

Annual Report 2023

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2023

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ABBREVIATIONS AND ACRONYMS

Act 11/2015	Act 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms
Act 9/2012	Act 9/2012 of 14 November on the restructuring and resolution of credit institutions
APS	Asset Protection Scheme
CBCM	Cross-border crisis management (groups), under the auspices of the FSB
CCP	Central Counterparty
CMG	Crisis Management Group
CNMV	Spanish Securities Market Regulator (CNMV)
CoCos	Contingent convertible bonds
DGF	Deposit Guarantee Fund
DGREFORM	Directorate-General on Support for Structural Reforms
EBA	European Banking Authority
ECB	European Central Bank
ESM	European Stability Mechanism
EU	European Union
FSB	Financial Stability Board
GCEU	General Court of the European Union
G-SIB	Global Systemically Important Bank
ICAC	Spanish Institute of Accountants and Auditors
IF	Investment Firm
IGAE	Auditor General of the Spanish Central Government
IRT	Internal Resolution Team
MREL	Minimum Requirement of Eligible Liabilities
NRA	National Resolution Authority
NRF	National Resolution Fund
OPS	Primary offering in Spain
RD 1012/2015	Royal Decree 1012/2015 of 6 November, developing Act 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms, and amending Royal Decree 2606/1996 of 20 December, on deposit guarantee funds of credit institutions.
RDL 1/2022	Royal Decree-Law 1/2022 of 18 January, amending Act 9/2012 of 14 November on the restructuring and resolution of credit institutions; Act 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms; and Royal Decree 1559/2012 of 15 November establishing the legal regime for asset management companies in relation to the legal regime of the Asset Management Company for Assets Arising from the Banking Sector Reorganisation.

RDL 4/2016	Royal Decree-Law 4/2016, of 2 December, on urgent financial measures.
Regulation (EU) No. 806/2014	Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No.1093/2010.
ResCo	Resolution Committee.
ReSG	Resolution Steering Group.
Sareb	Asset Management Company for Assets Arising from the Banking Sector Reorganisation
SGRE	Subgroup on Resolution Execution
SGRPP	Subgroup on Resolution Planning Preparedness
SR	Social responsibility
SRB	Single Resolution Board
SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
Transparency Act 19/2013	Act 19/2013 of 9 December on transparency, access to public information and good governance

CHAIR'S STATEMENT

It is an honour for me to present, for the first time, the “Activity Report” of FROB as its Chair. This key document outlines the organisation's activities and provides a comprehensive overview of our achievements during the year 2023.

First and foremost, I must extend my gratitude to my predecessor, Paula Conthe, for her commitment to the development of an organisation like FROB, a resolution authority with extensive experience at both national and international levels, which, throughout its 15 years of existence, has worked tirelessly to minimise the impact of crises and protect financial stability. In this spirit, and in line with the commitment to transparency expected of any public authority, we have prepared this report, which aims to present our activities clearly and understandably.

From a financial perspective, the year 2023 has been marked by the turbulence faced by the sector, particularly following the failures of several banks in the United States and Switzerland. These events have once again reminded us of the destabilising potential of turbulence in a sector as critical to the functioning of the overall economy as the financial sector, as well as the need for solid banks operating under robust supervision and resolution frameworks.

The Banking Union, particularly the Spanish banking sector, has demonstrated remarkable resilience in the face of contagion across jurisdictions. Notably, significant progress has been made within the framework of the European Single Resolution Mechanism, which has played a crucial role in bolstering this resilience. All banks have been actively developing the necessary capabilities to enhance their resolvability, including the establishment of a minimum level of resources to absorb losses and recapitalise following resolution (known as the Minimum Requirement for Own Funds and Eligible Liabilities, or MREL).

Moreover, thanks to contributions made in 2023, the Single Resolution Fund has reached its target level, now holding resources equivalent to 1% of guaranteed deposits, and is fully mutualised among the member countries of the Banking Union. We can confidently assert that we have a solidified European and national resolution framework.

However, this achievement does not imply that our journey is complete. The current crisis has served as a reminder of the importance of continued collaboration to advance the deepening of the Banking Union and strengthen the European resolution framework. Recent events have imparted many valuable lessons, highlighting various areas that require our ongoing attention and effort.

In this context, it is vital to emphasise that 2023 marked the introduction of the European Commission's proposal for reforming the crisis management and deposit insurance framework (CMDI). Although this proposal coincided with the recent events in Switzerland and the United States, its development had been ongoing for several years. The primary objective of this initiative is to enhance the crisis management tools available for addressing

the insolvency of medium-sized and smaller banks. At FROB, we regard this as a significant step towards refining the resolution framework.

It is also important to remember that even if an agreement is reached on the CMDI proposal, several other elements remain pending to achieve a comprehensive European crisis management structure, notably the European Deposit Insurance Scheme (EDIS). This third pillar of the Banking Union represents a logical and necessary progression. With existing European mechanisms for supervision and resolution in place, a unified European deposit guarantee system is essential to bolster the current safety net and complete the Banking Union.

Furthermore, we must recognise that the challenges and outstanding tasks are increasingly demanding in an ever-changing world, particularly in light of the transformations occurring within our economies and financial systems.

In this environment, we have been diligently working throughout 2023 on the development of a new strategy for the European Single Resolution Mechanism for the upcoming years, named Vision 2028. By taking into account the evolving landscape, this strategy will facilitate a reorientation of our efforts: shifting from activities centred on planning, which have already attained a high level of maturity, to testing and conducting simulations of banking crises and executing resolutions alongside the operationalisation of resolution tools. Ultimately, this will enhance the preparedness of both the entities and the authorities for effectively managing such scenarios.

Finally, I would like to extend my gratitude to the staff at FROB, whose extensive experience, specialised knowledge, and unwavering commitment are invaluable. I appreciate their dedication and professionalism. They are and will continue to be instrumental in implementing this strategy and ensuring that FROB fulfils its mission in support of financial stability and the public good.

Álvaro López Barceló
Chair

EXECUTIVE SUMMARY

During 2023, FROB continued to carry out its activities in the resolution of financial entities within the framework established by the European Single Resolution Mechanism (hereinafter, SRM). In particular, FROB focused on enhancing its preparedness for potential resolution cases, including participation in a simulation at the level of the Single Resolution Board (SRB) and the review and improvement of crisis management procedures for both significant and less significant institutions.

In addition, FROB has developed and published the document on the Mechanics of Internal Recapitalisation, which outlines the operational approach for implementing the write-down and conversion of capital instruments and bank liabilities that are subject to internal recapitalisation.

FROB has also closely monitored the events affecting the banking sectors in the United States, the United Kingdom, and Switzerland throughout 2023, and their potential impact on the Spanish financial sector, especially for entities involved with subsidiaries or branches in Spain.

As regards its advisory work on planning for resolutions, over the course of this year, FROB:

- Has revised and issued reports on the resolution plans of six less significant credit institutions (five with a resolution strategy and one with a liquidation strategy) for the 2022 planning cycle, and of twelve investment firms corresponding to the 2023 planning cycle. Furthermore, it has issued reports regarding the exemption from the MREL requirement for two less significant credit institutions that belong to an Institutional Protection Scheme.
- Has analysed the recovery plans of less significant credit institutions submitted by the Bank of Spain (one from the 2022 planning cycle and 47 from the 2023 cycle), as well as the recovery plans of investment firms submitted by the Spanish Securities Market Regulator (CNMV) (six relating to the 2023 planning cycle).
- Has been actively involved in the Internal Resolution Teams of the SRB for ten significant Spanish institutions, along with those foreign institutions with significant subsidiaries or branches in Spain, collaborating on the review of recovery plans and analysing draft resolution plans while also monitoring measures to be taken by the entities to strengthen their resolvability.

As the Spanish authority responsible for contact and coordination in resolution matters, FROB has continued to advocate for Spain's position in various international forums specialising in resolution, promoting advancements in establishing a more robust resolution framework. In this context, FROB, as a member authority of the SRB, has actively participated in defining its new strategic approach for the upcoming five years, known as Vision 2028, aimed at reorienting its activities from a planning-centric approach to the operationalisation and testing of resolution tools, which are essential for crisis preparedness.

In 2023, it is also noteworthy that FROB received assistance from the European Commission's Technical Support Instrument (DGREFORM) for the development of part of the national resolution manual for significant institutions. The technical assistance work by the contracted consultant began in the last quarter of 2023.

Lastly, FROB has entered into agreements to participate in four Resolution Colleges of European Central Counterparty Clearing Houses in its capacity as the executive resolution authority for members of these clearing houses, and has commenced participation as an observer in the Central Counterparty Clearing House Resolution Committee of ESMA.

Regarding the Resolution Funds, FROB has collected contributions from 86 credit institutions, 33 investment firms, and six non-EU branches in 2023, totalling 1,008 million euros. Of this amount, 1,005 million euros correspond to the Single Resolution Fund (SRF), which will be transferred to the SRB, and 3 million euros correspond to the National Resolution Fund (NRF).

In terms of recovery and resolution processes prior to the enactment of Act 11/2015, FROB's activities have continued to focus on the proper exercise of its rights in its investee entities, BFA and Sareb; monitoring legal proceedings arising from various resolution actions; managing the guarantees granted during the divestment of entities receiving bailouts; and overseeing the divestment of the credit institution in which it still holds a stake.

In particular, it is noteworthy that BFA reported a net profit of 335 million euros in its annual accounts for 2023. This was mainly due to the 300 million euros received as dividends from the entity's share in CaixaBank for the results of the 2022 financial year and 41 million euros in interest from the Sareb bonds that BFA holds on its balance sheet, leading to the first dividend distribution to the sole shareholder (FROB) from the year's profit. Regarding Sareb, in 2023, the principle of the company's social utility was consolidated with the development of initiatives to promote citizens' access to housing under affordable conditions while continuing the divestment of its real estate and financial assets. Lastly, the total closure and maturity of the guarantee provided by the APS has occurred, with a total payment by FROB for this guarantee of 206 million euros, a figure significantly lower than the 600 million euros estimated at the time it was granted.

ACTIVITIES IN 2023

1. WORK WITHIN THE FRAMEWORK OF THE SINGLE RESOLUTION MECHANISM

1. During 2023, FROB continued to carry out its activities within the framework established by the European Single Resolution Mechanism (hereinafter, SRM):
 - for significant credit institutions, as Spain's representative in the governing bodies of the Single Resolution Board (hereinafter, SRB) and responsible for the national implementation of the SRB's resolution decisions; and
 - for other banking entities (less significant credit institutions) and investment firms, as the executive resolution authority, responsible for the approval and execution of resolution measures and with certain consultative competencies during the planning phase. In this context, FROB's exercise of competencies regarding these entities requires close collaboration with the Bank of Spain and the CNMV, acting in the exercise of their respective competencies, both as supervisors and as preventive resolution authorities. This relationship and cooperation are further strengthened by the existence of cooperation agreements with both institutions, which have been updated and extended during 2023.
2. The number of significant entities in Spain has remained at 10. Additionally, five significant foreign credit institutions have significant subsidiaries or branches in Spain, one less than last year following the closure of the sale of the Spanish subsidiary of a significant group during 2023.
3. Regarding less significant institutions and investment firms, FROB is responsible, as the executive resolution authority, for a total of 57 credit institutions and 30 investment firms (groups or individual entities), whose resolution plans are developed by the Bank of Spain and the CNMV, respectively, within the scope of Act 11/2015, following a report from FROB.

