

**HEARING OF FROB'S CHAIR BEFORE THE COMMITTEE ON ECONOMY,
TRADE AND DIGITAL TRANSFORMATION OF THE CONGRESS OF
DEPUTIES**

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FROB's Chair
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Mr. President, Members of Parliament:

I appear once again before this Committee on Economy, Trade and Digital Transformation in compliance with the mandate set forth in Article 56 of Law 11/2015 on the recovery and resolution of credit institutions and investment service firms, with the aim of reporting on the main activities recently carried out by the institution in its two core areas of activity.

On one hand, as the executive resolution authority, integrated within the European Single Resolution Mechanism and mandated to protect financial stability and minimize the impact of banking and financial crises. On the other hand, as the authority responsible for managing and monitoring the measures adopted during past banking restructuring processes.

I also appear to respond to requests made by two parliamentary groups that are members of this Committee.

FROB's Activity in Resolution Matters
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In 2025, we mark ten years since the launch of the Single Resolution Mechanism (SRM), a key component of the Banking Union, which represented a turning point in the management of financial crises in Europe. After a decade of implementing this new public policy—central to FROB's activity—this is an appropriate moment to take stock and face the emerging challenges.

Moreover, as you are undoubtedly aware, several reports (Letta, Noyer, Draghi) have recently been published, emphasizing that the European Union stands at a crossroads and calling for an urgent collective response to enhance competitiveness and strengthen our economic security. Among many priorities, improving competitiveness requires the financial sector to effectively fulfil its role of channelling funds to the real economy. To achieve this, financial stability and integration are essential, making the crisis management and bank resolution framework a relevant element of the new EU strategy.

Progress and Developments in the Application of the Crisis Management Framework

Significant progress is undoubtedly being made in applying the crisis management framework through the work carried out by European and national resolution authorities, as well as by financial institutions themselves, from three perspectives: planning, funding, and implementation. As a result, we are better prepared today.

First, we have developed action maps for potential crises, known as resolution plans. These documents, prepared in “peace time,” include crisis management and resolution strategies and tools tailored to each institution. At the same time, banks have worked intensively, significantly improving their internal capabilities and strengthening their resolvability.

Second, banks have simultaneously built a crisis buffer known as MREL, which ensures a minimum level of resources from shareholders and creditors to absorb potential losses in case of failure, thereby avoiding the need for public aid. This improvement in funding is complemented by the capitalization of the European Single Resolution Fund and the National Resolution Fund managed by FROB, both of which have reached their target size.

Third, practical action has also been necessary in recent years. In Spain, we faced the first resolution carried out under the Banking Union: Banco Popular in 2017. The crisis of this institution was addressed without impacting financial stability and without resorting to taxpayer money. At the same time, it tested institutional coordination mechanisms, with FROB executing at the national level decisions jointly adopted by the European Single Resolution Board.

Since my last appearance, we have continued to focus our efforts on improving preparedness for potential banking crises, participating in simulations both at the level of the Single Resolution Board (SRB) and nationally. Specifically, we conducted two simulations in 2025. One in collaboration with the SRB, the ECB as the competent supervisor, and the Bank of Spain as the preventive resolution authority, simulating the resolution through the sale of a fictitious significant institution. The other addressed the crisis and resolution of a fictitious less significant institution domestically, together with the Bank of Spain and the Deposit Guarantee Fund.

Additionally, FROB has actively participated in the SRB’s Internal Resolution Teams, collaborating in the analysis and preparation of resolution plans. We have also continued participating in the resolution colleges of central counterparties and have issued the required reports on the resolution plans prepared by the Bank of Spain for less significant credit institutions and by the CNMV for investment service firms.

Furthermore, as Spain’s contact and coordination authority for international resolution matters, FROB has continued to convey and defend Spanish positions in international

forums, promoting a more robust crisis management framework. Specifically, as an integral part of SRM governance; within the EBA, through participation in the Resolution Committee (ResCo); and globally, in the Resolution Steering Group (ReSG) of the Financial Stability Board (FSB).

