Press release

26 institutions sign the syndicated credit agreement for supplier payments

- The fund has a total of 30 billion euros at an interest rate of around 5.9%
- Local councils will be able to start paying from 31 May and the autonomous regions from 30 June

16 May 2012. The Fund for Financing Supplier Payments (FFPP) created by the Government has today signed a syndicated loan agreement worth 30 billion euros, extendable to 35 billion, with 26 financial institutions.

This is the final step in a process that will enable local councils and the regional governments to refinance their debts and put into practice the mechanism that enables suppliers to receive payment on their outstanding bills. In the case of local councils, the payments can begin to be made from 31 May. For the regional governments, the payment period is scheduled to begin on 30 June.

The syndicated loan has been provided by the following institutions: Banco Bilbao Vizcaya Argentaria, Banco Santander, Bankia, Caixabank and Instituto de Crédito Oficial, acting as joint managers; Banco Popular as the lead arranger; and Banesto, Banco de Sabadell, Bankinter, Banco CAM, and CECA as joint-arrangers. The institutions listed in the attached table are also providing funds. The legal structure of the loan has been designed by Cuatrecasas Gonçalves Pereira.

The FFPP was created on 9 March this year as an instrument for channelling the syndicated funds that will enable local councils and regional governments

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to pay their debts, in the biggest refinancing operation in Spain's recent history. Since that date the terms of the syndication have been negotiated and the agreement has been reached in record time given the scale of the operation. Suppliers will receive payment for their invoices from a financial intermediary, which means the money will be paid to them directly.

This syndicated loan will be guaranteed by the Public Treasury which in turn will have the counter guarantee of the local authorities' and regional governments' share of state revenues. This structure ensures that the regional administrations will pay the loan back to the State. To access this refinancing mechanism, both the local councils and the regional administrations have had to submit a viability plan that guarantees their solvency and ability to make future payments.

The term of the loan from the institutions will be five years with a two year grace period. However, local councils and the regions will be able to pay it back over a ten year period, with a two year grace period, through a refinancing programme to be carried out by the FFPP. This loan will be at the 3 month Euribor interest rate to which a spread will be added depending on the market conditions prior to the first drawdown date. The cost is estimated to be around 5.9%.

Local councils have already submitted 1,967,000 invoices, worth a total of 9.750 billion euros. Of these, suppliers have requested payment for 1,717,000 invoices with a total value of 9.312 billion euros. In the case of the autonomous regions, so far 3,960,000 invoices have been submitted with a total value of 17.700 billion euros, a sum which could increase as they have until 22 May to submit invoices.

This operation will result in a significant injection of cash into the real economy - equivalent to 3% of GDP - and will bring about growth of around 0.4% between 2012 and 2013. During this same period it is also expected that between 100,000 and 130,000 jobs will be generated.

Through this financing operation, the Government is underlining its commitment to fiscal sustainability, the responsibility of the administrations for the economy as a whole and the transparency of public accounts.

INSTITUTIONS THAT HAVE SIGNED THE SYNDICATED LOAN AGREEMENT

Lender	Share (in millions of euro)	Percentage
Banco Bilbao Vizcaya Argentaria, S.A.	3.067	10,2%
Banco Santander, S.A.	3.067	10,2%
Bankia, S.A.	3.067	10,2%
Caixabank, S.A.	3.067	10,2%
Official Credit Institute	7.000	23,3%
Banco Popular Español, S.A.	2.130	7,1%
Banco Español de Crédito, S.A.	1.300	4,3%
Banco de Sabadell, S.A.	1.100	3,7%
Bankinter, S.A.	1.000	3,3%
Banco CAM, S.A.U.	1.000	3,3%
Confederación Española de Cajas de Ahorro*	835	2,8%
Banca Cívica, S.A.	300	1%
Banco de Caja de España de Inversiones, Salamanca y Soria, S.A.U.	250	0.8%
Banco Cooperativo Español, S.A.	750	2.5%
Banco de Madrid, S.A.	100	0,3%
Banco Pastor, S.A.	210	0.7%
NCG Banco, S.A.	400	1,3%
Cajamar Caja Rural, Sociedad Cooperativa de Crédito	250	0.8%
Catalunya Banc, S.A.	857	2,8%
Unicaja Banco, S.A.	250	0.8%
TOTAL	30,000 EUR	100%

A further six institutions are taking part, represented by CECA:

Lenders represented by CECA	Share (in millions of euro)
Banco Mare Nostrum, S.A.	400
Caja de Ahorros y Monte de Piedad de Ontinyent	6
Colonya Caixa d´Estalvis de Pollença	4
Confederación Española de Cajas de Ahorros	25
Ibercaja Banco, S.A.U.	100
Liberbank, S.A.	300
TOTAL	835 EUR

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