Table 1. Table of entities

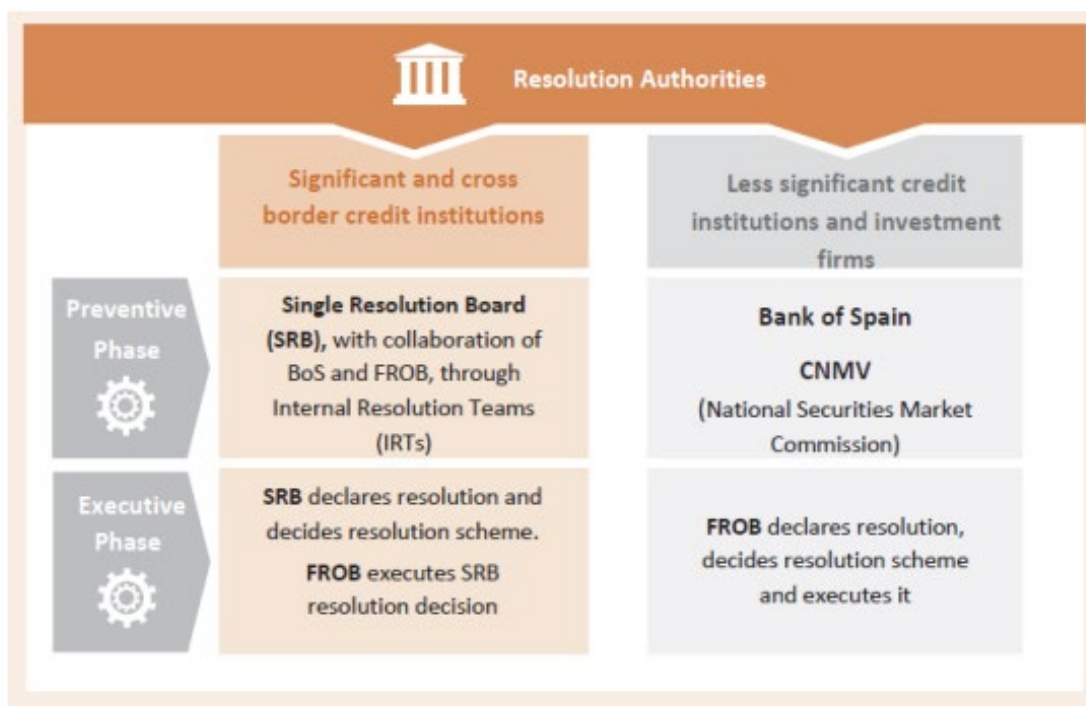
SRB'S RESPONSIBILITY	FROB'S RESPONSIBILITY
SPANISH SIGNIFICANT INSTITUTIONS Santander BBVA Caixabank Sabadell Ibercaja Unicaja Grupo Cooperativo Cajamar Bankinter Kutxabank Abanca TOTAL SPANISH SI: 10	LSI AND IFS Less significant institutions (LSI) TOTAL LSI: 57 Investment Firms (IFs) TOTAL IFIS: 30
SIGNIFICANT FOREIGN INSTITUTIONS WITH A SIGNIFICANT SUBSIDIARY OR BRANCH IN SPAIN Deutsche Bank BNP Paribas Crédit Agricole ING Banca Mediolanum TOTAL FOREIGN SI: 5	
TOTAL SRB: 15	TOTAL FROB: 87

Source: FROB

1.1. RESOLUTION PLANNING

- The European resolution framework places considerable emphasis on preventing the resolution of credit institutions and investment firms and on planning for the resolution of these entities.

Table 2. Resolution. Distribution of powers



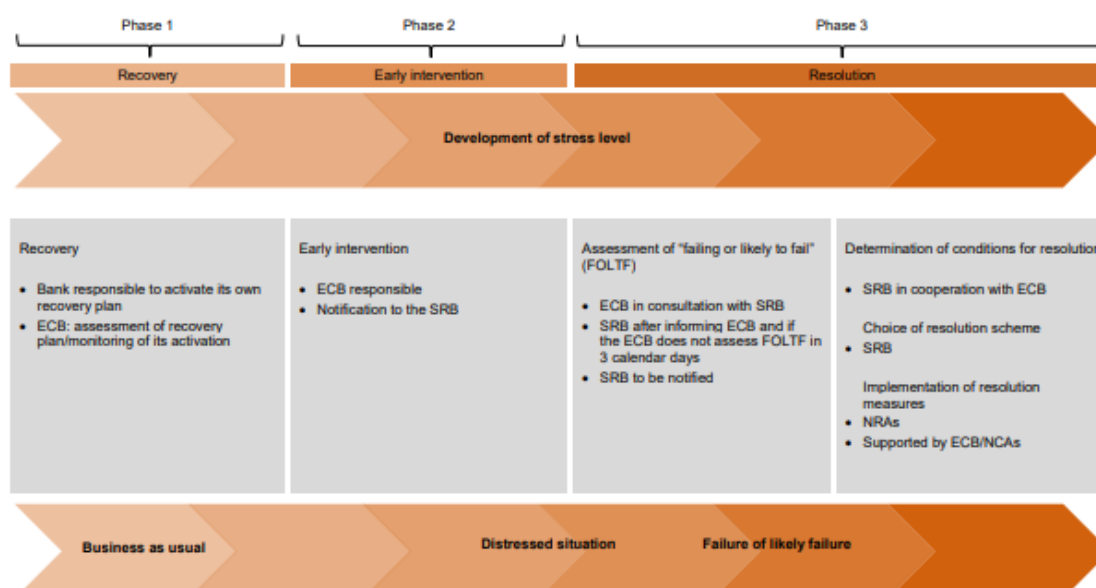
Source: FROB

1.1.1. Early intervention and recovery

5. While the preventive powers are primarily exercised by the supervisors (the European Central Bank, the Bank of Spain and the CNMV), the SRB and the NRA also have certain legal powers in this area.
6. Act 11/2015 requires all entities to prepare recovery plans that must be approved by the entity's governing body, for subsequent revision by the supervisor. Such plans must set out the measures that may be taken by the entity to re-establish its financial position in the event of a significant deterioration of its capital, liquidity or profitability or any other event that could jeopardise its viability. In general, recovery plans must be updated annually, although updates can be less frequent in the case of plans that the supervisor deems to be subject to simplified obligations, as permitted under Article 5 of Royal Decree 1012/2015.

7. Pursuant to regulations, the resolution authorities also revise these plans, which are submitted by the supervisor, and may formulate modification proposals to the extent that these plans could negatively affect the entities' resolvability.
8. As regards the 10 significant Spanish institutions, in 2023 FROB analysed the recovery plans through the Internal Resolution Teams (IRTs) of the SRB.
9. As regards the institutions under national jurisdiction, in 2023 FROB analysed one recovery plan of a less significant institution, submitted by the Bank of Spain, corresponding to the 2022 planning cycle, and 47 drawn up under the 2023 planning cycle. Six recovery plans of investment firms were also analysed, submitted by the CNMV, corresponding to the 2023 planning cycle.

Table 3. From recovery to resolution¹



Source: FROB

¹ Significant Institutions.

1.1.2. Resolution planning

Less significant institutions and investment firms.

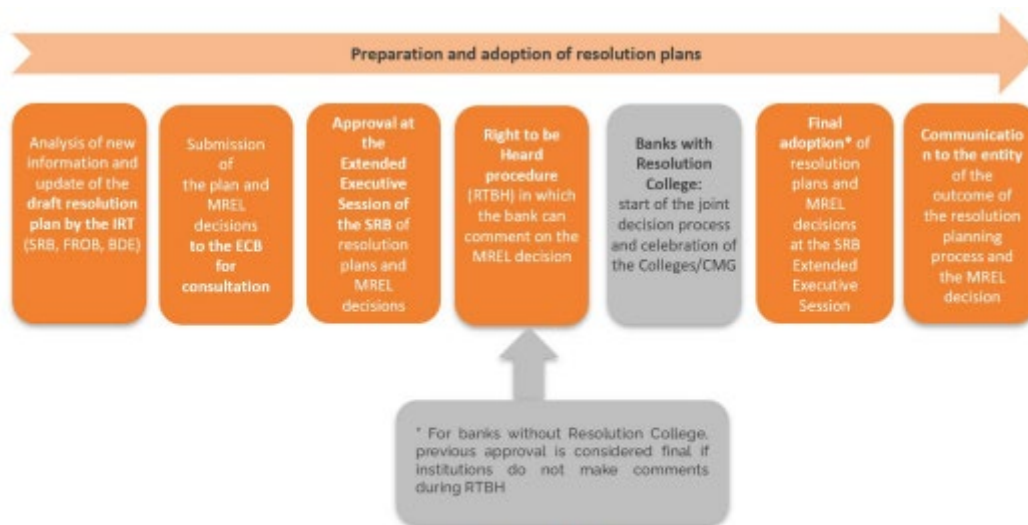
10. In the case of less significant institutions and investment firms, Act 11/2015 establishes that the preventive resolution authority – the Bank of Spain and the CNMV, respectively – must prepare and approve a resolution plan for these entities, which will be updated on an annual basis, except in the case of those subject to simplified obligations, for which updates may be less frequent in general.
11. Once drawn up but prior to approval, the resolution plan (which incorporates the evaluation of the resolvability of the institution) is submitted to FROB and to the competent supervisor to prepare a report on the plan pursuant to the provisions of Act 11/2015. The Bank of Spain also sends the resolution plans to the SRB to garner its opinions on them, pursuant to the provisions of Resolution (EU) 806/2014 of the Single Supervisory Mechanism (hereinafter, SSM).
12. Furthermore, the corresponding preventive resolution authority establishes the minimum requirement of eligible liabilities (hereinafter, MREL) of each institution, following a report from FROB.
13. During 2023, FROB reviewed and issued a report on the resolution plans and minimum requirement of eligible liabilities of six less significant institutions (five with a resolution strategy and one with a liquidation strategy) corresponding to the 2022 planning cycle, and of 12 investment firms, corresponding to the 2023 planning cycle.
14. In 2023, FROB also issued a report on the exemption from the individual MREL requirement for two less significant credit institutions belonging to an Institutional Protection Scheme.

Significant credit institutions and cross-border groups within the scope of the SRB.

15. The SRB is responsible for the resolution of significant institutions and cross-border groups. In these cases, the resolution plans are prepared by joint working groups (Internal Resolution Teams or IRTs) comprising personnel from the SRB and the National Resolution Authorities (in Spain: Bank of Spain and FROB) headed up by a member of the SRB.
16. FROB is a member of the IRT of the Spanish institutions or those with a presence in Spain, participating in both the revision and analysis of the draft resolution plans and MREL requirements, and in the different meetings between the institutions and the SRB to analyse progress on resolvability matters and to monitor work priorities. Collaboration in the analysis of development in the capacity of institutions to improve their resolvability through in-depth revisions takes on particular importance within this framework, some of them by means of *in situ* visits to the institutions, along with the performance of simulations.

