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**The FROB approves a general framework for action to supplement its decision-making powers in relation to possible corporate operations.**

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Press release – 31 October 2013

At its meeting today, the Governing Committee of the Fund for the Orderly Restructuring of the Banking Sector (FROB) adopted a resolution that provides it with a course of action whereby, in accordance with the objectives and principles envisaged in Law 9/2012 of 14 November 2012, it may facilitate the success of corporate operations to resolve credit institutions.

The decisions that the FROB may take within the scope of the framework agreement must be analysed in relation to each credit institution and specific corporate operation. In all cases they must be based on the following premises:

- a) Their purpose is to avoid, given the FROB's status as a public authority, significant problems of fairness for the creditors or shareholders of a credit institution resulting from the general rules applied.
- b) There is a clear economic justification, validated by an independent expert, that demonstrates the preservation of value for the FROB and the minimisation of costs to the public purse.
- c) They are in line with the rules on State aid.

Having adopted the said framework agreement, the FROB has commenced the assessment of its application to the specific case of the offer by Unicaja Banco for Banco CEISS. The decision will be published within the next few days and in any event before the commencement of the acceptance period for the offer announced by Unicaja.

The arrangements for this specific case, which would be fully compatible with acceptance of the terms of the offer, would consist in implementation of a mechanism of review, to be carried out by the FROB with the assistance of an independent expert, of the marketing of preference shares and/or subordinated debt, carried out by Banco CEISS to those retail investors who accept the offer of Unicaja, provided that it is successful.

The criteria for performing this review, which would be published when adopted, would be equivalent to those adopted by the Hybrid Capital Instrument and Subordinated Debt

Monitoring Committee, which have already been used in other review or arbitration processes carried out by institutions such as NCG Banco SA, Catalunya Banc SA and Bankia.

When the FROB has carried out, where applicable, the review of each case, and in the event that in the opinion of the expert hired there has been mis-marketing of the original instrument, the FROB will proceed to compensate the retail investors in such terms as may be resolved and as will also be made public.

This mechanism would guarantee that the retail holders of hybrid instruments and subordinated debt of Banco CEISS who accept the offer of Unicaja Banco and make possible its success, are not deprived of the right to review by an independent third party of the initial marketing of their securities, a right that has been enjoyed by the holders of securities of other institutions under resolution.