FROB Fondo de Reestructuración Ordenada Bancaria

Approval of the plans for the banks in which the FROB has a majority stake

Press release – 27 November 2012

At its meeting today, the Governing Committee of the FROB agreed to submit the restructuring/resolution plans for the banks in which the FROB has a majority stake to the Banco de España for their approval. These banks, namely BFA-Bankia, Novagalicia Banco, Catalunya Banc and Banco de Valencia, are classified in Group 1, to follow the terminology used in the Memorandum of Understanding agreed on 20 July 2012 by the Spanish and European authorities. For its part, the Executive Commission of the Banco de España approved these plans at its meeting today. Final approval by the European Commission is scheduled for its meeting tomorrow, 28 November.

This final approval will mark the culmination of a process of joint analysis and work involving the banks, the European Commission, the FROB and the Banco de España which began last July and which was completed with the results of the stress tests released on 28 September. The capital requirements for these four banks, which were determined in the stress tests conducted by the consultant Oliver Wyman, will be reduced by the transfer of real estate assets to the Asset Management Company for Assets Arising from Bank Restructuring (Sareb) and by the measures taken in the management of hybrid instruments, these being necessary elements in all restructuring and resolution processes, in accordance with Law 9/2012.

Once the plans have been approved by the European Commission, whose decision is expected tomorrow, Wednesday, the actual disbursement of capital by the European institutions to the FROB will foreseeably take place in the first half of December. The FROB, in turn, will inject the capital into the banks once the necessary corporate operations have been completed.

A new milestone has thus been reached in the fulfilment of the requirements agreed in the Memorandum of Understanding for the successful clean-up, restructuring and recapitalisation of the Spanish banking sector.