17. The resolution plans and MREL requirement of the institutions are approved on a preliminary basis following consultation with the ECB by the SRB at an Extended Executive Session involving the permanent members of the board and representatives of the NRAs of the countries in which the institutions affected by the decisions are established. FROB's Chair participates in the deliberations and in decision-making (with a voting right) at the meeting of the Extended Executive Session in which decisions relating to Spanish institutions and foreign institutions in Spain are going to be adopted (in contrast, in the case of foreign institutions with a significant branch in Spain, FROB participates as an observer) Subsequently, the preliminary decision on the MREL is notified to the institutions, initiating the 'right to be heard' procedure, during which institutions can send their comments. The preliminary approval of the MREL requirement becomes final if the institutions do not send any comments during the 'right to be heard' procedure. In the event that comments are made, the IRT will analyse them and, as the case may be, the possibility exists of modifying the MREL requirement that is approved on a preliminary basis. Subsequent to the analysis of the observations and regardless of whether changes in the decision are implemented or not, a new Extended Executive Session is held to definitively approve the resolution plan and MREL requirement.
18. In the case of banks with a Resolution College, the approval procedure is somewhat more complex as it requires a larger number of authorities. The resolution plans and MREL decisions are firstly approved at the Extended Executive Session of the SRB. They are subsequently sent to the members of the Resolution College, initiating the definitive approval procedure, which must be completed within a maximum of four months, including the right of the institution to be heard regarding the proposed MREL requirement. The approval procedure ends with the resolution authorities participating in the colleges signing the joint decisions on both the resolution plans and the MREL.

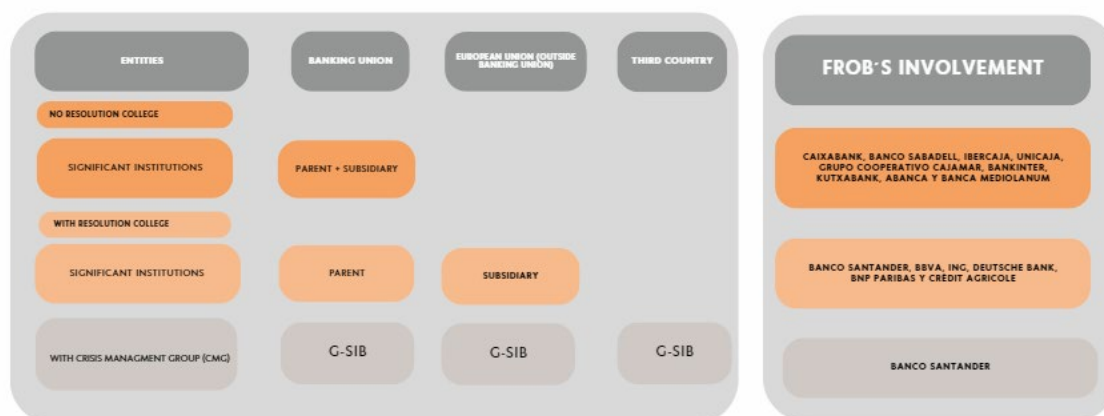
Table 4. Procedure for adopting resolution plans



Source: FROB

19. In the case of Global Systemic Banks (hereinafter, G-SIBs), an additional cooperation forum exists with the resolution authorities of non-EU countries, which are the Crisis Management Groups (hereinafter, CMGs). FROB participates in one CMG².

Table 5. Significant Institutions. Participation in resolution colleges and CMGs



Source: FROB

² Santander.

20. In 2023, the 2022 planning cycle was completed. In this context, FROB attended the meetings of six RCs in which it participates (two of them for institutions with their parent company in Spain) as an observer and the Chair voted at the corresponding Extended Executive Sessions of the SRB held during the exercise to definitively approve the resolution plans and MREL decisions that were outstanding from the 2022 cycle (corresponding to 12 significant institutions, five of them with a resolution college).
21. As regards the 2023 planning cycle, FROB actively participated in the IRTs and gave preliminary approval to the resolution plans and MREL decisions of five Spanish significant institutions (one of them with a resolution college) and of four significant foreign institutions with a subsidiary or significant branch in Spain (three of them with a resolution college). In 2023, definitive approval was given to four significant Spanish institutions and one significant foreign institution without a resolution college, while definitive approval was given to the rest of the institutions in 2024.
22. In 2023, with a view to improving the preparation of institutions for a potential crisis, aside from the ordinary revision of the developments of institutions in terms of resolvability, FROB has taken part in two themed revisions by means of *in situ* visits to one Spanish significant institution.

Central counterparty clearing houses.

23. FROB has entered into agreements to be part of four Resolution Colleges of European Central Counterparties (CCPs) established in 2023, in its capacity as the executive resolution authority for clearing members of these houses. FROB has voting rights in two of the Colleges as it acts as the resolution authority for clearing members from the three countries with the highest contributions to the guarantee fund against defaults of these CCPs.

Table 6. The Central Counterparty. FROB's participation in resolution colleges

CENTRAL COUNTERPARTY CLEARING HOUSES	AUTHORITY PRESIDING THE COLLEGE	FROB'S VOTING RIGTH
Bolsas y Mercados Españoles - BME Clearing	CNMV	Yes
LCH S.A.	French resolution authority	No
European Commodity Clearing AG	German resolution authority	No
Cboe Clear Europe	Dutch resolution authority	Yes

Source: FROB

1.2. RESOLUTION PHASE

24. The resolution of a credit institution or investment firm entails an extraordinary administrative procedure to manage its non-viability without having to resort to liquidation in accordance with ordinary insolvency proceedings. FROB is the authority responsible for the implementation in Spain of the resolution decisions adopted by the SRB, following its instructions, for significant institutions, while in the case of less significant institutions, FROB directly adopts resolution decisions and exercises its jurisdiction pursuant to Act 11/2015.
25. In 2023, no resolution decision was adopted in Spain. Nonetheless, FROB continued its efforts during this period to improve its preparation for potential resolution cases. This included participation in a simulation of a fictitious less significant credit institution organised by the Single Resolution Board (SRB), which anticipated the use of the Single Resolution Fund (SRF) and the consequent transfer of competencies from national authorities to the SRB. FROB also focused on reviewing and improving crisis management procedures for both significant and less significant institutions. Additionally, FROB published the document on the Mechanics of Internal Recapitalisation, which outlines in general and indicative terms FROB's approach to operationally implementing the amortisation and conversion of capital instruments and liabilities that are subject to internal recapitalisation, in compliance with the requirements set forth by the Financial Stability Board and the guidelines of the European Banking Authority (EBA) in this regard.
26. Furthermore, FROB has closely monitored the events that have affected the banking sector in the United States, the United Kingdom, and Switzerland during 2023, and their potential impact on the Spanish financial sector, particularly concerning those entities involved with subsidiaries or branches in Spain.

1.3. SINGLE RESOLUTION FUND AND NATIONAL RESOLUTION FUND

27. Resolution funds may be used by resolution authorities in certain circumstances and comprise contributions from the credit institutions, investment firms and branches in Spain of the aforesaid types of institutions established in third countries. Two resolution funds exist for Spanish institutions: the Single Resolution Fund (SRF) and the National Resolution Fund (NRF).
28. The SRF, managed by the SRB, is generated by means of the contributions from all the credit institutions in the Banking Union, including Spanish institutions, and from certain investment firms that belong to a banking group. To collect the contributions, the SRB determines the amount to be contributed by each applicable institution, based on the information provided thereby. In Spain, FROB, like the rest of the national resolution authorities of the Banking Union in their respective jurisdictions, collects the contributions from the institutions and subsequently transfers them to the SRF. The SRF must achieve 1% of the credit institutions' covered deposits by 31 December 2023 (i.e. by the end of the initial eight-year period as from 1 January 2016).

29. The NRF, managed by FROB, determines and collects the contributions from Spanish investment firms not in a banking group, along with those from the branches of credit institutions in Spain established outside of the EU that are required to contribute.
30. Each institution's total liabilities excluding own funds less covered deposits as a percentage of the total for all entities are taken into consideration to calculate contributions, both in the case of the SRF and the NRF. This result is then adjusted based on each institution's risk profile³.
31. Within this framework, as in the previous year, FROB's activity in 2023 primarily focused on carrying out the annual steps needed to effectively determine and collect contributions and, specifically:
 - Identify the institutions required to contribute to the SRF and to the NRF.
 - Obtain from institutions the data needed to calculate the contributions for each institution.
 - Perform an initial assessment of the quality of the data reported by institutions and submitted to the SRB by comparing this with the information collated by the Bank of Spain, the CNMV and the DGF.
 - Notify the decision on the amount of the contributions by the SRB, collect these from Spanish credit institutions and investment firms that are subsidiaries of such institutions and transferring the contributions to the SRF.
 - Calculate, notify and collect contributions from the institutions required to contribute to the NRF.
 - Act as point of contact for any queries or requests from institutions required to make contributions.
 - Monitor the legal claims that institutions may file against FROB or the SRB in relation to the calculation and collection of contributions to the SRF and the NRF.

³ Details of the calculation method are provided in [Commission Delegated Regulation](#) (EU) 2015/63 of 21 October 2014.

Table 7. Contributions of Spanish institutions and branches in Spain of institutions established outside the European Union to the NRF and the SRF.

EX-ANTE CONTRIBUTIONS	2023				2022			
	SRF		NRF	Total	SRF		NRF	Total
	CIs	IFs	IFs and Non-EU branches		CIs	IFs	IFs and Non-EU branches	
No. of institutions	86	5	34	125	87	5	34	126
Amount of Contribution (thousand euros)	1,004,758	11	3,358	1,008,127	1,132,632	28	2,890	1,135,550

Source: FROB

32. According to information provided by the Bank of Spain and the CNMV, in 2023 125 institutions were required to contribute, 86 of which were credit institutions⁴, 33 investment firms⁵ and six non-EU branches established in third countries.
33. In June 2023, FROB collected total contributions of 1,008 million euros⁶ (1,005 million corresponding for the SRF and 3 million to the FRN). Thus, at the end of 2023, the SRF has a balance of approximately 77,600 million euros, contributed by approximately 2,777 European institutions, of which nearly 7,500 million euros has been contributed by Spanish entities (approximately 9.66%)⁷.
34. Meanwhile, at the start of October 2023, the process began to gather information for the calculation cycle of the contributions corresponding to the 2024 financial year, with institutions having submitted the required information by 21 December 2023.
35. During the first months of 2024, the SRB verified that the financial resources available in the SRF are at least equal to 1% of the guaranteed deposits held in the Banking Union as of the reference date of 31 December 2023. It has announced that the SRF target has been met and, therefore, there will be no contributions in the 2024 cycle.

⁴ It should be noted that three of the 86 aforementioned institutions are considered central bodies of institutional protection schemes. In accordance with Commission Delegated Regulation 2015/63 of 21 October 2014, two of these institutions contribute on a consolidated basis for a total of 26 institutions that are affiliated to the aforementioned institutional protection schemes and which are exempted from prudential requirements under national law. These 26 institutions are not included in the aforementioned figure of 86 institutions.

⁵ In 2022: 126 institutions, 87 of which were credit institutions, 33 investment firms and six branches established in third world countries.

⁶ Available at: <https://www.frob.es/la-junta-unica-de-resolucion-alcanzara-77-600-millones-de-euros-en-contribuciones-al-fondo-unico-de-resolucion>

⁷ Available at: [Single Resolution Fund grows by €11.3 billion to reach € 77.6 billion | Single Resolution Board \(europa.eu\)](https://www.europa.eu/en/single-resolution-fund-grows-by-11.3-billion-to-reach-77.6-billion/)

1.4 INTERNATIONAL ACTIVITY

36. As the Spanish authority acting as contact for and coordinator with the international authorities and other EU Member States regarding resolutions, FROB has continued to play an active role in defending Spain's position. It has worked in close collaboration with the Spanish preventive resolution authorities at the various international discussion forums that discuss, prepare and, where applicable, amend the resolution framework and rules.