Pending Challenges and Reforms: Legislative Measures

Overall, we have come a long way over the past decade in a completely new field. But there is still work to be done.

Within the legislative sphere, I would like to highlight some current challenges that are crucial for the proper functioning of the European crisis management mechanism and, by extension, the Banking Union.

The top priority remains, as it was last October, the approval of the reform of the European Crisis Management and Deposit Insurance framework (CMDI). In this regard, the political agreement reached on June 25 between the EU co-legislators is good news. Following this agreement, reached at the end of the Polish Presidency of the Council of the European Union, the Danish Presidency expects to finalize the adoption of the legislative texts by the end of 2025, after the necessary technical work.

Although the ambition of the original proposal has been scaled back, the outcome of the political agreement is positive in relation to the Commission's initial goal: improving the applicability of the current resolution framework to medium and small institutions, facilitating the use of industry funds to finance their resolution, while maintaining MREL as the first line of defence.

The transposition deadline has not yet been published, but it is expected to be around two years. Therefore, the transposition legislation in Spain, which will amend Law 11/2015 and its implementing royal decree, should be approved before the end of 2027.

Secondly, it is necessary to improve liquidity provision during banking crises in an environment where the speed of deposit outflows demands swift, decisive, and sufficient action to reassure markets and prevent contagion. The Single Resolution Fund has €80 billion available to address solvency and liquidity issues in institutions. This will be complemented, once the reform of the European Stability Mechanism (ESM) is ratified, by an additional €68 billion. However, the banking crises of 2023 in the U.S. and Switzerland once again highlighted the enormous volume of liquidity that may be required in crises of a certain scale—liquidity that only central banks can provide.

Thirdly, it is also necessary to revisit the European Deposit Insurance Scheme (EDIS), whose ultimate goal must be the mutualization of deposit coverage, avoiding the creation of sovereign-bank links. I trust that, as announced in its recent Communication on the Union

of Savings and Investments, the Commission will find a way to relaunch this essential third pillar of the Banking Union.

Finally, considering the CMDI political agreement, which only moderately extends the scope of resolution to medium and small institutions, it would be advisable to have a bankruptcy liquidation system adapted to the characteristics of credit institutions, as noted by the International Monetary Fund in its analysis of the European resolution framework in 2018 and its most recent review of the Spanish financial system in 2024.

These are well-known issues, but emerging risks stemming from digitalization, new business models in the financial sector, cybersecurity and money laundering, as well as recent developments in the geopolitical context, underscore the urgency of refining the financial crisis management framework, which—as an inseparable part of the Banking Union—is essential for financial stability and the competitiveness of the European economy.

Pending Challenges and Reforms: Resolution Authorities

Beyond legislative measures, resolution authorities play a key role in the effective implementation of this public policy and its adaptation to the new challenges posed by the geopolitical and economic-financial environment.

In February 2024, the European Single Resolution Mechanism, of which we are a part, adopted the new Vision 2028—our strategy for the next five years. Under Vision 2028, we are making progress in several areas that represent a notable shift in resolution priorities.

Specifically, over the past year we have been working intensively to ensure the effectiveness of resolution measures in crisis situations, focusing on the operationalization of tools and on testing and simulation as instruments to improve preparedness for bank failures. Fortunately, such failures are not everyday occurrences, and in many cases, authorities and banks lack experience in managing them. Likewise, resolution plans are being simplified to reduce the administrative burden associated with their preparation and to redirect resources toward new priorities.

In turn, based on the experience of the 2023 banking crises and the resolutions of Banco Popular and Sberbank, Vision 2028 incorporates several issues that FROB has long advocated. On one hand, the relevance of selling the institution as the most credible tool—especially following the collapse of Credit Suisse. On the other hand, the importance of optionality, having multiple alternative strategies and combining different tools. As such, we are intensively adapting the toolkit available to resolution authorities to make it as applicable and comprehensive as possible, giving particular weight to the option of selling the business.

