Royal Decree-law 2/2011, of February 18th, for the reinforcement of the financial system.

I DECREE:

TITLE I

The strengthening of the credit entities' own funds

CHAPTER I

Capital sum

Article 1. *The strengthening of the solvency of credit entities.*

1. The consolidated groups of credit entities, as well as the credit entities that are not integrated into a consolidated group of credit entities, which may take the deposits of repayable funds from the general public, must be in possession of at least 8% of their total risk-weighted assets and calculated in accordance with what is stated in Law 13/1985, dated 25 May, on investment coefficients, own funds and obligations regarding information of financial intermediaries and on their standards of development.

2. The previous percentage will be of 10% for the consolidated credit entities and the individual credit entities mentioned in the section above which satisfy the two conditions stated below:

a) that have a wholesale financing coefficient of over 20% in accordance with the definition established by the Banco de España, and,

b) that have not distributed representative titles of their capital sum or voting rights to third parties, including shareholders or partners, for, at least, a percentage that is equal or higher than 20% of the same. To these bills the participations maintained by the savings banks that have taken their financial business to a bank in order to develop their own objectives as credit entities, that of the foundations which originated due to the transformation of savings banks or the participation in the equity of the Fund for Orderly Bank Restructuring (FROB) will not be taken into account. In the case of consolidated groups of credit entities in which one or more savings banks have decided to develop their own objectives as credit entities in an indirect way, this condition will verify the bank to which they have taken their financial business.

3. Once what is established in the first transitory provision has been complied, when circumstantially an entity presents a level of equity that is lower than the minimum established in the sections above and this level of insufficiency is less than 20% of the required minimum, the Banco de España will impose restrictions which may affect the share of dividends, the endowment to social work and charities, the variable remunerations of administrators and directors, the remuneration from preferential shares and the repurchase of shares.

In all cases, in accordance with what is stated in article 3, the restrictions that are expected in this section will no longer apply as from the moment disciplinary proceedings are initiated.

4. The Banco de España will be able to demand from the entities or groups that have previously been mentioned in this article, that they comply with a level of the capital sum that is higher than that stated in sections 1 and 2 if, in the most adverse situation for a resistance

test of the whole system, the entity is unable to reach the minimum level of own funds demanded by this test and until the limit of this demand.

5. What is stated in this article will be understood notwithstanding the application of what is declared in Law 13/1985, dated 25 May, on investment coefficients, own funds and obligations regarding information of financial intermediaries and on its standards of development, and paying special attention to what is stated in article 11 of this aforementioned law regarding the issues related to the insufficiency of own funds.

Artículo 2. *Capital sum.*

1. To the effects of what is stated in the previous article, the capital sum of a credit entity is the result obtained after adding together the following elements of their own funds:

a) The equity of public limited companies, excluding, in its case, the redeemable non-voting shares; foundational funds and the share instalments corresponding to savings banks and the partners shares instalments issued by the Spanish Confederation of Savings Banks; the contributions to the equity belonging to the credit cooperatives. In all cases, the shares or computable values which are held by the entity or any consolidated entity mentioned in this point are excluded.

b) The issue premiums paid out for the subscription of ordinary shares or other instruments mentioned in the previous paragraph.

c) The effective and express reserves, as well as the elements that are classified as reserves in accordance with the regulations on the own funds held by the credit entities and the positive results of the financial year calculated in compliance with the aforementioned regulations.

d) The positive adjustments that are a consequence of the evaluation of the financial assets that form part of the equity available for sale, net of related tax effects.

e) The representative shares of the minority interest that corresponds to ordinary shares of the companies of the consolidated group, in compliance with what is stated in the regulations on own funds.

f) The computable instruments subscribed by the Fund for Orderly Bank Restructuring within the framework of its regulatory standards.

2. From the result of the previous sum, the following amounts will be deducted:

a) The negative results of the previous results, which are accounted as a debit balance of the reserve account (losses) accumulated, and the losses of the current financial period, including the sum of the results of the financial period (lost) attributed to the minority, as well as the debit balances of the net equity accounts assimilated to negative results in compliance with the regulations on the own funds of the credit entities. To these effects, the negative adjustments that are a consequence of the evaluation of the financial assets available for sale will be considered net of related tax effects.

b) The intangible assets, including the trading fund that proceeds from business combinations, from the consolidation or the application of the method of the shares. The value of the aforementioned will be calculated in accordance with what is stated by the Banco de España.

CHAPTER II

Disciplinary measures

Article 3. *Disciplinary measures.*

Notwithstanding what is stated in the first transitory Disposition of this royal-decree law, the non-compliance of what is stated in article 1 will be considered either an extreme or major infraction, in accordance with what is stated under letter c) of article 4 and under letter h) of article 5 of Law 26/1988, dated 29 July, on the Discipline and Intervention of the Credit Entities.

TÍTULO II

The reform of the Fund for Orderly Bank Restructuring

Article 4. *The modification of the Royal Decree-law 9/2009, dated 26 June, on the restructuring of banks and the strengthening of the own funds of credit entities.*

The Royal Decree-law 9/2009, dated 26 June, on the restructuring of banks and the strengthening of the own funds of credit entities has been modified in the following way:

One. Article 3 has been drawn up with the following wording:

«Article 3. *The government of the Fund for Orderly Bank Restructuring.*

1. The Fund for Orderly Bank Restructuring will be governed and administered by a Governing Committee comprising nine members named by the Minister of Economy and Finance, of which two members will act in representation of the Ministry of Economy and Finance, one from the Secretary of State of Income and Budgets and another from the Secretary of State of Economy, four members will be named at the proposal of the Banco de España and three in representation of the Deposit Guarantee Funds.

Likewise, a representative of the General Intervention of Government Administration will attend the sessions of the Governing Committee with the right to speak in debate, but not to vote. This person will be designated by the Minister of Economy and Finance at the proposal of the General Administrator.

One of the members named at the proposal of the Banco de España will be their Deputy Governor, who will act as President of the Governing Committee. In the absence of the President, he will be substituted by another member designated at the proposal of the Banco de España elected by majority between the members of the Governing Committee who are attending the session. The members of the Governing Committee will appoint the person who is going to carry out the functions of the secretary of the Governing Committee, from those people who have been proposed by the Banco de España.

The representatives of the Deposit Guarantee Funds will be appointed by majority agreement from between those members of their interim committee who have the authority to act in representation of the associated credit entities. Of the three representatives of the Deposit Guarantee Funds one will act in representation of the banking entities, another in representation of the savings banks and another in representation of the credit cooperatives.