1.4.1 Single Resolution Board

37. The Spanish representative on the SRB is FROB's Chair, who attends both the SRB Plenary Session and the Extended Executive Sessions, both also attended by the Bank of Spain as an observer. Spain's participation (FROB and the Bank of Spain) also extends to the various sub-committees and working groups set up under the auspices of the Plenary Session. They focus on enhancing the resolvability of all banks and on establishing a robust resolution framework and on effectively managing crises and the use of the SRF, all with a minimum impact on the real economy, financial system and public coffers.
38. During the first quarter of 2023, the newly appointed Chair of the SRB, Dominique Laboureix, initiated a strategic review process aimed at reorienting the SRB's activities from a planning-focused approach to the operationalisation and testing of resolution tools, as key elements for enhancing crisis preparedness. FROB, as the national resolution authority and a member of its Plenary, has actively participated in redefining the overall strategy, which was ultimately adopted in February 2024 and is referred to as Vision 2028.
39. In the second quarter, the SRB welcomed Tuija Taos as a new permanent member and implemented several changes to its organisational structure, including the appointment of a new Head of the Crisis Management Unit, the establishment of the Presidency Office, and the creation of a risk management, control, and compliance unit.
40. In the third quarter, as part of the strategic review process, FROB, drawing on its experience, actively participated in the working group tasked with defining a new comprehensive approach to crisis preparedness.
41. Finally, during the fourth quarter, the Plenary of the SRB approved the public consultation on the MREL policy, the SRB's work programme, and the budget and recruitment plan for the 2024 financial year, as well as the rotation system for appointing experts to prepare the Plenary's budget discharge, under which FROB has appointed an expert for the next two cycles. Additionally, during this quarter, the main conclusions of the simulation regarding a significant Spanish institution conducted by the SRB in November 2022 were presented in various forums, with participation from FROB as the authority responsible for implementing the SRB's decisions at the national level.

42. Regarding the ordinary activities of the SRB, its focus has continued to be on improving the resolvability of institutions and preparing national authorities, while closely monitoring recent developments in the international banking sector and their potential impact on European institutions, including access to the market for issuing instruments eligible for MREL. In this regard, the SRB closely followed the measures taken by the Swiss authorities concerning Credit Suisse, publishing a joint statement with the EBA and the ECB in March 2023 and discussing potential lessons to be learned from recent crisis cases with national resolution authorities (including FROB).
43. Among the work of the groups, discussions centred on the European Commission's proposed reform of the crisis management and deposit guarantee framework, the publication of the MREL policy for the 2023 cycle (with minor changes compared to 2022), the release of the manual for the 2023 resolution cycle, the issuance of guidance for implementing the SRB's expectations on liquidity in resolution, the operationalisation of the single point of entry (SPE) strategy, and the implementation of the bail-in tool.
44. Furthermore, regarding the implementation of resolution tools, work continues on the operationalisation of the bail-in. FROB presented its approach to implementing internal recapitalisation based on its experience at the bail-in execution seminar organised by the SRB in June.
45. Throughout 2023, FROB has also continued working on updating the national resolution manual for significant institutions, which outlines the procedures to follow in the event of a potential crisis involving an institution under the SRB's jurisdiction, with the aim of improving preparedness and clarifying the distribution of functions among institutions and any possible national specificities. To aid in the development of part of this manual, FROB submitted a project in the second quarter of 2023 to receive support from the European Commission's Technical Support Instrument (DGREFORM). The support was awarded in the third quarter of 2023, and following the relevant tender process, a consultant was hired who commenced their technical assistance work in the last quarter of 2023.

1.4.2 Other international forums

46. FROB actively participates in other discussion forums in Europe and around the world.
47. At the level of the European Union, FROB is a member of the EBA's ResCo, a forum where reports, guidelines, and technical standards related to the Bank Recovery and Resolution Directive are developed. Some of these standards are subsequently approved as secondary community legislation. FROB participates in the SGRE and SGRPP subgroups. During this financial year, the measures adopted for compliance with three EBA guidelines were presented to the Governing Committee (the Guidelines on Enhancing the Resolvability for Institutions and Resolution Authorities, the Guidelines on the Equivalence of Confidentiality Regimes, and the Guidelines on Transferability to complete the assessment of resolvability for transfer strategies).

48. At the international level, FROB is involved in the FSB's ReSG Group. Within this institution, FROB also actively participates in the cross-border bank crisis management working group (bank-CBCM) and its various subgroups.
49. Additionally, FROB has accepted ESMA's invitation to join the CCP Resolution Committee as an observer, in its capacity as the executive resolution authority for clearing members.
50. Finally, in 2023, FROB continued to provide technical advice to the Spanish representation led by the General Secretariat of the Treasury and International Financing in meetings organised by the European Commission and the Council of the European Union. In particular, during the Spanish Presidency of the Council of the EU in the second half of 2023, FROB collaborated closely with the aforementioned General Secretariat, assisting it in the preparation, development, and follow-up of numerous meetings related to the review of the European crisis management and deposit guarantee framework (referred to as CMDI). This collaboration has facilitated progress on this crucial file for FROB, and specifically led to a political agreement between the Council of the EU and the European Parliament on the proposal to revise the subsidiary chain regulations (known as Daisy Chains).

2. RESTRUCTURING AND RESOLUTION PROCESSES

2.1 ENTITIES SUBJECT TO RESTRUCTURING OR RESOLUTION

Management of FROB's stake in BFA

51. In 2011, BFA Tenedora de Acciones, S.A.U. (BFA) was incorporated as the head of a group of credit institutions, subject to the supervision of the competent authorities and to the regulations applicable to credit institutions, in which FROB has held a direct 100% stake since 2012. Until 2021, BFA lacked its own operating structure, relying on the teams, structures and technologies of Bankia to engage in its economic activity, whereby the Chairman of Bankia held the post of Chair of the Board of Directors of BFA and the natural person representative of FROB as Director.
52. As a result of the merger between Bankia and CaixaBank, BFA ceased to head up the group of credit institutions and the process for the operational decoupling of BFA from the teams and structures of Bankia/CaixaBank was set in motion by contracting an external service provider.
53. The Board of Directors became comprised of four members, whereby FROB was the legal person director of BFA; represented by a natural person (the Finance Director and Director of Investees of FROB). On the 31 December 2023, one of FROB's various directors voluntarily resigned from their duties, for which from this point onwards the Board of Directors is comprised of three members. The Board also has a Secretary and Vice-Secretary, neither of which are directors, with speaking but not voting rights.

54. As in previous years, FROB has continued to make progress in the process of rationalisation and gradual reduction of the company's balance sheet in preparation for its potential liquidation, maintaining the divestment path of its real estate assets and reducing its financing needs
55. Additionally, this year, BFA has undertaken a review and update of its internal policies to adapt them to its current activities and has redesigned and reorganised its website, making it more user-friendly and intuitive.
56. BFA benefits from the constant support of FROB's technical services, both through the provision of its secretariat and by monitoring and liaising with the service provider contracted for the ordinary management of the entity, as well as with other specialised suppliers and advisors directly hired by BFA.
57. Among the main milestones of the year, the formulation on 19 March 2024 of the annual accounts for the year 2023 by BFA's Board of Directors stands out.
58. In these accounts, BFA reports a net profit of 335 million euros, primarily due to dividends received from its stake in CaixaBank (300 million euros) and interest earned (41 million euros) on the Sareb bonds that the company holds on its balance sheet. With this result, BFA's net equity rises to 5,294 million euros at the close of the 2023 financial year, additionally reflecting unrealised gains on its stake in CaixaBank amounting to 1,455 million euros (of which 70 million euros were generated in 2023).
59. In light of the positive evolution of the company's results in 2023 and its future sustainability, as well as the consistent reduction of reliance on external resources for financing its activities, and considering its very solid financial position, BFA proposed to distribute the entire profit as a dividend to FROB, marking the first dividend distributed since FROB entered its capital.
60. Both BFA's accounts and the dividend distribution were approved in April 2024 by the Governing Committee of FROB in its reduced composition, exercising the powers of sole shareholder of BFA.
61. In relation to the contingency arising from the sale of hybrid instruments, rulings continue to be issued, although in decreasing numbers, condemning entities for improper sales practices and ordering the reimbursement of funds to customers who invested in hybrid products. As of 31 December 2023, BFA has made accumulated payments related to this contingency amounting to approximately 1,543 million euros, of which 2 million euros were paid in 2023. Additionally, for unresolved claims, BFA has set aside a provision of 42 million euros at the end of the financial year. These costs must be supplemented by expenses related to arbitration linked to the sale of hybrids, which have already been paid and total 1,136 million euros. Furthermore, the cumulative impact of contingencies related to the public offering for BFA has been 1,104 million euros.

Management of FROB's indirect stake in CaixaBank

62. As of 31 December 2022, following the completion of the merger between Bankia and CaixaBank, BFA's stake in CaixaBank stood at 16.12%. The execution of the share

buyback programme initiated in 2022 by the credit institution and the subsequent capital reduction raised this stake to 17.32% as of 31 December 2023. As of December 31, 2022 and after the completion of the merger between Bankia and CaixaBank, BFA's stake in CaixaBank stood at 16.12%. The execution of the share buyback program launched in 2022 by the credit institution and the subsequent capital reduction raised this stake to 17.32% at December 31, 2023.

63. In pursuit of maximising the recovery of public resources granted and safeguarding the general interest, in 2023, FROB has continued to exercise its rights as a shareholder of CaixaBank, through BFA, in a responsible, proportionate, and diligent manner, monitoring relevant information under the premise of non-interference in the administration of the credit institution.
64. CaixaBank held its General Shareholders' Meeting on 31 March 2023. The Governing Committee of FROB, in its reduced composition and exercising its powers as the sole shareholder, approved the voting direction to be issued through BFA for each of the agenda items at this General Shareholders' Meeting. All items proposed on the agenda were approved, including the annual accounts for 2022, the management report of the Board of Directors for 2022, the profit distribution proposal, and the agreements relating to the remuneration of directors and key employees of the entity.
65. The dividend approved at the meeting was equivalent to 55% of the consolidated profit for 2022. Consequently, BFA received a total of 300 million euros in April 2023 as a dividend for its stake in CaixaBank. With this income, the total amount of dividends received by BFA for the financial years 2014-2022, from either Bankia or CaixaBank following its merger with Bankia, reaches 1,707 million euros (2,216 million euros if we include the dividend collected in April 2024 corresponding to the profit for the financial year 2023).
66. CaixaBank ended 2023 with a positive result of 4,816 million euros, representing an increase of 53.9% compared to the same period in the previous year, with solvency and liquidity ratios well above regulatory requirements⁸.
67. As part of its shareholder remuneration policy, and following the programme executed in 2022 amounting to 1,800 million euros, on 18 September 2023, CaixaBank initiated a new market share buyback programme for a maximum amount of 500 million euros, which concluded on 3 January 2024. Under this programme, 129,404,256 of its own shares were repurchased, equivalent to 1.72% of the capital, for subsequent cancellation.
68. Following the effective cancellation of these shares and the registration of the new share capital figure, FROB's indirect stake in CaixaBank through BFA now stands at 17.62% of the entity's capital.
69. CaixaBank's share price closed the year 2023 at 3.726 euros per share, marking an increase of 1.47% compared to the closing price at the end of 2022. This implies that the value of BFA's stake (and indirectly FROB's) in Bankia/CaixaBank has risen by

⁸ Detailed information on the activity of CaixaBank in 2023 can be consulted at the following link: https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/Informacion_economico_financiera/IF4T23_ESP.pdf.