All these changes introduced by Vision 2028 are also consistent with broader current efforts to advance the simplification of the European regulatory framework. As in other areas of financial regulation, there is room for improvement, and we must achieve a rationalization of requirements, reduce complexity, and enhance transparency in the field of resolution. In this context, FROB, like other national and European public authorities, supports several of the simplification proposals currently under discussion.

At the same time, this agenda must be compatible with preserving the ultimate objectives of regulation—especially those linked to financial stability—and must be pursued with the caution demanded by our recent financial history. Financial stability is also a necessary condition for the competitiveness of the sector and the economy as a whole.

Participated Entities

I now turn, Honourable Members, to the most notable aspects of our monitoring of the entities in which we hold a stake: CaixaBank, through BFA, and Sareb.

Regarding the stake in CaixaBank, the first noteworthy event is the gradual sale on the market by BFA, in early 2025 and again in July, of two blocks of CaixaBank shares. These sales were carried out within the framework of the credit institution's recent share buyback programs, with the aim of maintaining FROB's indirect stake at a steady level of approximately 18.1%.

As for CaixaBank's results, since the completion of the merger in 2021 to the present day, the performance of the resulting credit institution has enabled BFA—the holding company of FROB's stake in CaixaBank—to receive €1.595 billion in dividends (€2.776 billion when including dividends received from both Bankia and CaixaBank). Moreover, the outlook for future dividends remains very positive. In 2024, these dividends played a key role in BFA's profit of €756 million and allowed the company to continue distributing dividends to FROB, as it had already done based on its 2023 earnings.

Finally, regarding the divestment of the stake in CaixaBank, on February 25, 2025, the Council of Ministers approved a new extension of the divestment period for an additional two years. The aim is to enable a more efficient use of public resources and maximize the recovery of aid. As a result, the current deadline now extends to December 2027.

Turning to the monitoring of Sareb, allow me to highlight the development of the principle of sustainability and social utility, which was introduced into the company's corporate purpose with the approval of Royal Decree-Law 1/2022. In compliance with this, Sareb must develop strategies for transferring housing to public entities that implement social housing policies or other initiatives with high social value. In this context, by unanimous agreement of its General Shareholders' Meeting held on March 20, 2025, Sareb's Board of Directors was instructed to explore, in coordination with SEPES and the relevant ministerial

departments, possible alternatives that would allow Sareb to contribute to the creation of a new national stock of social and affordable rental housing.

This coordination with the relevant ministries has been formalized through the recent Council of Ministers Agreement of July 1, which acknowledges the criteria for identifying Sareb assets suitable for affordable housing policies. It also entrusts the Ministries of Housing and Urban Agenda, Finance, and Economy, Trade and Enterprise with carrying out the necessary actions to enable the free transfer of Sareb-owned properties suitable for this purpose to the General State Administration, for subsequent assignment to SEPES. Through the decisions taken by Sareb's corporate bodies, the company will focus its efforts on adapting and transferring these properties to the General State Administration, while continuing to divest the remaining asset portfolio. It is important to note that this transfer does not entail an increase in Sareb's current outstanding debt, which has been recognized as public sector debt since 2022.

Additionally, in 2025, there was a change in Sareb's presidency following the voluntary resignation of Javier Torres Riesco. He was succeeded by the CEO, Leopoldo Puig Turégano, who was appointed as the new executive president—thus leveraging internal talent and preserving the company's strategic continuity. Honourable Members, allow me to take this opportunity to acknowledge the outstanding work of Javier Torres and his valuable contribution to strengthening the company and serving the public interest.

Legal Proceedings

On another note, I would like to comment on the most significant developments in FROB's legal activity.

As Honourable Members are aware, FROB submitted 57 forensic reports to the Public Prosecutor's Office. These reports analyzed transactions of questionable economic rationale carried out within certain entities that received aid during the previous crisis. The purpose was twofold: first, to hold the managers of those entities accountable, and second, to recover aid wherever possible through compensation determined by the courts. As of September 2025, the amount effectively awarded to FROB by final judicial rulings as a result of these proceedings totals €303 million.