By the same procedure substitute representatives will be named: two from those members appointed to represent the Ministry of Economy and Finance, two from those members proposed by the Banco de España, and a substitute representative for each one of those members proposed by the Deposit Guarantee Funds, who will substitute the incumbent representatives in the case of vacancy, absence or sickness. In the case of

the representatives of the Deposit Guarantee Funds, these members will also have to be substituted when the Governing Committee is going to discuss issues that directly affect an entity or group of entities to which they are linked as administrator or director, or in virtue of a working, civil or commercial contract, or any other relationship that could negatively affect the objectivity of their decisions.

The term of office of the members of the Governing Committee will be of four years which may be renewed only once for the identical period of time.

The members of the Governing Committee will end their office due to the following causes:

a) The expiry of the term of office as a member of the Governing Committee.

b) In the case of the representatives of the Ministry of Economy and Finance and the Banco de España, the end of office of the post they hold.

c) Resignation accepted by the Minister of Economy and Finance.

d) A separation accorded by the Minister of Economy and Finance as a consequence of incompatibility, serious non-compliance of obligations, permanent disability to perform functions or a sentence for wilful criminal offence.

e) Expiry of the term of office as a member of the governing committee of the Deposit Guarantee Funds.

The agreement to end the term of office will be adopted by the Minister of Economy and Finance. In the case of the representatives of the Banco de España or of the Deposit Guarantee Funds, this aforementioned agreement will be adopted at the proposal of the Banco de España. When the end of the term of office affects a member of the Governing Committee who acts in representation of the Deposit Guarantee Funds, this must previously be heard by his governing committee which, for these purposes, will make their consent by majority agreement of the representatives of the associated credit entities, without the intervention of the representatives of the Banco de España.

2. The Governing Committee will meet each time their President deems this is necessary, either on his own initiative or at the request of any one of its members. Likewise, he will have the authority to establish his own schedule of sessions.

3. The Governing Committee will determine its own regulations in regard to the way it functions and it will be able to accord the delegations or authorisations it deems convenient for the correct exercise of its functions.

4. Besides the functions that are contemplated in other precepts of the present royal decree-law, the Governing Committee will have the following:

a) The approval for carrying out the financing operations stated in section 5 of article 2.

b) The approval of the accounts that the Fund for Orderly Bank Restructuring will have to present annually to the Minister of Economy and Finance, as well as the report that, subject to article 4, must be presented annually to the Minister of Economy and Finance so it can be remitted to the Committee of Economy and Finance of the Congress of Deputies.

c) The adoption of the preventive measures and organisation stated in articles 6 and 7.

d) The adoption of the strengthening measures of the own funds stated in article 9.

5. For the valid constitution of the Governing Committee of the Fund for Orderly Bank Restructuring for the purposes of the celebration of sessions, deliberations and the adoption of agreements, the attendance of at least half its members with voting rights

will be necessary. The agreements will be adopted by the majority vote of its members, with the president having the casting vote in the case of a draw in the number of votes.

6. The members of the Governing Body will be under the obligation to keep the information they know in secret, in virtue of their participation in the tasks related to the Fund, not being able to use this information for carrying out finalities other than those commended to the Fund for Orderly Bank Restructuring.»

Two. Title II has been drawn up with the following wording:

«TITLE II

The strengthening of the own funds of credit entities

CHAPTER I

Instruments for the strengthening of the own funds of credit entities

Article 9. *Instruments for the strengthening of the own funds of credit entities.*

1. The Fund for Orderly Bank Restructuring will be able to adopt measures of financial support, such as the acquisition of ordinary shares that represent the equity or the contributions to the entities' equity that, without incurring in the circumstances established in article 6 of the present royal decree-law, need to strengthen their own funds, and so request it.

2. The subscription of the titles to which the previous section refers will be subject to a recapitalisation plan with the contents that are specified in Chapter II and elaborated by the entity that makes the application. This plan will have to be approved by the Banco de España, which will have to supply the information it contains to the Ministry of Economy and Finance, through the General Direction of the Treasury and Financial Policy.

3. Prior to the decision about the subscription of titles, the Fund for Orderly Bank Restructuring will submit a financial report to the Minister of Economy and Finance which will include detailed information regarding the financial impact this acquisition has on the funds that have been contributed and charged to the General State Budget. Based on this report and to that which was issued by the General Intervention of State Administration in accordance with what is stated in section five below, the Minister of Economy and Finance will be able to oppose, with a reason, within 5 working days as from the moment this report is submitted.

4. The contributions promised by the Fund for Orderly Bank Restructuring may be made in cash or made by submitting the securities that represent public debt or securities issued by the Fund itself. Likewise, the Fund for Orderly Bank Restructuring will be able to make the promised contributions by means of the compensation of credits that it holds against the applying entities.

5. The acquisition or subscription price will be fixed in accordance with the economic value of the credit entity, which will be determined by one or several independent experts who will be appointed by the Fund for Orderly Bank Restructuring. The evaluation will be carried out by means of a procedure which will be developed by the Fund for Orderly Bank Restructuring following the commonly accepted methodologies. Amongst other factors, this evaluation will take into account, in its case, the reorganisation operations of an extraordinary nature promised by the entities.

If, during the five months prior to the subscription, between third-party investors a significant percentage of capital is invested for the purposes of being able to consider the price that has been paid as market value, and this percentage is higher than that

acquired by the Fund for Orderly Bank Restructuring, the subscription price will be the same as that paid by who had made the aforementioned investment. If there is a significant percentage of equity and this percentage is lower than that acquired by the Fund for Orderly Bank Restructuring, the subscription price will have the price of the aforementioned investment as a reference. In all cases, the acquisition or subscription will be carried out in accordance with the Spanish and European Union regulations on issues regarding competitiveness and State aid.

The subscription price will be fixed after a report has been drawn up and issued by the General Intervention of State Administration.

6. With the objective of guaranteeing the appropriate compliance of the Recapitalisation Plan, the subscriptions of shares and the contributions to equity made by the Fund for Orderly Bank Restructuring will determine their incorporation into the governing body of the issuing entity by their own nature, without the need of any other act or agreement being necessary. The Fund for Orderly Bank Restructuring will name the natural person or persons who will be empowered to hold their representation for this purpose and who will have the right in the governing body to as many votes as those which result from applying their share percentage in the entity to the total number of votes.

For the purposes of complying with what is stated in the third paragraph of article 5 of the Royal Decree-Law 11/2010, dated 9 July, on governing bodies and other aspects regarding the legal system of the Savings Banks, the shares of an entity's equity held by the Fund for Orderly Bank Restructuring will not be taken into account.

