



**EUROPEAN COMMISSION**

**PRESS RELEASE**

Brussels, 12 March 2014

## **State aid: Commission clears amended restructuring plan of Banco CEISS after integration with Unicaja**

The European Commission has concluded that an amendment to Banco CEISS' restructuring plan, following its recent acquisition by Unicaja Banco, was in line with EU state aid rules. In particular, the Commission found that the integration into Unicaja Banco, a Spanish retail bank that received no state aid during the financial crisis, will ensure that Banco CEISS becomes a viable retail banking business in the long term.

*"The acquisition of Banco CEISS by Unicaja Banco will ensure that Banco CEISS becomes viable in the long run, which is a key objective of our state aid policy."* said Commission Vice-President in charge of competition policy Joaquín Almunia.

After several state support measures in favour of Banco CEISS, the Commission approved the bank's final restructuring plan, based on an integration with Unicaja, in May 2013 (see [IP/13/423](#)). The implementation of that plan was conditional upon Unicaja's offer reaching an acceptance level of 75% among Banco CEISS capital holders. After Unicaja failed to meet this threshold, Spain requested to amend the restructuring plan, in order to successfully proceed with the acquisition.

In particular, due to securities mis-selling over the past years, Banco CEISS is exposed to considerable arbitration and litigation risks. The FROB granted a new guarantee of up to €241 million to Banco CEISS to cover the litigation cost related to investors in these securities who did not accept Unicaja's offer. In addition, the scope of an existing guarantee of up to €200 million granted by the FROB and approved by the Commission in May 2013, to cover SAREB-related risk, was extended to cover a private arbitration mechanism for the holders of these securities that had accepted Unicaja's offer. The amount of this guarantee remains unchanged.

The amount (€604 million) and type (convertible securities or "CoCos") of public capital injected pursuant to the previous plan remains unchanged. However, Banco CEISS will repay the CoCos to the FROB one year earlier, resulting in a maximum term of four years.

In line with previous restructuring plans, Banco CEISS will, under the new plan, focus its banking business on retail and SME lending in its core regions, namely Castilla y León and the province of Cáceres. Moreover, Banco CEISS will cease lending to real estate developers and limit its presence in wholesale business. This will contribute to reinforcing its capital and liquidity positions and reduce its reliance on wholesale and central bank funding. Furthermore, the new plan confirms the transfer of Banco CEISS' real estate development exposure to an asset management company (SAREB), thus removing risk from its balance sheet.

The new plan also includes additional new restructuring measures. Consequently, Banco CEISS' balance sheet will be reduced by 28% between 2012 and 2016. Furthermore, new cost cutting efforts will significantly improve the cost structure of Banco CEISS.

The approved restructuring measures are adequate for addressing the weakness of Banco CEISS and provide sufficient evidence to conclude that its viability will be restored, in particular, in the context of its acquisition by Unicaja.

## **Background**

Banco CEISS is a Spanish regional bank resulting from a merger of two savings banks in 2010. It is present in all main business segments, with total assets as of 2011 of about €42.3 billion. Since 2010, Banco CEISS has benefited from several state aid measures: (i) capital injections by the FROB totalling EUR 1 129 million of which EUR 604 million was in the form of CoCos; (ii) impaired assets transferred to the AMC; and (iii) State guarantees on senior unsecured debt worth EUR 3 193 million.

In December 2012, the Commission, in the context of the Financial Assistance Programme for the recapitalisation of financial institutions in Spain, approved a first restructuring plan for Banco CEISS (see [IP/12/1432](#)). In May 2013, the Commission approved a new restructuring plan based on the initial public offer made by Unicaja Banco to acquire Banco CEISS (see [IP/13/423](#)).

The current decision authorises that Banco CEISS benefits from an amendment of a previously approved EUR 200 million SAREB-related guarantee to also cover all ad-hoc arbitration costs and from a new litigation measure covering possible claims from legal proceedings to a maximum amounting to EUR 241 million. The non-confidential version of the decisions will be made available under the case numbers [SA.36249](#) 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](#)

Contacts :

[Antoine Colombani](#) (+32 2 297 45 13, Twitter: [@ECspokesAntoine](#) )

[Yizhou Ren](#) (+32 2 299 48 89)