

**SECOND DECISION BY FINANSIEL STABILITET  
ON THE RESOLUTION OF KØBENHAVNS ANDELSKASSE UNDER KONTROL  
DATED 13 SEPTEMBER 2018**

**1. BACKGROUND**

1.1 On 13 September 2018, Finansiell Stabilitet made the first decision ("**First Decision**") on resolution of Københavns Andelskasse under kontrol, CVR no. 82112219, Gammeltorv 4, 2., 1457 Copenhagen K, Denmark (the "**Institution**") under the Danish Act on Restructuring and Resolution of Certain Financial Businesses (the "**Act**")<sup>1</sup>, in which connection Finansiell Stabilitet decided to exercise control over the Institution and replace the executive board and the board of directors. Reference is made to the First Decision for a description of the background for carrying out the resolution of the Institution.

**2. ADDITIONAL CONSIDERATIONS**

2.1 In addition to the considerations listed in the First Decision, Finansiell Stabilitet has considered the following:

- a) that the provisional valuation of the assets and liabilities of the Institution prepared by Finansiell Stabilitet in accordance with Section 7 of the Act implies that it is necessary to cancel the contributed capital, to write down relevant capital instruments and to carry out bail-in for loss absorption of all subordinated obligations and certain obligations that are not subordinated;
- b) that the ownership of the Institution will be transferred to Broinstitut II A/S (the "**Bridge Institution**"), which is a bridge institution owned by Afviklingsformuen ved Finansiell Stabilitet pursuant to Section 21 of the Act<sup>2</sup>, and that this will enable Finansiell Stabilitet to carry on the operation of the Institution for the purpose of implementing a controlled resolution, including to sell parts of the Institution if relevant; and
- c) that amendments to certain contracts to which the Institution is a party may be necessary in order to implement the mentioned measures.

**3. DECISION**

3.1 Based on the considerations above and the considerations in the First Decision, Finansiell Stabilitet decides as follows:

- a) that the contributed capital in the Institution is cancelled in accordance with Section 44 of the Act<sup>3</sup>, which implies that the contributed capital of the existing members is cancelled and that the members will cease being members of the Institution effective as of 13 September 2018;
- b) that all the relevant capital instruments of the Institution are written down to zero in accordance with Sections 17 and 18 of the Act<sup>4</sup>;
- c) that the Bridge Institution will contribute new capital to the Institution and thereby take over the ownership of the Institution;

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<sup>1</sup> The Act implements Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**").

<sup>2</sup> Which implements article 40 of the BRRD

<sup>3</sup> Which implements article 47 of the BRRD

<sup>4</sup> Which implement articles 59 and 60 of the BRRD

- d) that bail-in for loss absorption is carried out pursuant to Section 24 of the Act<sup>5</sup> in respect of all other subordinated obligations of the Institution, so that such obligations are written down to zero;
- e) that bail-in for loss absorption is carried out pursuant to Section 24 of the Act<sup>6</sup> in respect of all those obligations of the Institution that meet the conditions set out in Section 13(3) in the Act, so that such obligations are written down to zero;
- f) that bail-in for loss absorption is carried out pursuant to Section 24 of the Act<sup>7</sup> in respect of all those obligations of the Institution that would constitute obligations under Section 97 of the Danish Bankruptcy Act, except for obligations exempted from bail-in pursuant to Section 25 of the Act, so that such obligations are written down to zero;
- g) that bail-in for loss absorption is carried out pursuant to Section 24 of the Act<sup>8</sup> in respect of all those obligations of the Institution relating to deposits from natural persons and micro, small and medium-sized enterprises, which due to the maximum amounts set out in Sections 9 and 10 of the Danish Act on a Guarantee Scheme for Depositors and Investors are not covered by the Danish Guarantee Scheme for Depositors and Investors (*Garantiformuen*), so that such obligations are written down to zero; and
- h) that Finansielt Stabilitet may cancel and amend the Institution's contracts in accordance with Section 30 of the Act<sup>9</sup>.

3.2 The decisions in paragraph 3.1 concerning write-down of relevant capital instruments and bail-in of obligations are based on the provisional valuation and are effective and binding as of 13 September 2018 at 20:00. If write-down of obligations is subject to registration in systems etc., the registration will be carried out in respect of the relevant obligations as soon as possible.

3.3 The Danish Guarantee Scheme for Depositors and Investors (*Garantiformuen*) will contribute to the resolution of the Institution in accordance with Section 2 a in the Danish Act on a Guarantee Scheme for Depositors and Investors

3.4 Further to this decision, the board of directors of the Institution will adopt a capital increase in the Institution, in which connection the Bridge Institution will become the only member of the Institution.

3.5 A definitive valuation will be prepared in accordance with section 6 of the Act. If the net value of the assets and liabilities according to the definitive valuation is higher than the net value according to the provisional valuation, Finansielt Stabilitet may adjust the value of the claims that have been written down pursuant to this resolution.

#### 4. PUBLICATION, ETC.

4.1 In accordance with Article 83(2) of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "BRRD"), this decision will be sent to the Institution, the Danish Financial Supervisory Authority (*Finanstilsynet*), Danmarks Nationalbank, the Danish Ministry of Business, the Danish Macroprudential Authority (*Det Systemiske Risikoråd*), the ESRB, the European Commission, the European Central Bank, ESMA, the European Supervisory

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<sup>5</sup> Which implements articles 43 and 46 of the BRRD

<sup>6</sup> Which implements articles 43 and 46 of the BRRD

<sup>7</sup> Which implements articles 43 and 46 of the BRRD

<sup>8</sup> Which implements articles 43 and 46 of the BRRD

<sup>9</sup> Which implements parts of articles 63 and 64 of the BRRD

Authority (European Investment and Occupational Pensions Authority) (EIOPA), EBA and system operators (if relevant).

- 4.2 This decision will be made public in accordance with Section 50 of the Act and article 83(4) of the BRRD.
- 4.3 In accordance with Section 16 of the Executive Order on Resolution Measures, Finansielt Stabilitet will as soon as possible give individual notice to owners and creditors whose claims have been written down due to the resolution of the Institution. Finansielt Stabilitet will in accordance with Section 27 of the Executive Order on Resolution Measures within reasonable time give individual notice to affected creditors and other contracting parties about cancellation of or amendments to terms in contracts.

13 September 2018

Finansielt Stabilitet

Henrik Bjerre-Nielsen