REPORT ON BANKING SUPERVISION IN SPAIN

2013

BANCO DE ESPAÑA

Eurosistema

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ABBREVIATIONS

ABCP	Asset-backed commercial paper
AIAF	Association of Securities Dealers
AMA	Advanced Measurement Approach (for measuring capital requirements for operational risk)
APR	Annual percentage rate
ASBA	Association of Supervisors of Banks of the Americas
ATA	Average total assets
ATF	Accounting Task Force
ATM	Automated teller machine
BCBS	Basel Committee on Banking Supervision
BE	Banco de España
BIS	Bank for International Settlements
BOE	Official State Gazette
BRRD	Bank Recovery and Resolution Directive
BTS	Binding Technical Standards
CBE	Circular of the Banco de España
CCPs	Central counterparty clearing houses
CCR	Central Credit Register of the Banco de España
CEBS	Committee of European Banking Supervisors (until 31.12.2010)
CECA	Spanish confederation of savings banks
CEIOPS	Committee of European Insurance and Occupational Pensions Supervisors (until 31.12.2010)
CESR	Committee of European Securities Regulators (until 31.12.2010)
CET1	Common Equity Tier 1
CGs	Consolidated groups of CIs
CII	Collective investment institution
CIs	Credit institutions (DIs and SCIs)
CIs with DFA	Credit institutions with direct financial activity
CMG	Crisis Management Group
CNAE	Spanish National Classification of Economic Activities
CNMV	National Securities Market Commission
COREP	Common Reporting
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
DFA	Direct financial activity, in contrast to the indirect financial activity which may be performed by savings banks
DGF	Deposit Guarantee Fund
DIs	Deposit institutions (banks, savings banks and credit cooperatives)
D-SIBs	Domestic systemically important banks
EAD	Exposure at default
EBA	European Banking Authority (from 1.1.2011)
EC	European Community
ECB	European Central Bank
ECOFIN	EU Council of Ministers of Economy and Finance
EEA	European Economic Area
EFAs	Earning financial assets
EFSF	European Financial Stability Facility
EIOPA	European Insurance and Occupational Pensions Authority (from 1.1.2011)
ELMI	Electronic money institution
EMU	Economic and Monetary Union
EMIR	European Market Infrastructure Regulation
ER	Efficiency ratio
ESAs	European Supervisory Authorities
ESCB	European System of Central Banks
ESFS	European System of Financial Supervision
ESM	European Stability Mechanism
ESMA	European Securities and Markets Authority (from 1.1.2011)
ESRB	European Systemic Risk Board
EU	European Union
FASB	Financial Accounting Standards Board
FB	Foreign branch
FCs	Financial conglomerates
FGD	Deposit Guarantee Fund
FINREP	Financial reporting
FROB	Fund for the Orderly Restructuring of the Banking Sector
FSB	Financial Stability Board
FSC	Financial Stability Committee
FSF	Financial Stability Forum
FVC	Financial vehicle corporation (also SSPE)
GDP	Gross domestic product

GHOS	Governors and Heads of Supervision
GI	Gross income
G-SIBs	Global systemically important banks
G-SIFIs	Global systemically important financial institutions
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IBFLs	Interest-bearing financial liabilities
ICO	Official Credit Institute
IFRSs	International Financial Reporting Standards
IMF	International Monetary Fund
INE	National Statistics Institute
IOSCO	International Organisation of Securities Commissions
IPO	Initial Public Offering
IPS	Institutional protection scheme
IRB	Internal ratings-based method
IRC	Incremental risk charge
IRS	Interest rate swap
ITS	Implementing Technical Standards
JF	Joint Forum
JST	Joint Supervisory Team
LCR	Liquidity coverage ratio
LEI	Legal Entity Identifier
LGD	Loss given default
LSI	Less significant institution
MG	Mixed group of financial institutions
MGCs	Mutual guarantee companies
MMFs	Money market funds
MoU	Memorandum of Understanding
NCA	National competent authority
NII	Net interest income
NOP	Net operating profit
OCI	Other credit institutions
OECD	Organisation for Economic Co-operation and Development
OJ L	Official Journal - Legislation
OJEU	Official Journal of the European Union
OTC	Over-the-counter (trading on unregulated markets)
PBT	Profit before tax
PIs	Payment institutions
POS	Point of sale
PSE	Public sector entity
RCAP	Regulatory Consistency Assessment Programme
RD	Royal Decree
RDL	Royal Decree-Law
ROA	Return on assets (profit after tax as percentage of ATA)
ROE	Return on equity (profit after tax as percentage of own funds)
RTS	Regulatory Technical Standards
RWA	Risk-weighted assets
Sareb	Sociedad de Gestión de Activos Inmobiliarios procedentes de la Reestructuración Bancaria (asset management company for assets arising from bank restructuring)
SCIs	Specialised credit institutions
SEPA	Single Euro Payments Area
SEPBLAC	Commission for the Prevention of Money Laundering and Monetary Offences
SIFIs	Systemically important financial institutions
SIG	Supervision Implementation Group
SME	Small and medium-sized enterprise
SRM	Single Resolution Mechanism
SSG	Senior Supervisors Group (BCBS)
SSM	Single Supervisory Mechanism
SSMR	Single Supervisory Mechanism Regulation
SSPE	Securitisation special purpose entity (also FVC)
TCOR	Task force on the consistency of outcome in risk-weighted assets

* * *

€m	Millions of euro
€bn	Billions of euro
Q1, Q4	Calendar quarters
P	Placed after a date [Jan (P)], indicates that all the related figures are provisional. Placed after a figure, indicates that this and only this figure is provisional
bp	Basis points
pp	Percentage points
...	Not available
—	Nil, non-existence of the event considered or insignificance of changes when expressed as rates of growth

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04.04.2014

Report envisaged in Law 44/2002 on Financial System Reform Measures

2013

1. Introduction

The Second Additional Provision of Law 44/2002 of 22 November 2002 on Financial System Reform Measures established, in consonance with its name, certain measures to improve the efficiency, effectiveness and quality of supervision procedures.

These measures comprise most notably the obligation of supervisory agencies, including the Banco de España, to prepare annually "a report on their supervisory function". This report shall include "a report by the respective internal control bodies on how closely the decisions taken by their governing bodies conform to the procedural rules applicable in each case".

The 2014 Internal Audit Plan of the Banco de España, approved by the Governor on 16 January 2014 and notified to the Executive Commission on 7 February 2014, includes the drafting of the report envisaged in Law 44/2002 of 22 November 2002 on Financial System Reform Measures, so that it may be included in the Banco de España's annual report on its supervisory function.

2. Purpose, scope and methodology of the report

This report falls within the bounds of the legal mandate contained in the Second Additional Provision of Law 44/2002. As mentioned above, this Second Additional Provision defines the scope of the report by reference to three basic elements:

1. The supervisory function of the Banco de España.
2. The decisions taken by the governing bodies in exercise of the supervisory function.
3. Conformity of the foregoing decisions to the procedural rules applicable.

As regards the reporting period, the report refers to the decisions taken by the Executive Commission in 2013 and the delegated decisions of which the Executive Commission was notified in that period.

The subject matter of the report is the decisions taken by the Banco de España's governing bodies within the spheres of competence of the Directorate General of Banking Supervision, the Directorate General of Banking Regulation and Financial Stability and the General Secretariat.

Regarding applicable legislation, account was taken of the supervisory powers and procedures contained in Law 13/1994 of 1 June 1994 on the Autonomy of the Banco de España and in the Internal Rules of the Banco de España.

Also, the Executive Commission established, via a resolution of 14 February 2003, the procedural rules for proposals on matters within the competence of the Directorate General of Banking Supervision, and via resolutions of 30 June 2006 and 18 July 2008, the procedural rules for proposals on matters within the competence of the Directorate

General of Banking Regulation and Financial Stability. On 2 November 2012, rules were laid down on the reporting of matters to the Executive Commission by all the Directorates General of the Banco de España. These rules are complementary to those mentioned above for the Directorate General of Banking Supervision and the Directorate General of Banking Regulation and Financial Stability.

Similarly, via a resolution of 18 December 2009, the Executive Commission approved the regime governing the delegation of powers, which was published in the Official State Gazette of 5 January 2010 and envisages that delegates may in turn delegate their powers and, consequently, also provides for recovery of competence by a higher administrative level. It was amended in 2011, on 23 November and 23 December (Official State Gazettes of 2 December 2011 and 24 December 2011, respectively), and in 2013, on 25 January, 16 April, 27 June and 29 July (Official State Gazettes of 5 February 2013, 25 April 2013, 29 June 2013 and 31 July 2013, respectively).

In order to review the decisions adopted by the Executive Commission, stratified sampling was performed in 10 types of decision taken by the Directorate General of Banking Supervision, in 10 types of decision taken by the Directorate General of Banking Regulation and Financial Stability and in three types of decision taken by the General Secretariat. Different sampling fractions (100%, 30%, 10%, 5% or 1%) were applied to these strata depending on the materiality, numerical volume and internal homogeneity of each stratum.

The work was performed in accordance with the Internal Audit Manual, which includes the International Standards for the Professional Practice of Internal Auditing, approved by the Institute of Internal Auditors, including those relating to the Code of Ethics.

3. Opinion

In our opinion, the decisions taken by the governing bodies of the Banco de España in 2013 in the exercise of its supervisory function were taken by bodies with sufficient own or delegated powers in accordance with the Banco de España's Internal Rules and with the provisions laid down by its Executive Commission, and are in conformity, in all material respects, with the existing procedural rules applicable in each case.

Madrid, 4 April 2014
Director of the Internal Audit Department

Juan González Gallegos

THE GOVERNOR OF THE BANCO DE ESPAÑA
THE DEPUTY GOVERNOR OF THE BANCO DE ESPAÑA

1 EXERCISE OF SUPERVISORY FUNCTIONS

1 EXERCISE OF SUPERVISORY FUNCTIONS

This chapter is structured as follows. Section 1 describes the supervisory activity during 2013, indicating the supervised institutions, the main supervisory actions in the year and the details of the requirements and recommendations letters sent to institutions as a result of such actions. Section 2 summarises the main actions in the exercise of sanctioning powers. Section 3 refers to the exercise of other powers of the Banco de España which supplement its supervisory responsibilities. Section 4 on supervisory policies addresses the criteria and recommendations on refinancing, transparency rules and the suitability of directors of credit institutions. Lastly, the legal and organisational framework of the new European Single Supervisory Mechanism is described.

1.1 Supervisory activity

At end-2013, the institutions subject to prudential supervision by the Banco de España numbered 423, of which 292 were credit institutions. 16 of these credit institutions were savings banks pursuing their activity indirectly in accordance with the provisions of Article 5 of Royal Decree-Law 11/2010.

The ultimate aim of the Banco de España's ongoing supervisory process is to determine and keep up-to-date the supervisory risk profile of each institution and to take the necessary measures to help improve it, including, where appropriate, the adoption of corrective measures.

A total of 452 supervisory actions were carried out in 2013, compared with 306 in 2012. Of them, 96 were in progress or outstanding as at 31 December. These supervisory actions can be divided into traditional on-site inspection of institutions and continuous monitoring, in many cases with a permanent presence at the institution.

To these should be added another 753 actions relating to CIs, including: verification of accounting policies on loan forbearance in accordance with the criteria sent to institutions on 30 April 2013; periodic general monitoring; review of credit institution audit reports; yearly review of internal capital adequacy assessment reports; liquidity monitoring; analysis of contributions to the determination of Euribor; and assessment, in close cooperation with European Banking Authority, of the capital plans of the main institutions, in accordance with the European Banking Authority's recommendations on capital preservation.

The requirements made of institutions following supervisory actions numbered 134, contained in 47 letters. The main recommendations and requirements related to credit risk and internal management and control policies, which accounted for 67% of the total.

In January 2014 Spain's final compliance was verified with the conditions set in the Memorandum of Understanding on Financial-Sector Policy Conditionality (MoU) approved by the Eurogroup on 20 July 2012, which since then and throughout 2013 has been the driving force of bank restructuring and recapitalisation.

The Memorandum included specific horizontal conditionality which entailed a comprehensive revision of the regulatory and supervisory frameworks of the Spanish banking sector. The practical exercise of the supervisory function was affected by this revision because at end-September 2013 the Executive Commission of the Banco de España approved a new internal circular on procedures applicable to the Directorate General Banking Supervision.

ON-SITE SUPERVISORY ACTIVITY **TABLE 1.1**

Number

	On-site supervisory actions							
	Completed				Under way			
	2010	2011	2012	2013	2010	2011	2012	2013
Credit institutions	136	133	216	349	39	68	82	94
Banks	79	110	180	225	28	53	70	55
Savings banks	51	12	4	80	5	1	5	36
Credit cooperatives	2	10	28	19	6	13	6	2
Foreign branches	2	—	2	—	—	—	—	—
EU credit institutions	1	—	2	—	—	—	—	—
Specialised credit institutions	2	1	2	25	—	1	1	1
Other institutions	4	5	4	7	0	3	4	2
Appraisal companies	1	3	—	2	—	—	1	—
Mutual guarantee companies	—	—	2	1	—	2	1	—
Payment institutions and other	3	2	2	4	—	1	2	2
TOTAL	**140**	**138**	**220**	**356**	**39**	**71**	**86**	**96**

SOURCE: Banco de España.

Among other things, these procedures require a regular report on on-site and off-site continuous monitoring, expedite notification to institutions of the conclusions drawn from on-site work, detail the procedure for verifying compliance with requirements letters, simplify tasks and improve allocation of resources.

The aforementioned processes relating to the MoU were carried out in close coordination by the Spanish authorities (Ministry of Economic Affairs and Competitiveness, Fund for the Orderly Restructuring of the Banking Sector and Banco de España), the European authorities (European Commission, European Central Bank and European Banking Authority) and the relevant international authority (International Monetary Fund).

2013 also saw rapid progress in the definition and preparation of the Single Supervisory Mechanism (SSM), which will substantially change the current framework of supervisory responsibilities and procedures in the euro area (see Section 1.5).

The number of Spanish credit institutions authorised to use internal ratings based (IRB) approaches to calculate regulatory capital requirements for credit risk was unchanged in 2013, as was the number of institutions with internal models for calculating capital requirements for operational risk.

As regards international cooperation with other supervisory authorities, the Banco de España organised meetings for three supervisory colleges as the supervisory authority of the parent institution and participated as the host supervisory authority in seven colleges of banking groups with foreign parents. All this was accompanied by the usual bilateral contacts with the supervisory authorities of other countries.

Furthermore, within the Financial Stability Board (FSB) framework for the resolution of systematically important financial institutions (G-SIFIs), the Banco de España, as authority responsible for the consolidated group, heads together with the FROB the two Crisis Management Groups (CMGs) set up for the two Spanish G-SIFIs. In 2013 the respective meet-

SUPERVISORY ACTIVITY. LETTERS SENT TO INSTITUTIONS

TABLE 1.2

Number

	2010	2011	2012	2013
Credit institutions	38	19	37	41
Banks	16	10	14	26
Savings banks	14	—	5	2
Credit cooperatives	4	8	13	12
Foreign branches	2	—	5	—
EU credit institutions	1	—	2	—
Non-EU credit institutions	1	—	3	—
Specialised credit institutions	2	1	—	1
Other institutions	4	1	4	6
Appraisal companies	1	—	—	—
Mutual guarantee companies	—	1	2	—
Payment institutions and other	3	—	2	6
TOTAL	**42**	**20**	**41**	**47**

SOURCE: Banco de España.

SUBJECT MATTER OF LETTERS SENT TO SUPERVISED INSTITUTIONS

TABLE 1.3

Number

	2010	2011	2012	2013
Credit risk	108	31	54	62
Accounting for credit risk, borrower weakness and higher coverage requirements	79	14	27	31
Quality of credit risk controls (origination, monitoring and other procedures)	29	17	27	31
Management and internal control	36	21	27	28
Management and internal control in general	25	16	22	24
Capital market activities	11	5	5	4
Capital and solvency	8	5	7	12
Solvency ratio	8	5	7	12
Other regulations	0	0	0	32
TOTAL (a)	**152**	**57**	**88**	**134**

SOURCE: Banco de España.

a Includes requeriments on transparency and customer relations, compensation of directors, the prevention of money laundering and the mortgage market, among other aspects.

ings and various teleconferences were held. It also participated as host authority in a meeting of the CMG of foreign G-SIFIs with a subsidiary operating in Spain.

In 2013 a new bilateral cooperation agreement was concluded with the supervisory authority of Turkey and an agreement was entered into with the Comisión de Prevención del Blanqueo de Capitales e Infracciones Monetarias (Commission for the Prevention of Money Laundering and Monetary Offences).

In 2013 the supervisory services of the Banco de España continued cooperating in the last phase of the restructuring of the Spanish financial sector: the MoU group 2 institutions were recapitalised; their problem assets were transferred to Sareb and hybrid instrument burden-sharing exercises were conducted at all institutions so requiring. In December the FROB’s holding in NCG Banco, SA, was sold by a competitive process.

On 14 January 2014, as a result of an inspection carried out in December 2013, the Banco de España Executive Commission replaced the board of directors of Caja Rural de Mota del Cuervo by a provisional administrator from the FROB and authorised its award to Globalcaja within the framework of its resolution, as proposed by the FROB. This was the only bank which required the adoption of precautionary or resolution measures.

Also, the Banco de España recommended that banks limit dividend payments in 2013 and that, in any event, cash dividend pay-outs should not exceed 25% of attributable consolidated profit. This recommendation, which was observed by all banks and contributes to boosting their solvency, has been extended to 2014.

1.2 Exercise of the sanctioning power in 2013

The sanctioning power exercised over the financial institutions whose control and inspection are the responsibility of the Banco de España is the final step in its supervisory activity. It is intended as a means of ensuring compliance with the organisational and disciplinary regulations applicable to institutions operating in the financial sector. And indeed, as established in the preamble to Law 26/1988 of 29 July 1988 on discipline and intervention of credit institutions, the effectiveness of these organisational and disciplinary regulations depends on whether the supervisory authorities of financial institutions have sufficient coercive powers.

The exercise of this sanctioning power is directed at all individuals, institutions and markets subject to supervision by the Banco de España, which include not only credit institutions and any other financial institutions subject to its control and inspection, but also their directors and managers, who can be sanctioned for very serious or serious infringements when these are attributable to wilful misconduct or negligence. Also, sanctions can be imposed on the owners of qualifying holdings in Spanish credit institutions and on Spanish nationals that control a credit institution of another EU Member State.

Finally, the Banco de España's sanctioning powers extend also to persons and entities, not included among the aforementioned supervised parties, that seek to enter the financial market without meeting the conditions of access, whether it be through the exercise of activities legally restricted to credit institutions, payment services providers or other types of supervised institutions, or through the use of generic names restricted to such institutions or any other name that may be confused with them.

In this regard, the Banco de España has competence to bring and conduct disciplinary proceedings against the aforementioned parties. With the amendment to Article 18 of Law 26/1988 of 29 July 1988 on discipline and intervention of credit institutions introduced by Law 9/2012 of 14 November 2012 on restructuring and resolution of credit institutions the Banco de España has, since 1 January 2013 had the competence to impose sanctions for all types of offences, whether minor, serious or very serious. Prior to this amendment, the imposition of sanctions for very serious offences was the competence of the Minister of Economic Affairs and Competitiveness, upon the proposal of the Banco de España, except for withdrawal of authorisation to operate as a credit institution, which had to be imposed by the Council of Ministers. Since 1 January 2013 the competence to sanction supervised institutions has been placed exclusively in the hands of the Banco de España.

1.2.1 PROCEEDINGS INITIATED IN 2013

In 2013 the governing bodies of the Banco de España decided to initiate six disciplinary proceedings against six institutions and their respective directors and managers, as detailed below.

PROCEEDINGS INITIATED BY THE BANCO DE ESPAÑA **TABLE 1.4**

Number

Institutions	2010	2011	2012	2013
Banks	—	—	—	1 (c)
Savings banks	1	—	1	—
Specialised credit institutions	—	—	—	—
Branches of EU foreign credit institutions	—	—	—	—
Payment institutions	—	—	2	3
Unauthorised payment institutions	—	—	1	1
Owners of significant holdings in credit institutions	1	1 (a)	1 (b)	—
Appraisal companies	—	—	—	—
Currency-exchange bureaux and money transfer agencies	1	—	1 (b)	—
Use of names or pursuit of activities reserved for credit institutions	1	1	—	—
Unauthorised currency-exchange bureaux	3	—	—	—
Appraisal company revocations	—	—	—	—
Currency-exchange bureaux revocations	2	2	—	—
Non-compliance with ECB minimum reserve requirements	1	1	—	1
Electronic money institutions	—	—	—	1
TOTAL	**10**	**5**	**6**	**7**

SOURCE: Banco de España.

a Extension to two parties of a proceeding initiated in 2010.
b Proceedings recommenced following a stay to avoid prejudicing criminal proceedings.
c Stayed by an agreement of the Governing Council of the Banco de España of 24 May 2013.

First, the Executive Commission decided to initiate proceedings against a credit institution (a bank) and the members of its board of directors and general managers (a total of 20 persons) for alleged breaches of sectorial rules relating to: submission to the Banco de España of an action plan designed to alleviate the economic and financial weaknesses of the institution which threatened its viability; minimum capital requirements; and the internal control and risk management mechanisms of the institution. In accordance with the provisions of Article 21 of Law 26/1988 of 29 July 1988 on discipline and intervention of credit institutions, it was decided to initiate a single disciplinary proceeding against the credit institution and its directors and managers. In accordance with Article 2 of Law 26/1988, this proceeding had to be stayed in May 2013, so as not to prejudice criminal proceedings.

Second, the Executive Commission decided to commence three proceedings against three payment institutions, for alleged breach of the rules regulating their activity, especially those contained in Law 16/2009 of 13 November 2009 on payment services and in Royal Decree 712/2010 of 28 May 2010 on the legal regime for payment services and payment institutions. The three proceedings were also brought against the sole directors of each of these institutions.

It was also decided to commence a proceeding against an institution and its sole director, which had been carrying out activities restricted to payment institutions, without having the required authorisation or being on the official register of such institutions kept by the Banco de España.

PROCEEDINGS RESOLVED, BY TYPE OF INFRINGEMENT　　　　TABLE 1.5

Number

	Numbers of proceedings	Sanctioning procedures								Non-sanctioning proceedings	
		Against supervised institutions				Intruders			ECB	Revocation	
		Infringement			Proceeding dismissed	Name / Activity reserved for credit institutions	Unauthorised currency exchange bureaux	Unauthorised payment institutions	Minimum reserve requirements	Appraisal companies	Currency exchange bureaux
		Very serious	Serious	Minor							
Against institutions											
2010	9	4	6	2	—	3	1	—	1	—	1
2011	9	4	3	4	—	1	2	—	1	—	2
2012	1	—	1	—	—	—	—	—	—	—	—
2013	5	5	5	—	1	—	—	2	1	—	—
Against particular directors of institutions or owners of qualifying holdings											
2010	25	38	28	—	11	—	—	—	—	—	—
2011	52	66	28	—	—	—	—	—	—	—	—
2012	1	—	1	—	—	—	—	—	—	—	—
2013	7	9	4	—	4	—	—	—	—	—	—

SOURCE: Banco de España.

Finally, it was also resolved to commence a sanctioning proceeding against an electronic money institution and the members of its board of directors (a total of 7 persons) for alleged breaches of the rules regulating such activity, basically to be found in Law 21/2011 of 26 July 2011 on electronic money and Royal Decree 778/2012 of 4 May 2012 on the legal regime for electronic money institutions.

In addition it should be noted that, under Article 19 of the Statute of the European System of Central Banks, the Governing Council of the European Central Bank is authorised to require credit institutions to maintain a certain minimum level of reserves. In the event of failure to comply with this requirement, sanctions may be imposed through a procedure for which the Banco de España is responsible. In this context, as seen in Table 1.4, a procedure of this nature is included.

1.2.2 PROCEEDINGS RESOLVED IN 2013

In 2013, five proceedings were concluded by decisions to impose sanctions. Four of these proceedings had been initiated in previous years and one in 2013 itself.

These decisions imposed sanctions on:

- A currency-exchange bureau and the members of its board of directors for two very serious infringements. Notable were the sanctions of withdrawal of authorisation from the institution, and of disqualification from serving as a director or manager in any currency-exchange bureau, imposed on the members of its board of directors.

- Two payment institutions and their respective sole directors for serious and very serious infringements. Notable were the sanctions of disqualification from serving as a director or manager in any payment or financial institution imposed on the sole director of one of the institutions concerned.

– Two companies that carried out activities legally restricted to payment institutions, without the required authorisation and without being on the relevant registers, were fined.

– Two institutions and one individual were fined for breach of the rules on qualifying holdings in credit institutions.

1.3 Other supervisory activities of the Banco de España

1.3.1 TRANSPARENCY AND PROTECTION OF BANK CUSTOMERS

Financial transparency legislation is, without prejudice to the freedom of contract, generally aimed at counteracting the information asymmetries between two parties in the financial services markets. These asymmetries, together with the opposition of interests, may cause malfunctions in these markets, putting users at an informational disadvantage and making it necessary to provide them with additional protection to safeguard their economic interests.

The current general regulatory landscape is currently set out in Order EHA/2899/2011 of 28 October 2011 on transparency and protection of customers of banking services (which came into force on a general basis on 29 April 2012) – and in the related implementing Circular 5/2012 of 27 June 2012, addressed to credit institutions and payment service providers, on the transparency of banking services and responsibility in the extension of loans (which came into force on a general basis on 6 October 2012). The Order and the Circular together constitute a new comprehensive transparency code designed to protect banking service customers.

The previous Spanish general transparency legislation had been rendered obsolete by progress in sectoral regulation (in areas such as consumer credit, payment services or advertising) and the extensive transformation experienced in the marketing of banking services.

The new legal framework, designed on the basis of the experience gained during the period the previous legislation was in force, represents a new approach to and a major advance in banking transparency intended, among other things, to provide solutions to some of the problems and shortfalls noted in the last few years. Thus the information that has to be provided before contracts are entered into has been clearly improved so that customers can properly understand products and their characteristics, compare different offers and rationally decide which best suits their needs, preferences and financial situation.

In the area of internal organisation, the new Market Conduct and Claims Department was created as part of the Bank's strategy to ensure accurate information is available to financial service users, promote good practices in the market, offer effective conflict-resolution arrangements and foster financial education. Experience has shown that the Bank's competences in relation to market conduct, reporting transparency, good practices, consumer information, financial education, conflict resolution and other similar matters are closely interrelated. Therefore it has been considered advisable to bring them under a single roof so as to efficiently address the current major social impact of financial institutions' relations with their customers.

Within this remit, the Market Conduct and Claims Department resolved queries in 2013 made mainly by institutions and professional associations on the interpretation and application of Circular 5/2012.

Another area of competence relating to transparency is the verification of *internal rules of institutions' customer service departments and customer ombudsmen,* except for those of local or regional savings banks and credit cooperatives, the verification of which (sometimes following non-binding consultation of the Banco de España by the competent body) is carried out by the competent agency of the autonomous region in which the relevant institution's registered office is located. In all cases the institutions communicate the designations of the persons responsible for their customer services and ombudsmen departments, and allow the ongoing updating of the registers kept for the use of the public, where their names, contact data and verified rules governing activities are recorded. However, the main task consisted in verifying the rules of some of the institutions originating from the former savings banks, of new institutions (mainly payment institutions), of mergers between credit cooperatives and of amendments to existing internal rules, mostly to update them in line with the applicable legislation. In addition to this, statistical information sent voluntarily by the respective institutions' customer service departments and ombudsmen on a half-yearly basis is used to assess their work and thus their level of operability and effectiveness.

Another noteworthy task is that of *the monitoring and control of institutions' advertising.* Control work focussed on the review of advertising in the press and of that placed by institutions on their websites. When anomalies or inaccuracies are detected, the institution in question is required to withdraw or correct the offending advertising message or supplementary information is requested to investigate whether the advertising complies with sectoral regulations.

1.3.2 INFORMATION FOR BANK CUSTOMERS

In accordance with the legislation in force – Order EHA/2899/2011 of 28 October 2011 on transparency and protection of customers of banking services – institutions must, as from January 2013, make available to customers a document (updated quarterly) setting out the *interest rates and fees and commissions* usually charged for the services most frequently provided by them. This obligation to inform is in addition to another one to inform customers, among other things, of the cost of the service to be provided before the contract for its provision is executed.

As a result of this mandate, the Banco de España receives said information quarterly from the institutions and publishes it on its website and, at the same time, the information is available in all the offices and on the website of each institution. Customers should not confuse this information with the old brochures on fee and commission charges which, under the legislation that has been repealed, were submitted by institutions to the supervisor for prior verification.

Another very important task, within the information provided to bank customers, is resolving *enquiries* made by the public to the Banco de España. The number of enquiries received in 2013 increased to 3,584 internet enquiries and 43,246 telephone enquiries, up 129.48% and 162.79%, respectively, from 2012.

