

**PRESS RELEASE**

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Effects of the change in the classification of Credit Financial Intermediaries on aggregated supervisory balance sheets

From 1 January this year, Credit Financial Intermediaries (CFI) have ceased to be considered as falling under the category of credit institutions. However, they have remained within the group of Monetary Financial Institutions (MFIs), which is that which delimits the monetary and credit aggregates that are subject to special monitoring for monetary policy purposes. Accordingly, in the habitual financing indicators, the change has had no effect.

Conversely, in the balance sheets submitted by institutions for supervisory purposes, the developments in which in January 2014 are being published today, CFI have now become part of the grouping “other resident sectors” (ORS), where all resident agents except general government, the Banco de España and credit institutions are included. Consequently, credit institutions have begun to report on their operations with CFI along with the rest of their activities vis-à-vis ORS. Hence, the outstanding balance of lending extended by credit institutions and CFI as a whole to ORS, according to these balance sheets, increased slightly in January 2014, since this balance includes for the first time lending by credit institutions to CFI (accounting for around €26 billion).

These developments also affect the NPL ratio, as this ratio diminishes slightly as the size of the denominator (i.e. the outstanding balance of lending) increases. In particular, drawing on the data in [table 4.3 of the Boletín Estadístico](#), the NPL ratio fell in January to 13.53 %, down from 13.62 % in December. However, in the absence of this methodological change, it should be pointed out that the ratio would have risen to 13.78 %.

To provide for monitoring of this ratio consistent with its past trajectory, the memorandum item of table 4.3 is useful as it reports on the outstanding balance of lending to ORS, deducting from this balance, as from January 2014, institutions’ lending operations vis-à-vis CFI.

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