7. This will be applied to the titles subscribed by the Fund for Orderly Bank Restructuring according to the functions that are commended in this article in compliance with what is stated in sections 6 and 9 of article 7.

8. In order to ensure greater efficiency in the use of public funds the divestment made by the Fund for Orderly Bank Restructuring of the titles subscribed in accordance with the functions which are commended in this article will be carried out by means of disposing of its shares through procedures that ensure the competitiveness and within a period of no more than five years as from the date of the subscription.

Notwithstanding what is stated in the previous article, the Fund for Orderly Bank Restructuring will be able to cooperate with one or more of the other shareholders or partners of the credit entity in question, in the eventual processes of the sale of titles, under the same terms that these may arrange.

Additionally, on subscribing or acquiring the titles to which this article refers, the Fund for Orderly Bank Restructuring will be able to establish the terms under which, within a maximum period of one year as from the subscription or acquisition date, it would sell the aforementioned titles to the issuing entities of the same, or to the third-party investors proposed by the entity that would receive the benefit of this action. The conditions of the aforementioned reselling must ensure an efficient use of public funds and must be carried out under market conditions, complying at all times with the Spanish and European regulations on issues regarding competitiveness and State aid.

The maximum period stipulated in the previous paragraph may be of two years as from the subscription or acquisition date, in which case, respecting its recapitalisation plan, the Fund for Orderly Bank Restructuring will be able to request from the applying entities additional commitments to those stipulated in article 12.1.

9. Every three months, the applying entity will send the Fund for Orderly Bank Restructuring a report on the degree of compliance with the measures that are contemplated in the approved recapitalisation plan. In view of the contents of this report, the Fund for Orderly Bank Restructuring will be able to request the adoption of

the actions it deems necessary, in order to ensure the recapitalisation plan is effectively carried out.

The disposal will be made after a report has been issued by the General Intervention of State Administration.

10. What is stated in this article will be understood notwithstanding the compliance of the applicable legislation regarding issues that defend competitiveness.

Article 10. *The acquisition of titles that are of a compulsory conversion.*

1. The Fund for Orderly Bank Restructuring will likewise be able to acquire titles that will consist of preference shares that can be converted into contributions to equity, issued by those entities that, without incurring in the circumstances established in article 6 of the present royal decree-law, need to strengthen their own funds, with the sole objective of carrying out integration processes between themselves and this is thus requested.

The subscription by the Fund for Orderly Bank Restructuring of such titles will be conditioned by the entities drawing up an plan of integration which must include details of the specific measures and commitments that are directed towards reaching this objective and which must be approved by the Banco de España, following the principle of the most efficient use of the public funds. At all times, the aforementioned acquisition must be carried out taking into account the terms and the risk of the operation, the need to avoid the risk of distorting competitiveness as well as taking into consideration that an acquisition such as this will enable the execution and compliance of the plan of integration and will be presided by the principle of the most efficient use of the public funds.

Among other things, the plan of integration will entail an improvement in its efficiency, the rationalisation of its administration and management as well as providing a new dimension to its productive capacity; all this with the aim of improving its future prospects.

2. The titles to which this article refers will be governed by the provisions contained in the second additional provision of Law 13/1985, dated 25 May, on investment coefficients, own funds and obligations regarding information of financial intermediaries, with the following specialities.

a) The issue will have an exceptional nature and may only be accorded for the purposes and in compliance with what is stated in this royal decree-law. The moment the agreement to issue the preference shares mentioned in this article

is adopted, the issuing entities must approve the necessary agreements for the subscriptions of contributions of capital for the necessary amount. At all times, the terms and conditions of the returns on the preference shares will take into account those that are established by the European Commission.

b) The issuing entities must commit themselves to repurchasing the titles subscribed by the Fund for Orderly Bank Restructuring as soon as these are in conditions to do so under the terms promised in the plan of integration. If five years pass after the disbursement without the preference shares being repurchased by the entity, the Fund for Orderly Bank Restructuring will be able to request they are converted into social contributions of the issuer. The exercise of this competence must be carried out, in its case, within a maximum period of 6 months, as from the end of the fifth year since the preference shares were disbursed. Notwithstanding the aforementioned, the issuing agreement must likewise contemplate the convertibility of the preference shares at the request of the Fund for Orderly Bank Restructuring if, before five years have passed, the

Banco de España considers improbable, in light of the situation of the entity or its group, that the repurchasing of the preference shares will be carried out within this period.

c) The preference shares issued in accordance with what is stated in this precept will be accounted as own funds, without that to do this it is obligatory to trade on an organised secondary market. For these purposes, the limitations for the accounting of own funds that the law establishes will not be applied.

d) Likewise, the agreement to issue these titles will have to adapt to the rest of the conditions that are promised in the plan of integration.

3. Before the effective acquisition of these titles, the Fund for Orderly Bank Restructuring will submit a financial report to the Minister of Economy and Finance which will provide the details of the financial impact this acquisition will have on the contributed funds charged to the General State Budget. The Minister of Economy and Finance will be able to oppose, with a reason, within 5 working days as from the moment this report is submitted.

4. The disinvestment of the Fund for Orderly Bank Restructuring will be made by the issuing entity repurchasing the titles or disposing of them to third parties. When the disinvestment of the aforementioned titles or those that result from their conversion is made by disposing of them to third parties, this must be carried out by means of procedures that ensure competitiveness and within a period that does not exceed five years as from the date the plan of integration expires; a period that will not apply when the entity has to comply with section 8 of this article. The disinvestment of the contributions to equity will not be subject to any legal or statuary limitation.

5. In the conversion of the preference shares in contributions to equity, it will be necessary to comply with what is stated in section 6 and 9 of article 7.

6. Every three months, the entity appointed by the entities involved in the integration process or, in its case, the entity that results from the same will present a report to the Banco de España on the degree of compliance with the measures that are contemplated in the approved plan of integration. In view of the contents of this report, the Banco de España will be able to request the adoption of the actions it deems necessary, in order to ensure the plan of integration is effectively carried out.

7. If, as a consequence of the evolution of the economic-financial situation of the entity that results from the integration process, or the development of the conditions of the markets give a warning that it will be impossible to comply with the terms under which the plan of integration it was approved, the entity will be able to apply to the Fund for Orderly Bank Restructuring for a modification of the aforementioned terms, which, among other aspects, will be able to include

an extension of the repurchasing period of the titles subscribed by the Fund to which section 2.b) above refers, up to two years more. The modification of the plan of integration accorded with the Fund for Orderly Bank Restructuring will have to be approved by the Banco de España.