A different matter in its own right, given its significance within information for banking customers, is the *banking customer portal,* which was created in 2005 and is accessed from the Banco de España website. The portal's main function is to guide customers and to provide those who are interested with basic training so that they can become familiar with how this sector works. Furthermore, the banking customer portal handled 3,524 requests for information from the public in the first six months of 2013.

The number of visitors to the portal is striking, given that in 2013 there were 3,854,960 viewings of the portal, compared with 3,049,879 in 2012, representing an increase of 26.4%. Also noteworthy is the increase of 33.7% in the number of visitors, up from 736,617 in 2012 to 984,835 in 2013, almost 250,000 more. The "Bank products" section received most visits, followed by "Simulators" and "Interest rates".

1.3.3 OFFICIAL REGISTERS AND INSTITUTIONAL INFORMATION

Under Spanish law the Banco de España is responsible for keeping various public registers. Not only credit institutions and other financial intermediaries and auxiliaries subject to supervision must be recorded in these registers, for various purposes, but also certain elements of their corporate governance and organisational structure. These registers are as follows:

a. Register of Institutions

Diverse institutions operating on Spain's financial markets must be recorded in the Register of Institutions before they commence activities. The purpose of this Register is twofold: first, it seeks to implement the "vetted access" principle governing the presence of those institutions in the market; and second, it aims to publicise adequately the fact that those institutions are subject to supervision by the Banco de España or by the competent authority in their respective home countries[1].

Table 1.6 shows the number of institutions included in this Register,[2] both Spanish and foreign, including those operating in Spain under the freedom to provide services.

Most notable in 2013 was the continuation of the downward trend initiated in 2012 in the number of registered credit institutions, which stood at 292 (20 fewer than in 2012) by the end of the year. The percentage declines in the various categories of credit institutions were very similar to those of the previous year (see Table A.2.1).

All of the decrease in the number of banks in the year was due to mergers in their respective groups, as follows: (i) Banco Español de Crédito, SA, and Banco Banif, SA (merged into Banco Santander, SA), (ii) Banco de Valencia, SA (merged into Caixa Bank, SA), (iii) Bankia Banca Privada, SA (merged into Bankia, SA), and (iv) Unnim Bank, SA (merged into Banco Bilbao Vizcaya Argentaria, SA).

In 2013, nine of the savings banks engaging in credit activities indirectly through commercial banks were deregistered from the relevant register owing to their transformation into foundations.

The number of registered credit cooperatives fell by three as a consequence of the merger by acquisition of these institutions into the parent of the Cajas Rurales Unidas group.

Specialised credit institutions also saw a reduction in their number, this time by six, half of them due to mergers into other institutions.

Notably, in 2013 the number of institutions operating in Spain under the freedom to provide services without an establishment increased by 13.07% to stand at 813, basically due to a considerable rise in the number of payment institutions (45.39%) and of electronic

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1 This register and the register of agents described below are available to the public and can be consulted through the Banco de España's website (by clicking on "Services" in the navigation menu). The register of institutions is available not only as it currently stands, but as it stood at past dates, and selective searches can be made using different criteria. Also, subscriptions can be taken out to RSS feeds which notify of changes in this register.

2 For more details of the institutions that have to be entered in this register, see Section A.3.2 of the 2013 *Report on Banking Supervision in Spain.*

OFFICIAL REGISTERS OF INSTITUTIONS **TABLE 1.6**

Number, Year-end data (a)

	2010	2011	2012	2013
Institutions with an establishment	538	534	508	476
Credit institutions (b)	339	336	312	292
Controlling companies of credit institutions	1	1	1	1
Representative offices	54	55	46	43
Mutual guarantee companies	24	24	24	24
Reguarantee companies	1	1	1	1
Appraisal companies	55	58	57	46
Currency-exchange bureaux and money transfer agencies (c)	61	14	10	9
Payment institutions	2	41	46	48
Branches of EU payment institutions	—	2	7	6
Agent networks of EU payment institutions	1	1	2	2
Electronic money institutions (d)	—	1	2	3
Branches of EU electronic money institutions	—	—	—	1
Institutions operating without establishment	556	640	719	813
EU CIs operating without an establishment	506	520	533	543
Non-EU CIs operating without an establishment	3	3	4	4
Financial subsidiaries of EU CIs	2	1	1	1
Electronic money institutions	—	14	29	44
Payment institutions (e)	45	105	152	221

SOURCE: Banco de España. Data available at 31 December 2013.

a The number of institutions also includes those that are non-operational and in the process of deregistering.
b Includes ICO and branches of EU and non-EU credit institutions. For the period 2009-2010 also includes one electronic money institution; in 2011, the promulgation of Law 21/2011, which amended the regulatory framework of ELMIs, meant that they lost their credit institution status.
c Not including establishments only authorised to purchase foreign currency with payment in euro. From 2011, after the transformation of money transfer agencies into payment institutions, only includes currency-exchange bureaux (buying and selling of currencies).
d In the period 2009-2010, the existence of an electronic money institution was registered under the "credit institutions" heading.
e In application of Directive 2007/64/EC and of Law 16/2009 on payment services.

money institutions (51.72%). The nationality of the institutions operating without an establishment is as follows: (i) in credit institutions: United Kingdom: 101 institutions (18.46%), France: 81 (14.81%), Germany: 75 (13.71%), Luxembourg: 51 (9.32%) and the Netherlands: 43 (7.86%); (ii) in payment institutions: United Kingdom: 167 (75.57%); and (iii) in electronic money institutions: United Kingdom: 28 (63.64%).

As regards the other financial intermediaries and auxiliaries that need to be entered in this Register, the most noteworthy development was the decrease of 19.3% in the number of licensed appraisal companies as a result of the fall in real estate activity in recent years.

b. Register of Senior Officers

The reason for this register, in which information is entered on the directors and senior managers of the institutions supervised by the Banco de España, is to keep up-to-date information on the main officers responsible for the activity of such institutions. This is done with the dual purpose of, firstly, acting as an ancillary tool for the Banco de España and other agencies in checking the requirements that have to be accredited by the senior officers of financial institutions; and, secondly, providing a means of monitoring the restrictions and incompatibilities applicable to such officers whenever that verification has to be carried out by the Banco de España. This monitoring was strengthened by Royal Decree 256/2013 of 12 April 2013, which writes into Spanish banking law the guidelines set by the European Banking Authority on 22 November 2012 for assessing the suitability of board members and of key function holders.

At the end of 2013, the number of senior officers in this register[3] was 3,464, 13.31% fewer than in 2012. This reduction is in line with the smaller number of registered credit institutions.

c. Information on shareholder

The Banco de España also receives confidential information on the shareholders of banks and specialised credit institutions and on the members of credit cooperatives.[4] This information is vital for the supervisory tasks of the Banco de España, in which it is essential to know the shareholder structure of the institutions under its supervision, and for checking compliance with the law on qualifying holdings, a task entrusted to the Banco de España.

In 2013, while at commercial banks the number of significant shareholders increased by 9%, the members of credit cooperatives and the shareholders of specialised credit institutions decreased by 5% and 23%, respectively.

The increase in significant shareholders at commercial banks interrupts the downward trend of previous years, although some of this increase is due to the measures contained in the restructuring plans of these institutions.

The downtrend of previous years in the number of members of credit cooperatives and shareholders of specialised credit institutions continued due to decline in the number of registered institutions.

d. Reporting of agents

Credit institutions operating in Spain are obliged to report to the Banco de España those agents whom they have authorised to operate habitually with their customers, in the name of and on behalf of the principal, in negotiating or entering into transactions typical of their activity.[5] In addition, they must report to the Banco de España the list of foreign credit institutions with which they have entered into agency agreements or agreements to provide financial services to customers.

It has also been compulsory to enter in this Register, since 2010 and in accordance with the specific regulations thereon, the agents of Spanish payment institutions and their branches, and those of the branches of foreign payment institutions and those belonging

3 All the statistical information in this Register and the others reported in this section, other than that relating to the number of registered institutions, is included in Annex 3.1 of the digital edition published on the Banco de España's website. In that annex, the information relating to the Register of Senior Officers is based on the identity thereof, without regard to the number of posts that each of them may hold, i.e. the stated figure is the total number of senior officers registered and not the total number of posts in the institutions supervised by the Banco de España.

4 These institutions are required to report data quarterly on all their shareholders or holders of contributions that are deemed to be financial institutions, and on those who, while not deemed to be such, hold shares or contributions representing a percentage of the share capital of the institutions equal to or more than 0.25% in the case of commercial banks, 1% in credit cooperatives and 2.5% in SCIs.

5 From 2011, as a result of the entry into force of Banco de España Circular 4/2010 of 30 July 2010, CIs must also report those natural or legal persons whom they have appointed to perform regularly, on a professional basis and in the name of and on behalf of the institution, activities to promote and market transactions or services typical of the activity of a credit institution, including the investment and ancillary services referred to by Article 63 of the Securities Market Law.

to the agent networks of EU payment institutions, when they are located and provide their services in Spain.[6]

Notable in 2013 was the high number of agents reported by payment institutions, which stood at 31,218.

This large number, much higher than that of agents recorded for credit institutions, is explained by the business model followed by payment institutions, which carry on their activity basically through agents. Further, there is no requirement for the agents of payment institutions or of electronic money institutions providing payment services to be exclusive, which means that not infrequently the same agent is reported as working with more than one payment institution.

e. Special Register of Articles of Association

The Banco de España also keeps an up-to-date register of the articles of association of supervised institutions to ensure continuity in the exercise of prudential supervision in relation to such institutions and to monitor the changes in their articles of association, which are sometimes subject to administrative authorisation by the Ministry for Economic Affairs and Competitiveness or the corresponding body of the relevant regional government, following a report from the Banco de España.[7]

In 2013, the upward trend in the total number of analysed applications to amend articles of association continued, the growth rate of 42.6% standing well above that of the previous year (7.6%). A large number of the amendment applications were by commercial banks (42), as compared with those by specialised credit institutions (20), mutual guarantee companies (19), payment institutions (19) and appraisal companies (16). The amendments to commercial banks' articles of association were for many purposes, although notably 50% of them related to capital increases. Most of the amendments to appraisal companies' articles of association related to the process of deregistration mentioned in Section a) above.

Although the number of amendments recorded remained relatively high (219), it fell by 12.4%. This was related to the end of the initial stages of the process of transformation of savings banks.

1.3.4 OTHER AUTHORISED ELIGIBLE CAPITAL FOR SOLVENCY PURPOSES

The regulatory capital of credit institutions may include certain preference shares, mandatorily convertible debt instruments[8] and subordinated debt instruments. The Banco de España verifies whether these financial instruments – issued by credit institutions themselves, by their special purpose vehicles or by other subsidiaries – are eligible as own funds in accordance with the law applicable,[9] which requires them to have certain features specific to capital, such as an indefinite presence on the balance sheet of the institution, the capacity to absorb losses and flexibility insofar as payments to their holders are concerned.

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6 In Table A.3.1 they are all included under the heading "Agency agreements - Payment institutions".

7 All these powers have been transferred to the Banco de España pursuant to Law 9/2012 and its implementing regulations.

8 Mandatorily convertible debt instruments may be mandatorily convertible on a set date or when certain trigger events occur (contingent conversion), or else both together.

9 Law 13/1985 of 25 May 1985 on investment ratios, own funds and reporting requirements of financial intermediaries and implementing legislation; as well as Royal Decree-Law 2/2011 of 18 February 2011 on the strengthening of the Spanish financial system, as worded by Law 9/2012 of 14 November 2012 on credit institution restructuring and resolution, and implementing legislation, in relation to core capital.

2013 was a period of transition towards the new capital requirements rules that entered into force on 1 January 2014.[10] Although the texts of the relevant Regulation and Directive were published in summer 2013, a number of uncertainties remained regarding the requirements that would apply to capital instruments in the new framework, which had already been hampering issuance in 2012. This uncertainty, along with the persistent difficulty accessing capital markets linked to the financial crisis, led to a notably low level of activity on the part of potential issuers both in Spain and the rest of Europe.

Against this background, the total amount subscribed in 2013 of the 17 issues of instruments whose eligibility as own funds was subject to verification by the Banco de España was €5,776 million. The number of issues was in line with the preceding three years, but far below the level of activity recorded in 2009 (75 issues, totalling €26,314 million), while the amount subscribed was even lower than in the preceding three years and substantially below the 2012 figure of €13,411 million.

Part of the issuance of eligible instruments by Spanish credit institutions in 2013 stemmed from the exchange of existing instruments that would probably cease to be eligible under the new regulatory framework. At the same time, other issues incorporated the requirements envisaged in the new rules to be fully eligible from January 2014.

Eight of the 17 issues made in 2013 were of instruments mandatorily convertible into shares on a set date that was in every case before 2019. These issues accounted for one third of the total issuance in 2013. All these issues, made by just three different institutions, were exchanged for previous issues of other eligible instruments, and six of them were included in the recapitalisation plans of such institutions. These instruments will be eligible as additional tier 1 capital from January 2014, under the new regulatory framework, and as common equity tier 1 capital when conversion takes place.

Within capital instruments the weight of convertible instruments has been increasing, in line with the regulatory tendency to give capital instruments loss absorption mechanisms. This tendency was first apparent in the amendments that Law 6/2011 and CBE 4/2011 introduced into the treatment of preference shares in Law 13/1985 and CBE 3/2008, and continued with the definition of instruments eligible as core capital, in accordance with Law 9/2012 and the detailed specification in CBE 7/2012.

These loss absorption mechanisms will be compulsory in the new regulatory framework applicable from 2014 for additional tier 1 capital instruments. Should a trigger event arise such loss absorption may take place either through conversion into shares or through a total or partial reduction in the nominal value of the instrument. Up until now, instruments issued in Spain have only had loss absorption mechanisms involving conversion into shares.

Thus, as in 2012, those instruments issued in 2013 in the form of preference shares (two issues, totalling €1,588 million) already incorporate loss absorption mechanisms (conversion) envisaged by the new Regulation. In addition, they have anticipated the re-

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10 Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

ELIGIBLE INSTRUMENTS BY CIs WITH DFA AND VERIFIED BY THE BANCO DE ESPAÑA (a) **TABLE 1.7**

Yearly data (€m)

	Number				Amount			
	2010	2011	2012	2013	2010	2011	2012	2013
Total	**14**	**16**	**13**	**17**	**6,465**	**9,012**	**13,411**	**5,776**
Subordinated debt	12	9	5	7	5,497	2,984	9,011	2,154
Standard fixed-term	11	9	4	7	5,477	2,984	4,511	2,154
Commercial banks and savings banks	10	9	4	5	5,475	2,984	4,511	2,129
Credit co-operatives	1	—	—	—	2	—	—	
SCIs	—	—	—	2	—	—	—	25
Of which: Loans	*1*	*3*	—	*2*	*1*	*21*	—	*25*
Standard with no agreed maturity	—	—	—	—	—	—	—	
Undated	1	—	1	—	20	—	4,500	—
Commercial banks and saving banks	—	—	1	—	—	—	4,500	—
SCIs	1	—	—	—	20	—	—	—
Preference shares	—	1	—	2	—	200	—	1,588
Commercial banks and saving banks	—	1	—	2	—	200	—	1,588
Mandatory convertible debt	2	6	8	8	968	5,828	4,400	2,034
Commercial banks and saving banks	2	6	8	8	968	5,828	4,400	2,034

SOURCE: Banco de España.

a Does not include issues subscribed by the FROB since, in accordance with Article 33.1.c of Law 9/2012 of 14 November 2012 on credit institution restructuring and resolution, when the FROB subscribes or acquires capital or convertible instruments, the limits established in law for eligibility as own funds and as core capital or, in general, the limits set from time to time relating to solvency requirements will not apply to it.

quirements that will be in force from January 2014, so that they will be eligible as additional tier 1 capital from that date. From this viewpoint, these instruments may also be considered "mandatorily convertible", although, unlike the eight issues referred to above, they are not mandatorily convertible on a set date. Rather they are perpetual instruments that will be converted if certain trigger events, related to a deterioration of the solvency of the institution and, more specifically, to a fall in common equity tier 1 capital, should occur.

In line with recent years, there were only seven subordinated debt transactions in 2013, although the total amount issued was only €2,154 million. These seven transactions were made for various different reasons. As seen in Table 1.7, two of them correspond to subordinated loans, the amounts of which are very low, to a single specialised credit institution that replace other subordinated loans. Among the five other transactions there is another subordinated loan to the parent entity of the lender's group.

The other four transactions are structured as subordinated debt. Of these, three were issued by operational subsidiaries of credit institutions in other countries, where they are subject to specific capital requirements, and in currencies other than the euro. One of these transactions accounts for 50% of the total subordinated debt issued during the year. It was carried out towards the end of 2013 and incorporates features that should enable it to meet the requirements to be eligible as tier 2 capital of the group from 2014, when the new European Regulation and Directive will apply. The other issue of subordinated debt, accounting for almost 35% of the total subordinated debt issued in the year, was aimed at wholesale investors on the international market. Practically all of the subordinated debt instruments issued had a maturity of 10 years.

1.4 Supervisory policies

1.4.1 SUPERVISORY APPROACH TO REFINANCING AND RESTRUCTURING CRITERIA

Banco de España Circular (CBE) 6/2012 of 28 December 2012, which amends CBE 4/2004, requires institutions to disclose in their annual accounts specific information relating to refinancing and restructuring transactions (amounts; classification as standard, sub-standard or non-performing exposures; provisioning; and breakdown by loan purpose). Also, it introduces a precise definition of this type of transaction, which is already envisaged in CBE 4/2004 as a factor to consider in the assessment of possible loan impairment.

In accordance with CBE 6/2012, a refinancing transaction is defined as one that is granted for economic or legal reasons relating to (current or foreseeable) financial difficulties of the borrower to repay one or more transactions already granted, or under which the payments on such transactions are brought totally or partially up to date, in order to enable borrowers under repaid or refinanced transactions to pay their debt (principal and interest) because they are unable, or it is foreseeable that they will be unable, to comply in time and in form with its conditions.

A restructuring transaction is defined in a similar manner to a refinancing transaction but refers to the modification of the financial conditions of the transaction (partial acquitance, receipt of assets to reduce debt, lengthening of maturity, etc.) in order to facilitate payment of the debt. Circular 6/2012 distinguishes these refinancing and restructuring transactions from others, such as rolled-over or renegotiated transactions, in which the borrower is not expected to have financial difficulties in the future.

The data reported by the institutions pursuant to CBE 6/2012 presented, in the Banco de España's opinion, differences between institutions which might be driven by diverse business and management profiles but also by discrepancies in the accounting policies used. For this reason, the Banco de España decided to develop a set of criteria that institutions must take into account in preparing and approving their refinancing policies and in the accounting classification of the transactions affected. These criteria are not a new regulation on this subject but a reference which institutions must follow so as to comply with CBE 4/2004. The objective is to ensure consistent and uniform application of the rules throughout the banking industry so that reporting differences between institutions are only caused by different business and management models and not by divergent interpretations of the same accounting rules.

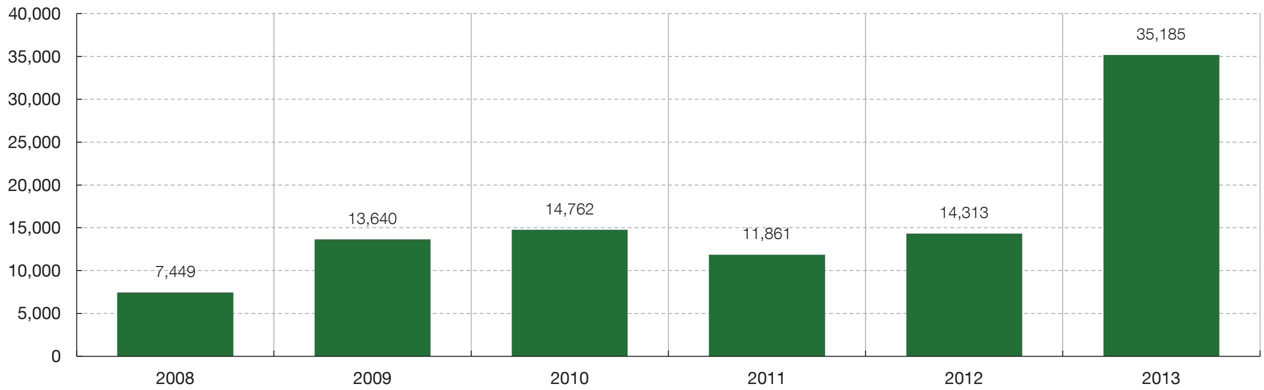
The criteria on refinancing and restructuring mainly envisage aspects such as determining the borrowers' ability to pay and the up-to-date valuation of the collateral provided and, furthermore, other factors such as the grace period of transactions. In accordance with the provisions of Annex IX of CBE 4/2004 and the above-mentioned criteria, transactions shall be classified as substandard if there are no objective circumstances for them to be classified as non-performing or standard.

When the criteria on refinancing and restructuring were published, the Banco de España urged institutions to review, through a study on an individual basis of their transactions, the accounting classification of refinanced portfolios and the related accounting effects which might arise from that review. The institutions were informed that they should report this exercise to the Inspection Services by 30 September

2013. Institutions disclosed the effect of applying these criteria in their 2013 annual accounts.

1.4.2 NON-COMPLIANCE WITH REGULATIONS ON TRANSPARENCY AND BEST PRACTICES

The Market Conduct and Claims Department has, among other functions, that of receiving and resolving the claims and complaints lodged by users of institutions supervised by the Banco de España relating to their legally recognised interests and rights and deriving from presumed non-compliance of institutions with regulations on transparency and customer protection or on good financial practice and conduct. In 2013, the number of *claims and complaints* received by the Department reached levels never seen before: 35,185[11] were received, up 246% on the previous year when 14,313 were recorded. A large part of this significant increase, somewhat more than 18,000 (provisional data), related to borrowers' discrepancies with the application of interest rate limits (floor clauses) in theirmortgage loans.



The report by means of which claims and complains are resolved conclude by evaluating whether there has been an infringement of regulations on banking transparency or good practices. Pursuant to Article 30.1 of Law 44/2002 of 22 November 2002 on financial system reform measures,[12] *the claims services shall inform the relevant banking supervision services whenever they note signs of serious or repeated infringements of regulations on transparency and customer protection or on good financial practices and conduct by a particular institution.* That report is drafted at the Banco de España in accordance with pre-established internal procedures.

1.4.3 ASSESSMENT OF THE SUITABILITY OF DIRECTORS AND MANAGERS OF CREDIT INSTITUTIONS

In April 2013 Royal Decree 256/2013 incorporated into Spanish law on credit and other financial institutions the European Banking Authority's guidelines on assessing the suitability of members of the management body and key function holders. The purpose of this Royal Decree is to ensure the existence and application of appropriate guidelines for selecting such individuals, given their importance for the sound and prudent management of credit institutions. These regulations is also intended to establish an awareness of the responsibilities assumed by credit institutions in selecting senior officers to manage the institution and by senior officers in accepting those appointments.

This Royal Decree forms part of much broader wave of amendments contained in Directive 2013/36/EU of 26 June 2013 (known as CRDIV), which prescribes substantial changes to

11 Data as at 25 March 2014.
12 As amended by the eleventh final provision of Sustainable Economy Law 2/2011 of 4 March 2011. This article applies to the lodgement of claims and complaints to the Banco de España, the Spanish National Securities Market Commission and the Directorate General of Insurance and Pension Funds.

the corporate governance of credit institutions and aims to strengthen the supervisory function of boards of directors and foster an appropriate culture of risk prevention at all levels of banking organisations. Although it was a customary practice of credit institutions and supervisory authorities to analyse the suitability of credit institutions' board members and senior managers, the crisis made it plain that the procedures used by some institutions were inappropriate. These deficiencies particularly prevented the proper functioning of certain boards of directors in which the members were unaware of the major responsibilities they had assumed by accepting their positions and, owing to their lack of expertise or inability to commit sufficient time to their functions, failed to analyse and assess sufficiently some decisions made by managers, thereby allowing or not properly controlling excessive risk-taking by credit institutions.

The Royal Decree addresses three areas of particular importance:

First, *it requires institutions to have suitable internal procedures and bodies for selecting and assessing* members of the management body, key function holders and those responsible for internal control. This assessment must be made not only when selecting the person involved, but also, under an important new requirement, it has to extend over time, i.e. the assessment effectively has to be ongoing.

Second, *it develops and broadens the criteria to be assessed.* As regards commercial and professional integrity, the matters examined are: professional conduct, looking particularly at past track record, relationship with other supervisors, history of creditworthiness, etc.; convictions or penalties for crimes, misconduct or administrative infringements; and, finally, although they are not situations which in themselves determine the lack of suitability, the existence of relevant criminal or administrative investigations relating to crimes or infringements of an economic or financial nature or relating to money laundering or taxes, among other things. As regards knowledge and experience, the criteria are tightened, particularly for board members, since now each one of them (rather than a majority, as before) have to have the appropriate knowledge and experience to carry out their functions and, in addition, the profile of the board as a whole must be such as to ensure its ability to take decisions independently and autonomously, all to the benefit of the institution. This means that it is not necessary for each member to have a detailed, in-depth knowledge of all areas of banking but, taken together, they must be able to assess and, if appropriate, question managers when they pose complex matters to them. Lastly, the Royal Decree adds a new requirement to be met by board members: they must all be in a position to exercise good governance. This requirement broadens the regime governing conflicts of interest and means that the ability of directors to commit sufficient time to their functions must be assessed.

Lastly, *the Banco de España is endowed with the powers necessary to exercise its function of ongoing control* of the suitability of members of the management body, key function holders or those responsible for internal control. In the exercise of these powers, the Banco de España has strengthened this function by creating a cross-departmental unit within the Technical Secretariat Department, for the purpose of gaining an overall view of the situation and ensuring that implementing regulations are applied consistently. In this same line, the Banco de España has also set up a committee of independent experts to assist it in the task of assessing the integrity of directors and senior managers who have been convicted for a crime or misconduct or are subject to a relevant criminal investigation.

Also, the functions of the Register, which also comes under the Technical Secretariat Department, have been strengthened. An analysis of suitability is compulsory before a board member or senior manager is entered in the Register and takes up office. In most cases it will be his first contact with the supervisory authority and the rigorousness of the procedure should serve to make him aware of his responsibilities and obligations to the Banco de España. The recent financial crisis has again evidenced that there is a banking culture, in many cases fostered by committee-based decision-making, which limits the sense of personal responsibility felt by board members and senior managers of credit institutions'. This makes it vital to ensure that those responsible for key functions in the management of a credit institution are properly identified and fully aware of their responsibilities.

1.5 Single Supervisory Mechanism[13]

INTRODUCTION: BANKING UNION

The creation of a "banking union" which strengthens the institutional framework of the EU and makes progress towards greater European integration is the biggest challenge the EU has faced since the Maastricht Treaty was signed.

As indicated in the previous report on Banking Supervision in Spain,[14] in June 2012, the Heads of State or Government of the European Union promoted the creation of a single supervisor as the first step towards the aforementioned banking union with the immediate aim of improving the quality of supervision in the euro area, encouraging market integration and breaking the negative link between confidence in banks and doubts over the sustainability of public debt. Underpinning the foregoing was a special legislative procedure included in Article 127.6 of the Treaty on the Functioning of the European Union.[15]

The banking union should contribute to creating an integrated financial framework to safeguard financial stability and minimise the cost of banking crises. In order to build the banking union, in addition to the creation of the Single Supervisory Mechanism (SSM), the following elements are required:

- A single rulebook based on the new capital requirements framework set up by Regulation (EU) 2013/575 and Directive 2013/36/EU. The EBA is responsible for further developing the rulebook and has received the mandate to prepare a series of technical standards which will be legally binding once they have been approved by the European Commission.[16]

- A single resolution mechanism, on whose legal framework, the Bank Recovery and Resolution Directive (BRRD), an agreement was reached on 20 March 2014. This resolution framework will come into operation in January 2015, will have a similar scope to that of the SSM and, at institutional level, will comprise:

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13 In addition to the references included in this chapter, the following Banco de España publications are available on this subject:
   a) *Financial Stability Report.* May 2013. 3.1 Current situation regarding the single banking supervisor (pp. 51 and 52) (http://www.bde.es/f/webbde/Secciones/Publicaciones/InformesBoletinesRevistas/InformesEstabilidadFinancera/13/IEF-Ing-Mayo2013.pdf#page=51).
   b) *Financial Stability Report.* November 2013. 4.1 Developments concerning the Single Supervisory Mechanism (pp. 51 to 53) (http://www.bde.es/f/webbde/Secciones/Publicaciones/InformesBoletinesRevistas/InformesEstabilidadFinancera/13/IEF_Ing_Noviembre2013.pdf#page=51).

14 *Report on Banking Supervision in Spain, 2012.* Box 3.1 The Single Supervisory Mechanism (pp. 57 and 58) (http://www.bde.es/f/webbde/Secciones/Publicaciones/PublicacionesAnuales/MemoriaSupervisionBancaria/12/MBS2012.pdf#page=57).