146.41% from the day prior to the announcement of the merger discussions between Bankia and CaixaBank to the end of the financial year 2023.

Divestment

70. Act 9/2012 (as referred to in the First Transitory Provision of Act 11/2015) set the limit for the divestment of credit institutions that had received public support within five years from the injection of the corresponding public funds. This meant that in the case of Bankia, the divestment had to be implemented before the end of 2017.
71. In 2016, by means of Royal Decree-Law 4/2016, the First Transitory Provision of Act 11/2015 was amended. This amendment extended the divestment deadline to December 2019 and included the possibility for subsequent extensions to be approved by the Council of Ministers, upon a proposal from the Ministry of Economic Affairs and Digital Transformation⁹, following a report issued by FROB and the Ministry of Finance and Civil Service¹⁰.
72. In accordance with this possibility, the deadline to complete the divestment has been extended on three additional occasions following the corresponding decision adopted by the Council of Ministers, each for an additional period of two years. The most recent extension was approved by a decision of the Council of Ministers on 27 December 2022, such that the new deadline spans the period from December 2023 until December 2025.
73. With regard to the divestment strategy, following the completion of the merger between Bankia and CaixaBank, FROB agreed to adapt its divestment framework. This new continuity divestment framework continues to opt for the sale of shares in capital markets, although the recommendation on the instruments to be used and the characteristics of each operation have adapted to a stake that is a lower percentage than the capital but much more liquid.
74. In 2023, no new operation has been undertaken for the sale of CaixaBank shares.

2.2. MONITORING OF GUARANTEES GIVEN IN DIVESTMENT PROCESSES

2.2.1. APS arranged in sale of Banco de Valencia

75. On 27 November 2012, FROB granted an Asset Protection Scheme (APS) to the purchaser of Banco de Valencia (CaixaBank), maturing on 30 September 2022, covering 72.5% of any losses that may arise from a closed loan book, which initially totalled 6,424 million euros, with a first-loss threshold of 402 million euros (subsequently reduced to 5,192 million euros and 212 million euros, respectively).

⁹ Now, Ministry of Economy, Trade and Business

¹⁰ Now, Ministry of Finance

76. On 30 June 2023, CaixaBank and FROB agreed on the total closure and maturity of the guarantee provided by the APS, terminating all obligations assumed by both parties, amounting to 66 million euros, which occurred on that same date.
77. Following this payment, the total amount paid by FROB for this guarantee has reached 206 million euros, a figure that is significantly lower—barely one third—than the 600 million euros estimated at the time of its allocation. Furthermore, since the inception of the APS, FROB has received nearly 4 million euros in annual fees related to it.

2.2.2. Other guarantees

78. In the context of the sale processes of the recapitalised entities, additional guarantees were granted to cover certain contingencies primarily related to existing or foreseeable litigation at the time of divestment. During 2023, contingencies related to contracts for hybrid products, including floor clauses and interest rate hedges, continued to materialise.
79. When a claim is made by an entity benefiting from one of these guarantees, FROB's technical services conduct a thorough and individual review of the items for which compensation is sought, as well as the corresponding amounts for each of them, in order to ensure that the requested amounts are compensable in accordance with the terms established in the contracts. Likewise, FROB continuously monitors the evolution and status of all live guarantees.
80. The estimated cost of these guarantees at the close of 2023 is included in the annex at the end of this document, reflecting a decrease compared to the 2022 financial year. Additionally, the payments made during this year for these contingencies are noted in the section on "Treasury Management."
81. The definitive closure of these guarantees is expected during the 2024 financial year.

2.3. SAREB

82. Sareb was incorporated on 28 November 2012 as a limited company for a fixed term of 15 years until November 2027.
83. Its original own funds totalled 4,800 million euros, 1,200 million euros of which was capital and 3,600 million euros deriving from two issues of unsecured subordinated debt contingently convertible into shares subscribed by shareholders. FROB subscribed 45% of the shares and 45.9% of the subordinated debt (540 million euros and 1,650 million euros, respectively).
84. The total value of assets transferred to Sareb was determined as 50,780 million euros (of which 11,340 million euros in real-estate assets and 39,440 million euros in financial assets). Payment for the transfer was effected through the delivery to the transferor entities of six senior debt issues, with maturity in 1, 2 or 3 years, by Sareb with an irrevocable State guarantee. The bonds received as payment are non-transferable and may be redeemed on maturity in cash or through the delivery of newly-issued bonds, as Sareb so decides.

2.3.1. Taking control of Sareb

85. Following the reclassification of Sareb under the public sector, following the indications of Eurostat on 18 January 2022, Royal Decree 1/2022 was approved, with the primary aim, as contained in its preamble, of undertaking a reform of the capital structure of Sareb and its governance, such that it reflects the change of criterion proposed by Eurostat, along with the equity situation of the Company, containing various major changes for Sareb: Removal of the limits on the State's stake in the shareholding of Sareb, adaptation of the supervisory and oversight regime and the incorporation of the principles of sustainability and social use within the value optimisation aim of Sareb's mandate (boosting the social dimension of the company's activity).
86. Under the auspices of Royal Decree 1/2022, FROB undertook the takeover of Sareb by acquiring shares representing 4.24% of Sareb's share capital for a symbolic price of 15.25 euros, thereby reaching its current stake of 50.14%, which provides a sufficient majority to ensure that the State can exercise effective control over the entity.
87. Having achieved a majority in the shareholding, FROB's majority control on the Board of Directors of Sareb was formalised at the General Shareholders' Meeting on 29 June 2022, where the number of directors was also reduced from 14 (at the beginning of the year) to 9, consisting of a non-executive Chair, a Chief Executive Officer, three independent directors, and four shareholder representatives (all of whom are now appointed by FROB, following the resignation of the remaining private shareholders from their appointment rights).
88. Following the completion of the takeover, FROB promoted the development of a strategic plan at Sareb, with a new governance design and strategic lines, the main focus of which was to align the ordinary activities of the company with the mandate for divestment while ensuring socially responsible management of the portfolio.

2.3.2 Management of FROB's stake in Sareb in 2023

89. In its dual role as shareholder and director, FROB oversees that the management of Sareb is governed by best practices in responsible management and the general principles of transparency, professional management and sustainability and social usefulness, paying close attention to the exercise of its rights as a majority shareholder, compliance with its mandate and maximising the economic and social value of the company and its positive impact on society.
90. FROB undertakes continuous, collaborative and close monitoring of the activity of Sareb. The most immediate implication of this monitoring of the activity is FROB's involvement in decision making by means of its participation in the Board of Directors via its Chair, as the natural person representative of FROB, supported by FROB's technical services in the analysis of the activity and management of the company and of the proposals submitted for the approval of the Board of Directors¹¹.

¹¹ More information on the main figures for Sareb and their evolution in 2023 at <https://www.sareb.es/nosotros/gobiernocorporativo/informes/>

91. For its part, the reduced Governing Committee of FROB exercises its voting rights at the General Shareholders' Meeting of Sareb and establishes FROB's position on strategic matters, such as the approval of the annual accounts and the Business Plan, along with relevant decisions due to its social, economic and reputational dimension.
92. Furthermore, Sareb held its General Shareholders' Meeting on 28 June 2023. The Governing Committee of FROB, in its reduced composition, approved the voting directions to be issued for each item on the agenda of the General Meeting, which included the annual accounts for 2022, the management report of the Board of Directors for 2022, the proposal for the distribution of profits, and the agreements related to the remuneration of the directors, all of which were approved.
93. Regarding the financial year 2023, Sareb has closed with a record in sales, increasing its revenues to 2,748 million euros, resulting in cash generation that has allowed for a reduction in State-backed debt by 1,068 million euros. However, the result for the year has amounted to a negative 2,198 million euros, as the increase in sales entails accepting losses from the previously registered impairments in net equity, and has been further impacted by the cost of senior debt, which, due to the sharp rise in interest rates during the financial year 2023, has resulted in a negative financial outcome of 861 million euros.
94. Regarding sustainability and social utility efforts, during 2023 the company has continued to work intensively on various initiatives, including:
 - i) The implementation of a social management model for vulnerable families residing in Sareb properties: during 2023, the company successfully signed 3,685 new social rental contracts (bringing the total to 5,292 signed social rental contracts by the end of the year, plus an additional 1,023 approved contracts pending formalisation). This is in addition to 1,661 social rentals for properties ceded under agreements to various public administrations. Similarly, 3,021 families have been incorporated into Sareb's Accompaniment Programme, while 2,525 individuals are enrolled in the Labour Market Insertion Programme, successfully formalising 93 employment contracts.
 - ii) The prioritisation of asset sales to individuals and public administrations: in 2023, Sareb sold over 10,500 homes at an average price of 90,000 euros, of which nearly 90% were purchased by private individuals. The total sales to public administrations amounted to 877 assets for a cumulative value of nearly 36 million euros. These sales were primarily made to municipalities and regional authorities in Catalonia, Madrid, the Valencian Community, Castile and León, Galicia, the Region of Murcia, and the Basque Country.

Control Function

95. Royal Decree-Law 1/2022 determined that the taking of public control would not mean that Sareb acquired the status of a State trading company, subject for all effects to the private legal regime with two sole exceptions: the application of the procurement regime in accordance with the Public Sector Contracts Act (LCSP)¹² and the subjection of Sareb's remuneration policies to the principle of budgetary efficiency, thus determining that commercial contracts and the senior management regime would be subject to the terms of the Eighth Additional Provision of Royal Decree-Law 3/2012, of 10 February. Pursuant to this regulation, FROB is the public authority responsible for overseeing Sareb in regard to the remuneration of management and for procurement.
96. Accordingly, as regards remuneration, FROB is responsible for the approval, within the maximum limits established, for the allocation of fixed remuneration for the position held and for variable remuneration of senior management contracts and for establishing the parameters evaluated for the variable component of these contracts¹³. FROB fully assumed these powers in the third quarter of 2022, once the transitory provision established in the RDL1/2022 was finalised, thus introducing a new remuneration regime for senior management, which led to a reduction in the remuneration of the Board of Directors and of the Management Committee.
97. Additionally, on 21 February 2023, the Governing Committee of FROB, in its reduced composition, agreed on the structure and calculation method for the variable complement of the commercial and senior management contracts of Sareb for the financial year 2023.
98. In the area of contracting, under the provisions set out in Article 321.4 and 5 of the LCSP¹⁴, it is the responsibility of the reduced Governing Committee to: (i) oversee Sareb's application of the rules established in that article and (ii) review any administrative appeals that may be lodged against actions taken by Sareb in the preparation and award phase of contracts subject to the LCSP.
99. In exercising its oversight powers, the reduced Governing Committee noted, on 27 June 2022, (i) Sareb's classification as a public sector entity that does not qualify as a contracting authority for the purposes of the LCSP, and (ii) the Internal Contracting Instructions submitted by Sareb for approval to the Board of Directors on 29 June.
100. However, in the context of a contracting process initiated by Sareb, a bidder filed a special appeal in relation to contracting before the Central Administrative Court for

¹² Public Sector Contracts Act 9/2017, of 8 November.

