



## PRESS RELEASE

Madrid, 10 March 2011

### **The Banco de España informs 12 banks they must increase their capital to comply with the Royal Decree-Law**

The Banco de España has today informed credit institutions of its calculations of the additional capital they will need, in compliance with the provisions of Royal Decree-Law 2/2011 of 18 February 2011 for the reinforcement of the Spanish financial system. Overall, 12 banks must increase their capital, for an amount totalling €15.15 billion, as detailed in the table at the end of this note. Of these 12 institutions, two are Spanish banks, two are subsidiaries of foreign banks and eight are savings banks

The above-mentioned Royal Decree-Law establishes a general minimum ratio for core capital, as defined in its Article 2, of 8% for consolidatable groups of credit institutions and individual credit institutions that do not belong to a consolidatable group that are able to raise repayable funds from the public. This ratio rises to 10% for those groups or institutions that have not placed securities representing at least 20% of their share capital or voting rights with third parties and that have wholesale funding of more than 20%, according to the definition in the Circular of the Banco de España No 2/2011. The objective of the reform approved today by Parliament is to reinforce the solvency of the financial system even further, in order to dispel any uncertainty and restore market confidence.

Those institutions that have to increase their core capital have fifteen business days to present to the Banco de España their strategy and timetable for compliance with the new capitalisation requirements. Such strategy must state the concrete measures the institutions plan to implement in order to comply with these requirements before 30 September 2011. The Banco de España will have another fifteen business days to approve these documents or, where applicable, require relevant modifications.

The overall amount of €15.15 billion is subject to possible changes. First, some banks have already announced that they envisage, as a first option, raising funds from investors amounting to at least 20% of their capital. Insofar as they manage to do this and consequently comply with the condition in the Royal Decree-Law on market access, the 8% core capital ratio will apply to them and, therefore, the total amount of additional capital needed will change.

In addition, banks may also adjust their capital ratios by means of extraordinary operations, such as those indicated in Article 1 of Transitional Provision One of the Royal Decree-Law (sales of branches, strategic holdings or asset portfolios), which would reduce the need to obtain new capital.

Other institutions that comply with the requirements of the Royal Decree-Law have announced their intention to tap the markets with new issues, so that the volume of capital finally injected into the Spanish financial system may be increased by the amount of such issues.

In any event, the Fund for the Orderly Restructuring of the Banking Sector (FROB, by its Spanish initials) is committed to subscribing for the necessary capital that institutions may request, whether as a first or second option, to supplement their recourse to private capital or to obviate the need for such recourse, as envisaged by Royal Decree-Law 2/2011. The FROB, which was set up in June 2009 as an instrument for restructuring the Spanish banking system, has so far provided banks with funds totalling €1 1.56 billion.

(TABLE ON THE FOLLOWING PAGES)

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COMPLIANCE OF BANKS WITH ROYAL DECREE-LAW 2/2011

	Starting core capital		Core capital ratio			Observations
	(1)	(2)	(3)	(4)	(5)	
	Amount (%m)	Level to be met (%) <sup>(a)</sup>	Compliance	Percentage points to reach level in column (2)	Additional capital needed to reach level in column (2) <sup>(b)</sup>	
<i>Figures in €m</i>						
Banco Santander	49,051	8	Yes			
BBVA	29,844	8	Yes			
Banco Popular	8,012	8	Yes			
Banco Sabadell	4,972	8	Yes			
Banca March	3,469	8	Yes			
Bankinter	2,144	8	----	1.1	333	Resolution passed to issue €406 million of bonds obligatorily convertible into shares.
Banco Pastor	1,518	8	Yes			
Barclays Bank, S.A.	1,005	8	----	2.8	552	A letter has been received indicating that the measures needed to meet core capital requirements will be taken.
Deutsche Bank, S.A.E.	729	8	----	1.6	182	A letter has been received indicating that the measures needed to meet core capital requirements will be taken.
Citibank España, S.A.	439	8	Yes			
General Electric Capital Bank, S.A.	422	8	Yes			
Banco Caixa Geral, S.A.	419	8	Yes			
Banco Servicios Financieros	350	8	Yes			
Dexia Sabadell	344	8	Yes			
Banco Cooperativo Español	256	8	Yes			
Banco Cetelem, S.A.	212	8	Yes			
Aresbank, S.A.	193	8	Yes			
Banco de Finanzas e Inversiones	137	8	Yes			
BEF	121	8	Yes			
Bankoa, S.A.	118	8	Yes			
Lloyds Bank International, S.A.	107	8	Yes			
RBC Dexia Investor Services España, S.A.	101	8	Yes			
EBN	89	8	Yes			
Banco Caminos	88	8	Yes			
Banca Puyo	79	8	Yes			
UBS Bank, S.A.	67	8	Yes			
Inversis	66	8	Yes			
BNP Paribas España, S.A.	64	8	Yes			
Banco de Depósitos	62	8	Yes			
Self Trade Bank, S.A.	39	8	Yes			
Banco Etcheverría	37	8	Yes			
Banque Marocaine Commerce Extérieur Internat., S.A.	34	8	Yes			
Banco Finantia Sofinloc, S.A.	31	8	Yes			
Banco Alcalá, S.A.	28	8	Yes			
Bankpyme	24	8	----	2.0	8	Resolution passed to increase capital by €18.6 million.
Privat Bank Degroof, S.A.	22	8	Yes			
Banco Pichincha España, S.A.	17	8	Yes			
<b>SUB-TOTAL COMMERCIAL BANKS</b>	<b>104,710</b>				<b>1,075</b>	
Caixa	16,083	8	Yes			
Bankia	14,125	10	----	2.9	5,775	Board resolution passed on 17 February to initiate an IPO process. In that case the minimum additional amount needed to reach 8% core capital would be at least €1,795 million.
Base	6,582	10	----	1.8	1,447	
Cívica	3,687	10	----	1.9	847	IPO resolution passed by the Board of Directors on 23 February. In that case, it must place at least 20% of its share capital.
BBK (incluye Caja Sur)	3,604	10	Yes			
Mare Nostrum	3,343	10	----	1.6	637	Resolution passed by the Board of Directors on 28 February to initiate an IPO process. In that case, it must place at least 20% of its share capital.
Catalunyacaixa	3,148	10	----	3.5	1,718	
Novacaixagalicia	2,851	10	----	4.8	2,622	

