



PRESS RELEASE

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Institutions send their recapitalisation plans to the Banco de España

The Banco de España has received today the recapitalisation plans of those institutions and groups of institutions which have requested from the FROB (Fund for the Orderly Restructuring of the Banking Sector), primarily, the capital they need to comply with the requirements of Royal Decree-Law 2/2011 (RDL). These proposals must fulfil the requirements of the aforementioned RDL, including a business plan that sets targets for efficiency, profitability, leverage levels and liquidity. In the coming weeks these recapitalisation plans will be analysed in detail and, if appropriate, approved by the Banco de España, which will report its decision to the FROB.

In parallel, work has commenced to set the economic value of these institutions as required by the RDL, which states that said economic value must be determined by independent experts appointed by the FROB.

Once the Governing Committee of the FROB has adopted a decision on the institutions' economic value and on the above-mentioned plans, these will be sent to the Ministry of Economy and Finance and to the European Commission for the corresponding approval of the contributions committed by the FROB.

The submission of the recapitalisation plans to the Banco de España marks the completion of another phase in the process envisaged in the RDL approved in February, ensuring that all the groups and institutions will operate with a core capital ratio of at least 8%. This ratio will rise to 10% for those groups and institutions 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%.

Pursuant to the RDL, the Banco de España published on 10 March 2011 the capital requirements of institutions which did not reach the minimum core capital ratio set therein. Subsequently, on 28 March 2011, these institutions submitted their strategies and timetable for compliance with the requirements of the RDL, which were approved by the Banco de España on 14 April 2011. Of the 13 institutions or groups of institutions that finally needed to strengthen capital, four banks decided to increase capital or to issue mandatory convertible debt, while the savings banks (or groups of savings banks) presented strategies which, in the first instance or ultimately, envisaged the option of obtaining these resources from the FROB.

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