



**EUROPEAN COMMISSION**

**PRESS RELEASE**

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## **State aid: Commission clears new restructuring plan of Banco CEISS in view of its possible acquisition by Unicaja**

The European Commission has concluded that a modification to Banco CEISS' restructuring plan, opening the door for an acquisition of the bank by Unicaja Banco, is in line with EU state aid rules. In particular, the Commission found that the integration into Unicaja Banco, a Spanish bank that has received no state aid during the crisis, will ensure that Banco CEISS becomes viable in the long term. In December 2012, the Commission had approved a restructuring plan for Banco CEISS which did not foresee an acquisition by Unicaja (see [IP/12/1432](#)). The rest of the plan remains largely unchanged.

*"The binding offer by Unicaja to acquire Banco CEISS is good news. This acquisition will ensure that Banco CEISS becomes viable in the long term, which is a key objective of our State aid control policy."* said Commission Vice-President in charge of competition policy Joaquín Almunia.

In line with the previous restructuring plan, Banco CEISS will focus its 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, Banco CEISS has transferred its real estate development exposure to an asset management company (SAREB), thus removing risk from its balance sheet. Finally, Banco CEISS will improve its cost structure under the same terms as approved in December 2012. By 2017, the balance sheet of CEISS will be reduced by about 30% as compared to 2010.

Unlike the previous restructuring plan, which foresaw a public capital injection of ordinary shares, the public capital to be injected pursuant to the new plan will be in the form of convertible securities (so-called "CoCos"). The amount of public capital remains unchanged at €604 million. However, the CoCos will be converted into ordinary shares if the owners of Banco CEISS do not accept Unicaja's offer. Spain has committed that the bank aims to repay the CoCos in full within a maximum term of five years. To that end, a number of incentives have been put in place. Moreover, in line with the December 2012 decision, the new restructuring plan will ensure a satisfactory burden-sharing and an adequate own-contribution of the bank to the financing of the restructuring costs. In particular, existing shareholders will be asked to bear steep losses, which will de facto eliminate their stake in the bank, and most hybrid capital will be converted into equity after a significant haircut.

## 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 two State aid measures: (i) a recapitalisation of €525 million in the form of convertible preference shares subscribed by the FROB and (ii) State guarantees on unsecured senior debt under the Spanish bank guarantee scheme worth €3 193 million. The current decision authorises that Banco CEISS benefits from a recapitalisation of €604 million in the form of convertible securities (CoCos) subscribed by the FROB (while the December 2012 decision had authorised the injection of ordinary shares), as well as from a transfer of its impaired assets and loans into SAREB.

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](#)

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