15 See http://app.bde.es/clf_www/leyes.jsp?id=117978&fc=17-03-2014&idart=118138&tipoEnt=0.

16 See Box 3.3 of the *Report on Banking Supervision in Spain, 2012* (p. 62).

- A Resolution Board which will be responsible for applying the common BRRD rules including, among others, bail-in measures for the distribution of losses among shareholders and creditors of the CIs under resolution so as to reduce the need for public funds.

- A Single Resolution Fund, which will make the mechanism credible by providing financial support in orderly resolution processes. This fund will begin to receive contributions from 2016 and its capital, following an eight-year period during which national compartments will exist, will be completely shared.

- A system of National Resolution Authorities.[17]

– A system of deposit guarantee schemes. After ruling out the creation of European deposit insurance, an agreement was reached to make progress in the harmonisation of the current deposit insurance system by reforming the Directive in force (Directive 94/19/CE). The proposal approved by the European Parliament on 15 April 2014 sets net assets equivalent to 0.8% of the deposits covered as a target for national guarantee schemes (with a harmonised level of coverage of €100,000) and envisages a reduction of payment periods from 20 working days at present to seven working days in 2024.

The SSM and these three pillars spearhead the banking union. The implementation of the SSM will or, rather, does represent a very important change which supervised institutions and supervisors will have to adapt to swiftly and efficiently. This need to adapt to new circumstances is not unprecedented in recent history.

THE ROAD TO THE SINGLE SUPERVISORY MECHANISM

The supervision of credit institutions has developed significantly since its origins, slightly more than 90 years ago, when the first Banking Law was approved in Spain and the Bank Commission was created which meant, in the words of one author of the time, “the formation of a corporate conscience of discipline to avoid abuse by badly organised and poorly managed banks”. This Law already envisaged that banking supervision, aimed at checking the observance of regulations, would be the responsibility of the Banco de España.

Subsequently, the Basic Law on Credit and Banking Organisation of 1962 drew up new rules which the Banco de España had to conform to in the performance of its functions of discipline and supervision of private banks.

In 2014, powers in the area of supervision will be assumed by a European authority, under the direction of the European Central Bank (ECB), with the participation of relevant national authorities which include the Banco de España. This transfer of supervisory powers from a national to a European sphere has actually been the outcome of a gradual process in which the most notable milestones have been:

– The Maastricht Treaty which was signed in 1992. This treaty already envisaged the conferral upon the ECB of powers concerning prudential supervision, thus

17 For more information on the Single Resolution Mechanism, see the *Financial Stability Report* of May 2014, Chapter 3.3, “The Single Resolution Mechanism (SRM) in Europe. Latest developments” (pp. 47 and 48) (http://www.bde.es/f/webbde/Secciones/Publicaciones/InformesBoletinesRevistas/InformesEstabilidadFinancera/14/IEF-Ing-Mayo2014.pdf#page=47).

avoiding a long and uncertain process of amending the Treaty on the Functioning of the European Union, which would have otherwise been required.

– The "Larosière Report" on financial supervision in the European Union was published in 2009. At the same time as the report acknowledged that it was impossible to completely avoid the occurrence of crises, it established specific measures to improve the regulatory and supervisory framework, proposing stronger macro and micro prudential supervision, more effective crisis management procedures and enhanced cooperation within the EU and globally. The report did not rule out attributing micro-prudential supervisory tasks to the ECB, but focused on bolstering the role of the level 3 committees of the Lamfalussy process, which were conceived in 2001 to draft legislation for financial services (securities, banking and insurance).

  As a result of the foregoing, in 2011 the three micro-prudential European Supervisory Authorities were created: the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA), which make up the European System of Financial Supervision (ESFS). These authorities are responsible for preparing technical rules and promoting cooperation and coordination.[18]

The aforementioned political initiative of June 2012 took shape in the approval by the Council of the European Union on 15 October 2013 of Regulation (EU) 1024/2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions and the Single Supervisory Mechanism Regulation (SSMR). The SSMR defines the SSM as a European supervisory system comprising the ECB and the competent national authorities (NCAs) of the euro area countries (which include the Banco de España) and those of other Member States of the European Union that wish to join and establish a close cooperation with the ECB.

The ECB will be responsible for the effective and coherent functioning of the SSM and, when exercising the functions attributed to it by the SSMR, both the ECB and the NCAs, will act independently and objectively in the interests of the EU as a whole, and may not request or accept any instruction from any Member State government or public or private entities.[19]

Under Article 33.2 the ECB shall assume the tasks conferred on it by the SSMR on 4 November 2014, unless it is shown that it is not ready for exercising in full its tasks, in which case it will set a later date. In any event, Article 33.4, permits the ECB to require, from 3 November 2013, the submission of all the relevant information to enable it to carry out a comprehensive assessment[20] of the participating Member States' credit institutions whose direct supervision it plans to assume.

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18 See "El informe del grupo de alto nivel sobre supervisión financiera en la UE: el informe Larosière", by Linette Field and Daniel Pérez, *Estabilidad Financiera,* No. 16, pp. 41 to 62 (http://www.bde.es/f/webbde/Secciones/Publicaciones/InformesBoletinesRevistas/RevistaEstabilidadFinanciera/09/May/Fic/ief0316.pdf).

19 Similarly, the ECB will undertake these tasks totally independently from its monetary policy functions (Article 30 of the SSMR).

20 Further information on this matter is available on:

a) The Banco de España website: Home > Press room > Useful information > Single Supervisory Mechanism (SSM) > Comprehensive assessment of the institutions under the supervision of the SSM (http://www.bde.es/bde/en/secciones/prensa/infointeres/Mecanismo_Unico_/Evaluacion_globa/).

b) The ECB website: Home > Banking Supervision > Comprehensive assessment (http://www.ecb.europa.eu/ssm/assessment/html/index.en.html).

OBLIGATIONS OF THE BANCO DE ESPAÑA ARISING FROM ITS MEMBERSHIP OF THE SSM

The obligations of the Banco de España as a Member State participating in the SSM are laid down not only in the SSMR, but also in the Regulation of the ECB that implements the SSMR,[21] in particular, regarding the framework of cooperation between the ECB and the national competent authorities and the national designated authorities (SSM Framework Regulation).

The Banco de España, in its capacity as an NCA of a participating Member State, will co-operate with the ECB in the exercise of the tasks conferred on the latter by the SSMR, in accordance with the provisions of Article 6.7 of the SSMR. To this end, both the ECB and the national authorities will be subject to a duty of cooperation in good faith and an obligation to exchange information in the exercise of their respective supervisory and investigatory powers.

The Banco de España, for its part, will continue to cooperate with other authorities (those which make up the ESFS; the authorities empowered to resolve credit institutions; public financial assistance facilities; the competent authorities of non-participating Member States; competent authorities of third countries; etc.) in relation to the powers it holds. Since the ECB will also work together with the above-mentioned authorities, the mechanisms and arrangements required to ensure coordinated action of the SSM vis-à-vis these authorities have been put in place.

DISTRIBUTION OF SUPERVISORY POWERS

According to the SSMR the Banco de España will maintain those supervisory functions not conferred on the ECB by the SSMR. The SSMR clearly states that the ECB will be exclusively competent to carry out, for prudential supervisory purposes, the following tasks in relation to all CIs established in participating Member States:[22]

1 To authorise and, if appropriate, to withdraw the authorisation of the CIs as well as to assess notifications of the acquisition and disposal of qualifying holdings in CIs, with certain caveats in the case of bank resolutions.[23]

2 To act as the host competent authority for credit institutions established in a participating Member State which wish to establish a branch or provide cross-border services in a non-participating Member State.

3 To ensure compliance with EU law and, where this Union law is composed of Directives, the national legislation transposing those Directives on prudential requirements (Pillar 1), supervisory review procedures (Pillar 2) and market disclosure (Pillar 3),[24] which comprises, among other matters, the analysis of: own funds requirements, large exposure limits, liquidity, leverage, governance arrangements, the fitness and properness of senior management, internal control mechanisms, remuneration policies, capital adequacy, including the assessment of internal risk models and carrying out stress tests.

4 To carry out supervision on a consolidated basis over CIs' parents established in one of the participating Member States, including over financial holding

21 See the ECB website: Home > Legal Framework > Banking Supervision > General Framework > (http://www.ecb.europa.eu/ecb/legal/ssm/framework/html/index.en.html).

22 See Articles 4 and 5 of the SSMR.

23 See Articles 14 and 15 of the SSMR.

24 See Article 4.1, subparagraphs d), e) and f).

companies and mixed financial holding companies. Where the parents are not established in one of the participating Member States, the ECB will participate in colleges of supervisors, without prejudice to the participation of national competent authorities as observers.

5 To participate in supplementary supervision of financial conglomerates in relation to the CIs included in them, assuming, if appropriate, the task of coordinator of the financial conglomerate.

6 To supervise recovery plans and early intervention measures and, if appropriate, request the adoption of the measures required to address problems, excluding any resolution powers.

7 To impose more stringent requirements, in close coordination with the national authorities of participating Member States in respect of own funds requirements, additional capital buffers and systemic or macro-prudential measures.

These tasks exclude the supervision of non-credit institutions (e.g. payment institutions, appraisal companies, electronic money institutions, mutual guarantee companies, etc.), including specialised credit institutions (which, with the entry into force of Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, are no longer deemed to be CIs), matters relating to money laundering and terrorist financing and consumer protection.

SIGNIFICANT AND LESS SIGNIFICANT INSTITUTIONS

Notwithstanding the description above of the ECB's competences, given the enormous number of CIs established in the euro area, the aforementioned tasks will be preformed differently based on the size of the CIs. Thus, the SSMR distinguishes between significant and less significant institutions based on certain objective and subjective criteria[25] whereby an institution will be deemed significant if:

- Its consolidated total assets exceed €30 billion.

- The ratio of its assets over the GDP of the country where it is established exceeds 20%, unless its consolidated total assets are below €5 billion.

- It is considered significant by the NCA following confirmation of the CI's relevance by the ECB, after a comprehensive assessment of the corresponding institution has been performed. Unless circumstances advise otherwise, the three largest credit institutions in each of the participating Member States shall be deemed significant.

- It has subsidiaries in more than one of the participating Member States and its cross-border assets or liabilities represent a significant part of its total assets or liabilities.

- It has received or requested directly financial assistance from the European Financial Stability Facility (EFSF) or the ESM.

25 Article 6.4 of the SSMR.

The methodology applicable for determining significance (calculation criteria, definition of the scope of consolidation, etc.) is described in Part IV of the Framework Regulation.

Institutions deemed significant will be subject to direct supervision by the ECB (which includes all the tasks indicated above) and the other institutions will be directly supervised by the NCAs and indirectly supervised by the ECB.

In the case of Spain, it is envisaged that 16 institutions will be considered significant: Banco Bilbao Vizcaya Argentaria (BBVA); Banco Sabadell; Banco Financiero y de Ahorros (Bankia); Banco Mare Nostrum; Banco Popular Español; Banco Santander; Bankinter; Caja de Ahorros y M. P. de Zaragoza, Aragón y Rioja (Ibercaja Banco); Caja de Ahorros y Pensiones de Barcelona (La Caixa); Caja España de Inversiones, Salamanca y Soria, CAMP (CEISS); [26] Cajas Rurales Unidas; Catalunya Banc; Kutxabank; Liberbank; MPCA Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja); and NCG Banco.

The Banco de España will assist the ECB when the latter performs direct supervision by sending information, participating in joint supervisory teams (JSTs) and in on-site inspection teams, preparing draft decisions to send to the ECB for consideration and implementing decisions adopted by the ECB.

When the Banco de España directly supervises less significant institutions (LSIs), it will have to notify the ECB ex-ante of any material supervisory procedure and report on the other measures it adopts. The ECB may, furthermore, since it is responsible for the functioning of the SSM and in order to ensure the consistency of supervisory outcomes within the SSM, issue regulations, guidelines or general instructions whereby the Banco de España and other NCAs must directly supervise LSIs; request NCAs to perform on-site inspections of these institutions and to provide any information considered necessary about them.[27]

Irrespective of the type of institution (significant or less significant), the ECB will be responsible for decisions on processes in respect of authorisations or the withdrawal of authorisations and those regarding significant holdings.

The distribution of work explained in this section – based on the significance of the CIs – will also apply to credit institutions established in a non-participating Member State which establish a branch or provide cross-border services in Spain or in another participating Member State.

JOINT SUPERVISORY TEAMS

The key element of the future supervisory system will be the JSTs. It has been said of the SSM that it will be a truly integrated mechanism and not a constellation of supervisors acting in coordination. To this end, and in order to ensure high-quality and effective supervision, the following is necessary:[28]

- That NCAs assist the ECB in the preparation and implementation of any acts relating to the exercise of the ECB's supervisory tasks, including, in particular

26 In mid-March 2014, firstly, the Executive Commission of the Banco de España and subsequently, the European Commission, approved the modification of the resolution plan of Banco CEISS, proposed by the Governing Committee of the FROB, which has meant that this institution was integrated into the Unicaja Group, following the exchange of Banco CEISS capital instruments for similar instruments of Unicaja Banco.

27 For more details, see Article 6.5 of the SSMR.

28 See Article 31 and Recitals 37 and 79 of the SSMR.

the ongoing day-to-day assessment of a credit institution's situation and the related on-site verifications.

– That there are exchanges of impartial, well-trained and highly motivated staff and secondments with and among all the NCAs and the ECB, making it possible to install supervisory teams of geographical diversity with specific expertise and profile, even in relation to the supervision of LSIs.

As a result of the foregoing, a JST will be established to supervise each significant institution and significant consolidated group. Each JST will be composed of staff members from the ECB and the NCAs, working under the coordination of an ECB staff member – who may coordinate several JSTs – and assisted by one or more NCA sub-coordinators, particularly as regards employees appointed by the respective NCA.[29]

The ECB will be in charge of the establishment and the composition of the JSTs. The NCAs will appoint one or more of their employees as members of the JST and the ECB may request NCAs to modify the appointments they have made.[30]

The JSTs will be responsible, among other matters, for: planning supervisory activity, which includes the ongoing assessment of risk profiles and of solvency and liquidity adequacy; proposing verifications to on-site inspection teams and managing tie-up meetings with institutions under inspection; submitting draft decisions to the Supervisory Board; and following-up compliance with the recommendations made.

A significant difference with respect to the current model refers to the distinction made between follow-up and verification. The model which is going to be implemented, unlike that currently existing in Spain, assigns each of these tasks to a different team. Furthermore, the on-site verification team will essentially be a national one along with the mission head, who will usually be a member of the national authority. The ECB, will ensure that the quality and the methods used are homogeneous throughout the euro area and has created for this purpose two specialised divisions (the Quality Assurance Function Division and the On-site[31] Division).

SUPERVISORY COLLEGES[32]

The ECB will conduct supervision on a consolidated basis, for the purposes of Article 111 of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (known as CRD IV), in respect of credit institutions, financial holding companies or mixed financial holding companies that are significant on a consolidated basis.

Where the ECB is the consolidating supervisor, it will chair the college of supervisors (Article 116 of the above-mentioned CRD IV). The NCAs of the participating Member States, where the parent, subsidiaries and significant branches (if any) are established, will have the right to participate as observers.

Where the consolidating supervisor is not in a participating Member State, if the institutions under supervision in the Member States are significant, the ECB will participate as

29 See Article 3 of the Framework Regulation.
30 See Article 4 of the Framework Regulation.
31 http://app.bde.es/clf_www/leyes.jsp?id=126107&fc=06-04-2014&idart=126248&tipoEnt=0.
32 Articles 8 to 10 of the Framework Regulation.

host supervisor and the NCAs will attend as observers unless there are also LSIs, in which case the corresponding NCA will also participate as host supervisor.

MEMORANDUMS OF UNDERSTANDING

As a result of the entry into operation of the SSM, it will be necessary to modify the vast majority of international memorandums of understanding in force,[33] particularly international bilateral agreements, in order to include the ECB as a party in the cooperation and exchange of information between the Banco de España and other authorities responsible for prudential supervision pursuant to the requirements of the Basic Principles for Effective Banking Supervision.[34]

PENALTIES REGIME

As for the penalties regime,[35] the SSMR provides that the ECB will be competent for imposing pecuniary penalties on legal persons as a result of breaching directly applicable European law (regulations and decisions).

For other penalties – due to breaches of European law which has been transposed into national legislation or penalties for individuals performing senior management functions – the ECB may require the Banco de España and other NCAs to initiate the corresponding sanctioning proceedings. In any event, the penalties applied by the ECB and by NCAs, must be effective, proportionate and dissuasive.

LANGUAGE REGIME

The language regime of the SSM was determined in accordance with Council Regulation No. 1 of 1958. A distinction should be drawn between communications between the Banco de España (or the NCAs in general) and the ECB, and communications between natural and legal persons, including supervised institutions, and the ECB.[36] In general:

- The former will be in English except for where the NCAs submit draft decisions addressed to a supervised institution, in which case they must always provide a memorandum in English explaining the background, the substance of the matter and deliberations providing the basis for the document submitted, and where they do not refer to LSIs, they must also provide a translation into English of the draft decision.

- The second set of communications may be in any of the official languages of the European Union (currently 24 languages, including Spanish), although the ECB will endeavour to reach agreements with significant entities to exclusively use English. In the absence of such an agreement, the ECB's supervisory decisions will be adopted in English and in one of the official languages of the Member State where each addressee has its headquarters or is domiciled.[37]

COMMUNICATIONS BETWEEN THE SSM AND SUPERVISED INSTITUTIONS

To maintain efficient communications between the supervisor and supervised institutions, irrespective of the duty of cooperation in good faith and the obligation to exchange information between the ECB and the NCAs, it was agreed that, as a general rule, the ECB will act as the point of entry for receiving ad hoc reports, certain requests and authorisations and waivers, etc. which are within the scope of the tasks assigned to it.

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33 More information is available at: Home> Banking Supervision> Memorandums of Understanding on supervisory matters (http://www.bde.es/bde/en/areas/supervision/funcion/acuerdos/Acuerdos_de_col_6814c51aafcd821.html).
34 See specifically Principle 25.
35 Article 18 of the SSMR.
36 Articles 23 and 24 of the Framework Regulation, respectively.
37 See for these purposes Article 2.1.h) of Royal Decree 1245/1995.

The Banco de España and the other NCAs will act as the point of entry for those communications on requests for licenses and in processes in relation to significant holdings, European passports, assessments of whether managers are fit and proper, and for regular reporting of supervisory information and financial statements.

SUPERVISORY FEES

The introduction of supervisory fees is also a highly significant change for Spanish institutions.[38] Before establishing those arrangements, the ECB will conduct public consultations and analyse the potential related costs and benefits, and publish the results of both. The fees will be calculated at the highest level of consolidation within participating Member States – excluding the subsidiaries established in non-participating Member States – and will be based on objective criteria relating to the importance and risk profile of the CI concerned. The purpose of the fee – which will be levied on significant and less significant institutions established in participating Member States and branches established in said States by CIs belonging to non-participating Member States – in order to recoup the costs incurred in the exercise of its supervisory tasks.

In Spain under Additional Provision 19 of the Law on Regulation, Supervision and Solvency of Credit Institutions a fee has been introduced which will be charged to charge Spanish institutions to recoup the cost, amounting to €32.6 million, of the comprehensive assessment of these institutions.

THE FUTURE OF THE REPORT ON BANKING SUPERVISION

The SSMR specifically states that, where national competent authorities take action under this Regulation, accountability arrangements provided for under national law should continue to apply.[39] Consequently, in accordance with the Second Additional Provision, paragraph 2, of Law 44/2002 on Financial System Reform Measures, the Banco de España will continue to be required, among other things, to prepare annually a report on the procedures and action undertaken in relation to its function as supervisor.[40]

In the future, the information which is included in the reports on banking supervision in Spain on significant and less significant institutions, will be complemented each year with the report that the ECB will submit to the European Parliament, to the Council, to the Commission and to the Eurogroup on the implementation of the tasks conferred on it by the SSMR.

The ECB's accountability obligations set out in the SSMR[41] have been implemented by an inter-institutional agreement of 6 November 2013, signed by the European Parliament and the ECB within the framework of the SSM. In particular, the agreement provides that the aforementioned annual report will include, inter alia, the following: the execution of supervisory tasks; the sharing of tasks with the national supervisory authorities; cooperation with other national or Union competent authorities; the separation between supervisory and monetary policy tasks; the implementation of the code of conduct; the method of calculation and amount of supervisory fees, and the budget for supervisory tasks.

38 Article 30 and Recital 77 of the SSMR.
39 Recital 56 of the SSMR.
40 http://app.bde.es/clf_www/leyes.jsp?id=9321&fc=06-04-2014&idart=9405&tipoEnt=0.
41 Article 20 of the SSMR.

2.1 Solvency of credit institutions

The regulatory changes relating to CI solvency in 2013 were marked by the approval of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 and by Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013.[1]

The Regulation entered into force and has been applied since 1 January 2014, except for certain questions that have a special application calendar. Meanwhile, the Directive entered into force on 17 July 2013, although the application of various questions will be in accordance with a staggered timetable that ends in 2019.

This legislation has introduced into European banking regulation the capital and liquidity requirements adopted by the Basel Committee on Banking Supervision that are known as Basel III. The Regulation lays down uniform rules that institutions must comply with in relation to: 1) own funds requirements relating to elements of credit risk, market risk, operational risk and settlement risk; 2) requirements limiting large exposures; 3) liquidity requirements relating to entirely quantifiable, uniform and standardised elements of liquidity risk; 4) establishment of the leverage ratio, and 5) reporting and public disclosure requirements.

Royal Decree-Law 14/2013 of 29 November 2013 (BOE of 30 November 2013) on urgent measures for the adaptation of Spanish law to EU law in relation to the supervision and solvency of financial institutions partially incorporated this Directive into Spanish law. It entered into force on 1 December 2013, although some of its provisions will be enforceable from 1 January 2014 and others from 30 June 2014.

This Royal Decree-Law made certain amendments to Law 13/1985 of 25 May 1985 on investment ratios, own funds and reporting requirements for financial intermediaries to adapt it to EU law with effect from 1 January 2014. Thus, credit institutions, whether or not they form part of a consolidable group, must at all times maintain a sufficient volume of own funds relative to their investments and risks, in accordance with the provisions of Regulation (EU) No. 575/2013. Also, they must specifically have sound, effective and comprehensive strategies and procedures to assess and constantly maintain the amounts, types and distribution of internal capital they consider appropriate to cover the nature and level of risks. Such strategies and procedures will periodically be subject to internal review so as to ensure they continue to be comprehensive and commensurate with the complexity of the activities of the credit institution concerned.

At the same time, this law repeals the core capital requirement, regulated in Royal Decree-Law 2/2011 of 18 February 2011 on the strengthening of the financial system. However, a transitional period up to 31 December 2014 is established, with the aim of reducing the effects that this repeal may have.

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1 Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (OJ L of 27 June 2013) on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (OJ L of 27 June 2013) on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate.

The objective is twofold: first, to make the obligations in relation to capital requirements envisaged in Regulation (EU) No. 575/2013 compatible with those assumed by Spain in the Memorandum of Understanding (MoU), signed within the framework of the programme of assistance for the recapitalisation of the financial sector, agreed by the Eurogroup; second, to ensure that the Banco de España is authorised to avoid on prudential grounds any reduction in own funds arising from the mere approval of the new solvency regulations.

Also, the recast text of the Corporate Income Tax Law, approved by Royal Legislative Decree 4/2004 of 5 March 2004, was amended so that certain deferred tax assets do not have to be deducted from common equity tier 1 capital.

Thus, for tax periods commencing on or after 1 January 2014, deferred tax assets corresponding to impairment charges for loans or other assets arising from the possible insolvency of debtors not linked to the taxpayer, as well as those arising from transfers or contributions to social insurance systems or, as the case may be, early retirement, will be converted into a claim enforceable against the tax authorities if any of the following circumstances arise:

1 The taxpayer records an accounting loss in its annual accounts, which have been audited and approved by the relevant body. In this case, the amount of the deferred tax assets will be obtained by applying to their total amount the percentage that the accounting loss represents with respect to the sum of capital and reserves.

2 The institution is subject to a winding up order or a judicial declaration of insolvency.

The conversion of deferred tax assets into a claim enforceable against the tax authorities allows the taxpayer to request payment of the claim by the tax authorities or to set it off against other state tax debts which the taxpayer itself has generated since the conversion.

Deferred tax assets may be exchanged for government securities, when the period for offsetting tax losses provided for in corporate income tax regulations has expired, i.e. 18 years from when such assets are recorded in the accounts.

2.2 Legal regime of supervised institutions

2.2.1 ROYAL DECREE-LAW 14/2013, OF 29 NOVEMBER 2013

As mentioned in Section 2.1 above, Royal Decree-Law 14/2013 of 29 November 2013 (BOE of 30 November 2013) on urgent measures for the adaptation of Spanish law to EU law in relation to the supervision and solvency of financial institutions (the "Royal Decree-Law") introduced regulatory changes that were essential to ensure that the new European legislation (CRR/CRD IV) on banking organisation and discipline is operational from the date of entry into force of the Royal Decree-Law.

The basic objectives of the Royal Decree-Law are: first, to incorporate directly into Spanish law Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013, which has applied since 1 January 2014, extending the supervisory functions of the Banco de España and of the National Securities Market Commission (considered competent authorities within the scope of their respective competencies) and adapting them to the new powers laid down in EU law; second, as indicated in Section 2.1 above, to partially transpose Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, which had to be incorporated into Spanish law by the same date. Apart from addressing the questions relating to the solvency of institutions discussed above, the

Royal Decree-Law establishes a set of provisions relating to the supervision and corporate governance of credit institutions and also amends the law on restructuring and resolution of such institutions.

Among the amendments introduced into Law 13/1985 of 25 May 1985 on investment ratios, own funds and reporting requirements for financial intermediaries that have not been discussed, the revision of the functions of the Banco de España, in its capacity as the authority responsible for the supervision of credit institutions and their consolidable groups, is notable. Specifically, the list of subjects on which the Banco de España may draw up technical guidelines for supervised institutions and groups on the appropriate compliance with supervisory rules is completed. In addition, the Banco de España may adopt as its own, develop, supplement or adapt the guidelines approved in this area by competent international banking regulation and supervision bodies or committees.

At the same time, certain changes were made in relation to the infringement of solvency rules. Previously, the Banco de España could adopt a number of measures when a credit institution or a consolidable group of credit institutions failed to comply with minimum own funds requirements or with rules relating to the organisational structure or internal control of the institution. Under the new legislation, the Banco de España may also adopt these measures when it has data providing grounds to presume that a failure of compliance will occur within the following twelve months. The Banco de España may also adopt other supplementary measures, such as: requiring credit institutions to abandon activities that pose excessive risks to the soundness of the institution; requiring credit institutions and their groups to use their net profit to strengthen their capital; prohibiting or restricting the distribution of dividends or interest to shareholders, members or holders of additional tier 1 capital instruments; imposing additional reporting obligations, including reporting on the capital and liquidity situation; or imposing specific liquidity requirements, including restrictions on maturity mismatches between assets and liabilities.

Under the previous legislation, the Banco de España could oblige credit institutions and their groups to hold own funds in excess of the minimum requirements. The Royal Decree-Law has now specified those cases in which such measures must be introduced, which include the following: 1) when the institution does not have sound, efficient and comprehensive strategies and procedures to assess and maintain adequate internal capital to cover its risks, and to identify and manage large exposures; 2) when there are risks or risk elements not covered by the own funds requirements; 3) when the application of other measures would by itself probably not be enough to sufficiently improve the systems, procedures, mechanisms and strategies within an appropriate period, and 4) when a failure to comply with the requirements for the use of internal models is detected that may give rise to insufficient own funds requirements.

A new section has been included in Law 13/1985 containing a number of measures relating to the corporate governance of credit institutions, which enter into force on 30 June 2014. In particular, the remuneration of categories of employees whose professional activities significantly impact the risk profile of the institution, its group, parent company or subsidiaries is limited, so that, as a general rule, the variable component does not exceed 100% of the fixed component. However, the shareholders in general meeting may approve an increase in the former component to up to 200% of the latter one, provided they do so by a qualified majority, as the Law specifies. Subsequently, the board of directors or equivalent body has to notify the Banco de España of such decision, and the latter must in turn notify the European Banking Authority (EBA). Meanwhile, the Banco de España may authorise institutions to apply a notional discount rate, in accordance with the guideline published by the EBA, to 25% of the total variable remuneration, provided that it is paid by means of instruments deferred for five or more years. The Banco de España may establish a lower maximum percentage.

Notable among the changes introduced into Royal Legislative Decree 1298/1986 of 28 June 1986, which adapts the law relating to credit institutions to the law of the European Economic Community, is the fact that specialised credit institutions have been deprived of their credit institution status. However, until specific legislation on them is approved they will remain subject to the legal regime applicable to them prior to the entry into force of this Royal Decree-Law and will thus retain their credit institution status for this purpose.

