

**PUBLICATION OF THE BALANCE SHEET OF BFA-BANKIA AS OF
30 JUNE 2012**

- STATEMENT BY THE EUROGROUP –

31 AUGUST 2012

Today BFA-Bankia published its financial accounts as of 30 June 2012, pursuant to its obligations under the Spanish Securities Markets Law. As expected, these published figures show continued financial strain on BFA-Bankia. These figures confirm the importance of the Financial Assistance of up to EUR 100 billion for the Recapitalisation of Financial Institutions, which was agreed and entered into operation in July, in providing a credible and readily available backstop for the Spanish banking sector.

The Eurogroup welcomes today's reiteration by the Spanish authorities, and the statement by the Board of BFA-Bankia, of their firm commitment to complete the restructuring plan for BFA-Bankia by October, as foreseen by the *Memorandum of Understanding*. This will allow the restructuring plan to be approved by the European Commission in November for immediate entry into force and to be accompanied by the necessary capital injection from the Programme.

The Eurogroup welcomes the intention of the FROB to proceed with a bridge recapitalisation of BFA-Bankia with a view to making the group compliant with minimum regulatory standards of capital adequacy, pending the full recapitalisation and restructuring process which is ongoing under the terms of the financial assistance programme.

Against this background, the Eurogroup recalls the approach of the financial assistance programme, and its significant benefits which will start to materialise very shortly:

- The financial assistance programme foresees the necessary recapitalisation of all viable Spanish banks for which a capital shortfall exists. The preliminary information released today for BFA-Bankia suggests that BFA-Bankia will be a main beneficiary of this programme and will be adequately recapitalised in line with the identified capital shortfalls and its restructuring plan.
- BFA-Bankia's balance sheet will, as those of all banks receiving external support, be thoroughly cleaned up through the transfer of impaired assets to an external asset management company.
- BFA-Bankia will be restructured in order to secure its long-term viability and a full protection of deposits.
- Recapitalisation, the segregation of assets and the restructuring of Bankia will restore the bank to financial health. Solvency and long-term viability will secure the group's continued access to all necessary sources of external funding.

The Eurogroup also recalls that the programme provides for a backstop in case of emergency to cover unexpected interventions necessary to restore confidence.