8. If, as a consequence of the evolution of the economic-financial situation of the entity that results from the integration process or the development of the conditions of the markets, the plan of integration cannot be carried out and the entity finds itself in the situation described in article 6, what is stated in article 7 will be applied to this entity, therefore, in accordance with this article, it must be foreseen in the plans that the approval of what is stipulated in the titles subscribed by the Fund for Orderly Bank Restructuring is necessary.

Article 11. *The transfer of the financial activity in determined suppositions.*

1. The savings banks will be able to apply to the Fund for Orderly Bank Restructuring for the intervention that is mentioned in section one of article 9. In order to do this, they must transfer their financial activity to a bank, in accordance with what is stated in articles 5 or 6 of the Royal Decree-law 11/2010, dated 9 July, on government bodies and other aspects of the legal system of Savings Banks, within a maximum of three months as from the date on which they receive notification of the approval of the recapitalisation plan to which the following article refers.

2. If the entity that applies for the intervention of the Fund for Orderly Bank Restructuring mentioned in section one of article 9 corresponds to an investee bank together with other savings banks, in accordance with what is stated in article 8.3 of Law 13/1985, dated 25 May, on Investment Coefficients, Own Funds and Obligations regarding Information of Financial Intermediaries, these will have to transfer all their financial activity to the bank and carry out their activity in accordance with articles 5 or 6 of the Royal Decree-law 11/2010, dated 9 July, on government bodies and other aspects of the legal system of Savings Banks, within a maximum of three months as from the date on which they receive notification of the approval of the recapitalisation plan to which the following article refers.

CHAPTER II

Recapitalisation plan

Article 12. *The contents of the recapitalisation plan.*

1. The recapitalisation plan foreseen in the second section of article 9 of the present royal decree-law will have to include a business plan which sets objectives related to efficiency, profitability, levels of financial leverage and liquidity. Likewise, the applying entities will have to assume the following commitments:

a) If requested by the Fund for Orderly Bank Restructuring, the applying entities will have to assume the commitment to reduce the costs associated to structure in regard to its total amount, at the same time the titles are subscribed by the Fund for Orderly Bank Restructuring.

b) The applying entities will adopt measures that tend to improve their corporative government. Generally speaking, these will adapt to what is stipulated in the standards of the good corporative government of the listed companies and, in particular, they will have to comply with what is stated in article 13.

c) The applying entities will assume the commitment to increase financing to small and medium companies, under terms that are compatible with the objectives that are established in their business plan.

In the supposition of the applying entities having previously issued convertible preference shares that have been subscribed by the Fund for Orderly Bank Restructuring, if requested by this Fund and they are in mutual agreement, they will be able to proceed with the immediate conversion into ordinary shares or contributions to equity under the terms stipulated in the corresponding public share certificates. In the case the applying entities are savings banks, these will necessarily adopt the system stipulated in the second additional Provision of the Royal Decree-law 2/2011, dated 18 February, on the strengthening of the financial system, on issues regarding agreements that are related to their participation in the bank through which they develop, in its case, their activity as a credit entity.

2. The Fund for Orderly Bank Restructuring will be able to request from the applying entities additional commitments apart from those listed in the previous section, with the objective of preserving an efficient use of public funds.

Likewise, the Fund for Orderly Bank Restructuring will be able to request from the applying entities additional commitments regarding the supply of periodical information, with the objective of complying with its obligations regarding the provision of information to the competent authorities of the European Union.

Article 13. *The regulations of corporative government for applying entities.*

1. The number of members of the governing body will not be lower than five or higher than fifteen members, of whom at least a third will be independent directors.

The external, proprietary and independent directors will constitute the majority of the governing body, with the number of executive directors constituting the necessary minimum, depending on the complexity of the corporative group and the percentage of the executive directors in the capital of the entity.

The governing body will have to explain before the Board or the General Assembly that it has to name the character of each member; likewise, this will be revised annually in the Annual Corporative Report, after it has been verified by the Appointments Commission that must be constituted in the entity.

The independent members will not be able to remain as such for a continuous period of longer than twelve years.

The entities will publish information regarding their members on their websites. This information will be kept updated.

2. The governing body will internally constitute a Commission, or two separate Commissions, of Appointments and Dividends.

Amongst other functions, it will correspond to the Appointment Commission to evaluate the necessary competitiveness, knowledge and experience in the Council; the definition, in consequence, of the functions and aptitudes that will be required from the candidates who will have to fill each post, and the evaluation of the dedication that will be required for the correct fulfilment of their missions.

Amongst other functions, it will correspond to the Commission of Dividends to defend the observance of the remuneration policy established by the company, as well as proposing to the governing body the remuneration policy regarding members and senior officers, the individual remuneration of the executive members, and the rest of the conditions associated to their contracts and the basic conditions of the contracts of the senior officers.»

First additional provision. *The exception to the obligation to formulate a public acquisition offer in those processes of restructuring or integration.*

Whoever obtains the control of a listed company as a consequence of the processes of restructuring or integration within the framework of the Royal-Decree-law 9/2009, dated 26 June, on the restructuring of banks and the strengthening of the own funds of credit entities, or the direct intervention of a Deposit Guarantee Fund of the credit entities will not be obliged to formulate a public acquisition offer under the terms stipulated in article 60 of Law 24/1988, dated 28 July, on Stock Markets and their regulations of development, when these actions are carried out with the financial support of the Fund for Orderly Bank Restructuring or the Deposit Guarantee Fund.

What is stated in this provision will be applicable in the takeovers of listed companies derived from the compliance of agreements of restructuring or integration after the Royal-

Decree-law 9/2009, dated 26 June, on the restructuring of banks and the strengthening of the own funds of credit entities, came into force.

Second additional provision. *Determined suppositions of not being subject to temporary limitations for the activities of newly-created credit entities.*

The newly-created banks that are subsidiaries of a credit entity with the registered address in the European Union will not be subject to the temporary limitations that are established for new banks.

What is stated in the previous paragraph will likewise be applied to credit cooperatives and newly-created banks constituted by one or several credit entities, with the objective of transferring their financial activity within the framework of the constitution of an institutional system of protection or within that stated in articles 5 and 6 of the Royal Decree-law 11/2010, dated 9 July, on government bodies and other aspects of the legal system of Savings Banks.

Third additional provision.