The other change to the above-mentioned Royal Legislative Decree affects the regulation of the regime for collaboration in relation to information and professional secrecy. It provides that the Banco de España, in the exercise of its supervisory functions, may publish the results of the stress tests performed in accordance with Regulation (EU) No. 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority, or transmit the result of such tests to the EBA, for the latter to publish them.

Law 9/2012 of 14 November 2012 on the restructuring and resolution of credit institutions has been amended in order to authorise the Fund for the Orderly Restructuring of the Banking Sector (FROB) to increase its own funds by capitalising loans, credits or any other debt transaction in which central government is a creditor. Also the management of its cash operations, which was previously the exclusive responsibility of the Banco de España, is made more flexible.

The provision that established a time limit of 31 December 2013 for the application of Chapter VII of this law, on the management of hybrid capital instruments and subordinated debt, is eliminated. As a result, mechanisms for the absorption of losses arising from the restructuring or resolution of a credit institution by its shareholders and subordinated creditors are permanently valid in the Spanish legal system. Thus, the instruments needed to distribute the losses of an institution in accordance with the principle, specified in the Law itself, of correct assumption of risks and minimal use of public funds, in line with the most advanced international law and in accordance with EU regulations on competition and state aid, are maintained.

Finally, in relation to the asset transfer regime, claims transferred to Sareb (asset management company for assets arising from bank restructuring) will not be classified as subordinated in the event of the debtor's insolvency, unless they were classified as subordinated prior to the transfer, in which case they would retain this classification. From the entry into force of the law, this creditor position of Sareb is extended in winding up proceedings to those who acquire its claims in any way, except in the event that the acquirer has any of the grounds for subordination provided for in the Insolvency Law.

Law 13/1994 of 1 June 1994 on Autonomy of the Banco de España has also been amended, to authorise the latter to answer consultations on the exercise of their executive competences in relation to the supervision and inspection of institutions. The answers to such consultations will be informative in nature for the interest parties, no appeal lying against them. However, they will have binding effects for the bodies of the Banco de España charged with exercising the powers to which the consultation refers, provided there is no change in the circumstances, questions of facts and other data contained in them.

Finally, the identifier of legal entities, which is envisaged in Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, is regulated for the first time in Spain. From the start of 2014, central counterparties and trade repositories will identify the parties to a derivatives contract (for the purpose of its recording by trade repositories) by a code known as an entity identifier. In Spain, their issuance and management is the responsibility of the Mercantile Registry, and, should EU law or any general provision foresee other uses for the identifying code, the Mercantile Registry will also perform these functions with respect to such uses.

2.2.2 LAW 26/2013, OF 27 DECEMBER 2013

Law 26/2013 of 27 December 2013 (BOE of 28 December 2013) on savings banks and bank foundations (the "Law") sets out the new legal regime for savings banks, specifying their objects and the scope of their activities, as well as their corporate governance arrangements. It also develops the regulation of bank foundations, a new entity in the Spanish legal system, whose main function is to manage the welfare projects of savings banks and their holdings in the latter. The Law provides that savings banks must be transformed into bank foundations when their volume, at the consolidated group level, measured either in terms of the value of their total assets or their share of the relevant regional market for deposits, exceeds certain levels. The Law repeals, inter alia, Law 31/1985 of 2 August 1985 on the governing bodies of savings banks and Royal Decree-Law 11/2010 of 9 July 2010 on governing bodies and other aspects of the legal regime for savings banks, except as regards the tax regime for institutional protection schemes.

The objects of the activity of savings banks, as credit institutions with the nature of foundations with social purposes, must be focused principally on the collection of repayable funds and the provision of banking and investment services to retail customers and SMEs. They may not perform their activities outside the boundaries of their region *(comunidad autónoma),* unless the area within which they carry out their activities is confined to a maximum of ten provinces that border onto each other. The welfare projects of savings banks may be for the benefit of their employees, depositors, and groups in need, and may have other public interest purposes within the territory in which they are established.

The Law seeks to make the governing bodies of savings banks more professional, basically by reducing the representation of government bodies and public law entities and corporations in them, as well as by imposing integrity, experience and good governance requirements on all members of the board of directors (instead of only on a majority of their members, as previously), including general managers or similar officers, those responsible for internal control functions and those performing other key functions for the day-to-day activity of savings banks. In short, the members of the board of directors and equivalent officers are required to comply with similar requirements to those already applicable to banks.

In relation to the governing bodies, the general assembly, the board of directors, the control, investment, remuneration and appointments and welfare committees are all maintained by the Law, but the general manager ceases to be a member of such bodies. The number of members of the general assembly will depend on the economic size of the savings bank. There is a notable increase in the number of general assembly members appointed by depositors (who may henceforth be no fewer than 50%) and a corresponding reduction in the number of those appointed by government bodies and public law entities and corporations, where applicable (who in total may not exceed 25%). In addition, savings banks must provide the Banco de España with an annual report specifying the measures adopted to ensure that the general assembly members chosen to represent the depositors are independent. This report will be prepared by the control committee and submitted to the general assembly.

The board of directors is the body charged with the administration and financial management, as well as with the management of the welfare projects of the savings bank, in order to achieve its purposes. Apart from imposing integrity, experience and good governance requirements on all the members of the board of directors, the Law requires that the majority of them be independent (in contrast to the previous law, which did not mention independence, but did specify that there had to be representatives of the municipal corporations, the depositors, the founding persons or entities and the personnel of the savings bank). Appointments to the board of directors require a favourable report from the remuneration and appointments committee, which must take into account the domestic and international corporate governance practices and standards of credit institutions. In addition, and among other restrictions imposed on them, general assembly members may not be independent members of the board of directors.

The Law also requires exclusive dedication by the executive chairman of the board of directors to the duties of the post. Consequently, the office of executive chairman is incompatible with any public or private remunerated activity, except the administration of personal wealth and those activities carried out as a representative of the savings bank. Finally, the Law no longer regulates the rights of non-voting equity unit holders to be represented on the general assembly or on the board of directors or the control committee. This is a consequence of the new regime established for non-voting equity unit holders: within six months from the entry into force of the Law, those savings banks that have issued non-voting equity units in the past must submit for approval to the Banco de España a specific plan for their redemption. After this deadline, they may not continue to consider non-voting equity units as part of their own funds.

As under the previous legislation, savings banks are required to publish annually a report on corporate governance, which will be submitted to the National Securities Market Commission (CNMV), the Banco de España and to the competent regional government bodies. The Law now requires, in addition, the preparation of an annual report on the remuneration of the members of the board of directors and of the control committee, which will include, inter alia: 1) complete information on the approved remuneration policy of the institution for the current year, and, where applicable, that envisaged for future years; 2) an overall summary of how the remuneration policy was applied during the year, and the details of the remuneration accruing to each director and control committee member; and 3) the amount of the fixed components, variable remuneration items and the performance criteria selected for their design. The Minister for Economic Affairs and Competitiveness or, with his/her express authorisation, the CNMV, is empowered to determine the content and structure of such reports.

The Law introduces into the Spanish legal system a new legal entity known as “bank foundations”. These are entities that hold a stake in a credit institution that, directly or indirectly, corresponds to at least 10% of the institution’s capital or voting rights, or that enables the holder to appoint or replace one or more of the members of its board of directors. Bank foundations must have a social purpose, and their main activity must focus on attending to and developing their welfare projects and on the appropriate management of their stake in the credit institution. They are subject, in a supplementary manner, to the general legislation on foundations (Law 50/2002 of 26 December 2002 on foundations and its implementing regulations) or to the applicable regional legislation.

The governing bodies of bank foundations will be the board of trustees and its delegated committees, the general manager, and any other body delegated or empowered thereby that is provided for in the statutes, in accordance with the general law on foundations.

The board of trustees is the most senior governing and representative body of a bank foundation. Its task is to comply with the purposes of the foundation and to administer diligently the foundation's assets and rights. The control regime for bank foundations will be the responsibility of the Foundation Commission, which will monitor the legality of the creation and operation of bank foundations, without prejudice to the functions of the Banco de España. The number of members of the board of trustees will be as determined by the foundation's statutes, but in no event more than fifteen, in accordance with a principle of proportionality to the volume of its assets. The trustees, who must be eminent natural or legal persons in the area of activity of the welfare projects of the banking foundation, have to exercise their functions for the exclusive benefit of the interests of the latter and in compliance with its social function.

The number of trustees representing government bodies and public law entities and corporations may not exceed 25%. The trustees must satisfy the requirements for business and professional integrity, and for specific knowledge and experience, and they are subject to a regime of incompatibilities similar to that established for the governing bodies of savings banks. Also, the post of trustee will be incompatible with the performance of equivalent duties in the bank in which the banking foundation has a shareholding, or in other entities controlled by the bank's group.

The board of trustees will appoint a Chairman from among its members, who will be the most senior representative of the banking foundation. The general manager will be appointed by the board of trustees and will attend its meetings with the right to speak but not to vote. The post of general manager will be incompatible with membership of the board of trustees and subject to the same requirements and incompatibilities established for the trustees.

With regard to foundations' holdings in credit institutions, the Law establishes additional requirements for two different cases. The first is when a stake in a credit institution is held by a banking foundation, or by two or more acting in concert, that is greater than or equal to 30%, or that gives control, according to the terms of the Commercial Code, over the institution. The foundation(s) concerned are required to prepare a management protocol for the holding, setting out the basic criteria for the management of the strategic holding, the relationship between the board of trustees and the governing bodies of the credit institution, the criteria for conducting operations between the banking foundation(s) and the credit institution and how potential conflicts of interest are to be prevented. This protocol must be made public andwill be subject to the prior approval of the Banco de España, which will define its minimum content. Every year foundations are also required to submit for approval to the Banco de España a financial plan detailing how the potential capital requirements of the credit institution are to be met and the basic criteria of the foundation's strategy for investing in financial institutions.

The second case refers to a stake held by a foundation (or foundations) in a credit institution that is greater than or equal to 50% or that gives control, according to the terms of the

Commercial Code, over the latter. In such a situation, the financial plan must also include, inter alia, an investment diversification and risk management plan, and the funding of a reserve, to be invested in highly liquid and highly rated financial assets, to cover the potential own funds requirements of the credit institution that cannot be covered by other funds and may jeopardise compliance with its solvency obligations. For this purpose the financial plan will contain a schedule of minimum transfers to be made to the reserve fund until the target volume (which will be determined by the Banco de España on the basis of a number of factors specified in the Law) is reached.

The Banco de España will specify the minimum content of the financial plan, in accordance with the criteria laid down in the Law. If the banking foundation fails to prepare the financial plan or, in the opinion of the Banco de España, the plan is insufficient to ensure the credit institution is soundly and prudently managed, the Banco de España may require the foundation to prepare a plan for the divestment of its holding, so that it ceases to have control over the credit institution. The Banco de España is also vested with powers to monitor compliance with the rules relating to the holdings of foundations in the capital of credit institutions. In particular, it may carry out such inspections and checks as it may consider appropriate in the exercise of its functions, and require bank foundations to provide all such information as may be necessary to perform its functions.

Bank foundations are required to publish annually a corporate governance report, the minimum content of which is detailed in the Law. They will be taxed under the general corporate income tax regime, the special tax regime provided for in Law 49/2002 of 23 December 2002 on the tax regime for non-profit institutions and tax incentives for patronage not being applicable to them. However, certain modifications are introduced into the consolidated text of the Corporate Income Tax Law approved by Royal Legislative Decree 4/2004 of 5 March 2004, to reflect certain special tax features of bank foundations.

The Law lays down various cases in which savings banks must be transformed into bank foundations. First of all, when they hold a stake in a credit institution equal to at least 10% of the capital or of the voting rights of the institution, or they are able to appoint or replace one or more members of the board of directors. On grounds of size, the transformation must take place in the following two cases: when the value of the total consolidated assets of the savings bank, according to the latest audited balance sheet, exceeds €10 billion, or when it has a share of more than 35% of the market for deposits in the territory within which it carries out its activities. From the moment at which either of these two cases is identified the savings bank will be transformed, within six months, into a bank or ordinary foundation, as applicable, and must transfer all the assets assigned to its financial activity to another credit institution in exchange for shares in the latter, with loss of authorisation to act as a credit institution. However, the Law provides that the savings bank may return to a situation in which it is not required to be transformed by means of the application of a return plan, authorised for the purpose by the Banco de España, which must contain a description of the actions envisaged for the savings bank to return to such situation within a period of no more than three months. Similarly, savings banks that have been exercising their financial activity indirectly through a bank will have to be transformed into a bank or ordinary foundation, as applicable, within one year. Upon expiry of the periods provided for above without the transformation having been completed, savings banks will automatically be transformed into foundations, all their bodies will be dissolved and they will be removed from the special register of credit institutions of the Banco de España.

Finally, in addition to savings banks, the Spanish Confederation of Savings Banks (CECA by its Spanish initials) will be made up of the bank foundations and credit institutions that may join, and will continue to have the same functions and purposes that it currently has. However, within six months from the entry into force of the Law, the CECA will submit to the Ministry of Economic Affairs and Competitiveness, for its authorisation, a proposal to adapt its statutes to its new legal regime. Upon the entry into force of these statutes it will lose its credit institution status, without prejudice to the fact that it may provide its services through a bank in which it has a stake, in the terms established in its statutes.

2.2.3 MINISTERIAL ORDER ECC/461/2013, OF 20 MARCH 2013

Ministerial Order ECC/461/2013 of 20 March 2013 (BOE of 23 March 2013) setting out the content and structure of the annual corporate governance report, the annual remuneration report and other information mechanisms for public listed companies, savings banks and other entities issuing securities admitted to trading on official securities markets (the "Order"), has included in one single text the rules, hitherto dispersed, on information relating to the corporate governance and remuneration of the institutions referred to in its title.

In relation to savings banks the most important change is that the obligation to draw up a corporate governance report and a report on the remuneration of the members of the board of directors and of the control committee now extends to all of them (previously these reports were only required of savings banks that had issued securities admitted to trading on official securities markets). Apart from that, the arrangements that existed previously, both for savings banks and for public listed companies and other entities issuing securities admitted to trading on official securities markets, as regards the annual corporate governance report, have been maintained, although the minimum content of such report has been expanded.

The Order implements the provisions of Law 24/1988 of 28 July 1988 on the securities market (as amended by Law 2/2011 of 4 March 2011 on sustainable economy) relating to the obligation imposed on public listed companies to prepare, along with a corporate governance report, an annual report on the remuneration of their directors, with complete, clear and comprehensible information on the remuneration policy of the company approved by the board of directors for the current year, as well as, where applicable, that envisaged for future years. The report must also include an overall summary of how the remuneration policy was applied during the year, and the details of the remuneration accruing to each director. Likewise, all savings banks must also prepare an annual report on the remuneration of the members of the board of directors and of the control committee, which must provide complete, clear and comprehensible information on the remuneration policy of the institution, with the same content and structure as the Order specifies for the reports of public listed companies.

The corporate governance report and the remuneration report must be communicated as significant events to the CNMV, which will publish them on its website. They must be made available to shareholders, in the case of companies, and to the members of the general assembly, in the case of savings banks, and must also be accessible on-line at their respective websites. Finally, it should be pointed out that exercising the powers vested in it by the Order, the National Securities Market Commission published Circulars 4/2013 and 5/2013, both of 12 June 2013, establishing (i) the formats of the annual report on remuneration of the directors of public listed companies and of the members of the board of directors and the control committee of savings banks that issue securities admitted to trading on official securities markets, and (ii) the formats of the annual corporate governance report of public listed companies, of savings banks and of other entities that issue securities admitted to trading on official securities markets.

2.2.4 ROYAL DECREE 256/2013, OF 12 APRIL 2013

In relation to the corporate governance of credit institutions, Royal Decree 256/2013 of 12 April 2013 (BOE of 13 April 2013) incorporating into the law on credit institutions the criteria of the European Banking Authority of 22 November 2012 on the assessment of the suitability of the members of the management body and key function holders (the "Royal Decree"), adapts Spanish regulation, so as to introduce substantive changes in three areas relating to the assessment of the suitability of persons who effectively direct the activity of institutions: their business and professional integrity, their knowledge and experience, and their capacity for good governance.

First, the Royal Decree sets out in detail the requirements for business and professional integrity, and adequate knowledge and experience to perform their functions, applicable to all members of the board of directors, to general managers or similar officers, and to persons responsible for internal control functions and holding other key posts for the day-to-day performance of the activity of the institution and, if applicable, of its parent entity.

The power to assess whether the business and professional integrity requirements are met is given to the Banco de España, which must take a wide range of criteria into account, essentially hinging on three circumstances: 1) the track record of the officer concerned in relation to the regulatory and supervisory authorities, especially his/her personal solvency and compliance history and past professional activity; 2) convictions for offences or misdemeanours and sanctions for the commission of administrative infringements, and 3) the existence of relevant and well-founded criminal or administrative investigations in relation to economic or financial offences. For these purposes, the Banco de España may establish a committee of independent experts, to provide reports for assessment procedures when the person concerned has been convicted of offences or misdemeanours. The knowledge and experience required is the appropriate level and kind of training, especially in banking and financial services, and practical experience gained from previous occupations over a sufficiently long period. Both academic knowledge and previous experience in other institutions or firms in the performance of similar tasks to those that are to be performed will be taken into account for this purpose.

Second, capacity to practise good governance is a requirement that is applicable, in addition to the requirements mentioned above, solely to the members of the board of directors. The Royal Decree requires the suitability of the members of the board of directors as a whole to be assessed, taking into account the individual profile of each director, so as to strengthen its independence and autonomy as the institution's senior management body. The members of the board of directors must be capable of practising good governance of the institution, a circumstance that will be assessed taking into account both the existence of potential conflicts of interest that may give rise to undue influence by third parties and the capacity to dedicate sufficient time to the relevant duties.

In order to comply with all the above, credit institutions must have, commensurate with the nature, scale and complexity of their activities, appropriate units and internal procedures for the selection and on-going assessment of their directors and of those persons holding internal control functions or key posts for the day-to-day performance of banking activity. Once these key posts have been indentified, an up-to-date list of the persons who hold them, the suitability assessments and the supporting documentation must be made available to the Banco de España.

Meanwhile, the Banco de España (which will continue to manage the register of senior officers of banks) will set up and maintain a register of directors and general managers of parent institutions that are not credit institutions, investment firms or insurance or reinsurance undertakings of Spanish banks, in which their directors, managers and similar officers must be entered. For this purpose, such persons must specifically declare, in the document substantiating their acceptance of the post, that they satisfy the integrity requirements and, where applicable, those of professionalism and capacity to practise good governance, and that they are not subject to any restriction or incompatibility established in rules applicable to them. This same declaration must be made by the directors and general managers or similar officers of credit institutions for their inclusion in the register of senior officers.

It is important to note that the Royal Decree has extended the application of these requirements for business integrity, knowledge and professional experience. Previously they only applied to banks, savings banks, credit cooperatives and specialised credit institutions, but now they apply to most of the entities supervised by the Banco de España, including electronic money institutions, payment institutions, appraisal companies, currency-exchange bureaux and mixed financial holding companies.

2.3 Operational framework

2.3.1 LAW 1/2013, OF 14 MAY 2013

Law 1/2013 of 14 May 2013 (BOE of 15 May 2013) on measures to strengthen the protection of mortgagors, debt restructuring and rented social housing (the “Law”) follows up the diverse mortgagor support mechanisms introduced in the previous year. The Law makes the requirements established by Royal Decree-Law 27/2012 of 15 November 2012 on urgent measures to strengthen the protection of mortgagors more flexible, so that the two-year moratorium can be applied to repossessions in mortgage foreclosure proceedings; it widens the scope of application of Royal Decree-Law 6/2012 of 9 March 2012 on urgent measures to protect mortgagors with no means of support, and also introduces an important reform of the mortgage market, amending, inter alia, the Mortgage Law (the consolidated text approved by a decree of 8 February 1946), Law 2/1981 of 25 March 1981 on mortgage market regulation, and Law 1/2000 of 7 January 2000 on civil procedure. These reforms were subsequently completed by those made by Law 8/2013 of 26 June 2013 on urban rehabilitation, regeneration and renewal and by Royal Decree-Law 7/2013 of 28 June 2013 on urgent tax, budgetary and research, development and innovation-promoting measures.

The law provides, first, for an immediate two-year suspension of evictions of especially vulnerable families. This measure will, exceptionally and temporarily, affect all judicial foreclosure proceedings and extrajudicial sales that vest title to the principal residence of persons belonging to certain groups in the creditor. Cases of special vulnerability are defined in accordance with a number of socio-economic criteria similar to those laid down in Royal Decree-Law 27/2012 of 15 November 2012, although their scope is wider.

Royal Decree-Law 6/2012 (which established various measures conducive to the restructuring of the mortgage debts of persons who are having great difficulty paying their debts) is also amended in order to widen its scope, which is no longer confined to mortgage-secured loan or credit agreements when the mortgagor is on the “exclusion threshold”, but extends to sureties who mortgage their principal residence, on the same terms as those established for the principal debtor mortgagor. Also, the cases and circumstances in which the debtor is considered to be on the “exclusion threshold” are updated, and the penalty interest rates applicable to all mortgage credit or loan agreements are moderated from the moment the debtor substantiates to the institution that he/she is on the “exclusion threshold”, decreasing from 2.5% to 2% of the outstanding loan principal.

Among the above-mentioned amendments that the Law has introduced into mortgage market regulation is making it compulsory to record in residential mortgage deeds whether or not the mortgaged residence is a principal residence. In the absence of evidence to the contrary, it will be presumed at the time of the foreclosure order that the property is a principal residence if that is what is stated in the deed. Also, the deed will be required to include, along with the signature of the customer, a written statement by the borrower, in such terms as may be determined by the Banco de España, declaring that he/she has been appropriately informed of the possible risks arising from the agreement, especially in the following cases: 1) when the variability of the interest rate is limited by a floor and ceiling, such that the rate can rise by more than it can fall; 2) when an instrument to cover the interest rate risk is purchased at the same time, or else 3) when the loan is granted in one or more foreign currencies.

Interest for late payment of loans or credits for the acquisition of a principal residence, secured by mortgages thereover, is limited to a maximum of three times the legal interest rate and may only accrue on the outstanding principal. The capitalisation of such interest is expressly prohibited. Also the repayment period of mortgage-secured loans or credits to finance the acquisition, construction or rehabilitation of a principal residence is limited, since it may not exceed 30 years in the event that it is planned to refinance them by issuing the securities referred to by Law 2/1981 of 25 March 1981 on the mortgage market.

The measures to ensure the independence of appraisal companies with respect to credit institutions are strengthened, in particular in the case of those which derive at least 10% of their total revenues from a credit institution or a group of credit institutions (previously this figure was 25%). In addition, appraisal companies are required to have internal rules of conduct establishing a regime of incompatibilities for their managers and directors. These measures also apply to the appraisal services of credit institutions. The rules regarding prior notification of the Banco de España in the event of acquisition or retention of a qualifying holding[2] in an appraisal company remain in effect, and credit institutions are expressly prohibited from directly or indirectly acquiring or retaining such holdings, as are all natural or legal persons associated with the marketing, ownership, exploitation or financing of property appraised by such companies.

The Law also includes amendments to Law 1/2000 of 7 January 2000 on civil procedure, to ensure that mortgage foreclosure is carried out in such a way that the mortgagor's rights and interests are adequately protected and, more broadly, to speed up foreclosure proceedings and make them more flexible.

Finally, the government is mandated to promote, in conjunction with the financial sector, the creation of a stock of social housing owned by credit institutions to meet the needs of persons who have been evicted from their principal residence as a result of defaulting on their mortgage[3]. The purpose of this stock of social housing will be to facilitate the access of such persons to rental agreements with rents that are affordable given their level of income. The Law calls on the Banco de España (i) to publish, within two months of its ap-

2 A qualifying holding in an appraisal company is understood to be one that directly or indirectly amounts to at least 10% of the capital or voting rights of the company, and also one that, although below the percentage indicated, gives a notable influence over the company.

3 A similar mandate was included in Royal Decree-Law 27/2012 of 15 November 2012 on urgent measures to strengthen the protection of mortgagors.

proval, the Mortgage Loan Access Guide referred to by Ministerial Order EHA/2899/2011 of 28 October 2011 on transparency and protection of bank customers, and (ii) to submit to the government, within three months, a report analysing possible measures to take, with the ultimate aim of ensuring financial stability and the correct functioning of the mortgage market, to strengthen the independence of the activity of appraisal companies and the quality of their property valuations. As a result, the Banco de España published on 15 July 2013 the Mortgage Loan Access Guide (available on the website of the Banco de España), and a few days later sent to the government a report on measures to take to strengthen the independence of the activity of appraisal companies and the quality of their property valuations.

2.3.2 ROYAL DECREE-LAW 6/2013, OF 22 MARCH 2013

The purpose of Royal Decree-Law 6/2013 of 22 March 2013 (BOE of 23 March 2013) on protection of the holders of certain savings and investment products and other financial measures (the "Royal Decree-Law") is to establish mechanisms to monitor certain incidents and to speed up the resolution of disputes (principally by means of arbitrage) that may arise from the marketing of hybrid capital instruments (generally preference shares) and subordinated debt. Further, to offer liquidity to the shares received in exchange for such instruments by the holders of the latter, the Credit Institution Deposit Guarantee Fund is given sufficient legal capacity to create market mechanisms that provide an alternative of liquidity for these shares. Finally, in order to strengthen the assets of the Credit Institution Deposit Guarantee Fund (FGD), the annual contribution payable by the member institutions is increased on an exceptional, one-off basis.

First, a committee is set up, as a collegiate body attached to the Ministry of Economic Affairs and Competitiveness, to monitor hybrid capital instruments and subordinated debt. This committee, among other functions, is charged with (i) analysing the factors that have led to the presentation of judicial and extrajudicial claims by the holders of this type of financial products against credit institutions in which the Fund for the Orderly Restructuring of the Banking Sector (FROB) has a stake, (ii) submitting to Parliament a quarterly report relating on the basic aspects of these claims, and (iii) making proposals to the competent authorities, in order to improve the protection of acquirers of this type of products. In addition, the committee will determine the basic criteria to be used by institutions in which the FROB has a stake to offer arbitration of the disputes that arise in relation with the above-mentioned instruments to their customers, in order that they may be adequately compensated for the financial loss incurred. Further, it will specify the criteria to designate those customers whose claims, in view of their particular personal or family circumstances, should receive priority treatment from institutions in which the FROB has a stake.

The Royal Decree-Law also establishes a mechanism to provide liquidity for shares received in exchange for the above-mentioned instruments by the holders of the latter. For this purpose, the functions of the FGD are expanded to enable it to subscribe for or acquire shares or subordinated debt instruments issued by Sareb (asset management company for assets arising from bank restructuring), and it is also authorised to subscribe for or acquire ordinary shares not listed on any regulated market that are issued by credit institutions that transfer assets to Sareb and that arise from the conversion of hybrid capital instruments and subordinated debt. The FGD will give priority to acquiring the shares of those customers of the institution that are in an especially difficult situation given their personal and family circumstances, according to the criteria determined by the Committee. The above-mentioned instruments will be acquired at a price that does not exceed their market value and in accordance with EU law on state aid.

In order to ensure that the FGD remains financially sound, a further one-off contribution by its members equal to 3‰ of eligible deposits as at 31 December 2012 is established. This contribution will be made in two stages: first, 40% of the total increase will be paid within 20 business days from 31 December 2013; and second, the remaining 60% will be paid within seven years from 1 January 2014, in accordance with the payment schedule set by the Management Committee.

In addition to certain amendments to Law 9/2012 of 14 November 2012 on restructuring and resolution of credit institutions, the Royal Decree-Law also gives a new function to the customer service departments and ombudsmen of the financial institutions referred to by Ministerial Order ECO/734/2004 of 11 March 2004 on customer service departments and ombudsmen of financial institutions: from the entry into force of the Royal Decree-Law, these services must also process claims relating to the commitments made by credit institutions in relation to the creation of a stock of social housing owned by them, for persons who have been evicted from their principal residence as a result of defaulting on their mortgage[4]. Finally, Law 44/2002 of 22 November 2002 on financial system reform measures is amended to allow different reporting thresholds to be established, in accordance with the different purposes (supervision or data register) of the Banco de España's central credit register (CCR). This reform is a result of the commitment acquired by Spain under the Memorandum of Understanding of 20 July 2012, entered into to obtain European financial assistance for the recapitalisation of credit institutions.

2.3.3 LAW 14/2013, OF 27 SEPTEMBER 2013

Law 14/2013 of 27 September 2013 (BOE of 28 September 2013) on support for entrepreneurs and their internationalisation (the "Law") has made a number of significant changes in the financial sphere, including a notable increase in the minimum share capital of mutual guarantee companies (MGCs), from €1.8 million to €10 million, which will apply from 28 June 2014. Also, MGCs' eligible own funds, calculated in accordance with the definition that may be established by the Banco de España, must amount to at least €15 million.

