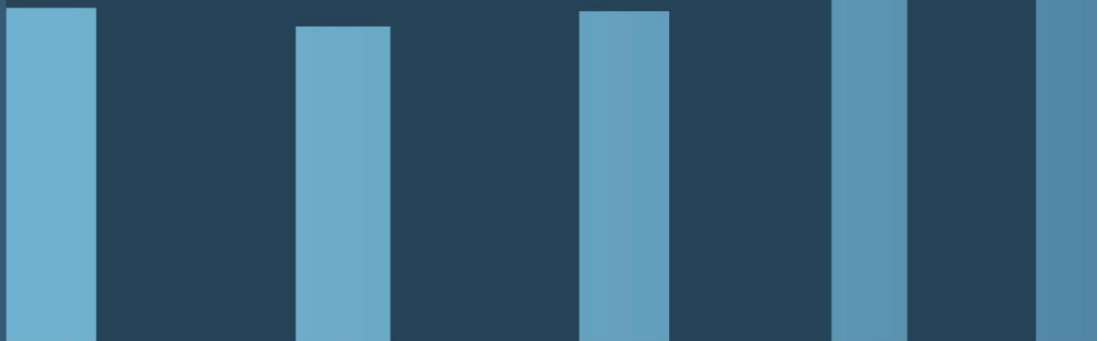


ECMI Annual Conference – Session 2

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Finansiell Stabilitet

DEALING WITH DISTRESSED BANKING ACTIVITIES IN DENMARK

Tools:

1. Sale to other banks (if banking license is required)
2. Bundled sale to other (foreign) financial firms that securitise them
3. Wind-down or sale of remaining activities

Experience:

- FSC has taken control of 14 banks since 2008 with a total balance sheet of approx. 20 bn. euro
- Tool # 2 has been used 7 times. 5 buyers are US investment firms with European subsidiaries. 2 are Danish. Nominal amount 2½ bn. euro

Challenges:

- Customers in domestic bank may find it difficult to accept to end up as debtor to “unregulated” foreign firm
- Not all banking assets are suitable for tool # 2 – commercial real estate loans are more suitable than loans to SMEs incl. farmers