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Banco Popular lining up plan to raise capital

Reuters Staff

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Banco Popular lining up plan to raise capital - report

By Reuters Staff



MADRID, June 1 (Reuters) - Banco Popular has asked Deutsche Bank to come up with a plan for the troubled Spanish lender to raise capital after its previous adviser Morgan Stanley stepped down, El Confidencial reported on Thursday.

Popular is testing investor appetite for a capital increase of between 4 billion and 5 billion euros (\$4.5 billion-\$5.6 billion) if its plans to find a merger partner falter, the online newspaper said, citing anonymous sources.

Representatives for Banco Popular, Deutsche Bank and Morgan Stanley declined to comment on the El Confidencial report.

European banking watchdog, the Single Resolution Board (SRB), has warned European Union officials that Popular may need to be liquidated if it fails to find a buyer, an EU official told Reuters.

Popular, which has been unable to sell 37 billion euros of soured property loans fast enough, is racing to find a partner after Economy Minister Luis de Guindos closed the door last month to a public bailout, while a capital increase has faced resistance from existing shareholders.

The bank has said previously it could extend a June 10 deadline for binding takeover offers.

At 0819 GMT, Popular shares were down 8.2 percent at a record low of 0.559 euros per share. (\$1 = 0.8899 euros) (Reporting by Angus Berwick; additional reporting by Jose Elías Rodríguez; writing by Paul Day; editing by David Clarke)

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