The Law has established a transitional regime for the period until certain official reference indices or interest rates, provided for in Ministerial Order EHA/2899/2011 of 28 October 2011 on transparency and protection of bank customers, have completely disappeared. Specifically, on 1 November 2013 the Banco de España ceased publishing on its website the following official indices applicable to mortgage loans and credits: 1) the average interest rate on mortgage loans over three years for the purchase of unsubsidised housing granted by commercial banks; 2) the average interest rate on mortgage loans over three years for the purchase of unsubsidised housing granted by savings banks, and 3) the savings bank reference lending rate.

These three reference rates must be replaced, with effect from the next revision of the applicable rate, by the replacement rate or index stipulated in the agreement. In the absence of such a rate or index, the reference rate must be replaced by the official interest rate known as the average interest rate on mortgage loans at over three years for purchasing unsubsidised housing granted by credit institutions in Spain, after the application of a differential equal to the arithmetic mean of the differences between this rate and the replaced rate, calculated with the data available for the period from the date of execution of the agreement up to the date on which the rate is actually replaced. This rate replacement will entail the automatic novation of the agreement, without any alteration or loss of rank of the

4 See the reference to this stock of social housing in the previous section.

registered mortgage. Moreover, the parties to the agreement will have no right to amendment, unilateral alteration or termination of the loan or credit as a consequence of the replacement of the reference rate.

In addition, the Law updates the regulatory framework for *cédulas de internacionalización* (internationalisation covered bonds)[5] and regulates a new instrument called *bonos de internacionalización* (internationalisation bonds), in order to enhance the flexibility of issuance of securities collateralised by loans linked to internationalisation. The list of assets eligible as collateral is expanded and is also made applicable to internationalisation bonds.

Thus, the principal and interest of internationalisation covered bonds will be specially secured by all the credits and loans linked to the financing of agreements for the export of goods and services or to the internationalisation of firms that meet certain requirements, which include, inter alia, having a high credit quality, along with the existence of other circumstances, such as that such credits or loans have been granted to government bodies or to public sector entities, within or outside the European Union, or to multilateral development banks or international organisations, or that, irrespective of the borrower, are guaranteed by such bodies.

In the case of internationalisation bonds, their principal and interest will be secured by those credits and loans that, meeting the requirements indicated for internationalisation covered bonds, are assigned to each issue in a public deed, and also by those other loans or credits, likewise assigned in the same deed, granted to firms and linked to the financing of agreements to export Spanish or non-Spanish goods and services or the internationalisation of firms resident in Spain or in other countries, provided that they receive a risk weight of no more than 50%, for the purposes of the calculation of the own funds requirements for credit risk laid down in the solvency rules for credit institutions. Also included in this latter category are ICO (Official Credit Institute) loans to financial institutions, within the framework of its intermediation facilities for internationalisation, provided they receive the same risk weight.

The total amount of internationalisation covered bonds issued by a credit institution may not exceed 70% of the amount of its outstanding loans and credits that comply with the above-mentioned requirements and that have not been pledged as collateral for internationalisation bonds. Meanwhile, the present value of the internationalisation bonds must be at least 2% lower than the present value of the pledged loans and credits.

The certificates representing internationalisation covered bonds and bonds will be transferable by any means admissible in law, without the need for a public authenticating official or notification of the debtor. When the certificates are made out to a named party, they may be transferred by a declaration in writing on the certificate itself. In the case of bearer certificates, their holder will be presumed to be the last recipient of interest payments.

Finally, it should be noted that the fourteenth additional provision of the Law brings forward the application in Spain of the provisions of Article 501 of Regulation (EU) No. 575/2013, by including for the purposes of the calculation of credit institutions' own

5 Internationalisation covered bonds were introduced into Spanish law by Royal Decree-Law 20/2012, of 13 July 2012, on measures to ensure budgetary stability and to foster competitiveness.

funds and core capital requirements, the so-called correction factor of 0.7619, by which the credit-risk weighted exposures to SMEs must be multiplied.

2.3.4 CHANGES TO THE REGULATIONS ON THE CENTRAL CREDIT REGISTER

The regulations governing the Central Credit Register (CCR) have been updated in order to improve the quality of the data stored, basically by extending the compulsory reporting requirements of reporting entities and expanding their interconnections. For this purpose, it was necessary, firstly, to make certain amendments to Law 44/2002 of 22 November 2002 which were implemented through Royal Decree-Law 6/2013 of 22 March 2013 on protection of the holders of certain savings and investment products and other financial measures[6]. These changes are basically intended to clearly distinguish between the data required exclusively for compliance with the reporting requirements stipulated by the Banco de España in the exercise of its supervisory and inspection tasks and other functions legally assigned to it, and those other data which are reported so as to provide them to the reporting entities in order to better perform their activity.

Subsequently, the regulations were implemented through Ministerial Order ECC/747/2013 of 25 April 2013 (BOE of 6 May 2013), amending Ministerial Order ECO/697/2004 of 11 March 2004 on the Central Credit Register, and Banco de España Circular 1/2013 of 24 May 2013 (BOE of 31 May 2013), amending Circular 4/2004 of 22 December 2004 to credit institutions on public and confidential financial reporting rules and formats, and furthermore, repealing Banco de España Circular 3/1995 of 25 September 1995, which had hitherto regulated the CCR.

The main changes introduced by the Ministerial Order and the Circular in the way the CCR operates in comparison with the previous regulations can be summarised, basically, as follows:

- Exposures must be reported on a transaction-by-transaction basis (except for certain transactions), in units of euro, and, generally, there is no minimum reporting threshold. Until now, exposures were reported on an aggregate basis by type of transaction in thousands of euro and with a threshold of €6,000 for resident counterparties and €300,000 for non-residents. Furthermore, for each transaction all the parties involved are to be identified, indicating the nature of their involvement, the amount of the exposure which relates to them and all the related parties.

- A more detailed breakdown is introduced for the major product types which are currently reported (commercial credit, financial credit, etc.), in order to better identify the characteristics and exposures of the various transactions. Similarly, new data are requested, such as those relating to the interest rates and the dates of execution, maturity, default and settlement of principal and interest.

- In order to minimise the administrative burden this substantial increase in the amount of information to be reported to the CCR entails, the data have been subdivided into basic and dynamic data. The basic data are those which only need to be reported once, unless they are subsequently amended, as they do not normally change over time, whereas the dynamic data have to be reported periodically (i.e. monthly, quarterly or half-yearly, depending on their nature).

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6 See Section 2.3.2 above.

- Various reporting modules have been established so that, through them, the system is to link transactions with counterparties, indicating the nature of their involvement (direct exposure counterparty, guarantor, party subsidising the principal or interest, etc.). To facilitate data control and management, all transactions are to be identified with a code, which will remain unchanged throughout their lifetime.

- The information about the collateral received is increased, since instead of simply reporting the type of guarantee or collateral received, detailed information on each asset received as collateral is provided. These data are particularly exhaustive in the case of property mortgages.

- Credit institutions are required to state each month, as well as the exposures on transactions existing at the end of each month (broken down into principal, ordinary interest, interest on arrears and claimable expenses), the reasons why loan exposures have decreased (such as cash payments, refinancing, foreclosure of assets, etc.) and, where applicable, the amount of the reduction that is due to each of these reasons.

- Information must be provided on the traceability of transactions. Restructured, refinanced, renegotiated, subrogated and segregated transactions have to be identified. Any links they may have to any originating transactions for which details were previously reported to the CCR must also be stated.

- A connection is established between the related transactions of various entities, since transactions secured by other CCR reporting entities are to be linked to transactions reported by the guarantor. Additionally, the beneficiary of the guarantee must furnish the guarantor with details of the guaranteed transactions through the CCR.

- In the case of the transfer of loans to third parties in which management is retained, the transferring entity is to continue reporting transferred exposures as previously, but must also identify the assignee, and both the exposure it continues to assume and that taken on by the assignee.

- Accounting and own funds information are to be submitted for each transaction in which entities continue to assume risks, stating the credit rating, specific provisions, risk-weighted exposure, probability of default, etc.

The obliged entities which must report to the CCR are as follows: the Official Credit Institute ("ICO" by its Spanish acronym), banks, savings banks, credit cooperatives, specialised credit institutions and the branches in Spain of foreign credit institutions; mutual guarantee companies and reguarantee companies; Sareb (the asset management company for assets arising from bank restructuring), the Banco de España, the Credit Institution Deposit Guarantee Fund ("FGDEC" by its Spanish acronym) and the Sociedad Anónima Estatal de Caución Agraria (SAECA). The obligation covers all of the business of Spanish entities, including that performed by their branches abroad and that of special purpose vehicles included in their consolidable group where they are resident in Spain. The branches in Spain of foreign credit institutions are to report only the operations of their offices in Spain to the CCR.

Exposures reportable to the CCR are those arising from transactions in the form of loans, debt securities, financial guarantees, loan commitments, other commitments entailing credit risk and the lending of securities; the scope of each of these terms is clarified in the Circular. Reportable exposures are to be classified, depending on the manner of the counterparties' involvement, in direct exposures (with the first counterparty) and indirect exposures (with guarantors and other persons liable for the risk in the event of a default by the direct exposure counterparty). As mentioned above, as a general rule the exposures must be reported on an itemised basis, namely, transaction by transaction. However, the following exposures are to be reported on an aggregate basis: term loans (provided they are consumer loans, their amount at the beginning of the transaction does not exceed €3,000 and their original maturity is 12 months or less), credit card debt, current account overdrafts, pension or salary advances or other call loans.

As for the use and transfer of CCR data, the CCR is to submit to the reporting entities the following information:

a) Each month the CCR is to send each reporting entity consolidated information from the whole system on its borrowers that have a cumulative exposure with another reporting entity of €9,000 or more at month-end (previously this threshold was set at €6,000).

b) Upon request, the CCR is to provide information about any counterparty, not reported by the requesting reporting entity, which has applied for a risk-based transaction or which is the obligor or guarantor in the bills of exchange or credit instruments that the entity has been requested to acquire or trade. As regards the information supplied to reporting entities, as of the entry into force of the legislation, when reporting entities request data on a potential customer, the CCR is to provide two reports: one with the data from the most recent monthly report, and as a new feature, a report with the data reported six months previously. It is also stipulated that reporting entities may only process the information supplied to them by the CCR for the purposes of assessing the risk associated with the transactions motivating the application for the report and they may not use the data for any other purposes.

The Banco de España is to provide data from the CCR to public organisations or entities which perform similar functions in a Member State of the European Union, as well as to reporting entities or members of the former in the terms of the agreements or memorandums of understanding entered into in accordance with Article 63 of Law 44/2002.

Lastly, Banco de España Circular 5/2013 of 30 October 2013 (BOE of 9 November 2013), amending Circular 4/2004 of 22 December 2004 on public and confidential financial reporting rules and formats and Circular 1/2013 of 24 May 2013 on the Central Credit Register, includes some further changes. Its rationale is, on one hand, to require information from entities about lending to small companies and microfirms, in order to evaluate lending policy in relation to this type of firms, and, on the other, to request certain information on the collateral received by entities to make it easier to weight such collateral for the purposes of estimating regulatory capital needs. Also, the deadline for sending the former information to the new CCR is extended slightly, since introducing this change has been complex and it has coincided with the restructuring processes of some institutions.

2.3.5 OTHER REGULATORY CHANGES WHICH AFFECT THE OPERATIONAL FRAMEWORK OF ENTITIES SUPERVISED BY THE BANCO DE ESPAÑA

a. Ministerial Order ECC/159/2013, of 6 February 2013

Ministerial Order ECC/159/2013 of 6 February 2013 (BOE of 8 February 2013) modified the additional assumptions for calculating the annual percentage rate (APR), included in part II of Annex I of Law 16/2011 of 24 June 2011 on consumer credit agreements.

The Member States' experience of implementation of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC had underlined that these additional assumptions were not sufficient to calculate the APR uniformly and that, furthermore, they are not adapted any more to the commercial situation at the market. Consequently, the Commission adopted Commission Directive 2011/90/EU of 14 November 2011 amending Part II of Annex I to Directive 2008/48/EC of the European Parliament and of the Council providing additional assumptions which can be referred to, if necessary, for the calculation of the APR. Therefore, what Ministerial Order ECC/159/2013 has done is to transpose this Directive literally.

b. Banco de España Circular 4/2013, of 27 September 2013

Banco de España Circular 4/2013 of 27 September 2013 (BOE of 12 October 2013), amending Circular 3/2008 of 22 May 2008 to credit institutions on the determination and control of minimum regulatory capital, has extended the definition of small and medium-sized enterprise (SME) to bring it into line with the prevailing concept in the European Union contained in Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises. This change means that a higher number of credit institutions' exposures may be classified under the category of retail exposures, a category which enjoys favourable treatment in the calculation of risk-weighted exposures.

3 DEVELOPMENTS IN INTERNATIONAL BANKING REGULATION AND SUPERVISION FORA

3 DEVELOPMENTS IN INTERNATIONAL BANKING REGULATION AND SUPERVISION FORA

3.1 International fora

In 2013 the Banco de España played again a highly active role in the work of the various international committees in the areas of supervision, prudential regulation and financial stability.

These committees, although continuing to work on the design of international financial regulation, also focussed their attention on consistent and timely implementation of the new rules in the legal frameworks of each country, so as to avoid regulatory inequalities which could affect the overall effectiveness of the agreed measures.

In the global arena, the Financial Stability Board (FSB) has become increasingly important in the design of prudential legislation, leading numerous regulatory initiatives in coordination with other international committees. As a result, in January 2013 the FSB was endowed with a legal personality and with greater capacity and resources. Notable in 2013 was the considerable progress in the project on the treatment of systemically important institutions (too-big-to-fail). Work was also done to further reinforce the monitoring and regulation of so-called "shadow banking", the monitoring of implementation of remuneration reforms and the reduction of reliance on external credit ratings.

The work of the Basel Committee on Banking Supervision (BCBS) continued to focus on the regulatory framework and on ensuring consistent implementation of Basel III in the various jurisdictions. In 2013 the Basel Committee published an important document setting out a critical analysis of the current regulatory framework and identifying the potential areas where the balance between simplicity, comparability and risk sensitivity can be improved. Additionally, work was completed on the design of the leverage ratio and of the liquidity coverage ratio (LCR) and progress was made on revising the design of the net stable funding ratio (NSFR).

In the European Union, the European Banking Authority (EBA) continued its intense regulatory activity initiated in 2012, centred mainly on drafting numerous technical standards required under the new capital adequacy legislation (CRR and CRDIV). In the supervisory arena, it continued monitoring the activity of the various colleges of supervisors in which it participates actively, promoting best practices and working to ensure that they function effectively, efficiently and consistently. Further, the creation of the Single Supervisory Mechanism brought a series of changes in the EBA: it was assigned new functions, such as the preparation of a supervision manual for the whole of the EU, while other functions, such as those relating to colleges of supervisors and stress testing, were strengthened.

3.1.1 WORK OF THE FINANCIAL STABILITY BOARD (FSB)

The FSB has a mandate from the G20 to promote and preserve global financial stability. To this end, among other activities, it coordinates the work of national financial authorities and of international standard-setting committees and bodies in order to develop and promote effective regulatory and supervisory policies in the global financial system. As well as analysing the main vulnerabilities of the financial system in coordination with the International Monetary Fund (IMF) and the Bank for International Settlements (BIS), and collaborating in early-warning exercises to foment the adoption of early action, the FSB has since its creation in 2009 taken a leadership role in designing and coordinating the reform of international financial regulations undertaken in response to the crisis that broke out in 2007-2008. It has responsibility for overseeing the consistent implementation of the reforms proposed in the various jurisdictions.

ACTIVITY OF SUPERVISORY COMMITTEES IN 2013

TABLE 3.1

	Meetings (a)	Groups as of 31.12.2013 (b)
European Systemic Risk Board (ESRB)	29	12
European Banking Authority (EBA)	196	48
General Board	9	1
Management Board (c)	7	1
Standing Committee on Accounting, Reporting and Auditing (SCARA)	22	7
Standing Committee on Consumer Protection and Financial Innovation (SCConFin)	18	3
Standing Committee on Oversight and Practices (SCOP)	26	6
Standing Committee on Regulation and Policy (SCRePol)	93	18
Other	21	12
Groups of the Joint Committee of the European Supervisory Authorities (d)	17	6
Financial Stability Committee (FSC)	2	4
Financial Stability Board (FSB)	26	12
Basel Committee on Banking Supervision (BCBS)	86	35
BCBS	4	1
Accounting Experts Group (AEG) (e)	7	2
Policy Development Group (PDG)	49	18
Supervision and Implementation Group (SIG) (f)	16	10
Other	10	4
Joint Forum	9	3
Association of Supervisors of Banks of the Americas (ASBA)	5	1
Senior Supervisors Group (SSG)	7	1
TOTAL	**377**	**131**

SOURCE: Banco de España.

a The number of meetings includes conference calls by the committees and the permanent groups reporting to them ("level 2 groups").
b Sum of the committees and the groups reporting to them in which the Banco de España participates.
c Fernando Vargas has been one of the members of the EBA Management Board since June 2012.
d Joint groups of the three Supervisory Authorities (Banking, Insurance and Occupational Pensions, Securities and Markets).
e Up to July 2013: Accounting Task Force (ATF).
f Up to March 2013: Standards Implementation Group.

In 2013 the FSB promoted major steps forward to complete the regulatory agenda in response to the crisis. Along with Basel III, the project on the treatment of systemically important financial institutions (SIFIs) is vital to this regulatory reform. This project, also known as “too-big-to-fail”, sets additional prudential and supervisory requirements for financial institutions identified as systemically important to reduce the likelihood of them failing and, in particular, to ensure that, if they do come close to failing, they can be subjected to an internal resolution process which prevents State injections of public funds into them and shocks to the financial system.

In November 2013, as it has done each year since 2011, the FSB published an updated list of global systemically important banks (G-SIBs) indicating the capital surcharge corresponding to each on the basis of its systemicity. In 2013 the FSB extended the scope of its work under this project beyond the banking sector. Specifically, the FSB published for the first time a list of global systemically important insurers (G-SIIs) and worked together with IOSCO (International Organisation of Securities Commissions) to promote a methodology for identifying non-bank and non-insurer financial institutions with global systemic importance. Among these entities, it has been assessing the systemicity of large finance companies, broker-dealers, investment firms, etc. not consolidated in global systemically important banking or insurance groups.

Noteworthy within this project is the headway made in the resolution of financial institutions. The "Key Attributes of Effective Resolution Regimes for Financial Institutions" published by the FSB in 2011 are the keystone of, for example, the EU's bank resolution directive. To flesh out its Key Attributes, in 2013 the FSB prepared various guidelines (on matters such as the possible resolution strategies to be adopted by systemically important groups or the identification of critical functions of these groups, the continuity of which should be ensured in the event of resolution), specific sectoral annexes for insurers and infrastructures, and a methodology for assessing implementation of the Key Attributes in the various jurisdictions (so that such implementation can be assessed by the IMF or the World Bank in their periodic examinations of countries' financial systems).

As a result of the G20 Leaders Summit in Saint Petersburg, the FSB published, among other documents, a detailed description and assessment of the progress made and matters yet to be developed, by way of ending the too-big-to-fail project. In September the FSB gave a commitment to the G20 to develop a proposal in 2014 on the additional loss absorbing capacity which systemically important institutions should have in resolution so that authorities do not have to inject public funds. This is the so-called GLAC (gone-concern loss absorbing capacity) project.

Other projects in which the FSB made notable headway in 2013 were those relating to the monitoring and, where appropriate, regulation of so-called "shadow banking" and to the reduction of inter-connectedness of financial institutions through extensive reform of the OTC derivatives markets.

The FSB also worked in other areas such as the enhanced transparency of institutions' risk disclosures, the work needed to avoid reliance on external credit ratings, the remuneration policies of financial institutions and the monitoring of revision of benchmark interest rates.

Through its Standards Implementation Committee, and in coordination with other international committees, the FSB promotes exhaustive monitoring of implementation of agreed reforms. It carries out two types of review, namely progress reports and peer reviews, which are related to each other and complementary. The former are prepared on regulatory reform areas identified as priority (those published in 2013 relate to implementation of OTC derivative market reforms, remuneration practices, improvements in disclosure, etc.) and the latter are either thematic (cross-country) reviews or country reviews. In 2013 thematic peer reviews were published on risk governance, resolution regimes and reducing reliance on credit rating agency ratings, while country peer reviews were issued on the financial systems of South Africa, the United Kingdom and the United States.

Lastly, in view of the broad mandate granted by the G20 to the FSB and its considerable work load, the FSB's governance was revised to ensure it has the appropriate levels of resources and autonomy, while maintaining its close links with the BIS in Basel. In this revision, the FSB was endowed with a legal personality, being transformed from a mere international committee into an "association" under Swiss law, although it continues to be financed by the BIS and headquartered in Basel. To extend the scope and legitimacy of its actions in other countries, in 2013 it continued to strengthen its interaction with non-member jurisdictions through so-called "regional consultative groups".

3.1.2 WORK OF THE BASEL COMMITTEE ON BANKING SUPERVISION (BCBS)

In 2013 the Banco de España continued to be closely involved in the work of the Basel Committee on Banking Supervision (BCBS). This work continues to address the weaknesses in prudential banking regulation highlighted during the crisis and focuses on reinforcing the regulatory framework and ensuring its consistent implementation. In addition, the Committee is enhancing the transparency of its functioning and work programmes. Evidence of this is the publication of its Charter, which establish its basic functioning.

The Committee's work gave priority to completing the Basel III framework, with a focus on concluding the design of the two new regulatory tools, i.e. a leverage ratio and two liquidity ratios, now undergoing an observation period. As regards the leverage ratio, the treatment of some exposures (OTC derivatives, securities transactions and off-balance-sheet operations) was revised and formats were designed to ensure uniformity in the market disclosures which will become compulsory from 2015. The short-term liquidity ratio was revised in January, the main changes being as follows: (i) broadening of the liquid asset base (addition of a new category), and (ii) modification of the implementation timetable, moving towards a gradual approach starting at 2015, with an initial ratio of 60% and 10% increments each year until 2019, when it will come fully into force. Also, the market disclosure framework for this ratio was defined and liquidity indicators based on market data were set. The design of the long-term liquidity ratio was revised and a consultative document published in January 2014. The purpose of the revision was to reduce sharp changes in long-term financing, align it better with the short-term liquidity ratio and change its calibration, paying closer attention to short-term sources of financing, which are potentially more volatile.

Also, the Committee worked in other areas of prudential regulation:

- In 2012 a Task Force was set up to analyse the current regulatory framework and assess whether a suitable balance had been achieved between risk sensitivity, simplicity and comparability. In July 2013 the initial conclusions of the analysis were published. They found that it was important for regulation to be risk sensitive, but that it was also necessary to have a simple and comparable framework across institutions. Achieving this balance is one of the objectives set by the Committee. The work done by this Task Force will foreseeably mark the Committee's strategy in the coming years.

- Principles for risk data aggregation were published, since the crisis made it apparent that many banks were unable to aggregate suitably their risks and properly identify risk concentrations. For the time being these principles are addressed to systemically important institutions.

- Considerable progress has been made in revising the recommendations for treatment of large risks. In March a consultative document was published which defines a large exposure, sets an overall limit of 25% (of CET1 or Tier 1, yet to be determined) and sets a stricter limit for systemically important institutions (pending final decision, but between 10% and 15%). The final proposal was published in April 2014 and specifies that the overall limit will be based on Tier 1 and that the specific limit will be 15%.

- Work proceeded on revision of the treatment of trading book exposures with the publication of a new consultative document which reviews the frontier between the trading book and the banking book, aligns the standardised approach and the internal models approach, and requires institutions applying internal models to calculate their requirements using the standardised method and disclose the results.

- Also published were consultative documents on: revision of the treatment of securitisations (changing the order of application of the methods used to calculate capital requirements, revising the calibration and setting a single floor of 15%); revision of the treatment of exposures to central counterparty clearing houses; and the new method for calculating capital requirements for counterparty risk not based on internal models, known as the non-internal model method.

- Lastly, the work on the setting of margin requirements for derivatives transactions was completed; the rules for calculating the capital requirements associated with investments in funds were tightened; and work commenced in two new areas: a comprehensive revision of the standardised method and the treatment of interest rate risk in the banking book.

The Committee continued to put special emphasis on the importance of consistent implementation of its measures. In this respect, it continued to analyse the effective and consistent transposition of Basel III in the various jurisdictions, examine possible deviations and review the practical application of specific items. This exercise is known as RCAP (Regulatory Consistency Assessment Programme). In 2013 the Committee analysed transposition of the Basel framework in Singapore, Switzerland, China and Brazil. Regarding the review of specific items, the Committee published the findings of analyses of the risk weighted assets outcomes for banks that have adopted internal models, which show a high level of dispersion.

3.2 European fora

3.2.1 WORK OF THE EUROPEAN BANKING AUTHORITY (EBA)

In its third year of operations the EBA engaged in intense regulatory work on the Single Rulebook for all European Union countries (see Box 3.3 of the 2012 *Report on Banking Supervision in Spain).* In 2013 the Board of Supervisors of the EBA, which is the main decision-making body of the Authority, approved a large number of regulatory products, specifically: 23 binding technical standards (13 implementing technical standards and 17 regulatory technical standards), 18 consultative papers and 4 recommendations. Notable among the technical standards were those relating to own funds, remittance of supervisory reporting, credit risk, market risk, liquidity risk, remuneration policies and home-host relationships.

The recommendations issued by the EBA refer to the supervisory review of activities relating to bank participation on the Euribor panel, the development of recovery plans and the assets quality review. Deserving a separate mention is the recommendation on the preservation of capital published in July 2013. The recommendation, which replaced a previous one dating from December 2011, seeks to ensure that the institutions affected maintain at all times the amount of capital required to them by the 2011 recommendation. That is to say, a nominal floor or fixed amount of capital is required, unlike under the previous recommendation which required sufficient high-quality capital to meet a ratio of 9% plus an additional buffer to cover sovereign risk. National supervisors may exempt institutions from having to comply with the recommendation if they meet the final capital requirements set in the Directive and Regulation (CRR, CRDIV) or if they are subject to a restructuring plan or specific “de-risking” programme.

The draft Bank Recovery and Resolution Directive adopted the G-20's suggestions for strengthening cross-border convergence and cooperation in the area of bank recovery and resolution, entrusting the EBA with drafting various technical standards specifically focussing on bank recovery. For this purpose, in 2013 the EBA stepped up its activity in this area, working in anticipation of the final text of the Directive and drawing up the draft technical standards assigned so far along with certain consultative documents. In the field of home-host cooperation and supervision of cross-border banking groups, the EBA completed and delivered to the Commission 5 technical standards contributing to the Single Rulebook for supervisory cooperation, including most notably those relating to joint decisions on capital and liquidity and to passport notifications allowing credit institutions of Member States to operate in other EU countries under the freedom to provide services. Further, in 2013 the EBA made considerable headway in the principles which will govern the next European framework for the Capital Revision Process.

In July 2013 the EBA launched jointly with the Commission a question and answer system (Single Rulebook Q&A process) with a view to ensuring that the new regulatory framework is consistently and effectively applied in the Single Market and to contributing to the creation of the Single Rulebook in banking. The tool provides a one-stop interface for national supervisory authorities, institutions and their associations, and other stakeholders so that they can send their questions about the practical implementation of the Capital Requirements Directive and Regulation, the related technical standards and EBA guidelines.

Lastly in the regulatory arena, the EBA participated in the work of the Basel Committee as an observer. At the end of 2013, the European revision of the implementation of Basel III was commenced as part of the aforementioned RCAP being carried out by the Basel Committee, with the Commission representing the European Union in this revision exercise. The EBA is supporting the Commission, particularly as regards the more technical aspects of regulation and quantitative assessment of the regulatory framework.

In the supervisory area, the EBA remained very active in fostering convergence and cooperation. Colleges of supervisors continue to be essential for the supervision of cross-border banking groups and the EBA has been closely involved in monitoring their activities, while working to ensure that they function effectively, efficiently and consistently. It has played an active role in the 43 colleges of supervisors subject to special surveillance because of their size and extensive presence in the Internal Market, participating both in meetings and in other organised activities. Regarding supervisory cooperation in management of the crisis, the EBA also extended its activities, participating in nearly all meetings of the crisis management groups of the larger European banks. Also, it verified that the colleges discussed the recovery plans of the 39 cross-border groups to which the EBA addressed its recommendation on recovery plans.

As regards risk and vulnerability monitoring, work proceeded on the development of the infrastructure needed to accommodate regulatory reporting data submitted regularly, as well as other data needed to prepare the numerous regular reports made by the EBA and the ad hoc analyses requested by the Board of Supervisors, the ESRB, the Commission, the Council and Parliament. From the data provided quarterly by 55 European Economic Area banking groups, the EBA prepares a risk dashboard summarising conditions in the European banking sector. Although these data were used only internally in 2012 and 2013, a quarterly report first published by the EBA in the last quarter of 2013 includes a risk dashboard with aggregate data. Also published is a half-yearly report on risks and vulnerabilities in the European banking sector.

