



PRESS RELEASE

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The Banco de España publishes the Report on Banking Supervision in Spain 2013

The Banco de España has today published on its website (www.bde.es) the Spanish version of the Report on Banking Supervision in Spain 2013. The report firstly analyses supervisory activity in relation to the 423 institutions under the control of the Banco de España, 292 of which are credit institutions, 14 fewer than in the previous year. This overall figure includes the 16 savings banks which have availed themselves of the legislation enabling them to pursue banking activity indirectly. The main aim of the supervisory activity of the Banco de España is to determine and keep updated the risk profile of each institution, taking corrective measures if necessary.

A total of 452 supervisory actions were carried out in 2013, compared with 306 a year earlier. These supervisory actions cover traditional on-site inspection visits to institutions and continuous monitoring, in many cases with a permanent presence at the institution. To these should be added another 753 tasks relating to credit institutions, including the verification of accounting policies on credit refinancing and restructuring, and the evaluation, in permanent cooperation with the European Banking Authority (EBA), of the main institutions' capital plans.

As a result of this supervisory activity, the Banco de España addressed 47 letters to credit institutions containing 134 requirements, mostly relating to credit risk and to management and internal control policies, as in previous years.

The year 2013 was marked by the final fulfilment of the conditions of the Memorandum of Understanding (MoU) and the definition of and preparations for the Single Supervisory Mechanism (SSM). Further to the approval of the MoU on 20 July 2012 and throughout 2013, the restructuring and recapitalisation of the Spanish banking sector proceeded apace. In late September 2013, the Executive Commission of the Banco de España approved the internal circular on the procedures to be applied in the Directorate General Banking Supervision. Such procedures include, inter alia, a formal, regular report on on-site and off-site monitoring, smoother transmission of the conclusions of on-site inspections to institutions, the simplification of tasks and improvements in the allocation of resources.

Swift progress was also made in 2013 on the definition of and preparations for the SSM, which will entail a substantial change in the current framework of euro area supervisory responsibilities and procedures. The SSM will spearhead the European Banking Union and its start-up will involve a sea

change to which both supervisors and those supervised will have to adapt rapidly and effectively.

When, as from 4 November 2014, the European Central Bank (ECB) exercises direct supervision over institutions deemed significant, the Banco de España will assist it through the sending of information, participation in joint supervisory teams and in on-site inspection teams, the preparation of draft decisions to be sent to the ECB for consideration and the implementation of decisions adopted by the ECB.

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