
FROB implements the resolution of Banco Popular agreed by the Single Resolution Board and sells the entity to Banco Santander

Press release – 7 June 2017

- **This decision safeguards Banco Popular’s depositors and ensures no impact on public finances.**
- **Yesterday, the ECB determined that the institution was failing or likely to fail. The Single Resolution Board has approved the sale of the entity to Banco Santander.**

FROB’s Governing Committee has proceeded with the sale of Banco Popular to Banco Santander, by means of a tender process, in implementation of the decision taken by the competent resolution authority - the Single Resolution Board - after it was declared to be failing or likely to fail by the European Central Bank (ECB).

As part of the implementation of the resolution process, all of the outstanding ordinary shares of Banco Popular have been written down, as well as the shares resulting from the conversion of additional Tier 1 capital instruments (hybrid capital instruments). At the same time, all of the regulatory Tier 2 capital instruments (subordinated debt) issued by Banco Popular have been converted into newly issued shares of the bank itself, which have been acquired by Banco Santander for the price of 1 euro. The operation is performed without committing public funds or affecting any ordinary creditor or deposit.

In the purchase agreement, Banco Santander undertakes to take the necessary steps to ensure the continuity of Banco Popular's activities, services and operations and to provide the necessary liquidity for this purpose. The operation is effective immediately; Banco Santander owns 100% of the capital as from the signing of the agreement that took place this morning.

This process was triggered by the ECB after it verified that the entity was failing or likely to fail and the need to intervene prevailed in order to fulfil the public interest objectives set out in European resolution legislation. The declaration that the entity was failing or likely to fail was mainly due to liquidity problems resulting from the deterioration of its deposit base over recent months and uncertainty with regard to its private plans to address any impairment on the bank’s balance sheet. The decision to undertake the resolution and make use of the legal instrument provided for these cases is based on the need to ensure financial stability and prevent any contagion to the rest of the market. FROB, in close coordination with the Single Resolution Board whose decision it implements, was able to perform the sales process overnight from 6 to 7 June, thanks to the work carried out over the previous days and on the basis of the private sales process that the bank had already begun. The aim of this sale is to

stem the problems resulting from the failure of Banco Popular, ensure the continuity of the activities performed by the institution and protect Banco Popular's depositors.

The resolution thus safeguards all Banco Popular's depositors and the ordinary continuity of its operations, which immediately become part of Banco Santander. The Bank of Spain, in its capacity as the authority of the Single Supervisory Mechanism responsible for approving this operation, has already given its formal approval.