CHANGES IN THE EBA AS A RESULT OF THE ENTRY INTO FORCE OF THE SINGLE SUPERVISORY MECHANISM

BOX 3.1

On 1 January 2011 the European System of Financial Supervision (ESFS) came into operation. It has a macroprudential pillar – for which the European Systemic Risk Board (ESRB) was created – and a microprudential structure consisting of the national supervisors and three newly created European supervisory authorities for, respectively, insurance, securities markets and banking, the latter known as the European Banking Authority (EBA). At that time it was envisaged that every three years from January 2014 the European Commission was to prepare a report suggesting possible ways of improving the functioning of the ESFS.

Also, October 2013 saw the adoption of the regulation establishing the Single Supervisory Mechanism (SSM), which will start operating in November 2014. With the creation of the SSM, the ECB became a new supervisory authority, taking on the direct and indirect supervision of the credit institutions of all euro area countries and of other EU countries which apply for membership.

This box sets out some thoughts on the future role of the European Banking Authority (EBA) against the backdrop of this three-yearly review and the establishment of the SSM.

First, it should be pointed out that the only change in the structure of the EBA in its first three years of operation was due precisely to the creation of the SSM which, as is well known, arose as part of the project to set up a European Banking Union. The creation of the SSM, far from eroding the functions of the EBA, brought the assignment of new tasks and the extension of existing ones, such as for example the power to initiate, jointly with the ESRB, yearly Europe-wide stress tests. These changes are intended to set in place common regulation and supervisory practices throughout the European Union (EU-28), rather than just in the SSM countries. Indeed, the change in the EBA's voting systems (a minimum agreement both among the SSM countries and among the non-SSM countries is now necessary) ensures a Europe-wide harmonisation for all countries.

As regards revision of the functioning of the EBA, an examination of the recently approved changes give some clues as to what the future EBA will look like.

- The EBA will retain, and foreseeably extend, its role as the main body responsible for developing the single rule book (for more details, see Box 3.3 of the 2012 *Report on Banking Supervision in Spain).* In this respect it should be noted that technical regulations are increasingly being entrusted to the EBA by European co-legislators (Council and Parliament), not only in its natural field of activity (regulation and prudential supervision), but also in new respects such as credit institution resolution and market infrastructure.

- Regarding eminently supervisory matters, it is considered that the EBA will act as a "guardian" of the convergence of best supervisory practices, focusing on methodological development of a technical nature, rather than on carrying out supervisory tasks. The development of a Supervisory Handbook and of revamped guides on the supervisory review and evaluation process may be the keystone which complements the legislative work. The reinforcement of the EBA's role in the functioning of colleges of supervisors, where it promotes, for example, the performance of inspections conducted jointly by various national authorities (in which the EBA could participate) clearly indicates this desire for supervisory convergence in the EU-28.

- In its other tasks, the EBA will foreseeably involve itself more in the resolution of conflicts, whether by monitoring possible non-compliances with European regulations or by helping to settle disagreements in matters of cross-border supervision. The growing number of joint decisions which have to be made by the European supervisors involved in the supervision of banking groups with a presence in various EU countries helps to explain the significant role assigned to the EBA in colleges of supervisors. These joint decisions began with cooperation in validating internal models and subsequently spread to matters relating to capital and liquidity analysis, and in the future they will extend to other areas such as the review of recovery plans.

Lastly, it should be noted that, whatever changes are made to the functioning of the EBA, their underlying rationale should be to properly align the powers assigned to the EBA with those responsibilities that it may be called on to assume.

In 2013 the EBA also worked on a number of tasks aimed at protecting consumers and monitoring the risks resulting from financial innovation. Regarding customer protection, the EBA focussed on mortgages, about which it published two opinions, one on good practices for responsible mortgage lending and the other on the treatment of borrowers in mortgage payment difficulties. The EBA also published a consultative paper with a draft technical standard on the minimum monetary amount of the professional indemnity insurance or comparable guarantee for mortgage credit intermediaries. Further, the EBA issued two warnings, one on the risks deriving from buying, holding and trading virtual currencies such as bitcoins, while the other, issued jointly with the ESMA, was to retail investors on the dangers of investing in contracts for differences.

Finally, as a result of the entry into force of the Single Supervisory Mechanism (SSM), the forms of voting in the EBA were changed and it was assigned new functions and others were strengthened (see Box 3.1 for more information).

3.2.2 WORK OF THE EUROPEAN SYSTEMIC RISK BOARD (ESRB)

The main objective of the ESRB is to prevent or mitigate systemic risks that may affect the financial system of the EU. Its functions include most notably collecting information on the EU financial system, identifying and prioritising potential systemic risks, issuing warnings and recommendations, and monitoring compliance with those recommendations.

As part of its systemic risk monitoring tasks, in 2013 the ESRB continued its work on identifying risks and vulnerabilities in the financial system. Some of this work is incorporated, for example, into the Risk Dashboard, a quarterly publication of the RSRB which compiles quantitative indicators of different areas of financial stability, such as, for example, interconnectedness, credit risk and liquidity risk. Moreover, this work allows the collection of standardised information on a number of indicators for EU countries.

In addition, the ESRB made three recommendations in 2013. The first was a recommendation on money market funds (MMFs). Given the potential systemic risks deriving from MMFs, the ESRB recommended compulsory conversion to variable net asset value funds and suggested measures in relation to liquidity, disclosure to the public and exchange of information. Second, the ESRB made a recommendation on credit institution funding which includes measures relating to the monitoring and assessment of funding risks, to the monitoring and management of risks deriving from asset encumbrance and to transparency requirements. Finally, with regard to macroeconomic policy, the ESRB made a recommendation on intermediate objectives and instruments of macro-prudential policy. This recommendation organises conceptually a list of possible macro-prudential instruments according to five intermediate objectives: i) mitigate and prevent excessive credit growth and leverage; ii) mitigate and prevent excessive maturity mismatch and market illiquidity; iii) limit direct and indirect exposure concentrations; iv) limit the systemic impact of misaligned incentives with a view to reducing moral hazard; and v) strengthen the resilience of financial infrastructures. In the same document, the ESRB also recommends the EU macro-prudential authorities to define a policy strategy that makes for proper implementation of macro-prudential instruments and allows for periodic review of the recommended intermediate objectives and the available instruments.

Also within the area of macro-prudential policy, in 2013 the ESRB progressed in operationalising the macro-prudential instruments contained in the CRDIV/CRR. This task has been addressed by setting up working groups entrusted with analysing the various types of instruments included in European prudential banking legislation. The general strategy has been, first, to analyse the conceptual and legal framework of these instruments and, second, to undertake empirical work on possible indicators and policy rules to guide the use of the instruments under a “guided discretion” approach. This guided discretion approach combines the use of quantitative indicators, qualitative information and expert judgement for the purpose of taking decisions on macro-prudential instruments, such as, for example, on their activation and de-activation.

In its analysis work, the ESRB also participated in the economic valuation of the package of measures undertaken by the European Insurance and Occupational Pensions Authority (EIOPA) within the development of the new Solvency II prudential framework, and supported the main conclusions reached. Other areas of analysis in which the ESRB worked include the systemic risks in connection with central counterparties (CCPs), risks arising from interconnectedness in the financial system and the possible consequences of the Single Supervisory Mechanism (SSM) on the European macro-prudential policy framework. To all this must be added the ESRB's analysis work done in response to various enquiries on prudential matters. Finally, the ESRB started analysing two structural matters made apparent by the recent financial crisis: the size of the financial system in relative terms compared with the economy and the concentration of losses in certain segments.

Part of the technical analysis conducted by the ESRB is disseminated in various regular publications, such as Macroprudential Commentaries, ESRB Staff Notes and the Occasional Papers series. In 2013 the subjects addressed included, among others, contagion risk in the credit default swaps (CDS) market, systemic risk in US dollar financing and the standardisation of Pillar 3 reporting requirements.

Noteworthy in the ESRB's activities in 2013 was the contribution by a high-level group comprising three members of the ESRB Steering Committee to the "Review of the ESRB" envisaged for 2013 in the regulation which gave rise to the ESRB. Although not suggesting basic changes in legislation, it supports the idea of making the ESRB's mandate more specific so as to focus on medium- and long-term threats to financial stability and vulnerabilities throughout the financial sector. It is argued that this will serve to delimit the ESRB's mandate with respect to that of other institutions, particularly the Single Supervisory Mechanism.

Finally, as regards processes, the ESRB continued working to improve the coordination of macro-prudential decision-making and published a manual explaining the process by which its recommendations are monitored. With regard to the monitoring of measures, the ESRB published a Monitoring Report on the 2011 Recommendation on lending in foreign currencies (Recommendation ESRB/2011/1). This report assesses the progress made in implementing the ESRB's recommendations, thereby closing the circle of "risk identification", "recommendation of policy measures" and "monitoring of implementation of the recommendation".

3.3 Work carried out jointly by banking, securities and insurance authorities

In the inter-sectoral arena, the Banco de España continued working at global level in the Joint Forum, and at European level in projects of the supervisory authorities in banking (EBA), securities (ESMA) and insurance (EIOPA) through their Joint Committee.

In the global inter-sectoral framework, the Banco de España participated in the work of the Joint Forum, an international group that draws together banking, securities and insurance supervisors and of which it has been an official member since 2012. In addition to pursuing further the work on various matters relating to review of the principles of supervision of financial conglomerates, the Joint Forum published recommendations on financial system weaknesses which were evidenced by the crisis or are now beginning to emerge. Notable among the former are the recommendations on the insurance contracts concluded by insurers with banks and other entities covering the credit risk associated with mortgages originated by them (mortgage insurance) and the consultative document on the minimum information which institutions must provide to investors at the point of sale of certain financial products (point of sale disclosure). The latter recommendations include most notably the analysis and recommendations published on longevity risk transfer markets. This risk is transferred from insurers and pension funds to other parts of the financial sector and is beginning to grow considerably in advanced countries.

In the European arena, the Joint Committee began to operate in 2011, taking on the task of inter-sectoral coordination to ensure the consistency of supervisory and regulatory practices. Its work is carried out basically through four sub-committees, the Banco de España being a member of those on financial conglomerates, anti-money laundering and analysis of inter-sectoral risk. The latter sub-committee drafts a half-yearly report on risks and vulnerabilities of the EU financial system which is submitted to the Financial Stability Table and to the Economic and Financial Committee (a Council group reporting directly to ECOFIN).

Also, the Banco de España participates in the Senior Supervisors Group, which basically consists of banking supervisors and some securities supervisors from the countries where the most systemically important banks are headquartered. It is a forum basically for the exchange of supervisory experiences, analysing from a practical standpoint those issues considered to be important. In 2013 work focused on: counterparty risk associated with derivatives, since this is an indicator of the interconnectedness of large entities, which are the only players in these markets; corporate governance issues, particularly as regards the interaction of supervisors with corporate senior management; IT security; and collateral management.

3.4 Other regional fora

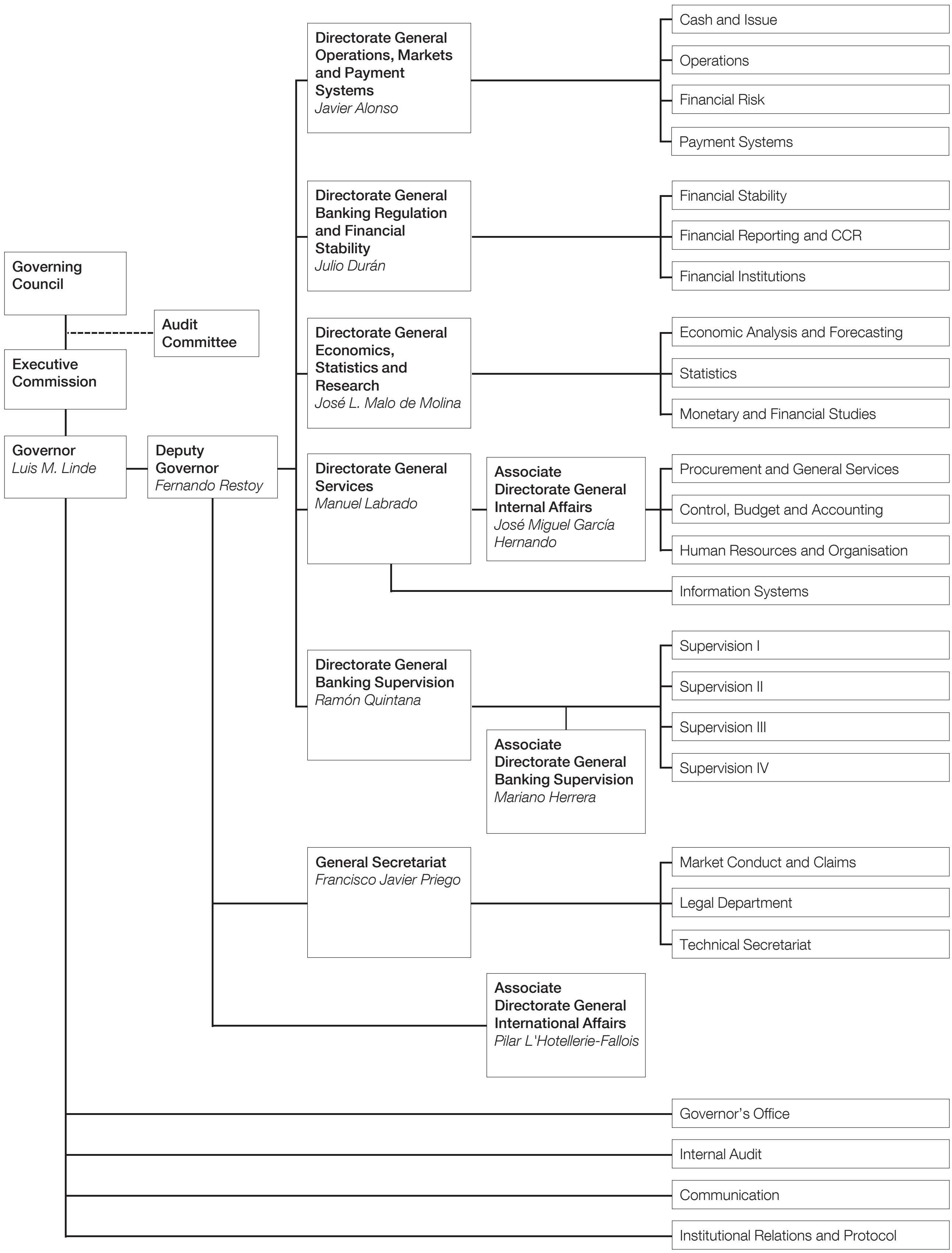
3.4.1 WORK OF THE ASSOCIATION OF SUPERVISORS OF BANKS OF THE AMERICAS (ASBA)

The ASBA is a high-level forum in which the heads of the banking supervision and regulation bodies of 35 countries of the Americas are represented. Its main aims are to develop and promote banking supervision practices in line with international standards and to support the development of banking supervision skills and resources through the organisation of training courses and the coordination of technical cooperation services.

The Banco de España has been a collaborator member of the ASBA since its creation, and since 2006 it has been the only non-regional associate member, participating actively in the governing bodies of the Association, in its working groups and training plans.

The Banco de España continued to support Latin American supervisors both within the framework of the ASBA and bilaterally. In 2013 the Banco de España participated actively in ASBA working groups on matters relating to stress testing, liquidity and corporate governance. It also made significant efforts in the area of supervisor training through seminars in the region and in Spain.

ORGANISATION CHART (31 December 2013) TABLE A.1.1



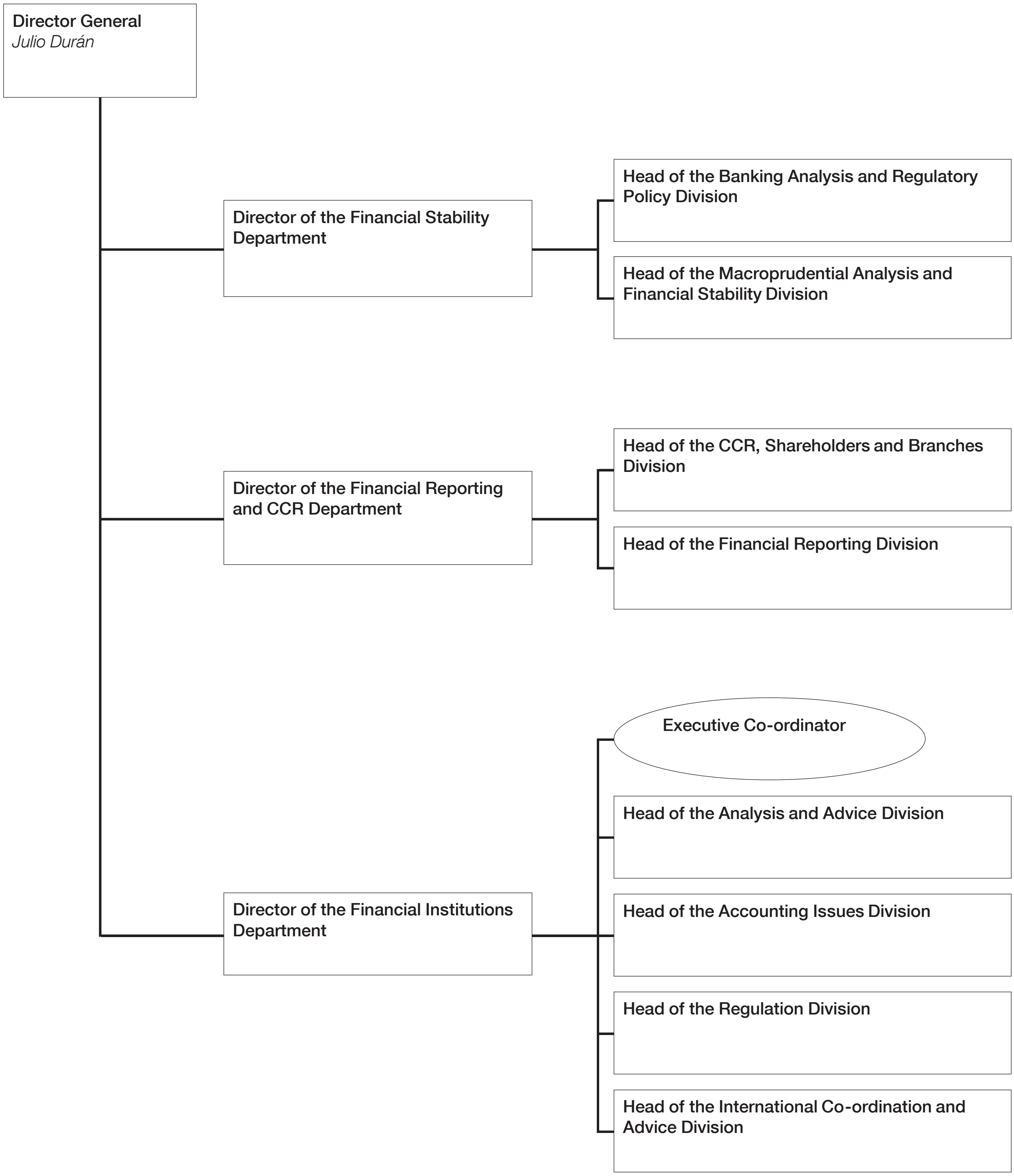
DIRECTORATE GENERAL BANKING SUPERVISION (31 de December 2013)

TABLE A.1.2

- Director General
  Ramón Quintana
  - Associate Director General
    Mariano Herrera
  - Director of the Supervision Department I
    - Executive Co-ordinador
    - Head of Division 1
    - Head of Division 2
    - Head of Division 3
    - Head of Division 4
    - Head of Division 5
    - Head of Division 6
    - Head of Division 7
    - Head of Division 8
  - Director of the Supervision Department II
    - Executive Co-ordinator
    - Head of Division 1
    - Head of Division 2
    - Head of Division 3
    - Head of Division 4
    - Head of Division 5
    - Head of Division 6
  - Director of the Supervision Department III
    - Executive Co-ordinator
    - Head of Division 1
    - Head of Division 2
    - Head of Division 3
    - Head of Division 4
    - Head of Division 5
    - Head of Division 6
    - Head of Division 7
  - Director of the Supervision Department IV
    - Executive Co-ordinator
    - Head of the Off -Site Analysis Division
    - Head of the Regulatory Compliance Division
    - Head of the Innovation and Technology Division
    - Head of the Market, Liquidity and Custodial Risk Models Division
    - Head of the Credit and Operational Risk Models Division
    - Head of the SAREB Division
  - Head of the Technical Secretariat and Institutional Relations
  - Head of the Planning
    - Head of the Methodology and Quality Division

DIRECTORATE GENERAL BANKING REGULATION AND FINANCIAL STABILITY (a) TABLE A.1.3

(31 December 2013)



a On 23 May 2014 the Executive Commission of the Banco de España approved the reorganisation of the Financial Institutions Department which changed its name to the Regulation and International Coordination Department and modified its structure.
The changes can be found at:
http://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/Notasinformativas/14/Arc/Fic/presbe23.pdf.

BANKING SUPERVISION AND BANKING REGULATION AND FINANCIAL STABILITY STAFF IN 2013

TABLE A.1.4

Number

	Directorate General	
	Supervision	Regulation and Financial Stability
Directors and other managers	39	30
Bank examiners	226	8
Senior economic analysts/experts	8	24
IT auditors	46	0
Junior analysts	52	49
Adminsitrative staff	42	33
TOTAL	**413**	**144**

SOURCE: Banco de España.

Methodological note on the statistical information on credit institutions, consolidated groups and their categories

The information in Annex 2 of this Report is of a statistical nature. It is obtained by aggregating, in accordance with the criteria set out below, the data contained in the financial statements that credit institutions (CIs) send to the Banco de España, relating to their balance sheet, income statement and solvency.

From the viewpoint of their legal nature, institutions can be divided up into the following categories: the Instituto de Crédito Oficial (ICO), commercial banks, savings banks, credit cooperatives and specialised credit institutions.[1] Commercial banks and savings banks can, in turn, be divided up into three sub-categories: domestic commercial banks and savings banks, subsidiaries of foreign banks and branches of foreign banks.

The information included in this annex relates, first, to individual credit institutions and, second, to their consolidated groups (CGs). As a general rule, except otherwise expressly indicated, CGs are groups that include, as well as the parent entity (or, in the absence thereof, the reporting institution), one or more fully or proportionally consolidated financial institutions and individual CIs with (direct financial activity) DFA that do not form part of a consolidated group.[2]

From 2010, and as a consequence of the restructuring and reorganisation of the Spanish financial system, there were significant changes at CIs, in particular in the category of domestic commercial banks and savings banks. The most significant change was the appearance of a group of savings banks that ceased to engage directly in their normal financial activity, having transferred their financial business to commercial banks specially set up for the purpose. As a result CIs were divided into two groups: credit institutions with direct financial activity *(CIs with DFA)* and credit institutions without direct financial activity *(CIs without DFA).* Subsequently, the latter group of savings banks commenced their transformation into special foundations,[3] an on-going process that is expected to be completed during 2014. The above-mentioned transfer of their financial activity by most savings banks is the reason why the former categories of domestic commercial banks and savings banks have been merged into a single category.[4]

Apart from some very limited exceptions, which are expressly indicated, the data on balance sheets, income statements and solvency refer to *credit institutions with direct financial activity* and do not include the ICO.[5] Also, unless expressly indicated to the contrary, the data provided[6] in the Report on Banking Supervision relate to the total business of

1 From 1 January 2014, as a result of the entry into force of Royal Decree-Law 14/2013 of 29 November 2013 on urgent measures to adapt Spanish law to EU law in relation to supervision and solvency of credit institutions, specialised credit institutions (SCIs) are no longer considered to be credit institutions.

2 Details of the consolidated groups, and of the institutions of which they are formed, existing as at end-2013, can be found in Annex 5 to this Report.

3 These transformations were commenced in November 2011 (Royal Decree-Law 11/2010 of 9 July 2010, repealed by Law 26/2013 of 27 December 2013 on savings banks and bank foundations).

4 By the end of 2013 only two small savings banks continued to conduct their financial activity directly: Caja de Ahorros y Monte de Piedad de Ontinyent and Colonya-Caixa d'Estalvis de Pollença.

5 The ICO is included in Tables A.2.1 – Registered credit institutions, consolidated groups and mixed groups and A.5 – Spanish consolidated groups of credit institutions.

6 The data in this Annex may differ from those in other publications of the Banco de España, such as the *Financial Stability Report,* the *Boletín Estadístico* and the *Annual Report,* since, for reasons of comparability or analytical purpose, it may be considered more useful in these publications to use a different scope (credit institutions/deposit institutions) or a different definition of activity (total business/business in Spain) or to treat the data differently.

individual institutions and their consolidated groups. The time horizon used, with few exceptions, is four years. In relation to the information on balance sheets, income statements and solvency, details are given below of the treatment given, for the purposes of statistical comparability, to the set of institutions included in each year of the time period considered.

In general, the information contained in the tables of Annex 2 of this Report relates to *individual CIs with DFA* and the *CGs existing as at each date* to which each table refers. Accordingly, the composition of the different categories and classifications for which data are given, varies or may vary from one year to another.

As an *exception* to this general rule, tables with information relating to the *income statements* of individual CIs and their CGs, which give data on the last four years, include information on the CIs or CGs that were *active at some point in 2013,* so that the institutions considered in each of the classifications and categories offered are the same throughout the period considered. In addition, the results of institutions that have ceased to exist at some point during the last year considered are incorporated into the category to which the institutions that have taken them over belong, if they have been taken over, or, otherwise, into the category to which the institution that has disappeared belonged.

CLASSIFICATION CRITERIA FOR INDIVIDUAL INSTITUTIONS AND CONSOLIDATED GROUPS

The data offered for CIs and CGs are categorised in accordance with various criteria: by type of institution (CI), as described above, by the size of the institution (CIs and CGs), by whether the FROB has a controlling interest in its capital (CIs and CGs), by the nationality of the institution or the parent entity of the consolidated group (CIs and CGs).

Size of CIs and of CGs

Individual institutions (CIs) and consolidated groups (CGs) are classified, with respect to balance sheet data and results, in accordance with the volume of their average total assets (ATAs).

It has been considered useful to categorise individual institutions and consolidated groups in which the FROB does not have a controlling interest (non-FROB CIs and non-FROB CGs) with average total assets of more than €100 billion. For the balance sheet figures this classification is based on each end-year data. In relation to results, this classification is made on the basis of the previous year's data. In 2013, the individual institutions that make up the category of the largest non-FROB commercial banks and savings banks are: Banco Popular, Banco Sabadell, BBVA, CaixaBank and Santander. These same institutions are, in turn, the parent entities of the five non-FROB CGs, with average total assets of more than €100 billion.

Controlling interest of the FROB

The institutions have been categorised into FROB and non-FROB commercial banks and savings banks, in accordance with the existence, as at year-end, of a majority interest of the FROB in the capital of the institution, which gives control. This classification affects individual institutions (CIs) and, in the case of CGs, their inclusion depends on whether the FROB has a majority holding in the parent entity. As at end-2013, the category of FROB commercial banks and savings banks was made up of the following individual institutions: BFA, Bankia, Catalunya Banc, Banco Gallego and NCG Banco. The FROB CGs, as at the same date, are those whose parent entities are: BFA, Catalunya Banc and NCG Banco.

Nationality

As regards individual credit institutions, the category of commercial banks and savings banks is classified into domestic institutions, subsidiaries of foreign banks and branches of foreign banks. CGs, on the other hand, are classified in accordance with the nature and nationality of the parent entity. Their classification therefore depends on whether the parent entity of the CG is or is not a credit institution, the type of credit institution it is, and its nationality.