¹³ In application of Article 7 of Royal Decree 451/2012, of 5 March, which regulates the remuneration system for senior officials and executives in public business entities and other organisations (hereinafter, RD 451/2012), developing the 8th Additional Provision of Royal Decree-Law 3/2012, of 10 February, on urgent measures for labour market reform (hereinafter, RD-Law 3/2012), and based on the Order of the Minister of Finance and Public Administration of 25 May 2022 (hereinafter, OM).

¹⁴ In July 2022, the Governing Committee approved a mechanism for supervising Sareb's contractual activity, which specifies the manner in which appeals filed against acts issued by Sareb in the preparation and award of contracts subject to the LCSP must be processed and resolved, as well as the information and control mechanism that must allow the supervision of Sareb's contractual activity and verify its compliance with the rules and principles set forth in Article 321 of the LCSP (publicity, competition, transparency, confidentiality, equality and non-discrimination, as well as that the contracts are awarded to those submitting the best offer).

Contractual Appeals (TACRC), whose jurisdiction to hear the appeal required prior assessment of Sareb as an entity subject to the LCSP. Thus, on 21 December 2023, the TACRC ruled, among other issues, that Sareb does indeed qualify as a contracting authority (non-public administration contracting authority, "PANAP") in accordance with Article 3.3 of the LCSP.

101. The TACRC's resolution, notified to Sareb on 26 December 2023, is final in administrative terms and can be challenged through an administrative contentious appeal before the Administrative Court of the National Court within two months. Accordingly, the Board of Directors of Sareb, in its meeting held on 31 January 2024, agreed to contest the TACRC's resolution. This decision was also accompanied by a commitment to adapt to the status of a contracting authority while awaiting the final resolution of the administrative contentious appeal.
102. As a result of this decision, on 27 February 2024, the Governing Committee of FROB agreed to modify the *supervision mechanism of Sareb's contracting activity* to align with Sareb's (provisional) status as a contracting authority.
103. Additionally, the Governing Committee has taken note during the year of the quarterly reports on Sareb's contracting activity, as well as the contracting plan for the financial year 2024.

2.4. LEGAL MATTERS

104. FROB continues with its work to monitor litigation (in the criminal, judicial review, civil-commercial and employment jurisdictions) related to restructuring and resolution processes underway, along with the activity related to the processing of different administrative proceedings, such as pecuniary liability claims and other administrative appeals, as well as requests for access to information under the Transparency Act 19/2013.

2.4.1. Criminal

105. Under the criminal jurisdiction, FROB continues with its hard work to prosecute and penalise anyone involved in irregular conduct in transactions to grant credit, primarily related to real estate traffic in the various credit institutions that received State support during recovery and resolution processes. All in accordance with the legal mandate provided for in Article 64.1.ñ) of Act 11/2015.
106. The origins for these proceedings are diverse, either they were lodged against the provisional administrators appointed by FROB in a failed institution; or case files were opened as a result of several *forensic* reports that FROB commissioned from various independent expert consultants to investigate a number of suspicious transactions and, where irregularities were detected, the Special Prosecutor for Corruption and Organised Crime was notified so it could carry out its own inquiries and initiate the appropriate proceedings; and were even initiated from claims made by third parties in which the presiding judge summonsed FROB to appear before the court.

107. Over the course of 2023, FROB thus remained a party to 20 criminal proceedings that remain pending against numerous former directors of several entities and other related parties, seeking to defend the general interest and recover as many amounts as are possible through those sums that must be settled from civil liability convictions derived from the offences.
108. All the proceedings, which are at different stages of processing, have evolved over 2023 and remain underway, with the following breakdown: one of the cases, where the investigation has already concluded, is pending resolution of the appeals filed against the order for the abbreviated procedure, after which the oral trial will be opened and scheduled. Three other cases are awaiting a date to be set for the trial, while another case has already been scheduled for the oral trial, which will take place between September and December 2024.
109. Additionally, during this period, a ruling of acquittal was issued in one of the cases, as the prosecution was withdrawn due to the statute of limitations on the offence of misappropriation, which has now become final. Condemnatory rulings have also been issued in three cases: the first ruling dismisses the appeal filed by the opposing party before the National Court, which has now become final and establishes civil liability arising from the offence in favour of FROB; in another case, FROB was not directly considered the beneficiary of civil liability *ex delicto*, although this ruling was confirmed at the trial; and the final case, which also received a condemnatory ruling, is pending a ruling from the Supreme Court regarding the subsidiary civil liability to be borne by the insurer in relation to the consideration of the single compensable insured event.
110. As a result of the exercise of all these criminal actions, more than 302 million euros have been recognised in favour of FROB as the injured party in final criminal rulings.

2.4.2. Administrative Appeals

111. No appeal stemming from those originating from the claims filed against actions performed by FROB during restructuring and resolution processes within the framework and as authorised under the repealed Act 9/2012 was still pending in 2022. All these appeals ratified the legality of the administrative actions adopted by FROB. However, the multiple appeals for judicial review filed to contest FROB's administrative actions within the framework of its new remit as national executive resolution authority as established in Act 11/2015, currently in force, remain active.
112. Specifically, of the 275 appeals initially lodged against the Resolution of FROB's Governing Committee dated 7 June 2017, which agreed to adopt the necessary measures to execute the SRB's decision regarding the resolution of Banco Popular Español, S.A., the processing of 212 remains pending. The rest have been archived during the years 2022 and 2023, mainly due to the withdrawals of the appellants. These 212 appeals remain suspended, awaiting a final resolution on the appeals lodged against the rulings of the General Court of the European Union (TGUE) addressing the annulment claims made against the SRB's Decision during its Expanded Executive Session on 7 June 2017, which adopted the resolution framework for Banco Popular

Español, S.A., and which currently await adjudication at the Court of Justice of the European Union.

113. Likewise, in 2023, the following cases remained suspended:

- a. The proceedings concerning the appeal lodged by FROB against a Resolution of the Transparency and Good Governance Council, which partially accepted access to certain information under the Transparency Act. This appeal was suspended by the competent Central Administrative Court until a definitive ruling was reached on two appeals submitted to the TGUE.
- b. An administrative contentious appeal lodged by an entity against the Resolution of FROB's Governing Committee determining the fee for the year 2016, pending a decision from the TGUE on the appeal that the same entity filed against the SRB's Decision, which established the *ex ante* contribution for that year.

114. Additionally, the following cases are still awaiting a ruling: (i) an appeal against the inadmissibility of a request for an *ex officio* review and declaration of nullity of an administrative act; (ii) an appeal against a resolution of FROB's Governing Committee which addressed a request for access to information under the Transparency Act; (iii) two administrative contentious appeals lodged against the Resolutions agreed by FROB's Governing Committee which dismissed claims for financial liability.

115. Finally, in 2023, two rulings were issued regarding transparency: one dismissing the administrative contentious appeal lodged against a resolution of FROB's Governing Committee that addressed a request for access to information related to the banking bailout, on the grounds that the contested resolution was in accordance with the law; and another, which upheld the administrative contentious appeal lodged by FROB against a resolution of the Transparency and Good Governance Council, which partially accepted the claim made against a resolution of FROB's Governing Committee regarding a request for access to information concerning Sareb. The Central Administrative Court upheld the appeal lodged by FROB, as at the time the resolution was issued, Sareb was not included within the scope of the Transparency Act.

2.4.3. Civil-commercial law

116. All civil/commercial litigation arising from the activities carried out by FROB in the exercise of the commercial powers conferred upon it by law (initially Act 9/2012, now repealed and replaced by the current Act 11/2015) has concluded with rulings favourable to FROB that have since become final. Notable among these were the cases in which annulment was sought of the agreements for the purchase and sale of shares in entities undergoing restructuring or resolution to a third party, as well as those related to the transfer of business.

117. As for the proceedings concerning the scope and interpretation of the guarantees granted by FROB to the acquiring entities in such resolution processes, a single proceeding remains underway, specifically relating to the subsequent nullity of floor clauses. This matter is pending ruling by the Supreme Court in relation to the appeal

filed by the opposing party. Furthermore, in the year under review, costs arising from another of these proceedings were awarded, in which, in 2022, the Supreme Court declared the appeal ruling null and upheld the first instance ruling, definitively dismissing the claims made against FROB with explicit imposition of costs.

118. Additionally, there are two other civil proceedings. One of these relates to the discrepancy over the economic impact arising from the modification of the scope initially segregated from an institution in resolution, which was subsequently transmitted to the plaintiff institution. In 2022, a ruling was handed down dismissing the case in favour of FROB's interests, which was appealed by the opposing party and is still pending resolution in the year under review.
119. The second proceeding raised a discrepancy as to whether the loss stemming from the liquidation of a fund on two assets included in the scope should be covered or not by the asset protection scheme granted in favour of the plaintiff institution in the process of the acquisition of another institution in resolution. The hearing has taken place and the trial is still awaiting the sentence in 2023. The second proceeding concerns the disagreement over whether the loss arising from the liquidation of a fund on two assets included in the scope should be covered by the asset protection scheme granted in favour of the plaintiff institution in the process of acquiring another institution in resolution. The trial has taken place in 2023, and the process is pending a ruling.

2.4.4. Social

120. In relation to its work to prosecute irregular conduct detected in the entities receiving State support, FROB has remained steadfast in this, also looking to assign liability in those cases involving remuneration practices that could comprise irregularities in employment law, and thus subject to the employment jurisdiction.
121. In this regard, all the employment proceedings have now concluded, as agreements have been reached that included upholding all of FROB's claims, by virtue of which the entity and FROB's claims have now been satisfied (thus giving rise to the dismissal of the actions filed against the defendants via out-of-court settlements), with the exception of one of the proceedings that had previously been ruled on in 2019 with all of FROB's claims being upheld, regarding which the enforcement proceedings to collect all the amounts recognised in favour of the entity and FROB continue.

2.4.5. Asset liability claims

122. In 2023, FROB received a claim for liability related to the resolution process of Banco Popular Español, S.A. It was agreed, on one hand, to consider the claim withdrawn concerning certain interested parties for failing to prove their status, and, on the other hand, regarding those interested parties who did provide evidence of their status, the claim was rejected for having been submitted after the one-year period stipulated in Article 67.1 of Act 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations. An appeal for reconsideration was filed against this resolution, which was dismissed as the challenged resolution was deemed lawful.

2.4.6. International arbitration

123. On 13 March 2023, the Arbitration Tribunal issued the award that brought the arbitration proceedings initiated by Antonio del Valle and other claimants against the Kingdom of Spain concerning the resolution of Banco Popular Español, S.A., under the Agreement on Reciprocal Promotion and Protection of Investments between the United Mexican States and the Kingdom of Spain from 2006, in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law.
124. The Tribunal ruled that Spain had not breached Articles III, IV, and V of the Treaty (the "National Treatment" standard, the "Minimum Standard of Treatment" standard, and the "Expropriation" standard, respectively), fully dismissing the claims and requests for liability made by the claimants. It ordered the claimants to pay the Kingdom of Spain the sum of 7,930,476.37 euros in respect of costs, legal fees, and other expenses incurred, plus interest accruing 30 days after the date of the award.
125. FROB has conducted a thorough analysis of this award and its potential impact.