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Unicaja	2,450	10	Yes			
Ibercaja	2,425	8	Yes			
Caja España de Inversiones	2,062	10	----	1.8	463	
Kutxa	1,976	10	Yes			
Caja 3	1,191	8	Yes			
Unnim	1,150	10	----	3.3	568	
Vital	810	8	Yes			
Ontinyent	57	8	Yes			
Pollensa	20	8	Yes			
<b>SUB-TOTAL SAVING BANKS</b>	<b>65,564</b>				<b>14,077</b>	
Cajamar	2,402	8	Yes			
Caja Laboral Popular	1,408	8	Yes			
Caja Rural de Navarra	694	8	Yes			
Caja Rural del Mediterráneo	582	8	Yes			
Caja Rural del Sur	452	8	Yes			
Caja Rural de Granada	380	8	Yes			
Caja Rural de Asturias	276	8	Yes			
Caja Rural Aragonesa y de los Pirineos	272	8	Yes			
Caja Rural de Toledo	251	8	Yes			
Caja Rural de Aragón	242	8	Yes			
Ipar Kutxa Rural	229	8	Yes			
Cara Rural de Jaén, Barcelona y Madrid	175	8	Yes			
Caja Rural de Ciudad Real	147	8	Yes			
Caja Rural de Albacete	117	8	Yes			
Cajasiete, Caja Rural	113	8	Yes			
Caja Rural de Zamora	113	8	Yes			
Caja Rural de Canarias	110	8	Yes			
Caja Rural de Córdoba	97	8	Yes			
Caja Rural de Soria	96	8	Yes			
Caja Rural de Extremadura	94	8	Yes			
Caja Rural de Cuenca	90	8	Yes			
Caja Rural de Teruel	89	8	Yes			
Caja Rural Central	82	8	Yes			
Caixa de D. Dels Enginyers - C.C. Ingenieros	76	8	Yes			
Caja Rural de Burgos	69	8	Yes			
Caixa Popular, Caixa Rural	62	8	Yes			
Caja Rural de Salamanca	58	8	Yes			
Caja Rural de Almedralejo	57	8	Yes			
Caja de Arquitectos	54	8	Yes			
Caja Rural Castellón S. Isidro	44	8	Yes			
Caja Rural de Guissona	42	8	Yes			
Caixa Rural La Vall 'S. Isidro'	37	8	Yes			
Caixa Rural Galega	35	8	Yes			
Caja Rural Católico Agraria	33	8	Yes			
Caja Rural de Gijón	28	8	Yes			
Caja Rural Ntra. Sra. La Esperanza de Onda	25	8	Yes			
Caja Rural S. José de Alcora	23	8	Yes			
Caja Rural S. José de Almassora	22	8	Yes			
Caixa Rural D'Algemesí	20	8	Yes			
Caja Rural de Segovia	17	8	Yes			
Caja Rural R.S. Agustín de Fuente Álamo M.	17	8	Yes			
Caixa Rural Benicarló	15	8	Yes			
Caixa Rural de L'Alcudia	15	8	Yes			
Caja Rural de Utrera	10	8	Yes			
Caixa Rural Vinaros	10	8	Yes			
Caja de Crédito Cooperativo	9	8	Yes			
Caja Rural de Albal	9	8	Yes			
Caixa Rural S. Vicent Ferrer de la Vall D'Uixó	9	8	Yes			
Caja Rural de Villar	8	8	Yes			

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Caja Rural Baena Ntra. Sra. Guadalupe	7	8	Yes			
Caja Rural de Betxí	7	8	Yes			
Caja Rural Comarcal de Mota del Cuervo	6	8	Yes			
Caja Rural de Villamalea	6	8	Yes			
Caja Rural de Casas Ibáñez	6	8	Yes			
Caja Rural Ntra. Sra. Del Rosario	6	8	Yes			
Caja Rural 'Nuestra Madre del Sol'	5	8	Yes			
Caja Rural de Cañete Torres Ntra. Sra. Del Campo	5	8	Yes			
Caja Rural de Fuentepelayo	3	8	Yes			
Caixa Rural Les Coves de Vinromá	2	8	Yes			
Caja Rural S. Fortunato	1	8	Yes			
<b>SUB-TOTAL CREDIT COOPERATIVES</b>	<b>9,367</b>				<b>0</b>	
<b>TOTAL</b>	<b>179,642</b>				<b>15,152</b>	

Situation according to the data available as at 10 March 2011.

(a) The general level for compliance is 8%. However, this level will be 10% for banks to which the following two conditions apply: they have a wholesale funding ratio of more than 20% and the securities representing their share capital placed with third parties are equal to or less than 20% of their share capital (Article 1 of Royal Decree-Law 2/2011).

(b) These amounts might be reduced. Some institutions have already announced they envisage raising capital from investors for a minimum of 20% and, insofar as they were then to meet the condition set in the Royal Decree-Law on market access, the amount of capital needed would be reduced. Institutions may also adjust their capital ratio through extraordinary operations, such as those indicated in Transitional Provision One (1) of the Royal Decree-Law (sales of branches, strategic holdings or asset portfolios), which would also reduce the need to obtain new capital.