REGISTERED CREDIT INSTITUTIONS, CONSOLIDATED GROUPS AND MIXED GROUPS

TABLE A.2.1

Year-end data. Number

	2010	2011	2012	2013
CREDIT INSTITUTIONS REGISTERED IN SPAIN (a)	339	336	312	292
ICO	1	1	1	1
Credit institutions with direct financial activity (b)	337	306	286	275
Commercial banks and savings banks	196	171	162	160
Of which: FROB commercial banks and savings banks	—	*5*	*6*	*5*
Domestic banks	52	58	54	50
Savings banks with direct financial activity	36	6	2	2
Foreign-controlled subsidiaries	19	21	21	22
Foreign-controlled branches	89	86	85	86
Credit cooperatives	82	76	70	67
Of which: Heads of credit cooperative IPSs	*2*	*4*	*3*	*3*
Of which: Cooperatives participating in IPSs	*18*	*26*	*28*	*25*
Specialiced credit institutions	59	59	54	48
Savings banks without direct financial activity	—	29	25	16
Electronic money institutions (a)	1	—	—	—
MEMORANDUM ITEMS				
Mergers and acquisitions (c)	12 (23)	6 (10)	11 (16)	8 (11)
Between banks	—	2 (2)	5 (5)	4 (5)
Between saving banks	7 (16)	—	—	—
Between credit cooperatives	1 (2)	4 (8)	4 (9)	1 (3)
Between SCIs	1 (2)	—	—	1 (1)
SCIs acquired by/merged with deposit institutions	3 (3)	—	2 (2)	2 (2)
CONSOLIDATED GROUPS EXISTING AT YEAR-END (d)	71	71	67	61
Parent credit institution	62	63	59	54
Spanish deposit institutions	50	49	44	40
Non-FROB commercial banks and savings banks	35	28	24	22
FROB commercial banks and savings banks	—	5	5	3
Credit cooperatives	15	16	15	15
Specialiced credit institutions	1	1	1	1
Foreign credit institutions	11	13	15	13
Other consolidated groups	9	8	7	7
Spanish parent	4	4	4	4
Foreign parent	5	4	3	3
MIXED GROUPS AND FINANCIAL CONGLOMERATES	27	27	22	20
Supervised by Banco de España	26	26	21	19
Supervised by DGIPF including SCIs	1	1	1	1
MEMORANDUM ITEM:				
Bank offices abroad	11,589	12,642	12,940	13,168

SOURCE: Banco de España. Data available at 22 April 2014.

a In 2009 and 2010, the total number of registered CIs includes one electronic money institution. Law 21/2011, which amended the related regulatory framework, meant that ELMIs lost their credit institution status.

b The data in the rest of this Report refer to CIs with direct financial activity. Therefore, ICO, savings banks without direct financial activity and ELMIs are excluded, unless stated otherwise.

c The figures in brackets are the number of institutions which have merged or been acquired.

d For the sole purpose of this table, a consolidated group (CG) is defined as a group which includes, in addition to the parent (or failing this the reporting institution), one or more fully or proportionally consolidated financial institutions; accordingly, individual CIs not forming part of consolidated groups are excluded. Unless indicated otherwise, in the rest of this Report CGs include individual credit institutions not belonging to any consolidated group that have direct financial activity. The CG classification is based on the nature and nationality of the parent (ultimate holder).

SERVING EMPLOYEES, OPERATIONAL OFFICES, ATMs AND AGENTS OF CIs WITH DFA

TABLE A.2.2

Data of existing institutions at each year-end. Number unless stated otherwise

	Active institu-tions (a)	Serving employees		Hours worked (millions)	Operational offices	ATMs	Cards (000)	Point-of -sale terminals (000)	Agents	Employees per operational branch	Per 10,000 inhab. over 16 years old (b)				Cards per inhab. over 16 years old
		TOTAL	Of which: At offices								Serving employees	Operational offices	ATMs	Point-of -sale terminals	
TOTAL CREDIT INSTITUTIONS WITH DIRECT FINANCIAL ACTIVITY															
2010	332	263,393	191,845	434	43,303	59,309	93,785	1,480	5,289	4.4	68.4	11.2	15.4	384.3	2.4
2011	303	247,386	180,591	413	40,190	56,364	92,997	1,443	5,127	4.5	64.2	10.4	14.6	374.7	2.4
2012	283	235,974	172,850	385	38,207	54,143	89,919	1,443	5,056	4.5	61.6	10.0	14.1	376.4	2.3
2013	270	217,421	158,664	361	33,782	46,841	89,990	1,208	5,030	4.7	57.0	8.9	12.3	316.9	2.4
TOTAL COMMERCIAL BANKS AND SAVINGS BANKS WITH DIRECT FINANCIAL ACTIVITY															
2010	195	237,034	174,286	391	38,001	54,160	71,638	1,379	5,149	4.6	61.5	9.9	14.1	358.0	1.9
2011	171	222,314	163,483	373	35,025	51,231	71,129	1,332	4,979	4.7	57.7	9.1	13.3	345.8	1.8
2012	162	211,435	156,005	345	33,255	49,167	57,340	1,322	4,880	4.7	55.2	8.7	12.8	344.9	1.5
2013	159	193,872	142,714	323	29,071	42,070	57,359	1,056	4,869	4.9	50.9	7.6	11.0	277.1	1.5
Domestic commercial banks and savings banks															
2010	88	220,439	167,686	362	36,593	52,819	64,305	1,365	4,094	4.6	57.2	9.5	13.7	354.5	1.7
2011	63	205,667	157,145	344	33,714	49,916	63,108	1,319	3,834	4.7	53.4	8.8	13.0	342.6	1.6
2012	56	195,621	149,794	318	32,033	47,914	48,972	1,308	3,683	4.7	51.0	8.4	12.5	341.1	1.3
2013	52	178,704	136,908	297	27,928	40,884	48,366	1,041	3,563	4.9	46.9	7.3	10.7	273.1	1.3
Foreign subsidiaries															
2010	19	10,623	5,611	19	1,223	1,307	5,886	13	916	4.6	2.8	0.3	0.3	3.5	0.2
2011	21	9,885	5,260	17	1,094	1,226	6,164	12	1,009	4.8	2.6	0.3	0.3	3.2	0.2
2012	21	9,399	4,999	16	1,023	1,176	6,444	14	1,060	4.9	2.5	0.3	0.3	3.8	0.2
2013	22	8,582	4,530	14	948	1,054	6,760	15	1,168	4.8	2.3	0.2	0.3	3.9	0.2
Foreign branches															
2010	88	5,972	989	10	185	34	1,448	—	139	5.3	1.6	—	—	—	—
2011	87	6,762	1,078	11	217	89	1,857	—	136	5.0	1.8	0.1	—	—	—
2012	85	6,415	1,212	11	199	77	1,924	—	137	6.1	1.7	0.1	—	—	0.1
2013	85	6,586	1,276	11	195	132	2,233	—	138	6.6	1.7	0.1	—	—	0.1
CREDIT COOPERATIVES															
2010	78	20,545	15,997	34	5,019	5,149	5,155	101	66	3.2	5.3	1.3	1.3	26.2	0.1
2011	74	20,026	15,571	33	4,890	5,133	4,852	111	72	3.2	5.2	1.3	1.3	28.8	0.1
2012	68	19,737	15,517	32	4,732	4,976	4,854	120	98	3.3	5.1	1.2	1.3	31.4	0.1
2013	65	18,971	14,876	32	4,511	4,771	4,884	152	88	3.3	5.0	1.2	1.3	39.8	0.1
SCIs															
2010	59	5,814	1,562	9	283	0	16,992	—	74	5.5	1.5	0.1	—	0.1	0.4
2011	58	5,046	1,537	8	275	0	17,016	—	76	5.6	1.3	0.1	—	0.1	0.4
2012	53	4,802	1,328	8	220	0	27,725	—	78	6.0	1.3	0.1	—	0.1	0.7
2013	46	4,578	1,074	7	200	0	27,747	—	73	5.4	1.2	0.1	—	0.1	0.7

SOURCE: Banco de España. Data available at 22 April 2014.

a Those of the registered institutions which were actually performing transactions at each year-end.
b The population figure used as the denominator in the calculation of these ratios is the total Spanish resident population over 16 years of age according to the Spanish Labour Force Survey (EPA), while the numerator takes total business of CIs including business both in Spain and abroad. Nonetheless, given the marginal nature of the contribution of the latter, there is no problem of any significant mismatch in the ratio.

BREAKDOWN OF ACTIVITY OF CIs WITH DFA

TABLE A.2.3

Total business. Year-end data

€m and %

	2010	2011	2012	2013	Memorandum item: 2013		
					Structure		% annual Δ
					%	Change in pp	
BALANCE SHEET TOTAL	**3,121,865**	**3,170,925**	**3,110,447**	**2,726,053**	**100.0**	**0.0**	**–12.4**
ASSETS	3,121,865	3,170,925	3,110,447	2,726,053	100.0	0.0	–12.4
Cash and central banks	38,735	63,981	84,623	48,297	1.8	–0.9	–42.9
Loans and advances to credit institutions	296,776	278,651	303,568	229,128	8.4	–1.4	–24.5
Of which: Interbank	*246,968*	*237,713*	*260,833*	*176,455*	*6.5*	*–1.9*	*–32.3*
Loans and advances to other debtors	1,910,428	1,839,987	1,618,407	1,444,632	53.0	1.0	–10.7
Resident general government	80,621	89,093	102,069	81,559	3.0	–0.3	–20.1
Resident private sector	1,730,791	1,654,821	1,434,355	1,293,722	47.5	1.4	–9.8
Of which: Commercial credit	*54,227*	*49,938*	*40,524*	*34,572*	*1.3*	*0.0*	*–14.7*
Of which: Secured by a mortgage	*1,059,504*	*996,114*	*868,268*	*763,973*	*28.0*	*0.1*	*–12.0*
Non-residents	99,016	96,073	81,983	69,351	2.5	–0.1	–15.4
Debt securities	397,116	413,766	499,707	481,161	17.7	1.6	–3.7
Other equity instruments	34,650	29,335	25,122	28,681	1.1	0.3	14.2
Trading derivatives	111,593	166,696	194,918	121,623	4.5	–1.8	–37.6
Other financial assets	38,418	46,747	50,212	35,927	1.3	–0.3	–28.4
Hedging derivatives	33,831	40,782	34,106	20,855	0.8	–0.3	–38.9
Investments	132,714	154,932	147,094	154,559	5.7	1.0	5.1
Insurance contracts linked to pensions	9,187	9,085	7,144	6,821	0.3	0.1	–4.5
Fixed assets	30,170	25,836	22,257	20,774	0.8	0.1	–6.7
Tax assets	31,285	37,887	58,799	66,332	2.4	0.5	12.8
Other assets	56,962	63,241	64,489	67,264	2.5	0.4	4.3
LIABILITIES	2,946,464	2,980,000	2,941,553	2,520,524	92.5	–2.1	–14.3
Central banks	74,753	189,316	365,288	194,459	7.1	–4.6	–46.8
Deposits from credit institutions	520,242	500,950	448,131	399,200	14.6	0.2	–10.9
Deposits from other creditors	1,558,407	1,461,101	1,402,534	1,393,111	51.1	6.0	–0.7
Resident and non-resident general government	81,059	71,351	72,182	62,331	2.3	0.0	–13.6
Resident private sector	1,368,973	1,309,189	1,267,928	1,270,651	46.6	5.8	0.2
Unadjusted overnight deposits	475,181	470,907	464,631	497,274	18.2	3.3	7.0
Current accounts	260,018	263,798	261,674	286,277	10.5	2.1	9.4
Savings accounts	211,364	203,016	199,135	206,557	7.6	1.2	3.7
Other deposits	3,799	4,093	3,822	4,440	0.2	0.1	16.1
Time deposits and redeemables at notice	840,402	792,636	763,821	735,731	27.0	2.4	–3.7
Repos	42,369	31,847	27,031	29,023	1.1	0.2	7.4
Non-residents	108,374	80,561	62,423	60,129	2.2	0.2	–3.7
Debt certificates including bonds	356,270	336,368	295,315	222,879	8.2	–1.3	–24.5
Of which: Mortgage securities (a)	*206,010*	*241,439*	*295,581*	*247,631*	*9.1*	*–0.4*	*–16.2*
Trading derivatives	113,480	164,526	191,868	119,584	4.4	–1.8	–37.7
Subordinated liabilities	108,494	86,168	67,433	34,775	1.3	–0.9	–48.4
Other financial liabilities	30,219	31,641	36,760	30,370	1.1	–0.1	–17.4
Other liabilities	152,056	183,313	98,682	97,213	3.6	0.4	–1.5
Provisions	32,546	26,617	35,543	28,933	1.1	0.0	–18.6
Of which: Provisions for pensions and similar	*20,930*	*18,359*	*16,985*	*16,893*	*0.6*	*0.1*	*–0.5*
EQUITY	175,401	190,925	168,894	205,530	7.5	2.1	21.7
Valuation adjustments	–3,161	–4,363	–4,814	1,751	0.1	0.3	.
Own funds	178,562	195,288	173,708	203,779	7.5	1.9	17.3
Of which: Capital and reserves (including share premium)	*164,273*	*198,098*	*235,497*	*192,710*	*7.1*	*–0.5*	*–18.2*
MEMORANDUM ITEMS							
Unadjusted earning financial assets	2,750,438	2,716,803	2,660,743	2,345,472	86.0	0.5	–11.8
Unadjusted securities portfolio	577,977	624,661	724,843	727,100	26.7	3.4	0.3
Equity portfolio	180,569	211,807	220,303	246,139	9.0	1.9	11.7
Investments in the group	134,875	156,556	168,322	194,587	7.1	1.7	15.6
Other investments	11,044	25,916	26,859	22,871	0.8	–0.1	–14.8
Other equity securities	34,650	29,335	25,122	28,681	1.1	0.3	14.2
Contingent exposures	291,797	261,784	245,535	201,112	7.4	–0.5	–18.1
Variable-rate credit	1,491,933	1,486,658	1,357,597	1,209,846	44.4	0.8	–10.9
Asset transfers	273,923	262,111	253,679	242,747	8.9	0.7	–4.3
Of which: Securitised (b)	*19,819*	*11,668*	*10,092*	*8,620*	*0.3*	*0.0*	*–14.6*
Total mortgage covered bonds issued (c)	358,624	375,702	411,017	340,136	12.5	–0.7	–17.2

SOURCE: Banco de España. Data available at 22 April 2014.

a This item almost entirely corresponds to mortgage covered bonds which are marketable securities. Accordingly, privately placed (and securitised) mortgage covered bonds are not included. Valuation adjustments are not included.

b This figure relates solely to the outstanding volume of securitisations whose underlying assets have been derecognised from the CI's balance sheet and thus classified as "transferred". In order to see total asset securitisations originated by CIs, please refer to Table A 2.10.

c Figure taken from the confidential return "Supplementary information on the Balance Sheet" of CIs, under the accounting rules in CBE 4/2004. It includes all mortgage covered bonds, whether marketable or not.

BREAKDOWN OF ACTIVITY BY INSTITUTIONAL GROUPS OF CIs WITH DFA — TABLE A.2.4

Total business. Data of existing institutions in December 2013

%

	Five largest non-FROB commercial banks and savings banks	Other non-FROB commercial banks and savings banks				FROB commercial banks and savings banks	Cooperatives	SCIs
		Total	Of which					
			Foreign subsidiaries	Branches				
				EU	Non-EU			
BALANCE SHEET TOTAL	**53.7**	**25.0**	**2.8**	**4.4**	**0.2**	**14.6**	**5.0**	**1.6**
ASSETS	53.7	25.0	2.8	4.4	0.2	14.6	5.0	1.6
Cash and central banks	71.4	16.5	1.6	0.9	0.2	9.9	2.2	0.0
Loans and advances to credit institutions	33.4	55.7	2.8	20.7	0.7	4.9	4.9	1.0
Of which: Interbank	*29.8*	*59.7*	*3.1*	*25.4*	*0.9*	*3.5*	*5.7*	*1.4*
Loans and advances to other debtors	54.4	24.6	3.9	3.6	0.3	12.4	5.8	2.8
Resident general government	62.3	23.6	10.5	1.9	0.1	9.7	2.6	1.8
Resident private sector	53.2	25.2	3.6	3.7	0.3	12.7	6.3	2.7
Of which: Commercial credit	*52.6*	*16.7*	*2.4*	*3.0*	*0.4*	*8.1*	*5.4*	*17.2*
Of which: Secured by a mortgage	*49.4*	*27.0*	*3.7*	*1.9*	*0.0*	*14.8*	*7.4*	*1.3*
Non-residents	68.4	15.4	2.6	4.3	0.4	9.8	0.4	6.0
Debt securities	42.7	23.9	2.0	2.2	0.0	28.1	5.4	0.0
Other equity instruments	63.5	29.6	0.5	17.2	0.0	2.0	4.9	0.0
Trading derivatives	75.3	5.8	0.2	0.9	0.1	18.6	0.2	0.0
Other financial assets	81.4	12.8	1.6	3.4	0.1	3.4	2.1	0.3
Hedging derivatives	60.0	12.6	2.0	0.1	0.0	25.0	2.2	0.1
Investments	76.3	13.7	0.1	0.5	0.0	9.6	0.4	0.1
Insurance contracts linked to pensions	85.5	6.7	1.1	0.4	0.0	7.8	0.0	0.0
Fixed assets	44.1	30.0	1.2	1.0	0.0	14.1	10.9	0.9
Tax assets	51.4	20.4	1.8	2.2	0.1	24.7	2.8	0.7
Other assets	64.8	18.9	0.8	0.9	0.0	5.9	8.8	1.6
LIABILITIES AND EQUITY	53.1	25.5	2.8	4.8	0.2	14.8	5.0	1.6
Central banks	29.9	31.1	8.6	0.0	0.0	34.2	4.7	0.0
Deposits from credit institutions	42.1	34.8	4.5	18.0	1.0	11.5	4.3	7.4
Deposits from other creditors	54.2	26.1	2.3	3.2	0.0	12.4	6.7	0.6
Resident and non-resident general government	65.5	18.8	0.9	0.5	0.0	12.0	3.7	0.0
Resident private sector	53.0	26.7	2.3	3.2	0.0	12.7	7.1	0.5
Unadjusted overnight deposits	53.0	28.6	3.3	5.9	0.1	11.2	7.2	0.0
Current accounts	52.7	35.2	5.0	9.9	0.2	7.9	4.2	0.0
Savings accounts	53.0	19.6	0.9	0.3	0.0	15.7	11.6	0.0
Other deposits	75.8	17.4	7.5	3.5	0.2	5.3	1.5	0.1
Time deposits and redeemables at notice	53.4	24.5	1.7	1.3	0.0	14.1	7.2	0.8
Repos	49.8	45.8	3.2	5.8	0.0	2.6	1.9	0.0
Non-residents	69.3	19.1	3.6	4.8	0.0	6.5	0.8	4.3
Debt certificates including bonds	65.1	17.0	0.1	0.1	0.0	16.7	1.2	0.0
Of which: Mortgage securities (a)	*63.9*	*16.4*	*3.5*	*0.0*	*0.0*	*16.3*	*3.4*	*0.0*
Trading derivatives	76.7	5.7	0.2	1.1	0.1	17.3	0.2	0.0
Subordinated liabilities	88.4	10.1	1.1	0.1	0.0	0.0	0.4	1.1
Other financial liabilities	63.5	21.8	3.1	4.1	0.2	9.4	3.0	2.4
Other liabilities	52.8	21.7	2.2	0.7	0.0	22.4	2.2	1.0
Provisions	64.4	12.5	1.7	1.3	0.1	21.4	1.3	0.5
Of which: Provisions for pensions and similar	*86.6*	*8.4*	*1.5*	*0.2*	*0.0*	*4.3*	*0.3*	*0.5*
EQUITY	61.4	19.9	2.8	0.5	0.6	11.9	4.6	2.2
Valuation adjustments	25.5	17.3	-5.6	-0.1	0.0	35.1	24.3	-2.2
Own funds	61.7	19.9	2.9	0.5	0.6	11.7	4.4	2.3
Of which: Capital and reserves	*62.1*	*20.8*	*3.2*	*1.1*	*0.6*	*10.4*	*4.6*	*2.2*
MEMORANDUM ITEMS								
Unadjusted earning financial assets	50.5	27.1	3.3	4.9	0.2	14.9	5.6	1.9
Unadjusted securities portfolio	49.9	21.0	1.4	2.5	0.0	25.2	3.9	0.0
Equity portfolio	64.0	15.4	0.2	3.2	0.0	19.5	1.1	0.0
Investments in the group	63.1	13.9	0.2	1.5	0.0	22.3	0.6	0.1
Other investments	71.8	9.7	0.0	0.1	0.0	17.9	0.5	0.0
Other equity securities	63.5	29.6	0.5	17.2	0.0	2.0	4.9	0.0
Contingent exposures and liabilities	75.4	16.2	2.5	5.0	0.6	5.3	3.0	0.1
Variable-rate credit	51.7	25.5	4.0	3.2	0.2	14.4	6.3	2.0
Asset transfers	32.4	23.4	5.5	2.1	0.0	33.0	5.7	5.6
Of which: Securitised (b)	*35.9*	*18.9*	*0.0*	*0.0*	*0.0*	*16.1*	*5.9*	*23.3*
Total mortgage covered bonds issued (c)	55.1	23.7	2.6	0.1	0.0	17.2	4.0	0.0

SOURCE: Banco de España. Data available at 22 April 2014.

a This item almost entirely corresponds to mortgage covered bonds which are marketable securities. Accordingly, privately placed (and securitised) mortgage covered bonds are not included.

b This figure relates solely to the outstanding volume of securitisations whose underlying assets have been derecognised from the CI's balance sheet and thus classified as "transferred". In order to see total asset securitisations originated by CIs, please refer to Table A 2.10.

c Figure taken from the confidential return "Supplementary information on the Balance Sheet" of CIs, under the accounting rules in CBE 4/2004. It includes all mortgage covered bonds, whether marketable or not.

CREDIT INSTITUTIONS WITH DFA: STRUCTURE OF LENDING TO RESIDENT PRIVATE SECTOR — TABLE A.2.5

Business in Spain. Data of existing institutions at each year-end

%

	2010	2011	2012	2013
LENDING TO BUSINESS	53.7	53.1	50.0	47.9
Goods	15.7	14.8	14.2	13.4
Agriculture, fishing and extractive industries	1.6	1.5	1.6	1.6
Manufacturing	5.3	5.2	5.4	5.4
Energy and electricity	2.5	2.5	2.5	2.3
Construction	6.3	5.6	4.8	4.2
Services	38.0	38.3	35.8	34.5
Commerce, repairs and hotels and restaurants	6.5	6.6	7.1	7.3
Transport and communications	2.3	2.4	2.7	2.6
Real estate development	17.5	17.2	14.4	12.5
Financial intermediation	4.7	5.1	4.3	4.1
Other services	7.1	7.0	7.4	8.0
LENDING TO HOUSEHOLDS	45.2	45.8	48.8	51.1
Housing (purchase and refurbishing)	36.9	37.9	40.9	43.2
Consumer credit	2.3	2.2	2.1	1.9
Other purposes	6.0	5.7	5.8	6.1
OTHER	1.0	1.1	1.3	1.0

SOURCE: Banco de España. Data available at 22 April 2014.

BREAKDOWN OF CHANGES IN OWN FUNDS, IMPAIRMENT ALLOWANCES AND WRITTEN-OFF ASSETS OF CREDIT INSTITUTIONS WITH DFA

TABLE A.2.6

Data of existing institutions at each year-end

€m

	2010	2011	2012	2013
DETAIL OF OWN FUNDS (a)				
Prior year balance	186,023	178,562	195,288	173,708
Total revenue and expenses recognised	10,945	–8,240	–67,538	8,759
Increase (decrease) in capital / endowment fund	8,236	53,141	48,557	8,650
Conversion of liabilities into own funds and other capital instrument increases	1,213	6,734	5,990	17,340
Distribution of dividends	–7,194	–6,322	–4,318	–2,427
Other increases (decreases) in equity	–20,661	–28,587	–4,271	–2,251
Of which: Due to mergers, acquisitions and creation of IPSs and spin-off of CIs without DFA	*–16,896*	*–25,619*	*–6,503*	*–5,412*
Final balance	178,562	195,288	173,708	203,779
IMPAIRMENT ALLOWANCES. LOANS (b)				
Prior year balance	53,131	71,988	86,817	122,760
Movements reflected in income statement	17,682	23,085	79,260	21,734
Other movements	18,668	7,538	354	–5,067
Balances used	–17,493	–15,794	–43,672	–26,514
Final balance	71,988	86,817	122,760	112,913
MOVEMENT IN THE WRITTEN-OFF ASSETS ACCOUNT (c)				
Prior year balance	31,859	48,248	57,404	63,757
Additions charged to impairment allowances	17,670	16,034	43,907	26,485
Additions charged directly to income	1,693	2,058	3,037	2,921
Past-due income receivable	1,868	1,898	2,993	2,654
Other	945	1,111	3,408	6,327
Total additions	22,175	21,101	53,345	38,387
Total reductions	–5,807	–11,969	–46,988	–29,059
Net change due to exchange differences	20	24	–4	–20
Final balance	48,248	57,404	63,757	73,065

SOURCE: Banco de España. Data available at 22 April 2014.

a Data from the statement of changes in equity. Confidential return A1.
b Data from breakdown of movements in impairment allowances. Confidential return T14.
c Data from movement of the written-off assets account during the current year. Confidential return T10.7.

ACTIVITY OF CONSOLIDATED GROUPS OF CREDIT INSTITUTIONS (a)

TABLE A.2.7

Data of existing groups at each year-end

€m and %

	2010	2011	2012	2013	Memorandum item: 2013					
					Structure		% annual Δ	Of which: Business in Spain		
					%	Change in pp		%	Change in pp	% annual Δ
BALANCE SHEET TOTAL	**3,816,303**	**3,921,850**	**3,892,155**	**3,496,198**	**100.0**	**0.0**	**–10.2**	**69.7**	**–2.1**	**–12.8**
ASSETS	3,816,303	3,921,850	3,892,155	3,496,198	100.0	0.0	–10.2	69.7	–2.1	–12.8
Cash and central banks	123,335	154,228	183,062	141,036	4.0	–0.7	–23.0	28.0	–16.4	–51.4
Loans and advances to credit institutions	216,152	196,952	237,626	184,176	5.3	–0.8	–22.5	80.6	–4.3	–26.4
Loans and advances to other debtors	2,418,874	2,411,536	2,202,825	2,023,359	57.9	1.3	–8.1	67.1	–2.0	–10.7
Debt securities	486,843	496,473	574,367	562,006	16.1	1.3	–2.2	79.1	0.2	–1.9
Investments	48,210	50,477	47,777	42,208	1.2	0.0	–11.7	91.7	–0.7	–12.3
Tangible assets	47,995	49,019	43,950	45,430	1.3	0.2	3.4	76.6	–2.3	0.3
Other assets	474,893	563,167	602,549	497,983	14.2	–1.3	–17.4	75.0	–0.8	–18.3
Of which: Consolidated goodwill	*31,769*	*33,204*	*32,363*	*30,554*	*0.9*	*0.1*	*–5.6*	*3.3*	*0.9*	*31.0*
LIABILITIES AND EQUITY	3,594,022	3,696,277	3,674,868	3,260,838	93.3	–1.1	–11.3	72.4	–1.8	–13.5
Central banks	95,139	207,434	381,181	215,501	6.2	–3.6	–43.5	89.7	–5.4	–46.7
Deposits from credit institutions	523,016	487,736	438,694	396,478	11.3	0.0	–9.6	81.6	2.0	–7.4
Deposits from other creditors	1,931,298	1,885,920	1,837,069	1,845,661	52.8	5.6	0.5	68.5	0.6	1.3
Debt certificates including bonds	556,973	541,636	508,189	412,920	11.8	–1.3	–18.7	70.5	–4.4	–23.5
Subordinated liabilities	108,567	94,692	65,775	45,526	1.3	–0.4	–30.8	70.0	–5.8	–36.1
Tax liabilities	17,916	17,535	18,988	15,727	0.4	–0.1	–17.2	50.8	1.3	–14.9
Other liabilities	325,226	428,634	388,819	293,244	8.4	–1.6	–24.6	27.6	–18.0	–54.3
Provisions	35,888	32,689	36,154	35,782	1.0	0.1	–1.0	78.6	–1.1	–2.5
EQUITY	222,281	225,573	217,287	235,360	6.7	1.1	8.3	91.7	5.3	15.0
Minority interest	14,827	22,638	18,141	26,838	0.8	0.3	47.9	57.8	20.0	126.1
Own funds	210,852	214,367	211,005	225,340	6.4	1.0	6.8	88.8	0.5	7.3
Of which: Capital and reserves (including share premium)	*189,762*	*211,993*	*252,137*	*214,222*	*6.1*	*–0.4*	*–15.0*	*92.9*	*–1.7*	*–16.6*
MEMORANDUM ITEMS										
Interest-bearing financial liabilities	3,220,646	3,213,858	3,262,599	2,963,807	84.8	1.0	–9.2	72.5	–1.9	–11.4
Off-balance-sheet customer funds	743,296	685,451	718,788	683,664	19.6	1.1	–4.9	.	.	.
Of which: Managed by the group	*480,403*	*434,631*	*424,254*	*348,502*	*10.0*	*–0.9*	*–17.9*	*77.8*	*23.3*	*17.4*
Unadjusted securities portfolio	590,454	586,403	659,366	645,706	18.5	1.6	–2.1	80.7	0.4	–1.6
Of which: Equity portfolio	*103,293*	*90,642*	*85,658*	*83,923*	*2.4*	*0.2*	*–2.0*	*90.9*	*1.9*	*0.1*
Investments in the group	13,189	12,185	13,189	16,191	0.5	0.2	22.8	89.2	4.5	29.2
Other investments	28,719	33,615	33,509	28,782	0.8	–0.1	–14.1	96.4	–0.6	–14.7
Other equity securities	61,385	44,841	38,961	38,949	1.1	0.1	0.0	87.5	4.0	4.8

SOURCE: Banco de España. Data available at 22 April 2014.

a The data refer to CGs which include the individual CIs that do not belong to any consolidated group.

