investigation into restructuring aid for Vestjysk Bank in 2012

The European Commission has opened an in-depth investigation to assess whether aid granted by Denmark to Vestjysk Bank in 2012 is compatible with EU State aid rules. The Commission will in particular examine whether Vestjysk Bank's restructuring plan would restore long-term viability without unduly distorting competition.

In April 2012 the Commission temporarily approved State support for Vestjysk Bank amounting up to DKK 8,941 million (€ 1.2 billion), pending the submission of a suitable restructuring plan for Vestjysk Bank.

In April 2012 the bank via the Danish State submitted a preliminary restructuring plan for Vestjysk Bank, which was amended most recently in June 2015. The Commission will assess the plan on the basis of its rules on State aid to banks during the financial crisis that were in force in 2012, when the aid was granted.

At this stage the Commission has doubts as to whether the restructuring plan would be adequate to ensure the bank's return to long-term viability. The Commission will also assess whether the bank and its owners contributed sufficiently to the cost of the restructuring and whether appropriate measures have been put in place to minimise the competition distortions brought about by the State aid measures.

The Commission will now make further investigations to see if its concerns are justified or not.

The opening of an in-depth investigation gives interested third parties an opportunity to submit comments on the measures under assessment and increases legal certainty for the aid beneficiary. The opening of the investigation does not prejudice the outcome of the investigation.

The reason why the case has not yet been finalised should be seen in light of the bank's own circumstances. Already in September 2012 the bank had to downgrade its expectations to earnings and at the same time make a change in Executive Management, cf. company announcement of 25 September 2012. Before the presentation of the bank's annual report for 2012 a further downward adjustment of expectations was made, cf. company announcement of 1 February, 2013. During 2013 and 2014 strategic considerations and measures were implemented by Management, which also postponed a decision on the restructuring plan by the EU Commission. Via the Ministry of Business and Growth, the bank has been in continuous dialogue with the EU Commission.

State aid was utilised by DKK 7,142 million (€ 959 million) and included a capital increase of which the Danish state participated with DKK 167 million (€ 22.3 million), relief of the solvency capital through sale of sector shares of DKK 175 million (€ 23.5 million), as well

as release of guarantees of DKK 6,800 million (€ 913 million). These guarantees were repaid to the Danish State at the beginning of 2015, eighteen months prematurely.

Please address any enquiries regarding the present announcement to Vagn Thorsager, Chairman, at tel. +45 40 53 92 55.

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