

Resolution for the conversion of preference shares issued by Banco Financiero y de Ahorros (BFA)

Press release – 14 May 2012

The Governing Committee of the Fund for the Orderly Bank Restructuring (FROB), at a meeting held today, has resolved to initiate the conversion of €4,465 million of convertible preference shares issued by BFA and paid up by the FROB on 28 December 2010 within the context of the integration process of the seven savings banks that formed this institution.

This decision has been taken at the request of BFA, after the Executive Commission of the Banco de España, also at a meeting held today, resolved and notified the FROB that, in accordance with the terms of Article 10.2 of Royal Decree-Law 9/2009, it considered it unlikely that this institution will be able to redeem or repurchase such preference shares on the terms laid down in Royal Decree-Law 9/2009 and in the issuance indenture itself.

The conversion of preference shares into ordinary shares of BFA will become effective upon completion of the valuation of the institution that is to serve as the basis for setting the conversion price. This valuation, by independent experts, will be commenced forthwith.