European Commission

Press release | 25 September 2009

State aid: Commission approves Polish support scheme for financial institutions

IP/09/1360

Brussels, 25 th September 2009

State aid: Commission approves Polish support scheme for financial institutions

The European Commission has approved under EC Treaty state aid rules a Polish scheme intended to stabilise the financial system. The measure would guarantee short and medium term debt to encourage inter-bank lending and offer liquidity to financial institutions under strict conditions. The Commission found the measure to be in line with its Guidance Communication on state aid to overcome the current financial crisis (see IP/08/1495). The package constitutes an adequate means to remedy a serious disturbance in the Polish economy while avoiding undue distortions of competition and is therefore compatible with Article 87.3.b. of the EC Treaty. In particular, the programme provides for non-discriminatory access for eligible financial institutions, is limited in time and scope and contains safeguards to minimise distortions of competition.

Competition Commissioner Neelie Kroes said: "The Polish scheme is an effective instrument for boosting market confidence without unduly distorting competition."

The Polish scheme foresees two categories of support measures: State Treasury guarantees for the issuance of new senior debt by banks and liquidity support measures in the form of Treasury bonds, either as a loan or to be sold with deferred payment.

The Commission concluded that the measure constituted an appropriate means to restore confidence in the creditworthiness of Polish financial institutions and to stimulate inter-bank lending. In particular, the scheme is limited in time and scope and provides non-discriminatory access for financial institutions established in Poland. The guarantees and loans will be provided for debt instruments with maturities from three months up to five years. However, bank loans guaranteed by the State Treasury with a maturity exceeding three years will be restricted to maximum 1/3 of the value of all the beneficiary's bank loans that are supported by the scheme .

Debt guarantees on newly issued debt will be available only to credit institutions. Should the State guarantee be called upon by a beneficiary or should the beneficiary default on its liabilities related to Treasury bonds, a restructuring plan will be submitted within six months. T he remuneration for the debt guarantees will be established in line with the European Central Bank (ECB) recommendations and the remuneration for the lending of Treasury bonds or for deferred payments for Treasury bonds will be even higher then for the guarantees.

Eligible institutions may apply for the support under the scheme until 31 December 2009, but support may be granted later, within the six month period as from the day of the adoption of this decision.

Finally, in order to avoid an abuse of the measure, a ban on advertisements referring to the support provided by the State Treasury will be imposed on every beneficiary of the scheme.

The non-confidential version of the decision will be made available under the case number N 208/2009 in the State Aid Register on the DG Competition website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News .

IP/09/1360