



CAIXA DE BALEARS

Caja de Ahorros y Monte de Piedad de las Baleares, en adelante "Sa Nostra", de conformidad con lo establecido en el art. 82 de la Ley 24/1988, de 28 de julio, del Mercado de Valores pone en conocimiento de la Comisión Nacional del Mercado de Valores el siguiente:

HECHO RELEVANTE

Con fecha 11 de enero de 2011, la agencia de calificación Fitch Ratings, ha publicado una nota de prensa, cuyo texto acompañamos en la que comunica la asignación a Banco Mare Nostrum de las siguientes calificaciones:

Rating a largo plazo	BBB+ Perspectiva Estable
Rating a corto plazo	F2
Rating individual	C

En la misma nota detalla el rating individual de cada una de las Cajas del grupo, resultando para Caja de Ahorros y Monte de Piedad de las Baleares los siguientes datos:

Rating a largo plazo	BBB+ Perspectiva Estable (anterior BBB)
Rating a corto plazo	F2 (anterior F2)
Rating individual	C (anterior C/D)
Rating de Deuda Subordinada	BBB (anterior BBB-)
Rating de Participaciones Preferentes	BB (anterior BB-)
Rating de Bonos Avalados	AA+

Palma de Mallorca, a 13 de enero de 2011

Pablo M. Dols Bover
Director general

FitchRatings

Fitch Rates Spain's Banco Mare Nostrum Group 'BBB+' / Stable; Individual 'C'

Ratings
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Fitch Ratings-Barcelona/London-11 January 2011: Fitch Ratings has assigned Spain's Banco Mare Nostrum Group (BMNG) and Banco Mare Nostrum SA (BMN) Long-term Issuer Default Ratings (IDR) of 'BBB+', Short-term IDRs of 'F2', Support Ratings of '3' and Support Rating Floors of 'BB+'. At the same time, BMNG has been assigned an Individual rating of 'C'. The Outlook for the Long-term IDRs is Stable.

BMNG is a consolidated banking group whose members are Caja de Ahorros de Murcia (Cajamurcia), Caixa d'Estalvis del Penedes (Caixa Penedes), Caja General de Ahorros de Granada (Caja Granada), Caja de Ahorros y Monte de Piedad de Baleares (Sa Nostra) and BMN. BMN is the group's central body and the parent bank for consolidation purposes.

The group has a legally-binding cross-guarantee mechanism in place, encompassing solvency and liquidity support through an institutional protection scheme (SIP). This ensures that the consolidated equity and liquidity of the entire group is available to protect the creditors of each and every member of the group sharing the scheme. The Individual Ratings, Support Ratings and Support Rating Floors of the three cajas that now form part of BMNG have been withdrawn (see rating actions at the end of this comment) following the reorganisation of the rated entities into the SIP.

BMNG's ratings are based on the analysis of the consolidated banking group. Given the legally binding cross-guarantee mechanism, the IDRs apply to all SIP members. The ratings reflect the sound franchise of the four cajas in their home regions, good management, and low single-name risk concentration and market risk. The ratings also factor in concentration in lending to the real estate sector, deteriorated asset quality, as well as integration risks and Spain's weak economy. The SIP is taking place in a challenging environment.

Group pro-forma profitability has suffered from low interest rates, muted volumes and credit costs. Fitch expects BMNG's returns to remain under pressure due to Spain's weak economy as well as initial restructuring costs, which arise from branch closures and staff reduction. On a positive note, BMNG benefits from a track record of cost efficiency at the largest cajas and the existence of floors on 43% of total lending, which alleviates margin compression. In addition, profitability will be supported by the fact that the group made upfront impairment charges against equity at the time of the SIP formation.

The four cajas did not expand as aggressively as others between 2004 and 2007 and the SIP formation is characterised by geographic diversification and low borrower risk concentration. The latter is in part supported by a large proportion of loans (49%) being to individuals. On the other hand, lending to the real estate and construction sectors stood at an above-sector-average 26.8% of total loans at end-Q310, but the group is working actively to reduce this figure. The pro-forma impaired/total loans ratio stood at 5.6% (9.6%, with foreclosures net of reserves). However, BMNG's end-2010 asset impairment coverage ratio is expected to be 73%, aided by the front-loading of EUR2.1bn in asset impairments, largely charged directly against equity.

BMNG's funding and liquidity are supported by a stable customer deposit base (68% of pro-forma total net loans at end-Q310; 73% including retail-distributed hybrid securities), diversification in debt maturities for 2010-2015 and large unencumbered ECB assets (c.9% of pro-forma total assets). However, like most other Spanish banks, there will continue to be uncertainties regarding funding access to the debt markets.