In addition, FROB has been actively involved in litigation stemming from the resolution of Banco Popular. As I informed Honourable Members in my previous appearance, in October of last year the Court of Justice of the European Union definitively ruled on the appeals against the decisions of the Single Resolution Board and the European Commission regarding that resolution. In light of those rulings, the National Court lifted the suspension of 210 administrative proceedings against FROB's agreements that were still pending. To date, only five of the claimants have formally filed lawsuits.

I would like to emphasize that the judicial litigation arising from the resolution of Banco Popular, far from weakening the European framework for managing banking crises, has helped to consolidate and strengthen it. It has provided greater legal certainty and confidence in the system, thereby improving the preparedness of authorities for future banking crises and enhancing the effectiveness of their decisions.

Financial and Asset Position

Lastly, I would like to briefly inform you about the financial and asset position of FROB. In the 2024 fiscal year, whose annual accounts were approved following an audit on June 24, 2025, FROB reported a positive result of €2.697 billion. As of the end of 2024, FROB's balance sheet amounted to €9.157 billion, with a positive net equity of €8.218 billion.

The 2024 result is mainly due to two factors, both related to FROB's stake in BFA and BFA's stake in CaixaBank. First, there was a reversal of the impairment of FROB's stake in BFA amounting to €2.213 billion in 2024, increasing its valuation to €8.962 billion at year-end, up from €6.749 billion at the end of 2023. This was driven by the positive performance of CaixaBank's market capitalization and the increase in BFA's net equity—largely thanks to the dividends distributed by CaixaBank to BFA. Since the merger announcement with Bankia and up to the end of August, CaixaBank's share price performance has led to a 460% increase in the value of the State's stake in the institution.

The other major positive impact on FROB's result was the €490 million in dividends received from BFA in 2024. Thanks to its financial strength and performance, BFA distributed dividends to FROB for the first time in 2024: €335 million from its 2023 earnings and €155 million as an interim dividend from its 2024 results.

Therefore, we can conclude that the benefit to the State from its stake in CaixaBank during 2024 amounted to a total of €2.7 billion: €2.213 billion in accounting income due to the increase in BFA's net equity and the implicit capital gains in CaixaBank generated during the year, and for the first time, €490 million in financial income from dividends distributed by BFA to FROB.

At this point, I would like to refer to the information regarding public aid channelled through FROB. Of the €58.6 billion that had to be granted, the amount recovered currently stands at €6.922 billion (€6.412 billion as of December 31, 2024): €4.477 billion from the sale of entities (€1.565 billion) and the repayment of CoCos and preferred shares (€2.912 billion); €1.445 billion from interest collected on CoCos and preferred shares subscribed by FROB; and €1 billion from dividends received by te FROB in 2024 and 2025 from BFA—comprising the previously mentioned €490 million and, so far in 2025, an additional €510 million as a complementary dividend from BFA's 2024 earnings.

As you know, FROB regularly updates this information through quarterly reports submitted to this Committee on its activities.

Finally, I would also like to note that in 2024, FROB made the first repayment of the second tranche of its loan from the State—a mirror loan of the one contracted by the State with the ESM—for a nominal amount of €932.5 million. According to the current contract, the second and final repayment is scheduled for the end of 2025.

Conclusion

I now conclude, Mr. President, Honourable Members.

The balance of these ten years of the Single Resolution Mechanism is undeniably positive. During this period, we have collectively built—across both the public and private sectors, at national and European levels—a solid framework essential for strengthening financial stability and, consequently, for the proper functioning of the financial system and the economy.

But this should not lead to complacency. We must continue to move forward with determination and commitment in refining the crisis management framework to reinforce the Banking Union and enhance European competitiveness in the face of emerging challenges.

I conclude, as I did in my previous appearance, by once again highlighting and expressing my gratitude for the professionalism and dedication of FROB's staff.

Thank you very much for your attention, Honourable Members. I am at your disposal to elaborate on any matters you deem appropriate.