In those institutional protection systems stated under letter d) of section three of article 8 of Law 13/1985, dated 25 May, in those which the ownership of all the assets and liabilities which affect the respective banking business of the integrated savings banks has been contributed to the central entity, or in those which, acting in concert, through its central entity several savings banks exclusively exercise their objective as credit entities, in accordance with what is stated in section four of article 5 of the Royal Decree-law 11/2010, dated 9 July, on government bodies and other aspects of the legal system of savings banks, it will be understood that what is stipulated in points iii) and iv) under letter d) of section 3 of article 8 of the aforementioned law has been complied.

Fourth additional provision. *Determined suppositions regarding the adhesion to the Deposit Guarantee Funds.*

The credit entities participated mainly by another credit entity of a distinct legal nature, will adhere to the deposit guarantee fund to which the latter belongs, as from the moment the taxable equity regarding its financial activity proceeds mainly from a previous transfer of assets and liabilities of an entity that is integrated in this same deposit guarantee fund.

Additionally, the Minister of Economy and Finance may establish other circumstances in those that due to their specific characteristics or because of their economic dependence a credit entity has to adhere to a deposit guarantee fund which, due to its legal nature, is distinct to that which would correspond to it.

What is stipulated in the first paragraph of this provision will come into effect as from 31 December 2010.

Fifth additional provision.

Notwithstanding the legal and statuary authority conferred to the General Assembly, the company by-laws of the Savings Banks will be able to determine the governing body, as the body that, in accordance with article 13 of Law 31/1985, on the regulation of the basic standards about the Governing Bodies of Savings Banks, has
been entrusted with the administration and financial management of the entity to fulfil its objectives and it will have the authority to approve, in its case, the agreements

made by the savings bank regarding its participation in the bank through which, in its case, it develops its activity as a credit entity.

First transitory provision. *The strategy for the compliance of the requirements regarding capital.*

1. The consolidated credit entities, as well as the credit entities that are not integrated into a consolidated group of credit entities must comply with what is stated in the issues regarding the requirements of the capital sum in the first and second sections of article 1 of the present royal decree-law, before 10 March 2011. For the purposes of verifying that what is required by this aforementioned article has been fulfilled, it will be necessary to take into consideration the sum of risk-weighted assets that correspond to 31 December 2010.

In order to verify the compliance of what is stipulated of that which has to be carried out during 2011, due to the fact it proceeds the date of the aforementioned article, the considered sum of risk-weighted assets will not be less than that which corresponds to 31 December 2010.

Notwithstanding the aforementioned, this latest figure may be adjusted for the purposes of operations of an exceptional nature that consist of firm sales of branch networks, of shares with a strategic nature or of a loan portfolio or of one of real assets, as well as a consequence of the effect the methodological variations may have in the calculations of the requirements of own funds that have the necessary authorisation of the Banco de España.

As from 31 December onwards, the figures of the risk-weighted assets will be considered to be those which correspond at all times to the regulations on own funds applicable to credit entities.

2. Those entities or consolidated groups of credit entities that on 10 March 2011 de not have possess the figure of capital sum that is required of them, will dispose of fifteen working days, as from this date, to present the strategy and the calendar for the compliance of the new requirements of capitalisation to the Banco de España, in accordance with what is stated in article 1. In this strategy, it will be necessary to state the specific measures the entities intend to use in order to enable them to comply with the aforementioned requirements before 30 September 2011. These measures must be approved by the Banco de España within 15 working days, and it will be able to demand the inclusion of the modifications or additional measures it considers necessary in order to comply with the figure of the required capital sum.

3. In the case these measures contemplate operations that are mentioned in the third paragraph of section one, it will be possible to take into account the descent of risk-associated operations which derive from the execution of these operations, for the purposes of calculating the required capital sum. For this reason, before 1 September 2011, the entity will notify the Banco de España of the terms under which the notified measures have finally been carried out and the Banco de España will verify, under the terms in which they have been carried out, whether these operations comply with the conditions established in this provision so that for the purposes of modifying the risk-weighted assets the figure of the necessary capital sum can be determined. In all cases, in their strategies for the compliance of requirements regarding capital, the entities that decide to carry out any of these operations will likewise have to contemplate alternative measures, in case these operations are finally not carried out. Among these alternative measures, it will be possible to include the application to the Fund for Orderly Bank Restructuring for financial support, with respect to the entity responsible for managing the restructuring processes of the credit entities and the strengthening of its own funds, in accordance with what is stated in the Royal Decree-law 9/2009, dated 26 June, on the restructuring of banks and the strengthening of the own funds of credit entities.

In case the compliance plan stated in this article contemplates the reception of funds from third parties, it will be necessary to also include alternative measures; in the assumption these funds are not finally received. Amongst these alternative measures it will be possible to include the application to the Fund for Orderly Bank Restructuring for financial support.

In the event the entity or consolidated group in question do not consider any other option viable that enables them to reach the capital sum it deems necessary to apply for the public financing support they consider necessary, this will be indicated in the strategy for the

compliance of the requirements regarding capital that they present to the Banco de España, with the necessary additional funds being provided by the Fund for Orderly Bank Restructuring. The entities or consolidated groups of entities which find themselves in this situation will dispose of a period of one month to present the recapitalisation plan to which the Royal Decree-law 9/2009, dated 26 June, on the restructuring of banks and the strengthening of the own funds of credit entities refers, as from the date they presented the strategy for the compliance of the requirements regarding capital to the Banco de España.

In the case the foreseen measures contemplate presenting an application to the Fund for Orderly Bank Restructuring requesting financial support, whether this is immediate or subject to condition, the Banco de España will notify this situation to the Fund which could promise the contribution of the requested funds under the condition the regulations regarding the compulsory negotiations and requirements are fulfilled.

4. In accordance with what is stated in the second section of this article, the entities will carry out the foreseen measures before 30 September 2011. However, if due to matters that have to be carried out related to the operations and negotiations and their corresponding time limits, any entity realises that it will not be able to carry out the aforementioned measures within the stipulated period, it must notify this to the Banco de España at least 20 days before this date, justifying the reasons for the delay. The Banco de España will take note of the reasons and circumstances described by the entity and, as long as it considers that the justifying documentation that has been provided demonstrates that it is more than likely the measures contemplated in the compliance Plan are going to be carried out, it will be able to concede a postponement of the deadline for when the measures have to be carried out. Under no circumstances can this postponement exceed three months.

In the case of processes regarding the admission for the negotiation of shares, there must be at least an agreement from the competent plenary or the governing body in the issuing entity for such a purpose, which will serve as a base for the application for admission, with a detailed calendar of the execution, and having granted to one or several directing entities the leadership to which article 35 of the Royal Decree 1310/2005, dated 4 November, refers, by which Law 24/1988, dated 28 July, on Stock Markets, regarding issues related to admission for the negotiation of shares in official secondary markets, of public offers for sale or subscription is partially developed. In this case, the Banco de España will be able to make an exception and extend the execution period until the first quarter of 2012.

