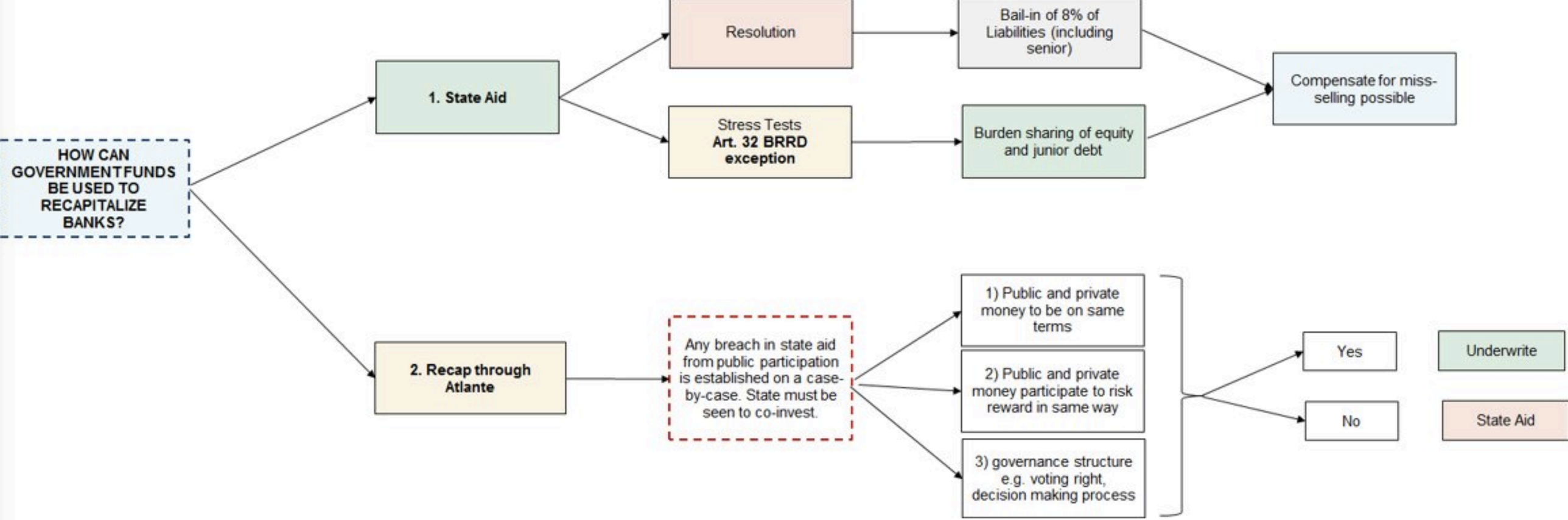
HOW CAN GOVERNMENT FUNDS BE USED TO RECAPITALIZE BANKS?
1. State Aid
Resolution
Bail-in of 8% of Liabilities (including senior)
Stress Tests
Art. 32 BRRD exception
Burden sharing of equity and junior debt
Compensate for miss-selling possible
2. Recap through Atlante
Any breach in state aid from public participation is established on a case-by-case. State must be seen to co-invest.
1) Public and private money to be on same terms
2) Public and private money participate to risk reward in same way
3) governance structure e.g. voting right, decision making process
Yes
No
Underwrite
State Aid