

Decision on recapitalisation of the BFA/Bankia Group.

Update of the current situation of the restructuring processes for institutions under the control of the FROB

Press release – 3 September 2012

A meeting of the Governing Committee of the Fund for the Orderly Bank Restructuring (FROB), in its new composition as laid down in Royal Decree-Law 24/2012 of 31 August 2012 on the restructuring and resolution of credit institutions, has been held today.

The Governing Committee decided to inject €4.5 billion of capital into the BFA-Bankia Group forthwith, in order to restore the Group's regulatory capital levels. This operation will be implemented through subscription by the FROB of a €4.5 billion increase in the capital of BFA.

This measure is subject to approval by the Banco de España, the absence of objections by the Minister of Finance and Public Administration and authorisation by the European Commission, under its powers in relation to State aid.

This operation, which has the support of the European authorities, is an advance of the capital injection the FROB will make within the framework of the financial assistance programme agreed with the Eurogroup and the process of restructuring of the BFA-Bankia Group, the final amount of which will be determined in the next few weeks.

This measure restores the Group's regulatory capital, while the restructuring plan is completed and the safety of the Group's deposits and its access to all possible sources of funding is ensured.

The Spanish and European authorities are working closely with the management of the BFA-Bankia Group to finalise the Group's restructuring plan as soon as possible, so that it can be authorised by the European Commission in October. This process will secure the institution's long-term viability.

The other institutions under the control of the FROB (Catalunya Banc, Novagalicia Banco and Banco de Valencia) currently comply with solvency requirements and continue to carry on their activities normally. At the same time, headway continues to be made in implementing the road map established in the Memorandum of Understanding entered into on 20 July with the Eurogroup.