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Brussels,
Ares (2019)

29 MARS 2019

Subject: Your letter from 25 January 2019 regarding Caixa Geral de Depósitos and Novo Banco

Honourable Member,

Thank you for your letter of 25 January 2019, also on behalf of our colleagues Corina Crețu and Pierre Moscovici, and for sharing with us your concerns concerning the audit of Caixa Geral de Depósitos (CGD) and the situation of Novo Banco.

As regards CGD and the failure by debtors to pay their loans, it is primarily for banks themselves, in this case CGD, to ensure that their loans are being fully repaid. This may also be an issue for the bank's responsible supervisor, in this case the European Central Bank's banking supervision and the Banco de Portugal.

Furthermore, you ask that the European Commission intervenes to ensure CGD managers are held accountable for their actions. In this context, please note that the Commission has no powers to initiate criminal investigation procedures under national law.

On the question whether debtors of non-performing loans can benefit from EU funded projects, please note that there is shared management between the Union and the Member States of European Structural and Investment Funds. This means that Member States enjoy a large margin of discretion when it comes to allocating the available EU financial resources. It is for the authorities designated by the Member State to select and follow up on projects, in full compliance with applicable EU and national legislation.

As regards the points you raise on Novo Banco, please note that the Commission cannot require financial institutions to disclose information about their clients or require the Portuguese authorities to publicise business confidential information.

We would also like to recall that the decision to grant State aid was taken by the Portuguese authorities. The Portuguese authorities notified the aid measures to enable the sale of Novo Banco and show viability going forward. The Commission's role in that process was limited to assessing if the planned support complied with EU State aid rules. In its assessment, the Commission verified that the sale process of Novo Banco was conducted in an open and transparent manner, that distortions to competition were limited and that the planned aid was necessary to ensure long-term viability of Novo Banco.

Please note that the Commission has no powers to request national courts to run a fast track investigation, request criminal investigation procedures under national law, or to demand additional investigative resources in national court cases.

Finally, as already mentioned above in response to the points you raise on CGD, under EU rules Member States enjoy a large margin of discretion when it comes to allocating the available EU financial resources.

We would like to thank you once again for raising these matters with us, and hope that our explanations are useful in following it up with the competent bodies.

Yours sincerely,



Valdis DOMBROVSKIS



Margrethe VESTAGER