2.4.7. Transparency requests processed in 2023

126. Eight requests for access to information pursuant to the Transparency Act 19/2013, of 9 December, were resolved in 2023.
127. It is worth mentioning the claims filed with the Transparency and Good Governance Council in accordance with Article 24 of Transparency Act 19/2013, of 9 December, disputing the decisions taken by FROB's Governing Committee in relation to requests for access to information on the implementation of the resolution scheme for Banco Popular Español, S.A., which have not yet been resolved and are still pending due to *lis pendens*.

3. OTHER ACTIVITIES

128. Within the framework of actions aimed at improving FROB's internal operating regulations, optimising document management, and strengthening the security of information systems, 2023 saw the update of the internal operating manual of the Governing Committee, the review of other internal management procedures within the organisation, a thorough analysis and diagnosis regarding the need for document preservation, and the completion of a security audit.
129. In May 2023, FROB's Governing Committee approved FROB's Internal Information System in accordance with Act 2/2023, of 20 February, regulating the protection of individuals who report regulatory violations and corruption. The Committee also instructed the creation of a specific section on the organisation's website, granting access to the Internal Information Channel and ordering the implementation of communication and information measures for all staff.
130. As regards the Social Responsibility (SR) Policy approved by the organisation in 2020, a variety of actions were carried out in 2023 as part of the different lines of action (good governance, work environment, environmental sustainability, and community

engagement). These actions included raising awareness about recycling, organising internal talks and donation campaigns, renewing FROB's participation in the SEPI Foundation's internship programme, and several corporate volunteer days in collaboration with the Food Bank. All these initiatives were supported by a strong internal communication strategy targeting FROB staff.

131. Lastly, FROB's contractual activity in 2023 is summarised in Table 7. The information is available on the contractor profile¹⁵ of its contracting bodies, hosted on the Public Sector Contracts Platform.

Table 8. FROB's contractual activity in 2023

Award procedure	No. of Contracts	Award amount (excluding VAT)	
		€	%
Open*	5	77,574.90 €	30.26%
Centralised procurement	2	10,902.56 €	4.25%
Minor contract	62	167,905.05 €	65.49%
Total	69	256,382.51 €	100.00%

* Includes the Framework Agreement for the valuation of less significant credit institutions and investment services companies under the scope of the Spanish resolution authorities with an estimated value of €4 million.

Source: FROB

¹⁵ <https://contrataciondelestado.es/wps/poc?uri=deeplink%3AperfilContratante&ubicacionOrganica=JxTNYjO7ImM%3D>

ORGANISATION OF FROB

1. CONTROL AND GOVERNANCE BODIES

1.1 GOVERNING COMMITTEE

132. FROB is governed and managed by a Governing Committee comprised of 11 members:

- The Chair of FROB, who also chairs the Governing Committee.
- The Deputy Governor of the Bank of Spain, who holds the Vice-Chair of the Governing Committee and stands in for the Chair in the event of the latter's absence or illness or if the Chair becomes vacant.
- Three members of the Bank of Spain, appointed by the Bank of Spain's Executive Committee. These positions are held by the Director-General for Banking Supervision, the Director-General for Financial Stability, Regulation and Resolution, and the Secretary-General of the Bank of Spain.
- Three representatives from the Ministry of Economic Affairs and Digital Transformation, appointed by the ministerial department. These representatives are currently the Under-secretary of the Ministry, the Secretary-General for the Treasury and International Financing, and the Chair of the Spanish Institute of Accountants and Auditors (ICAC).
- The Deputy Chair of the CNMV.
- Two representatives from the Ministry of Finance and Civil Service, appointed by the ministerial department. These representatives are currently the ministry's State Secretary for Finance and the Director-General for Budgeting

133. Meetings of the Governing Committee are also attended, with speaking but not voting rights, by a representative designated by the Auditor General of the Spanish Central Government and another from the Attorney-General's Office. This representation is held by the Auditor General of the Spanish Central Government and the Chief State Attorney of the Ministry of Economic Affairs and Digital Transformation.

Table 9. Governing Committee: current composition.

CHAIR
FROB
Álvaro López Barceló (Chair, FROB) ¹⁶
VICE-CHAIR
BANK OF SPAIN
Margarita Delgado Tejero (Deputy Governor of the Bank of Spain)
COMMITTEE MEMBERS
BANK OF SPAIN
Ángel Estrada García (Director-General for Financial Stability, Regulation and Resolution)
Mercedes Olano Librán (Director-General for Banking Supervision)
Francisco Javier Priego Pérez (Secretary-General)
MINISTRY OF ECONOMY, TRADE AND BUSINESS
Aída Fernández González (Under-secretary for Economy, Trade and Business) ¹⁷
Paula Conthe Calvo (Secretary-General for the Treasury and International Financing) ¹⁸
Santiago Durán Domínguez (ICAC Chair)
CNMV
Montserrat Martínez Parera (Vice-Chair)
MINISTRY OF FINANCE
Jesús Gascón Catalán (State Secretary for Finance)
Javier Sánchez Fuentefría (Director-General for Budgeting)
ATTENDEES WITH SPEAKING BUT NOT VOTING RIGHTS
COMPTROLLER GENERAL'S OFFICE
Pablo Arellano Pardo (Auditor General of the Spanish Central Government)
ATTORNEY-GENERAL'S OFFICE
Julio José Díez Menéndez (State Attorney at the Ministry of Economy, Trade and Business)

¹⁶ Paula Conthe Calvo attended as FROB Chair, as Chair of the Governing Committee, until Governing Committee 15/2023, held on 19 to 21 December 2023.

¹⁷ Amparo López Senovilla attended as Under-secretary for Economy, Trade and Business, as a committee member, until Governing Committee 04/2024, held on 23 April 2024.

¹⁸ Carlos Cuerpo Caballero attended as Secretary-General for the Treasury and International Financing, as a committee member, until Governing Committee 15/2023, held on 19 to 21 December 2023.

134. Irrespective of the foregoing, decisions affecting the General State Budget or management by FROB of its portfolio of stakes, shares, securities and other instruments are made by a reduced number of members of the Governing Committee:

- The Chair.
- Three representatives from the Ministry of Economy, Trade and Business.
- Two representatives from the Ministry of Finance.

135. Similarly, the sessions in this reduced composition are attended, with speaking rights but no voting rights, by the representatives appointed by the Comptroller General of the State Administration and the State Attorney General.

Table 10. Governing Committee in its current reduced format.

CHAIR	
FROB	
	Álvaro López Barceló (Chair, FROB) ¹⁹
COMMITTEE MEMBERS	
MINISTRY OF ECONOMY, TRADE AND BUSINESS	
	Aída Fernández González (Under-secretary for Economy, Trade and Business) ²⁰
	Paula Conthe Calvo (Secretary-General for the Treasury and International Financing) ²¹
	Santiago Durán Domínguez (ICAC Chair)
MINISTRY OF FINANCE	
	Jesús Gascón Catalán (State Secretary for Finance)
	Javier Sánchez Fuentefría (Director-General for Budgeting)
ATTENDEES WITH SPEAKING BUT NOT VOTING RIGHTS	
COMPTROLLER GENERAL'S OFFICE	
	Pablo Arellano Pardo (Auditor General of the Spanish Central Government)
ATTORNEY-GENERAL'S OFFICE	
	Julio José Díez Menéndez (State Attorney at the Ministry of Economy, Trade and Business)

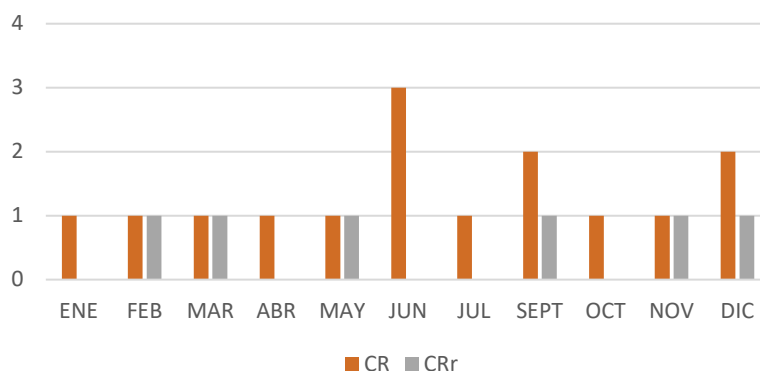
¹⁹ Paula Conthe Calvo attended as FROB Chair, as Chair of the Governing Committee in its reduced format, until Governing Committee 06/2023, held on 19 to 2023 December 2023.

²⁰ Amparo López Senovilla attended as Under-secretary for Economy, Trade and Business, as a committee member in its reduced format, until Governing Committee 04/2024, held on 23 April 2024.

²¹ Carlos Cuerpo Caballero attended as Secretary-General for the Treasury and International Financing, as a committee member in its reduced format, until Governing Committee 15/2023, held on 19 to 21 December 2023.

136. The Plenary Session of the Governing Committee met on 15 occasions in 2023, while six meetings were held in its reduced format.

Table 11. Distribution Governing Committee (CR) / Reduced Governing Committee (CRr) 2023



Source: FROB

137. In accordance with the provisions contained in this Internal Regime Regulation, an Audit Committee exists under the auspices of the Governing Committee, which, at December 2023, was made up of three members of the Governing Committee: the Bank of Spain's Director-General for Financial Stability, Regulation and Resolution (acting as Chair), the Director-General for Budgeting, and the Auditor General of the Spanish Central Government.

138. FROB's Audit Committee has met on three occasions in 2023.

2. ORGANISATION

139. FROB has five directorates led by its Chair²². At the date of preparation of this Annual Report, they are as follows:

- The Resolution Directorate, headed up by Iván Fernández González²³.
- The Financial and Investees Directorate, headed up by José Javier Ortega Castro.
- The Corporate Services and Compliance Directorate, headed up by Sara Ugarte Alonso-Vega.
- The Legal Directorate, headed up by Cayetana Lado Castro-Rial²⁴. The Assistant Legal Directorate is also attached to the Legal Directorate, at a directorship level, headed up by Mar Rodríguez Fernández de Castro²⁵.

140. The directorates are split into departments for the purpose of exercising the powers and conducting the activities assigned to each of them.

²² Appointed on: 14/02/2024

²³ Appointed on: 15/03/2024

²⁴ Appointed on: 23/04/2024

²⁵ Appointed on: 01/03/2023

141. At 31 December 2023, FROB had 40 members of staff (23 women and 17 men), including the Chair and Directors. Table 12 shows the distribution of its workforce by professional category.

