

Brussels, 29 June 2010

State aid: Commission approves Spanish restructuring aid for Caja Castilla-La Mancha

The European Commission has authorised, under EU state aid rules, Spanish aid for the restructuring of Caja Castilla-La Mancha. The Commission considers that the restructuring plan adequately addresses the problems that led to the bail-out of the bank in 2009 whilst avoiding undue distortions of competition.

"The Commission is satisfied that Caja Castilla-La Mancha has been restructured in a way that limits distortions of competition and ensures the viability of the banking activities", said Joaquín Almunia, Commission Vice President in charge of Competition.

The Commission's investigation found that the orderly break-up of Caja Castilla-La Mancha, followed by the sale of the banking business to a competitor ensured that the sold business became viable without continued state support. The Commission further concluded that the distortion of competition caused by the significant state support was limited by the in-depth restructuring, the sale of the viable part of the business through an auction, the liquidation of the non-banking assets, and the continuation of Caja Castilla-La Mancha only as a charitable foundation. The bank also had a limited market presence in the Spanish market, only around 1% in mid 2009.

Caja Castilla-La Mancha provided retail banking services mainly in the region of Castilla-La Mancha, in central Spain. It has now been sold to Banco Liberta, a subsidiary of CajAstur Group.

The bank received a State guarantee of €3 billion in March 2009 followed by a capital injection of €1.3 billion by the Deposit Guarantee Fund for Saving Banks, a liquidity contribution of €350 million and an impaired asset measure consisting in a guarantee of approximately €2.5 billion. The significant amount of aid compared to its size - in June 2009 it had a total balance sheet of €27 billion - required in-depth restructuring to restore its viability and to address the distortion of competition.

The non-banking (mostly participation in other companies) assets of Castilla-La Mancha were transferred to the Deposit Guarantee Fund in exchange for the reimbursement of the capital injection of €1.3 billion and for the liquidity contribution of €350 million. The Deposit Guarantee Fund for Saving Banks will sell these assets over the next seven years.

Caja Castilla-La Mancha will give up its banking licence and be transformed into a foundation aimed at continuing only existing commitments on charitable, cultural and social services. These services will be funded through dividends from the foundation's shares in Banco Liberta.

The non-confidential version of the decision will be made available under the case number [NN61/2009](#) in the [State Aid Register](#) on the [DG Competition](#) website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).