
The FROB resolves to take the necessary measures to analyse the reorganisation of its investee credit institutions

Press release – 28 September 2016

The Governing Committee of the FROB, at its meeting today, in reduced composition, resolved to take the necessary measures to analyse the reorganisation of its investee credit institutions through a merger between Bankia and BMN, and also to explore alternative ways of maximising the value of its investees, so as to optimise its ability to recover public funds.

External advisers will be engaged to carry out this work.

The FROB has notified this resolution to the respective chairmen of Bankia and BMN, so that their governing bodies, acting within the scope of their powers, may adopt such measures as they deem appropriate.

It should be underlined that the resolution extends to analysis of the merger strategy and other options to enable the FROB to fulfil its legal obligations as effectively as possible and, in particular, to ensure that public funds are used as efficiently as possible. However, the action to be taken is exclusively to carry out a study. Subsequently, depending on its conclusions, a final decision will need to be made at a meeting of the Governing Committee with representatives of the ministries of a government with full powers, within the applicable legal framework, in particular for State aid, and after the relevant authorisations have been obtained.

The FROB is the executive resolution authority in Spain and it operates within the framework of the Single Resolution Mechanism. It is a public law entity with its own legal personality and its mission is to execute resolution measures in relation to credit institutions and investment firms. The FROB is regulated by Law 11/2015 of 18 June 2015 on recovery and resolution of credit institutions and investment firms and it represents the Spanish resolution authorities on the Single Resolution Board of the Single Resolution Mechanism.