5. Notwithstanding what is stated in article 3 of this royal decree-law, the non-compliance of the obligations stipulated in this provision will constitute an extreme infraction and will be sanctioned accordance with what is stated in Law 26/1988, dated 29 July, on the discipline and intervention of credit entities.

The restrictions stipulated in section 3 of article 1 and the disciplinary regulations included in article 3 will not be applied to the entities until the compliance strategy has been carried out under the terms stated in this provision.

6. The entities integrated in an institutional system of protection in accordance with what is stated in article 8.3.d) of Law 13/1985, dated 25 May, on investment coefficients, own funds and obligations regarding information of financial intermediaries will be obliged to adopt, at an individual level, the agreements that require the compliance of the strategy and the recapitalisation calendar.

7. In compliance with what is stated in this article, the commercialisation of the titles will be produced, in all cases, with the conformity of the criteria that are established by the National Stock Market Commission, in order to ensure the adequate protection of the investors. Additionally, in the case one part of the issue is commercialised between minority clientele, the application for the admission to negotiate in an official secondary market will be required.

Second transitory provision. *System of preference shares in circulation.*

The preference shares whose subscription was accorded by the Fund for Orderly Bank Restructuring before the present royal decree-law came into effect will be governed in accordance with the system in force at the time of their subscription or on the date this subscription was accorded by the Fund, as well as by the conditions and commitments of the corresponding certificate of issue.

In the case these of these shares being issued directly by a savings bank and this, subsequently, transfers its financial activity to a bank, in accordance with what is stated in articles 5 or 6 of the Royal Decree-law 11/2010, dated 9 July, on government bodies and other aspects of the legal system of Savings Banks, the convertibility of the same will be understood to be that which refers to the shares of the bank to which the financial activity is being transferred.

Third transitory provision. *The computability as capital sum of determined debt instruments of that are of obligatory conversion.*

1. The debt instruments issued prior to when this present royal decree-law came into effect that include clauses in virtue of which it is obligatory to convert them into ordinary shares before 31 December 2014 will integrate the capital sum stated in article 2 of this royal decree-law.

2. The debt instruments issued after when this present royal decree-law came into effect that include clauses in virtue of which it is obligatory to convert them into ordinary shares will integrate the capital sum stated in article 2 of this royal decree-law, as long as they comply with the following conditions:

a) the obligatory conversion is foreseen no later than 31 December 2014 or, before this date, in the case of reorganisation or restructuring of the entity or its group;

b) the nature of the conversion is determined in the moment the debt instruments are issued;

c) the issuer may, with discretion, decide the non-payment of the accrued coupon at any moment, as long as its situation or that of its group of solvency so requires it.

d) do not contain any characteristic that impedes its registration as an equity instrument included in the net equity of the entity; and,

e) its commercialisation is carried out in accordance with the criteria that are established by the National Stock Market Commission, in order to ensure the adequate protection of the investors and, in particular, the effectiveness of the nature of the conversion which is proposed to the investors. Additionally, in the case one part of the issue is commercialised between minority clientele, the application for the admission to negotiate, both of the debt instrument and the titles of share capital in an official secondary market will be required.

The corresponding contracts or pamphlets of issue, as well as any modification of their characteristics, will be presented to the Banco de España with the purpose of classifying their computability as capital sum.

3. For the exclusive purposes of complying with the requirements of capital sum in the present royal decree-law, the instruments to which this provision refers will not be able to represent more than 25% of the capital sum, as defined in article 2.

Fourth transitory provision. *The transitory system of entity recapitalisation operations.*

The Fund for Orderly Bank Restructuring will be able to acquire the titles issued by the credit entities that, when this royal decree-law enters into effect, without incurring in the circumstances of article 6 of the Royal Decree-law 9/2009, dated 26 June, have initiated the negotiations for the purpose of applying to the Fund to acquire them, in order to strengthen their own funds.

These acquisitions may refer to preference shares that can be converted into participating shares or instalments and the system stipulated in article 10 of the Royal Decree-law 9/2009, dated 26 June, will apply mutatis mutandis.

Sole derogatory provision. *Repeal regulations.*

Any one of the other regulations of the same or lower degree are repealed when they oppose to what is stated in the present royal decree-law.

First final provision. *The modification of the Legislative Royal Decree 4/2004, dated 5 March, by which the consolidated text of the Law on Company Income Tax was approved.*

One. With regard to the tax periods initiated as from 1 January 2011, article 67 of the consolidated text of the Law on Company Tax, approved by the Legislative Royal Decree, dated 5 march, is modified and will comprise the following wording:

«Article 67. *The definition of the tax group. Parent companies. Dependent companies.*

1. A tax group will be understood to be the whole group of public limited liability companies, private limited liability companies and partnerships limited by shares, as well as those credit entities to which section 3 of this article refers, resident in Spanish territory formed by a parent company and all the companies dependent on this.

2. A parent company will be understood to be one that complies with the following requirements:

a) Having one of the legal forms established in the previous section or, if this is not possible, having legal personality and being subject and not exempt to paying Company Income Tax. The permanent establishments of entities that are not resident in Spanish territory may be considered parent companies with respect to the companies whose shares they affect.

b) Having a participation, either direct or indirect, of at least 75 per cent of the equity of another or other companies on the first day of the tax period in which this tax regime is applied, or of, at least, 70 per cent of the equity, if these correspond to companies whose shares are admitted to negotiation in a regulated market. This last percentage will also be applicable in the case of owing indirect shares of other companies as long as they reach the aforementioned percentage through dependent companies whose shares are admitted to negotiation in a regulated market.

c) That the aforementioned participation is maintained throughout the whole of the tax period.

The requisite to maintain the participation throughout the whole of the tax period will not be required in the case of the dissolution of the participated company.

d) That it is not dependent on any other that is resident in Spanish territory, and which meets the requirements to be considered as a parent company.

e) That it is not subject to the special regime of the Spanish and European economic interest groups, and of the temporary unions of companies.

f) That, due to the fact this regards establishments that are non-resident in Spanish territory, these entities will not be dependent on any other that is resident in Spanish territory which meets the requirements to be considered as a parent company and resides in a country or territory with which Spain has subscribed an agreement that includes the clause regarding the exchange of information, in order to avoid international double taxation.

3. A dependent company will be understood as that on which a parent company possesses a participation that meets the requirements included in paragraphs b) and c) of the previous section.