BMNG has received EUR915m of funds from the Spanish government Fund for Orderly Bank Restructuring (FROB), which qualify as regulatory core capital. These funds, coupled with positive valuation adjustments on the re-valuation of assets, helped offset the negative effect on capital from the front-loading of asset impairments through equity. BMNG starts its operations with a regulatory core capital ratio of 8.4% (6.2%, excluding FROB).

BMNG is Spain's seventh-largest entity in the caja sector, with assets of EUR72bn at end-Q310. It is retail-focused in the Spanish Mediterranean area, but also has a sound presence in Madrid. To date, the group has 1,674 branches and 8,643 staff.

The rating actions on the group, individual entities and their debt issues are as follows:

Banco Mare Nostrum Group:
Long-term IDR: assigned at 'BBB+'; Outlook Stable
Short-term IDR: assigned at 'F2'

Individual rating: assigned at 'C'
Support Rating: assigned at '3'
Support Rating Floor: assigned at 'BB+'

Banco Mare Nostrum, SA:
Long-term IDR: assigned at 'BBB+'; Outlook Stable
Short-term IDR: assigned at 'F2'
Support Rating: assigned at '3'
Support Rating Floor: assigned at 'BB+'

Cajamurcia:
Long-term IDR: downgraded to 'BBB+' from 'A+', removed from Rating Watch Negative (RWN); Outlook Stable
Short-term IDR: downgraded to 'F2' from 'F1'; removed from RWN
Individual rating: downgraded to 'C' from 'B', removed from RWN and rating withdrawn
Support Rating: affirmed at '3'; rating withdrawn
Support Rating Floor: affirmed at 'BB+'; rating withdrawn
Senior unsecured debt: downgraded to 'BBB+' from 'A+', removed from RWN
Commercial paper: downgraded to 'F2' from 'F1'; removed from RWN
Subordinated debt: downgraded to 'BBB' from 'A', removed from RWN
Preferred Stock: downgraded to 'BB' from 'BBB+', removed from RWN
State-guaranteed debt: affirmed at 'AA+'

The impact, if any, from today's rating action, on Cajamurcia's covered bonds will be detailed in a separate comment.

Caixa Penedes:
Long-term IDR: affirmed at 'BBB+', removed from Rating Watch Positive (RWP); Outlook Stable
Short-term IDR: affirmed at 'F2'
Individual rating: affirmed at 'C', removed from RWP and rating withdrawn
Support Rating: affirmed at '3'; rating withdrawn
Support Rating Floor: affirmed at 'BB+'; rating withdrawn
Preferred Stock: affirmed at 'BB', removed from RWP
State-guaranteed debt: affirmed at 'AA+'

Caja Granada:
Long-term IDR: affirmed at 'BBB+', removed from RWP; Outlook Stable
Short-term IDR: affirmed at 'F2'
Individual rating: affirmed at 'C', removed from RWP; rating withdrawn
Support Rating: affirmed at '3'; rating withdrawn
Support Rating Floor: affirmed at 'BB+'; rating withdrawn
Subordinated debt: affirmed at 'BBB', removed from RWP
Preferred Stock: affirmed at 'BB', removed from RWP
State-guaranteed debt: affirmed at 'AA+'

Sa Nostra:
Long-term IDR: upgraded to 'BBB+' from 'BBB'; removed from RWP; Outlook Stable
Short-term IDR: upgraded to 'F2' from 'F3'; removed from RWP
Individual rating: upgraded to 'C' from 'C/D'; removed from RWP and rating withdrawn
Support Rating: affirmed at '3'; rating withdrawn
Support Rating Floor: affirmed at 'BB+'; rating withdrawn
Subordinated debt: upgraded to 'BBB' from 'BBB-', removed from RWP
Preferred Stock: upgraded to 'BB' from 'BB-'; removed from RWP
State-guaranteed debt: affirmed at 'AA+'

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In Fitch's rating criteria, a bank's standalone risk is reflected in Fitch's Individual ratings and the prospect of external support is reflected in Fitch's Support ratings. Collectively these ratings drive Fitch's Long- and Short-term IDRs.

Additional information is available at www.fitchratings.com.

Applicable criteria, 'Global Financial Institutions Rating Criteria', dated 16 August 2010, 'Equity Credit for Hybrids & Other Capital Securities - Amended' and 'Rating Hybrid Securities', both dated 29 December 2010, and 'Short-term Ratings Criteria for Corporate Finance', dated 2 November 2010, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria
Equity Credit for Hybrids & Other Capital Securities - Amended
Rating Hybrid Securities
Short-Term Ratings for Corporate Finance

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