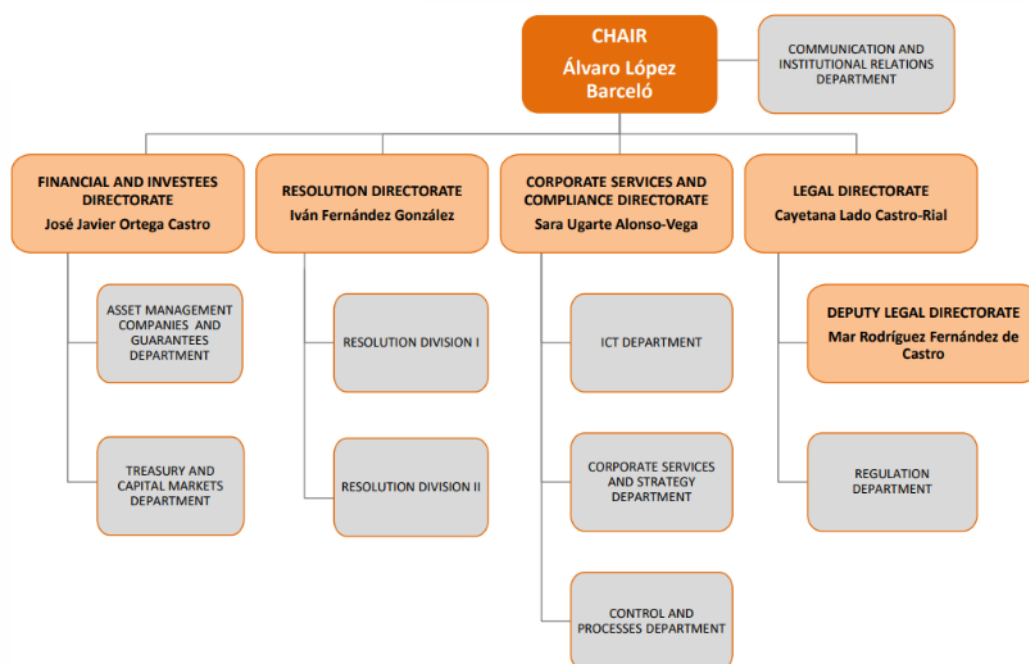
Table 12. Distribution of personnel by professional category.

31/12/2023	Total number		
	Men	Women	Total
Senior Management*	2	4	6
Group II	13	9	22
Group II	1	4	5
Group IV	1	3	4
Group V	-	3	3
Total	17	23	40

* In application of Royal Decree 451/2012 of 5 March, regulating the remuneration of senior executives and directors in State-owned companies and other entities.

Source: FROB

Table 13. Organisational Chart



Source: FROB. Data as of the date of drafting this report.

FINANCIAL MANAGEMENT

1. TREASURY MANAGEMENT

142. FROB's Finance and Investees Directorate manages the unused cash in the institution's ordinary activities in accordance with the requirement to invest in highly liquid, low risk assets. This means holding current accounts with the Bank of Spain and acquiring treasury bonds and bills.
143. FROB's cash is divided into uncommitted cash, which does not include the operating expenses from FROB's ordinary activities or income from the fees to cover this (Fifth Transitory Provision of Act 11/2015); and the cash to manage these operating expenses and income. Table 14 contains the total of both these cash items.
144. As at 31 December 2023, FROB's cash reserves totalled 647 million euros.

Table 14. FROB's cash reserves at year-end 2023²⁶

PRODUCT	31/12/2023 Nominal (EUR million)
Public Debt Portfolio	525
Current accounts	122
Total	647

Source: FROB.

2. FEE TO FUND FROB'S ACTIVITY

145. Article 53(4) of Act 11/2015 introduces the so-called "fee for activities performed by FROB in its capacity as a resolution authority". This fee is intended to cover the entity's operating costs and is charged to the entities required to contribute to either the SRF or the NRF.

This funding system is in line with that established for the SRB, the administrative expenses of which are also covered by the entities through the pertinent annual payments.

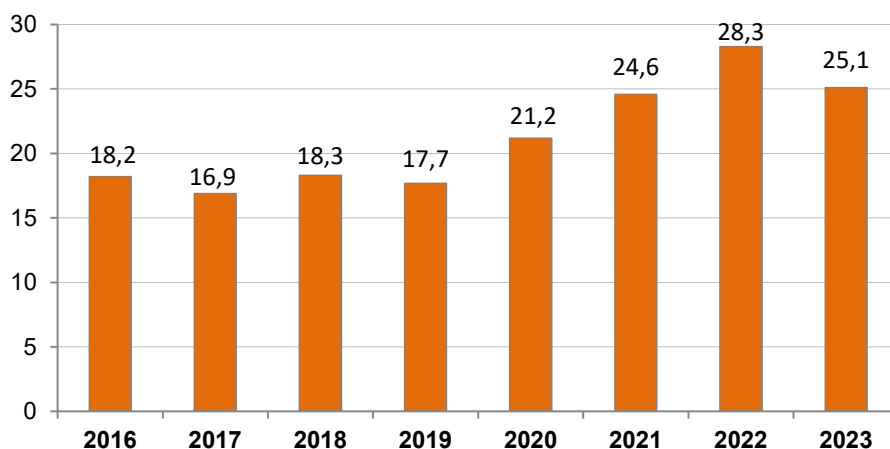
²⁶ Within the balance of "current accounts," 120 million euros correspond to accounts held with the Bank of Spain. Specifically, at the end of the year, the treasury management account had a balance of 61 million euros, and the operational expenses management account had a balance of 59 million euros. Additionally, there are 2 million euros in a current account opened at a credit institution for recurring expenses.

Table 15. Main features of the fee collected by FROB

CHARGEABLE EVENT	
	Performance of supervisor and reporting functions and application of resolution tools during the preventive and execution phases of resolutions.
ACCRUAL	
	The fee is accrued on 1 January each year, except for the incorporation of entities, in which case it is accrued from the incorporation date.
FEE-PAYERS	
	Credit institutions and investment firms established in Spain.
CALCULATION BASE	
	The ordinary annual contributions payable by each entity to the National Resolution Fund or, where applicable, to the Single Resolution Fund.
TAX LIABILITY	
	Result of applying a rate of 2.5% to the taxable fee

146. In accordance with Royal Decree 1012/2015, FROB's Governing Committee approved the proposed fee breakdown for activities performed by FROB as resolution authority in 2023 at its 19 May 2023 meeting, and delivery of the corresponding payment form to the fee-payers.
147. All the fee-payers paid the fee within the stipulated deadline, with a total of 25.1 million euros collected in 2023.
148. The SRF achieved its level of resources established as a target in Regulation (EU) No. 806/2014 in financial year 2023, and hence, as from 1 January 2024, only annual contributions will be collected from entities if the financial resources available to the SRF fall below the target level. Accordingly, it is pressing to amend the legal regime of the FROB fee so that its amount is not calculated according to the contributions to the SRF and thus ensure that FROB has sufficient resources at all times to perform its functions. Therefore, FROB has proposed that the annual amount to be collected from 2024 onwards be calculated based on FROB's operating expenses recognised at the end of the corresponding financial year.

Table 16. Changes in the fee to fund FROB's activity

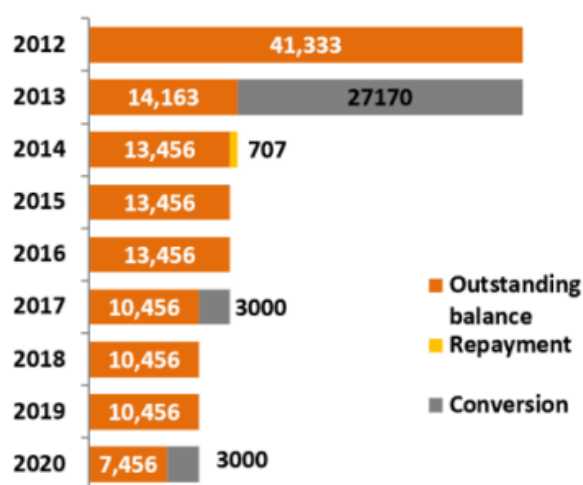


*Figures expressed in millions of euros (M€).
Source: FROB.*

3. STATE LOAN FOR FINANCIAL SECTOR RECAPITALISATION

149. On 3 December 2012, the Spanish State granted FROB a loan to execute the European financial assistance programme for the restructuring of Spain's financial system. This loan acted as a vehicle through which funds from the ESM could be channelled to the Kingdom of Spain and subsequently through FROB to Spanish credit institutions.
150. The loan was paid out in two tranches, the first in 2012 (39.47 billion euros) and the second in 2013 (1.87 billion euros), through the contribution of financial instruments (bills and bonds) issued by the ESM.
151. The key developments affecting the loan from the Spanish State/Treasury to FROB, including those granted in previous years, were:
 - Following the ESM's approval, part of the loan was converted on 9 December 2013 into a contribution to FROB's capital of 27.17 billion euros.
 - In 2014, unused funds held by Sareb of 307.54 million euros were returned by FROB. A voluntary repayment of 399 million euros was also made.
 - Following the ESM's approval, part of the loan was also converted on 30 June 2017 into a contribution to FROB's capital of 3 billion euros.
 - On 20 February 2020 and 20 December 2021, an agreement was reached on two new conversions of part of the loan into a contribution to FROB's capital of 3 billion euros and 5.59 billion euros, respectively.
152. At 31 December 2023, the outstanding balance on the loan awarded to FROB by the Spanish State totalled 1.87 billion euros, corresponding entirely to the second pay-out. Its maturity will fall due in two equal parts on 11 December 2024 and 2025, respectively.

Table 17. Changes in the State loan for recapitalisation of the financial sector



Source: FROB. EUR million

4. 2023 ANNUAL ACCOUNTS

153. On 13 June 2024, FROB's Governing Committee approved the entity's annual accounts for 2023, previously authorised for issue by the Chair, in compliance with Articles 54.5 c) and 55.4 c) of Act 11/2015.
154. FROB's 2023 annual accounts show assets of 7.42 billion euros, liabilities of 1.9 billion euros and equity of 5.52 billion euros, including the profit for the year of EUR 455.6 million.
155. The annual accounts of the FROB are audited by an external auditor. In its report, the auditor states that in its opinion the annual accounts of the FROB give, in all material respects, a true and fair view of the net worth and financial position of the FROB as of 31 December 2023.

ANNEX
Record of FROB bailouts

Entities involved	APS and guarantees	Shares, preference securities or CoCos	Recoveries (FROB)(*)
Catalunya Banc Catalonia, Tarragona, Manresa	524	12,052	782
CEISS Caja España-Duero	430	1,129	604
Nova CaixaGalicia Galicia, Caixanova	338	9,052	783
*Banco Gallego (spun off from NCG)	-	245	-
BFA-Bankia Madrid, Bancaja, Laietana, Insular, Insular, Rioja, Ávila, Segovia	-	22,424	-
Banco Mare Nostrum Murcia, Penedés, Sa Nostra, Granada	-	1,645	-
Banca Cívica Navarra, Cajasol-Guadalajara, General de Canarias, Municipal de Burgos	-	977	977
Banco de Valencia	371	5,498	-
Liberbank G. Cajastur, C. Extremadura, C. Cantabria	-	124	124
Caja3 CAI, C. Circle, C. Badajoz	-	407	407
Caja Sur	392	800	800
Interest collected through coupons and others	-	-	1,444
FROB injection	2,055	54,353	-
Sareb	-	2,192	-
Total	2,055	56,545	5,921

(*) The final recovery of the bailouts injected by FROB will depend on the performance and eventual divestment of FROB's stake in BFA/CaixaBank. The best estimate of the recoverable amount for FROB from BFA corresponds to BFA's net equity (5.294 million euros as of 31 December 2023, which already includes the 2.122 million euros obtained from past divestments in Bankia, as well as the cumulative amount of 1.707 million euros from dividends received by BFA from Bankia/CaixaBank up until 2023), plus the unrealised gains from its stake in CaixaBank that are not recognised in this equity (1.455 million euros). Therefore, the recoverable value of BFA, as recorded in FROB's 2023 annual accounts, is 6.749 million euros. Additionally, 489 million euros, already included under the "Interest earned from coupons and others" section, must also be added.

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FROB

Autoridad de Resolución Ejecutiva