This same consideration will also be given to the credit entities integrated in an institutional protection system to which letter d) of section 3 of article 8 of Law 13/1985, dated 25 May, on Investment Coefficients, own Funds and obligations regarding information of Financial Intermediaries, as long as the central entity of the system forms part of the tax group and the shared amount corresponds to 100% of the results of the entities integrated into the system and that the mutual commitment regarding solvency and liquidity between the aforementioned entities reaches 100% of the computable own funds of each one. These requirements will be considered they have been fulfilled in those institutional protection systems through whose central entity, either directly or indirectly, several credit entities acting in concert exclusively carry out their objective as credit entities, in accordance with what is stated in section 4 of article 5 of the Royal Decree-law 11/2010, dated 9 July, on government bodies and other aspects of the legal system of Savings Banks.

4. The tax groups will not include the entities on which any of the following circumstances concur:

a) They are exempt to paying this tax.

b) That at the closure of the tax period they are in a situation of bankruptcy, or engaged in the situation of equity stated in article 363.1.d) of the consolidated text of the Law on Companies, approved by the Legislative Royal Decree 1/2010, dated 2 July, even if they did not have the form of public limited liability companies, unless prior to the conclusion of the financial year in which the annual accounts are approved, this latest situation has been overcome.

c) The dependent companies which are subject to Company Income Tax with a type of encumbrance that is different to that of the parent company.

d) The dependent companies whose participation is reached through another company that does not meet the established requirements to form part of the tax group.

e) The dependent companies whose company exercise, determined by legal imperative, is unable adapt to that of the parent company.

5. The tax group will extinguish when the parent company loses the aforementioned character.

Two. For the purposes of the tax periods initiated as from 1 January, 2011, the thirty-third transitory provision is added to the consolidated text of the Law on Company Income Tax, approved by the Legislative Royal Decree 4/2004, dated 5 March, which will have the following wording:

«Thirty-third transitory provision. *The tax consolidation regime of the groups formed by credit entities integrated into an institutional protection system and the groups that result from the indirect exercise of the financial activity of savings banks.*

1. For the purposes of applying the tax consolidation regime established in chapter VII of title VII of this law, on the constitution of groups whose parent company is the central entity of an institutional protection system to which letter d) of section 3 of article 8 of Law 13/1985, dated 25 May, on Investment Coefficients, own Funds and obligations regarding information of Financial Intermediaries, the following specialities will be taken into consideration:

a) It will be possible to apply the aforementioned regime as from the beginning of the tax period that corresponds to the financial period of 2011 or, if

this is posterior, as from the beginning of the tax period in which the institutional protection system is constituted. The option and the communication for the application of this aforementioned regime, to which article 70 of this law refers, will be carried out within the period that ends on the day the aforementioned tax period concludes.

Included in the group of this same tax period will be the companies that comply with the conditions established in article 67.2.a) of this law, whose representative shares of its equity had been contributed to the central entity in compliance with the integration plan of the system and this entity maintains the participation until the conclusion of this tax period, by means of operations admitted by the tax regime established in Chapter VIII of Title VII of this law, or the regime established in article 7.1 of the Royal Decree-law 11/2010, dated 9 July, on government bodies and other aspects of the legal system of Savings Banks, and they had the consideration of companies that were dependent from the contributing credit entity, as a consequence that this last entity paid tax under this special regime as a parent company.

b) If the credit entities which are integrated as dependent companies in the tax group whose parent company is the central entity, are paying tax under the regime of tax consolidation as parent companies, even when these groups extinguish, the eliminations to which letter a) of article 81.1 of this law refers will not be incorporated, which correspond to operations carried out by entities which are integrated in the other tax group as dependent companies. The eliminated results will be incorporated into the tax base of this other fiscal group under the terms established in article 73 of this Law.

c) The negative tax bases waiting to be compensated by the credit entities that comply with the conditions established in the second paragraph of section 3 of article 67 of this law, which are integrated as dependent companies into the tax group whose parent company is the central entity, may be compensated by the tax base of the group, under the terms established in article 74.2 of this law, with the limit of the individual tax base of the central entity or of the banking entity to which, at the same time, the central entity has contributed all its financial business, with the condition the savings banks and, in its case, the central entity, after the contribution, do not carry out economic activities and their income is limited to the yield that proceeds from the shares of the capital of other entities in which they participate. This treatment will not be affected by the fact the contribution of the financial business does not include certain assets and liabilities as a consequence of the existence of any condition that makes the contribution impossible.

The aforementioned will be applied even in the case the banking entity is excluded from the group of which the parent company is the central entity, even with the assumption it extinguishes.

d) The deductions of the payments pending application by the credit entities that comply with the conditions established in the second paragraph of section 3 of article 67 of this law, which are integrated as dependent companies into the tax group whose parent company is the central entity, may be able to deduct the integral payment that corresponds to this tax group with the limit in the individual tax regime that would have corresponded to the central entity or the banking entity to which, at the same time, the central entity has contributed all its financial business, with the condition the savings banks and, in its case, the central entity, after the contribution, do not carry out economic activities and their income is limited to the yield that proceeds from the shares of the capital of other entities in which they participate. This treatment will not be affected by the fact the contribution of the financial business does not include certain assets and liabilities as a consequence of the existence of any condition that makes the contribution impossible.

The aforementioned will be applied even in the case the banking entity is excluded from the group of which the parent company is the central entity, even under the assumption it extinguishes.

e) When assets and liabilities are transmitted to the central entity by the credit entities as dependent companies from the group whose parent company is the central entity, as a consequence of the constitution and the extension of the institutional protection system, after having carried out this transmission by means of operations admitted by the tax regime established in Chapter VIII of Title VII of this law, or the regime established in article 7.1 of the Royal Decree-law 11/2010, dated 9 July, on government bodies and other aspects of the legal system of Savings Banks, the income attributable to these assets and liabilities generated before this transfer, will be charged to the central entity in accordance with what is stated in the mercantile regulations.

What is stipulated under letters c) and d) above will also be applied in the case when after the constitution of the of the institutional protection system, the central entity is considered to be dependent from another group that pay tax under the tax consolidation regime.

2. For the purposes of applying both the tax regime established in article 7.2 of the Royal Decree-law 11/2010, dated 9 July, on government bodies and other aspects of the legal system of Savings Banks, and the tax regime established in Chapter VIII of title VII of this law which include the transmissions of assets and liabilities that are made between credit entities in compliance with the agreements regarding an institutional protection system, not integrating the income to which both tax regimes refer will include, in this case, the eliminations that had to be incorporated in the tax base of the tax group that are a consequence of these transmissions, under the assumption that these assets and liabilities form part of the equity of the entities that are integrated into a group that is paying tax in accordance with the tax consolidation regime.

