



## PRESS RELEASE

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### **The Banco de España requires the institutions making up Banco Base to submit their new strategies**

The general assemblies of three of the four savings banks making up the institutional protection scheme (IPS) under the name Banco Base have not approved today the segregation of their banking business and their contribution to the central body of this IPS. In view of the decision adopted today by the assemblies of Cajastur, Caja Cantabria and Caja Extremadura, the Banco de España will require the four institutions comprising this project (the three institutions mentioned and Caja de Ahorros del Mediterráneo) to communicate immediately the strategies they intend to pursue.

Royal Decree-Law 2/2011 obliges credit institutions to have a minimum core capital ratio of 8 % as a general rule. This ratio rises to 10 % for those consolidatable groups or those individual institutions not part of a group that have not placed at least 20 % of their share capital or voting rights with third-party investors and whose percentage of wholesale funding, moreover, exceeds 20 %.

If they are unable to obtain on the market the capital needed to comply with this obligation, the Fund for the Orderly Restructuring of the Banking Sector (FROB) will subscribe the capital needed by these institutions to attain the level required under the Royal Decree-Law.

In compliance with the Royal Decree-Law, on 28 March Banco Base submitted the capitalisation strategy for the IPS, which has been nullified following the decisions adopted by the assemblies of the above-mentioned savings banks.

As to the preference shares amounting to €1.49 billion subscribed by the FROB in December 2010, this amount has not actually been disbursed as it was subject to the conditions envisaged in the subscription agreement being met in full.

Banco Base was the only savings bank integration project in which all the resolutions and all the authorisations needed for the process to be irreversible, under the terms set by the Banco de España<sup>1</sup>, had not been adopted. As to the recapitalisation process, of the total of 114 groups or individual institutions examined by the Banco de España pursuant to the Royal Decree-Law, only 12 (8 of them savings banks or savings bank groups) evidenced a need for additional core capital to comply with the regulatory requirements. Besides Banco Base, the other 11 have communicated to the Banco de España their strategy and compliance schedule for the new

requirements. This will be examined by the Banco de España which, where appropriate, may demand inclusion of any further amendments or measures it deems necessary.

All institutions of which it is so required must have approved their recapitalisation plans by 28 April 2011.

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<sup>1</sup> See the Banco de España note dated 23 March 2011 on the savings bank restructuring process.