Sareb increases capital to allow private investors to take a stake

* Large financial institutions, along with the FROB, are providing the capital needed for the transfer of assets from the nationalised institutions

* Board of Directors formed and formally appoints Belén Romana as its chair

Press release – 13 December 2012

The Asset Management Company for Assets Arising from Bank Restructuring (Sareb) has increased its capital in order to allow its main participants (Santander, Caixabank, Popular, Sabadell and Kutxabank) to become shareholders. This contribution of capital, along with that from the Fund for the Orderly Restructuring of the Banking Sector (FROB) and that planned for the coming days, will enable approximately three-quarters of the total share capital of Sareb to be covered[1]. An initial phase will see the transfer of the assets of the nationalised institutions (BFA-Bankia, Catalunya Bank, NovaGalicia and Banco de Valencia) to Sareb.

The list of initial shareholders and their equity holdings (in millions of euro) as of today is set out in the following table:

[1] It is planned that Sareb will have own funds of approximately €5 billion, equivalent to around 8% of the total volume of assets to be managed, made up of capital (25%) and subordinated debt (75%). The subordinated debt will be issued and subscribed by the shareholders in proportion to their equity holdings over the coming weeks, so that Sareb will have, by the end of the month, more than 74% of the total own funds planned for its operations.

CONTRIBUTIONS TO SAREB: SITUATION AS AT 12 DECEMBER	
Institution	Capital
SANTANDER	164
CAIXABANK, S.A.	118
BANCO SABADELL	66
POPULAR	57
KUTXABANK	25
Total	430
CREDIT INSTITUTIONS TOTAL	**430**
FROB	**397**
TOTAL	**827**

The disbursement of these funds will be completed during the next few weeks with the issuance and subscription of subordinated debt by the private shareholders and the FROB.

The remaining contributions, to reach the total own funds (€3.8 billion) needed for this initial phase, will be obtained during the next few days through a further increase in capital and the subscription of an issue of subordinated debt by other investors and the FROB. This operation will be completed before 31 December. It is planned that the additional shareholders will include various credit institutions and a private insurance group.

Given the formalities required to incorporate a company of this size, it is not possible for all the agreed private capital and subordinated debt to be subscribed on a single occasion.

Practically all the main financial institutions and insurance companies in Spain will have holdings in the company's capital. The positive response by the sector means that Sareb can be expected to operate appropriately and profitably, managing assets of around €59 billion.

Furthermore, the Board of Directors of Sareb has been formed, with Belén Romana being formally appointed as chair and Walter Luis de Luna as general manager. The directors are Remigio Iglesias Surribas (private shareholders' nominee), Antonio Massanell Lavilla (private shareholders' nominee), Javier Trillo Garrigues (independent), Luis Sánchez-Merlo (independent), Belén Romana García (FROB nominee) and Walter Luis de Luna (FROB nominee).

Once the second capital increase has been carried out, the SAREB Board will adopt its definitive form, comprising 15 directors. Of these, five will be independent, in accordance with Law 9/2012, and the remainder will be proposed by the owners in proportion to their stakes. The FROB will appoint four directors.

The Sareb development company, set up on 28 November, converts as from today into an entity with full capacity to act in pursuit of its goals. A decisive step has thus been taken in meeting the commitments entered into in the Memorandum of Understanding for the European loan for the recapitalisation of the Spanish financial sector. Sareb is a cornerstone of this process, whose aim is to absorb the real estate assets of financial institutions that have received aid to clean up their balance sheets.

Before the end of this month, Sareb will complete the acquisition of the assets of nationalised institutions, estimated to amount to €44 billion, in accordance with the parameters defined in the restructuring plans approved by the European Commission on 28 November.

The transfer of Group 2 assets will take place in 2013 and will require a further capital increase and the issuance of new subordinated debt, which will be subscribed by the current shareholders or by other new shareholders that join the venture in that second phase.