3. In the case of indirect exercise of the financial activity of the savings banks in accordance with what is stated in article 5 of the Royal Decree-law 11/2010, dated 9 July, on government bodies and other aspects of the legal system of Savings Banks, the savings banks and the banking entity to which it has contributed all its financial business, will be able to apply the tax consolidation regime regulated by chapter VII and title VII of this law as from the beginning of the tax period that corresponds to the financial period in which this contribution is made, as long as the requirements for this, established in article 67 of this law, are met. The option and communication regarding the application

of this regime, to which article 70 of this law refers, will be made within the period that ends on the day the aforementioned tax period concludes.

When applying this aforementioned regime, the following considerations will be taken into consideration:

a) Included in the group of this same tax period will be the companies that comply with the conditions established in article 67.2.a) of this law, whose representative shares of its equity had been contributed to the central entity and this entity maintains the participation until the conclusion of this tax period, by means of operations admitted by the tax regime established in Chapter VIII of Title VII of this law, and they had the consideration of companies that were dependent from the contributing credit entity, as a consequence that this last entity paid tax under this special regime as a parent company.

b) The negative tax bases waiting to be compensated by the contributing credit entity, whether or not it is paying tax under the consolidated tax regime as a parent company, may be compensated by the tax base of the group, under the terms established in article 74.2 of this law, with the limit of the individual tax base of the of the banking entity, with the condition the savings bank, after the contribution, does not carry out economic activities and its income is limited to the income that proceeds from the shares of the capital of other entities in which they participate. This treatment will not be affected by the fact the contribution of the financial business does not include certain assets and liabilities as a consequence of the existence of any condition that makes the contribution impossible.

The aforementioned will be applied even in the case the banking entity is excluded from the group of which the parent company is the savings bank, even under the assumption it extinguishes.

c) The deductions of the payments pending application by the contributing savings bank, whether or not it is paying tax under the consolidated tax regime as a parent company, may be able to deduct the integral payment that corresponds to this tax group with the limit in the individual tax regime that would have corresponded to the banking entity, with the condition the savings banks, after the contribution, does not carry out economic activities and its income is limited to the yield that proceeds from the shares of the capital of other entities in which they participate. This treatment will not be affected by the fact the contribution of the financial business does not include certain assets and liabilities as a consequence of the existence of any condition that makes the contribution impossible.

The aforementioned will be applied even in the case the banking entity is excluded from the group of which the parent company is the savings bank, even under the assumption it extinguishes.

d) When the contribution of the totality of the financial business is made by means of operations admitted by the tax regime established in chapter VIII of title VII of this law, the income generated prior to this transfer attributable to these assets and liabilities, will be charged to the banking entity in accordance with what is stated in the mercantile regulations.

4. When, in the case of the group to which the aforementioned sections 1 and 3 refer are paying tax under the consolidation tax regime, excluded from them is the banking entity through which the savings banks carry out the indirect exercise of their financial activity or that to which they had contributed all their financial business, even under the assumption the aforementioned tax group extinguishes; what is established under letter a) of article 81.1 of this law will be applied with the following specialities:

a) If the banking entity through which the savings banks carry out the indirect activity of their financial business or they had contributed all their financial business, they maintained shares in entities that comply with the conditions established in article 67.3 of this law, this banking entity and its investees that meet the corresponding requirements will be able to apply the tax consolidation regime as from the beginning of the tax period in which the aforementioned exclusion takes place. The option and communication regarding the application of this regime, to which article 70 of this law refers, will be made within the period that ends on the day the aforementioned tax period concludes. In such an event, the eliminated results will be incorporated into the tax base of this other tax group, under the terms established by article 73 of this law, as long as the entities that have intervened in the operations which have generated such results are included in this group.

b) When what is established under letter a) above has been complied, but any one of the entities that has intervened in the operations which generated the eliminated results has not been integrated, these results will be incorporated under the terms established in article 73 of this law, in the tax base of the persistent group in which the income was generated that was, at the time, an object of elimination, with the condition that both the other entity that does not form part of the tax group to which the banking entity belongs, and this last entity form part of a same group to which article 42 of the Code of Trade refers, in which the parent company is the central entity of an institutional protection

system or the savings banks that, in both cases, have contributed all their financial business to the banking entity.

Three. For the purposes of the tax periods initiated as from 1 January 2010, the thirty-fourth transitory provision is added to the consolidated text of the Law on Company Income Tax, approved by the Royal Decree-law 4/2004, dated 5 March, which will have the following wording:

«Thirty-fourth transitory provision. *The tax regime in 2010 for the credit entities integrated into an institutional protection system.*

For the sole purpose of determining the tax base that corresponds to the financial year of 2010 of the savings banks and the central entity integrated into an institutional protection system which has been constituted during this aforementioned financial year, under the terms established under letter d) of section 3 of article 8 of Law 13/1985, dated 25 May, on Investment Coefficients, Own Funds and obligations regarding information of Financial Intermediaries, as long as the shared amount corresponds to 100% of the results of the entities integrated into the system and that the mutual commitment regarding solvency and liquidity between the aforementioned entities reaches 100% of the computable own funds of each one of them, they will not be considered as a deductable expense, as applicable, in the savings banks and in the central entity, those expenses and income accounted by these entities as a consequence of the shared amount of the results of the entities integrated into the system.

Second final provision. *The extension of the system of social administrators.*

The duties associated to company managers that will be applied to the members of the governing bodies of the savings banks correspond to those that are established in articles 225

to 232 of the consolidated Text of the Law on Company Income Tax, approved by Legislative Royal Decree 1/2010, dated 2 July.

Third final provision. *The faculties for development.*

The Banco de España has the authorisation to approve the necessary provisions in order to define the concept of wholesale funding stated in article 1.2a) of the present royal decree-law.

Fourth final provision. *Government competence.*

With the exception of the first final provision, the present royal decree-law is announced in accordance with what is stated in article 149.1.6th, 11th and 13th of the Spanish Constitution that grants the State with the authority over the mercantile legislation, the bases for the regulations of credits, banks and insurances and the bases and coordination of the general planning of the economic activity, respectively.

The first final provision is announced in accordance with what is stated in article 149.1.14th of the Spanish Constitution which grants the State with the exclusive authority over the General Treasury and State Debt.

Fifth final provision. *Entering into effect.*

This royal decree-law will enter into effect the day after its publication in the «Official State Bulletin» (B.O.E.).

Issued in Madrid, 18 February, 2011.