



PRESS RELEASE

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The Banco de España approves institutions' strategies for complying with the capital requirements of Royal Decree-Law 2/2011

Today the Executive Commission of the Banco de España has approved the strategies submitted by 13 credit institutions or groups of credit institutions to meet the capital requirements of Royal Decree-Law 2/2011 on the strengthening of the Spanish financial system. This decision has been forwarded to the Governing Committee of the Fund for the Orderly Restructuring of the Banking Sector (FROB) for examination and approval, if appropriate, of the strategies of the nine integration projects potentially involving capital to be contributed by the FROB.

This finalises a further phase of the process envisaged in the Royal Decree-Law to ensure that all groups or institutions will operate with a core capital ratio of at least 8%. This will rise to 10% for those that have not placed at least 20% of their share capital or voting rights with third parties, and that rely on wholesale markets for more than 20% of their funding.

Of the 13 institutions or groups that have submitted their strategies in compliance with the Royal Decree-Law, four have announced their decision to increase capital, or to issue mandatory convertible debt, to cover the requirements detailed by the Banco de España. Among the savings banks, four¹ IPSs (institutional protection schemes) have chosen, as their first option, a stock market listing or the inclusion of private investors, thereby seeking to place at least 20% of their share capital, in which case a minimum ratio of 8% would suffice to meet the demands of the Royal Decree-Law. Both for these savings bank groups and the remaining savings banks needing to strengthen their capital, one of the options envisaged is that the FROB provides part or all of the capital.

The broad strategies approved today by the Banco de España should now be crafted into detailed recapitalisation plans, in the event that the planned measures include as one of the options a request for financial aid from the FROB. These plans should be formally approved by the boards of directors of the various

¹ The IPS comprising Caja Asturias, Caja Extremadura and Caja Cantabria has the backing of their respective boards of directors.

institutions and submitted to the Banco de España for approval. Once endorsed by the Banco de España and by the FROB, they should be sent to the Ministry of Economy and Finance and to the European Commission for the required authorisation.

With regard to the capital needs published by the Banco de España on 10 March, the main change arises from the break-up of Banco Base, a joint project involving CAM, Cajastur, Caja Extremadura and Caja Cantabria. On its own, CAM has applied for an amount of €2.8 billion. The other three institutions, which have decided to set up a new IPS in keeping with the integration agreement approved by their respective boards of directors on 8 April 2011, require €519 million to meet the minimum core capital ratio of 10%, although their priority is to attract investors, whether on the stock market or through private placements, or to generate capital internally. None of the above projects have received aid from the FROB.

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