



CONFEDERACION ESPAÑOLA DE CAJAS DE AHORROS

MEASURES ADOPTED IN SPAIN

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CECA

JOINT EFMLG/FLB/FMLC/FMLG MEETING

Milan, June 19, 2009

MEASURES ADOPTED /TO BE ADOPTED

DEPOSIT PROTECTION INCREASED UP TO 100.000 EURO

FUND FOR ACQUISITION OF FINANCIAL ASSETS

**GUARANTEE SCHEME FOR
THE ISSUANCE OF DEBT BY CREDIT INSTITUTIONS**

NEW FUND?



FUND FOR ACQUISITION OF FINANCIAL ASSETS

**CREATION OF A FUND UNDER THE
TREASURY'S RESPONSIBILITY
(EUR 30 BILLION UP TO 50 BILLION)
(Regulation. Royal Decree-Law
6/2008 of 10 October)**

- **WITH THE AIM OF PROMOTING THE FINANCING BY FINANCIAL ENTITIES OF UNDERTAKINGS AND CITIZENS**
- **ADMINISTERED BY THE MINISTRY OF ECONOMIC AFFAIRS; TECHNICAL SUPPORT PROVIDED BY BANCO DE ESPAÑA**
- **SHALL INVEST IN FINANCIAL INSTRUMENTS ISSUED BY CREDIT INSTITUTIONS AND SECURITISATION FUNDS BACKED BY CREDIT GRANTED TO INDIVIDUALS, UNDERTAKINGS AND NON-FINANCIAL INSTITUTIONS**
- **TEMPORARY NATURE: EXPIRY DATE 31 DEC 2012**

**AUCTION BASED ON
MARKET PRICES**

- **THE MINIMUM RATE FOR BIDS SHALL NOT BE BELOW THE COST OF STATE FUNDING FOR THE CORRESPONDING MATURITY**
- **THE PRICE OF ACQUISITION SHALL BE BASED ON MARKET PRICES**



FUND FOR ACQUISITION OF FINANCIAL ASSETS II

TEMPORARY PURCHASE OF ASSETS

- ADMITTED FOR TRADING ON A REGULATED MARKET
- DOUBLE A CREDIT RATING
- THE MATURITY IS NOT MORE THAN PROVIDED FOR IN EACH AUCTION INVITATION AND IN ANY EVENT GREATER THAN 12 MONTHS (2 YEARS THE OPERATIONS CONDUCTED)

OUTRIGHT PURCHASE OF ASSETS

- ADMITTED FOR TRADING ON A REGULATED MARKET
- TRIPLE A CREDIT RATING
- HOMOGENEITY (MATURITY ETC)
- AVERAGE MATURITY OF THE ASSETS-3 YEARS



GUARANTEE SCHEME FOR CREDIT INSTITUTIONS

AUTHORISATION OF STATE GUARANTEES FOR NEW FINANCIAL OPERATIONS PERFORMED BY CREDIT INSTITUTIONS (Royal Decree-Law 7 /2008 of 13 October)

SCOPE OF FINANCIAL OPERATIONS. Promissory notes and bonds admitted to trading on Spanish secondary official markets

GUARANTEES UP TO EUR 100 BILLION

THE MAXIMUM MATURITY OF THE OPERATIONS SHALL BE 5 YEARS (CURRENTLY GUARANTEES ISSUED UP TO 3 YEARS)

TEMPORARY NATURE: EXPIRY DATE 31 DEC 2009

EXCEPTIONALLY THE MINISTRY OF ECONOMIC AFFAIRS MAY ACQUIRE INSTRUMENTS ISSUED BY CREDIT INSTITUTIONS TO REINFORCE ITS OWN FUNDS (e.g. Preference Shares)

THE GRANTED GUARANTEES SHALL ACCRUE COMMISSION REFLECTING THE RISK ASSUMED BY THE STATE IN EACH OPERATION



OPERATIONS CONDUCTED

	<u>AMOUNT</u> (Million euro)
AUCTIONS	
2 REPO.....	6.115
2 OUTRIGHT.....	13.226
TOTAL AUCTIONS	19.341

GUARANTEED ISSUANCES*

PUBLIC.....	29.959
PRIVATE.....	3.987
TOTAL.....	33.946

* DATA AS PER JUNE 10 2009



CONCLUSIONS

- **MEASURES AIMED AT**
 - **PROVIDING LIQUIDITY TO FINANCIAL INSTITUTIONS, AT LONGER MATURITIES AND**
 - **RESTORING THE CONFIDENCE IN THE MARKETS**

SO FAR THE MEASURES HAVE BEEN REFERRED TO DEBT INSTRUMENTS, NOT TO OWN FUNDS INSTRUMENTS

THE WAY AHEAD: NEW FUND?



THE FUND FOR THE ORDERLY BANKING RESTRUCTURING (“FROB”)

AMOUNT UP TO 99 BN EURO (9 CAPITAL+90 DEBT) AND MANAGED BY BANCO DE ESPAÑA (CENTRAL BANK AND SUPERVISORY AUTHORITY)

FUNDED BY THE STATE AND THE DEPOSIT PROTECTION SCHEME (BANKING COMMUNITY)

FUNCTIONS : MANAGING THE RESTRUCTURING OF CREDIT INSTITUTIONS AND REINFORCING THEIR OWN FUNDS

THE INTERVENTION OF THE FUND WILL LEAD TO MERGERS AND ACQUISITIONS IN THE BANKING SECTOR; PRIOR TO THAT THE MANAGEMENT OF THE AFFECTED INSTITUTIONS WILL/MIGHT BE REPLACED