LOCAL BUSINESS ABROAD OF CONSOLIDATED GROUPS

TABLE A.2.8

Data of existing groups at each year-end

€m and %

	2010	2011	2012	2013	Memorandum item: 2013		
					Structure		% annual Δ
					%	Change in pp	
CONSOLIDATED BALANCE SHEET ABROAD	**1,004,050**	**1,074,511**	**1,098,679**	**1,058,937**	**30.3**	**2.1**	**–3.6**
LOCAL BUSINESS							
Financial assets	872,494	935,193	954,372	916,869	26.2	1.7	–3.9
European Union	414,818	433,296	436,662	410,359	11.7	0.5	–6.0
Latin America	311,603	334,791	353,138	339,722	9.7	0.6	–3.8
Other	146,073	167,106	164,572	166,788	4.8	0.6	1.3
Financial liabilities	757,222	779,651	796,396	764,135	21.9	1.4	–4.1
European Union	354,414	362,537	373,257	350,433	10.0	0.4	–6.1
Latin America	255,670	275,104	288,003	282,056	8.1	0.7	–2.1
Other	147,139	142,010	135,136	131,646	3.8	0.3	–2.6
MEMORANDUM ITEMS							
Funds managed (net asset value)	203,941	195,901	193,230	77,333	2.2	–2.8	–60.0
European Union	24,475	24,846	17,365	12,743	0.4	0.0	–26.6
Latin America	177,787	168,759	174,228	63,837	1.8	–2.7	–63.4
Other	1,679	2,297	1,637	752	0.0	0.0	–54.0
CIs ABROAD (NUMBER)	**185**	**176**	**166**	**162**			
Subsidiaries	129	120	110	109			
European Union	59	54	50	50			
Latin America	29	28	26	27			
Other	41	38	34	32			
Branches	56	56	56	53			
European Union	38	37	36	36			
Latin America	—	—	—	—			
Other	18	19	20	17			

SOURCE: Banco de España. Data available at 22 April 2014.

a The data refer to CGs which include the individual CIs that do not belong to any consolidated group.

NEW SECURITISATIONS (NOT ABCP) ORIGINATED BY CONSOLIDATED GROUPS (a)

TABLE A.2.9

Data of existing groups at year-end

€m and %

	Total consolidated groups		Total Spanish CIs		Memorandum item: Spanish CIs 2013		
					Structure		% annual Δ
	2012 (p)	2013 (p)	2012 (p)	2013 (p)	%	Change in pp	
TOTAL ASSETS AND LIABILITIES SECURITISED	24,172	29,803	13,389	17,473	100.0	0.00	30.5
Total underlying assets of traditional securitisations	22,672	29,803	11,889	17,473	100.0	11.20	47.0
Residential mortgages	2,273	7,978	2,190	7,756	44.4	28.04	254.2
Commercial mortgages	—	—	—	—	—	—	—
Finance leases	135	922	135	922	5.3	4.29	584
Corporate loans	8,025	6,368	8,025	6,368	36.4	–23.54	–20.6
Consumer loans	11,186	14,153	486	2,045	11.7	8.07	320.6
Other	1,053	382	1,053	382	2.2	–5.66	–63.7
Total underlying assets of synthetic securitisations	—	—	—	—	—	—	—
Total securitised underlying liabilities of credit institutions	1,500	—	1,500	—	—	–11.20	
Covered bonds	1,500	—	1,500	—	—	–11.20	
Other liabilities	—	—	—	—	—	0.00	.
Other information on asset securitisations							
Breakdown of underlying assets at originator by treatment for accounting and solvency purposes (%)							
Securitisations not reflected in accounting but reflected in solvency (b)	—	1.3	0.0	2.2			
Securitisations not reflected in either accounting or solvency	98.1	98.7	96.3	97.8			
Securitisations reflected in both accounting and solvency	—	—	—	—			
Securitisations reflected in accounting but not in solvency	1.9	—	3.7	—			
Securitisation structure (%)							
Senior tranches	61.3	58.9	56.3	46.1			
Mezzanine tranches	20.4	24.5	19.4	31.8			
First loss tranches	18.3	16.6	24.3	22.1			
Securitisation positions held on the balance sheet (%)							
Senior tranches	58.2	44.9	92.8	68.5			
Mezzanine tranches	74.3	90.9	100.0	98.7			
First loss tranches	86.7	88.7	82.4	87.0			
Breakdown by type of securitisation SPE (%)							
Asset securitisation SPEs	49.6	64.8	68.7	77.2			
Liability securitisation SPEs	66.0	79.4	100.0	100.0			
Other information on liabilities securitisations							
Securitisation structure (%)							
Senior tranches	100.0	—	100.0	—			
Mezzanine tranches	—	—	—	—			
First loss tranches	—	—	—	—			

SOURCE: Return RP26 (CBE 3/2008). Data available at 22 April 2014.

a The data refer to CGs which include the individual CIs that do not belong to any consolidated group. ABCP (asset-backed commercial paper) programmes are not included.

b Securitisations not reflected in accounting are those in which the originator holds the underlying assets on the balance sheet. Securitisations not reflected in solvency are those in which the originator does not transfer the credit risk of the underlying assets.

OUTSTANDING AMOUNTS OF SECURITISATIONS ORIGINATED BY CONSOLIDATED GROUPS (a) **TABLE A.2.10**

Data of existing groups at each year-end

€m and %

	Total consolidated groups		Total Spanish CIs		Memorandum item: Spanish CIs 2013		
					Structure		% annual Δ
	2012 (p)	2013 (p)	2012 (p)	2013 (p)	%	Change in pp	
TOTAL ASSETS AND LIABILITIES SECURITISED	343,481	292,617	269,952	226,787	100.0	0.00	–16.0
Total underlying assets of traditional securitisations	265,953	232,603	193,240	167,372	73.8	2.22	–13.4
Residential mortgages	175,975	160,929	128,100	122,366	54.0	6.55	–4.5
Commercial mortgages	1,576	1,177	1,360	1,115	0.5	0.00	–18.1
Finance leases	4,286	2,335	3,597	1,946	0.9	–0.43	–45.9
Corporate loans	42,654	27,834	42,654	27,834	12.3	–3.50	–34.7
Consumer loans	29,690	31,104	7,619	6,285	2.8	–0.02	–17.5
Other	10,313	8,187	8,452	6,788	3.0	–0.13	–19.7
Commercial paper	1,458	1,038	1,458	1,038	0.5	–0.04	–28.9
Of which: Receivables	*1,458*	*1,038*	*1,458*	*1,038*	*0.5*	*–0.04*	*–28.9*
Total underlying assets of synthetic securitisations	2,230	1,886	1,415	1,286	0.6	0.08	–9.1
Total securitised underlying liabilities of credit institutions	75,298	58,128	75,298	58,128	25.6	–2.29	–22.8
Covered bonds	73,893	58,068	73,893	58,068	25.6	–1.77	–21.4
Other liabilities	1,405	60	1,405	60	0.0	–0.52	–95.7
Other information on asset securitisations							
Breakdown of underlying assets at originator by treatment for accounting and solvency purposes (%)							
Securitisations not reflected in accounting but reflected in solvency (b)	10.7	8.2	14.5	11.3			
Securitisations not reflected in either accounting or solvency	85.8	88.5	80.8	84.2			
Securitisations reflected in both accounting and solvency	2.3	2.2	3.0	2.9			
Securitisations reflected in accounting but not in solvency	1.2	1.1	1.6	1.6			
Securitisation structure (%)							
Senior tranches	48.1	49.5	39.9	41.9			
Mezzanine tranches	33.9	30.7	41.4	37.6			
First loss tranches	18.1	19.8	18.7	20.5			
Securitisation positions held on the balance sheet (%)							
Senior tranches	47.0	46.4	58.7	58.8			
Mezzanine tranches	62.1	60.0	63.1	61.1			
First loss tranches	85.8	82.9	81.8	79.0			
Breakdown by type of securitisation SPE (%)							
Asset securitisation SPEs	71.3	72.4	91.5	93.2			
Liability securitisation SPEs	76.3	76.6	98.3	98.8			
Other information on liabilities securitisations							
Securitisation structure (%)							
Senior tranches	75.3	76.9	75.3	76.9			
Mezzanine tranches	24.1	21.8	24.1	21.8			
First loss tranches	0.6	1.4	0.6	1.4			

SOURCE: Return RP26 (CBE 3/2008). Data available at 22 April 2014.

a The data refer to CGs which include the individual CIs that do not belong to any consolidated group.

b Securitisations not reflected in accounting are those in which the originator holds the underlying assets on the balance sheet. Securitisations not reflected in solvency are those in which the originator does not transfer the credit risk of the underlying assets.

BREAKDOWN OF THE INCOME STATEMENT FOR CREDIT INSTITUTIONS WITH DFA

TABLE A.2.11

Data of institutions active at some time durin 2013

€m and %

	Amount				% of ATA				% annual Δ			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
Financial income	80,185	87,576	86,328	67,818	2.54	2.80	2.70	2.31	–25.1	9.2	–1.4	–21.4
Financial cost	–43,863	–55,620	–50,502	–38,814	–1.39	–1.78	–1.58	–1.32	–28.9	26.8	–9.2	–23.1
NET INTEREST INCOME (NII)	36,322	31,956	35,826	29,004	1.15	1.02	1.12	0.99	–19.9	–12.0	12.1	–19.0
Return on equity instruments	12,021	12,036	14,026	7,978	0.38	0.38	0.44	0.27	53.9	0.1	16.5	–43.1
Non-interest income	17,911	15,410	12,943	20,976	0.57	0.49	0.41	0.71	1.6	–14.0	–16.0	62.1
Fees and commissions (net)	12,700	12,413	12,207	11,803	0.40	0.40	0.38	0.40	–2.2	–2.3	–1.7	–3.3
Collection and payment service (net)	5,443	5,295	5,396	5,155	0.17	0.17	0.17	0.18	–7.0	–2.7	1.9	–4.5
Securities service (revenue)	1,305	1,417	1,236	1,209	0.04	0.05	0.04	0.04	9.4	8.5	–12.7	–2.2
Marketing of non-banking products (revenue)	3,313	3,244	3,167	3,494	0.10	0.10	0.10	0.12	5.1	–2.1	–2.4	10.3
Contingent exposures and commitments (net)	1,754	1,796	1,860	1,752	0.06	0.06	0.06	0.06	6.5	2.4	3.6	–5.8
Exchange of foreign currencies and banknotes (revenue)	51	56	62	58	0.00	0.00	0.00	0.00	7.7	9.9	11.6	–6.1
Other fees and commissions (net)	835	606	486	135	0.03	0.02	0.02	0.00	–23.7	–27.4	–19.8	–72.1
Income on financial assets and liabilities (net)	4,396	3,246	3,472	10,158	0.14	0.10	0.11	0.35	36.5	–26.2	7.0	192.6
Held for trading	1,037	2,021	1,125	1,526	0.03	0.06	0.04	0.05	111.7	94.8	–44.3	35.7
Other financial instruments at fair value	55	–11	62	162	0.00	0.00	0.00	0.01				162.9
Other income on financial assets and liabilities	3,303	1,236	2,286	8,470	0.10	0.04	0.07	0.29	7.6	–62.6	84.9	270.6
Exchange differences (net)	617	–106	–643	703	0.02	0.00	–0.02	0.02	–23.2		508.0	
Other operating income (net)	197	–143	–2,094	–1,688	0.01	0.00	–0.07	–0.06	–67.7		1363.2	–19.4
GROSS INCOME (GI)	66,253	59,402	62,795	57,958	2.10	1.90	1.97	1.97	–6.4	–10.3	5.7	–7.7
Administrative expenses	–28,237	–27,539	–26,824	–25,614	–0.89	–0.88	–0.84	–0.87	0.5	–2.5	–2.6	–4.5
Personnel expenses	–18,166	–17,510	–16,686	–15,576	–0.58	–0.56	–0.52	–0.53	–0.3	–3.6	–4.7	–6.6
Other general expenses	–10,071	–10,029	–10,138	–10,038	–0.32	–0.32	–0.32	–0.34	1.8	–0.4	1.1	–1.0
Amortisation	–2,296	–2,146	–2,172	–2,263	–0.07	–0.07	–0.07	–0.08	–6.1	–6.5	1.2	4.2
Provisioning expenses (net)	–3,967	–1,811	–8,020	–2,061	–0.13	–0.06	–0.25	–0.07	175.7	–54.4	342.9	–74.3
Impairment losses on financial assets (net)	–18,596	–24,099	–86,767	–22,809	–0.59	–0.77	–2.72	–0.78	–15.5	29.6	260.0	–73.7
Loans and receivables	–17,599	–22,981	–78,898	–22,305	–0.56	–0.74	–2.47	–0.76	–14.0	30.6	243.3	–71.7
Other financial instruments not measured at fair value	–997	–1,118	–7,869	–503	–0.03	–0.04	–0.25	–0.02	–35.0	12.1	603.9	–93.6
NET OPERATING PROFIT (NOP)	13,156	3,808	–60,987	5,211	0.42	0.12	–1.91	0.18	–21.6	–71.1		
Impairment losses on other assets (net)	–4,876	–16,951	–25,846	–4,400	–0.15	–0.54	–0.81	–0.15	–24.5	247.6	52.5	–83.0
Goodwill and other intangible assets	–71	–46	–170	–62	0.00	0.00	–0.01	0.00	37.8	–34.8	265.6	–63.3
Other	–4,805	–16,904	–25,676	–4,338	–0.15	–0.54	–0.80	–0.15	–25.0	251.8	51.9	–83.1
Other income (net)	1,937	809	2,626	3,342	0.06	0.03	0.08	0.11	–57.9	–58.2	224.5	27.3
Other gains	2,743	1,879	3,881	3,551	0.09	0.06	0.12	0.12	–47.2	–31.5	106.6	–8.5
Other losses	–808	–1,069	–2,188	–2,498	–0.03	–0.03	–0.07	–0.08	35.3	32.3	104.6	14.2
PROFIT BEFORE TAX (PBT)	10,217	–12,333	–84,207	4,152	0.32	–0.39	–2.64	0.14	–31.5		582.8	
Income tax	–289	2,935	13,676	4,246	–0.01	0.09	0.43	0.14	–80.2		366.0	–68.9
Mandatory transfer to welfare funds (a)	–30	–21	–14	–25	0.00	0.00	0.00	0.00	–33.7	–29.2	–34.8	80.9
PROFIT FOR THE PERIOD	9,898	–9,420	–70,546	8,374	0.31	–0.30	–2.21	0.28	–26.2		648.9	
MEMORANDUM ITEMS												
Average total assets (ATA)	3,157,120	3,126,626	3,195,419	2,941,825	100.00	100.00	100.00	100.00	0.8	–1.0	2.2	–7.9
Average own funds (b)	187,036	196,615	196,428	190,573	5.92	6.29	6.15	6.48	1.9	5.1	–0.1	–3.0
Net interest income due to the excess of EFAs over IBFLs (c)	1,392.0	827.0	906.0	1,729.0	0.04	0.03	0.03	0.06	–2.3	–40.6	9.5	90.9
Average return on earning financial assets (EFAs)	—	—	—	—	2.90	3.22	3.18	2.69	—	—	—	—
Average cost of interest-bearing financial liabilities (IBFLs)	—	—	—	—	1.61	2.06	1.87	1.57	—	—	—	—
Efficiency ratio (d)	—	—	—	—	46.09	49.97	46.17	48.10	—	—	—	—
Return on average equity (ROE) (b)	—	—	—	—	5.29	–4.79	–35.91	4.39	—	—	—	—
Provisioning for credit risk in the year												
Specific allowances or provisions	–23,759	–27,059	–89,065	–22,981	–0.75	–0.87	–2.79	–0.78	–19.5	13.9	229.1	–74.2
General allowances or provisions	5,839	3,366	3,385	961	0.18	0.11	0.11	0.03	–36.2	–42.4	0.6	–71.6
Net additions to country-risk allowances and provisions	23.0	12.0	29.0	–11.0	0.00	0.00	0.00	0.00	–77.0	–46.8	136.6	—

SOURCE: Banco de España. Data available at 22 April 2014.

a Only savings banks and credit cooperatives.

b Includes own funds for accounting purposes excluding retained earnings; also included are declared dividends and remuneration, and valuation adjustments arising from exchange differences.

c Calculated on the basis of the average return of EFAs on the positive difference between EFAs and IBFLs. For consistency with the definition of net interest income, the calculation of EFAs excludes the return on equity instruments.

d The efficiency ratio is defined as administrative expenses and amortisation divided by gross income.

MAIN INCOME AND PROFIT ITEMS OF THE INCOME STATEMENT FOR CREDIT INSTITUTIONS WITH DFA

TABLE A.2.12

Data of institutions active at some time during 2013

€m and %

	Amount				% of ATA				% annual Δ			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
NET INTEREST INCOME (NII)												
Total credit institutions with DFA	36,322	31,956	35,826	29,004	1.15	1.02	1.12	0.99	–19.9	–12.0	12.1	–19.0
Five largest non-FROB commercial banks and savings banks	19,627	16,835	18,280	13,543	1.16	1.01	1.07	0.85	–19.4	–14.2	8.6	–25.9
Other non-FROB commercial banks and savings banks	9,297	8,893	9,802	8,226	1.14	1.11	1.20	1.12	–17.1	–4.3	10.2	–16.1
FROB commercial banks and savings banks	4,447	3,292	4,262	3,539	0.93	0.68	0.87	0.81	–28.5	–26.0	29.4	–17.0
Credit cooperatives	1,885	1,824	2,311	2,191	1.56	1.48	1.73	1.60	–20.9	–3.3	26.7	–5.2
Specialiced credit institutions	1,067	1,112	1,172	1,505	2.44	2.53	2.54	3.45	–9.2	4.3	5.4	28.4
GROSS INCOME (GI)												
Total credit institutions with DFA	66,253	59,402	62,795	57,958	2.10	1.90	1.97	1.97	–6.4	–10.3	5.7	–7.7
Five largest non-FROB commercial banks and savings banks	38,523	35,469	38,083	31,428	2.27	2.12	2.22	1.98	0.4	–7.9	7.4	–17.5
Other non-FROB commercial banks and savings banks	15,516	14,006	14,177	14,071	1.91	1.74	1.74	1.92	–12.1	–9.7	1.2	–0.8
FROB commercial banks and savings banks	8,119	5,845	5,910	6,969	1.69	1.21	1.21	1.59	–19.6	–28.0	1.1	17.9
Credit cooperatives	2,664	2,680	3,154	3,289	2.20	2.18	2.37	2.41	–15.4	0.6	17.7	4.3
Specialiced credit institutions	1,430	1,403	1,471	2,201	3.27	3.19	3.19	5.05	–4.1	–1.9	4.9	49.6
NET OPERATING PROFIT (NOP)												
Total credit institutions with DFA	13,156	3,808	–60,987	5,211	0.42	0.12	–1.91	0.18	–21.6	–71.1	—	—
Five largest non-FROB commercial banks and savings banks	11,038	5,025	–10,858	2,906	0.65	0.30	–0.63	0.18	–10.4	–54.5	—	—
Other non-FROB commercial banks and savings banks	593	2,093	–9,602	1,345	0.07	0.26	–1.18	0.18	–76.0	253.0	—	—
FROB commercial banks and savings banks	1,156	–3,904	–38,761	–532	0.24	–0.81	–7.96	–0.12	–39.2	—	892.8	–98.6
Credit cooperatives	442	482	–2,081	795	0.36	0.39	–1.56	0.58	–27.1	9.2	—	—
Specialiced credit institutions	–73	112	315	697	–0.17	0.25	0.68	1.60	–86.3	—	182.7	120.9
PROFIT BEFORE TAX (PBT)												
Total credit institutions with DFA	10,217	–12,333	–84,207	4,152	0.32	–0.39	–2.64	0.14	–31.5	—	582.8	—
Five largest non-FROB commercial banks and savings banks	9,952	–131	–11,002	2,137	0.59	–0.01	–0.64	0.13	–17.5	—	8,294.5	—
Other non-FROB commercial banks and savings banks	–445	–274	–13,637	26	–0.05	–0.03	–1.67	0.00	—	–38.4	4,870.8	—
FROB commercial banks and savings banks	487	–12,177	–57,009	1,032	0.10	–2.52	–11.70	0.24	–50.4	—	368.2	—
Credit cooperatives	337	238	–2,693	381	0.28	0.19	–2.02	0.28	–32.9	–29.4	—	—
Specialiced credit institutions	–114	11	133	577	–0.26	0.03	0.29	1.33	–79.5	—	1,082.2	333.9
PROFIT FOR THE PERIOD												
Total credit institutions with DFA	9,898	–9,420	–70,546	8,374	0.31	–0.30	–2.21	0.28	–26.2	—	648.9	—
Five largest non-FROB commercial banks and savings banks	9,293	2,009	–6,867	3,906	0.55	0.12	–0.40	0.25	–14.6	–78.4	—	—
Other non-FROB commercial banks and savings banks	–214	73	–9,481	–330	–0.03	0.01	–1.16	–0.04	—	—	—	–96.5
FROB commercial banks and savings banks	603	–11,756	–52,140	4,031	0.13	–2.43	–10.70	0.92	–30.0	—	343.5	—
Credit cooperatives	312	255	–1,927	352	0.26	0.21	–1.45	0.26	–27.3	–18.1	—	—
Specialiced credit institutions	–96	–1	–130	415	–0.22	0.00	–0.28	0.95	–77.5	–99.0	13,145.7	—
MEMORANDUM ITEMS												
AVERAGE TOTAL ASSETS (ATA):												
Total credit institutions with DFA	3,157,120	3,126,626	3,195,419	2,941,825	100.0	100.0	100.0	100.0	0.8	–1.0	2.2	–7.9
Five largest non-FROB commercial banks and savings banks	1,697,315	1,672,659	1,713,310	1,589,271	53.76	53.50	53.62	54.02	1.8	–1.5	2.4	–7.2
Other non-FROB commercial banks and savings banks	814,268	804,378	815,535	734,717	25.79	25.73	25.52	24.97	–2.4	–1.2	1.4	–9.9
Commercial banks and savings banks (FROB)	480,682	482,824	487,174	437,556	15.23	15.44	15.25	14.87	1.7	0.5	0.9	–10.2
Credit cooperatives	121,096	122,802	133,262	136,720	3.84	3.93	4.17	4.65	5.2	1.4	8.5	2.6
Specialiced credit institutions	43,758	43,963	46,137	43,561	1.39	1.41	1.44	1.48	–0.2	0.5	5.0	–5.6

SOURCE: Banco de España. Data available at 22 April 2014.

BREAKDOWN OF THE INCOME STATEMENT FOR CONSOLIDATED GROUPS (a) — TABLE A.2.13

Data of groups existing at some time during 2013

€m and %

	Amount				% of ATA				% annual Δ			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
Financial income	128,247	144,669	145,083	123,338	3.31	3.79	3.64	3.29	–15.6	12.8	0.3	–15.0
Financial cost	–60,133	–78,493	–73,234	–59,859	–1.55	–2.06	–1.84	–1.60	–23.6	30.5	–6.7	–18.3
NET INTEREST INCOME (NII)	68,114	66,176	71,849	63,478	1.76	1.73	1.80	1.69	–7.0	–2.8	8.6	–11.7
Equity instruments	6,698	6,046	4,973	5,677	0.17	0.16	0.12	0.15	29.4	–9.7	–17.7	14.1
Return on equity instruments	3,102	2,425	1,868	1,321	0.08	0.06	0.05	0.04	8.9	–21.8	–23.0	–29.3
Share of profit of entities accounted for using the equity method	3,596	3,621	3,105	4,356	0.09	0.09	0.08	0.12	54.7	0.7	–14.2	40.3
Associate entities	1,578	1,656	1,239	1,323	0.04	0.04	0.03	0.04	100.8	4.9	–25.2	6.8
Jointly controlled entities	453	506	570	531	0.01	0.01	0.01	0.01	25.5	11.6	12.7	–6.9
Group entities	1,564	1,459	1,296	2,502	0.04	0.04	0.03	0.07	32.8	–6.7	–11.2	93.1
Non-interest income	31,647	29,660	29,255	33,620	0.82	0.78	0.73	0.90	–5.1	–6.3	–1.4	14.9
Fees and commissions (net)	23,664	24,428	24,659	23,653	0.61	0.64	0.62	0.63	3.4	3.2	0.9	–4.1
Collection and payment service (revenue)	10,583	11,187	12,062	12,126	0.27	0.29	0.30	0.32	0.6	5.7	7.8	0.5
Securities service (revenue)	2,448	2,574	2,440	2,408	0.06	0.07	0.06	0.06	7.4	5.1	–5.2	–1.3
Marketing of non-banking products (revenue)	7,279	7,620	7,657	7,492	0.19	0.20	0.19	0.20	10.2	4.7	0.5	–2.1
Contingent exposures and commitments (revenue)	2,049	2,116	2,175	2,131	0.05	0.06	0.05	0.06	4.2	3.3	2.8	–2.0
Exchange of foreign currencies and banknotes (revenue)	241	326	312	323	0.01	0.01	0.01	0.01	14.7	35.4	–4.3	3.4
Other fees and commissions (net)	1,065	605	14	–828	0.03	0.02	0.00	–0.02	–19.1	–43.2	–97.7	
Income on financial assets (net)	6,963	6,010	7,285	11,752	0.18	0.16	0.18	0.31	–20.9	–13.7	21.2	61.3
Held for trading	2,745	3,449	2,459	2,585	0.07	0.09	0.06	0.07	–8.3	25.7	–28.7	5.1
Other financial instruments at fair value	116	–33	323	140	0.00	0.00	0.01	0.00	–53.3			–56.7
Other income on financial assets and liabilities	4,102	2,594	4,503	9,028	0.11	0.07	0.11	0.24	–26.3	–36.8	73.6	100.5
Exchange differences (net)	1,329	249	420	1,372	0.03	0.01	0.01	0.04	–11.2	–81.2	68.4	226.9
Other operating income (net)	–310	–1,028	–3,109	–3,157	–0.01	–0.03	–0.08	–0.08		231.8	202.5	1.6
GROSS INCOME (GI)	106,458	101,881	106,077	102,775	2.75	2.67	2.66	2.74	–4.7	–4.3	4.1	–3.1
Administrative expenses	–45,322	–47,262	–47,741	–46,813	–1.17	–1.24	–1.20	–1.25	3.8	4.3	1.0	–1.9
Personnel expenses	–28,108	–29,197	–29,144	–28,603	–0.72	–0.76	–0.73	–0.76	2.9	3.9	–0.2	–1.9
Other general expenses	–17,214	–18,064	–18,596	–18,210	–0.44	–0.47	–0.47	–0.49	5.2	4.9	2.9	–2.1
Amortisation	–4,776	–4,813	–5,013	–5,316	–0.12	–0.13	–0.13	–0.14	8.1	0.8	4.2	6.0
Provisioning expenses (net)	–4,748	–4,216	–8,923	–4,926	–0.12	–0.11	–0.22	–0.13	91.1	–11.2	111.6	–44.8
Impairment losses on financial assets (net)	–27,862	–33,298	–90,148	–34,192	–0.72	–0.87	–2.26	–0.91	–22.0	19.5	170.7	–62.1
Loans and receivables	–26,686	–30,979	–86,399	–33,162	–0.69	–0.81	–2.17	–0.88	–20.2	16.1	178.9	–61.6
Other financial instruments not measured at fair value	–1,176	–2,320	–3,749	–1,031	–0.03	–0.06	–0.09	–0.03	–48.0	97.3	61.6	–72.5
NET OPERATING PROFIT (NOP)	23,750	12,292	–45,748	11,527	0.61	0.32	–1.15	0.31	–6.6	–48.2		
Impairment losses on other assets (net)	–5,119	–15,256	–19,607	–6,344	–0.13	–0.40	–0.49	–0.17	–26.5	198.0	28.5	–67.6
Goodwill and other intangible assets	–294	–2,752	–1,012	–158	–0.01	–0.07	–0.03	0.00	–79.7	836.9	–63.2	–84.4
Other	–4,825	–12,503	–18,595	–6,186	–0.12	–0.33	–0.47	–0.17	–12.5	159.1	48.7	–66.7
Other income (net)	3,044	3,657	–433	5,987	0.08	0.10	–0.01	0.16	–34.7	20.1		
Other gains	4,138	5,188	4,810	10,614	0.11	0.14	0.12	0.28	–24.5	25.4	–7.3	120.7
Other losses	–1,094	–1,530	–5,242	–4,627	–0.03	–0.04	–0.13	–0.12	33.7	39.9	242.6	–11.7
PROFIT BEFORE TAX (PBT)	21,676	694	–65,787	11,170	0.56	0.02	–1.65	0.30	–6.3	–96.8		
Income tax	–3,744	982	10,219	1,387	–0.10	0.03	0.26	0.04	31.2		940.1	–86.4
Mandatory transfer to welfare funds	–30	–18	–14	–25	0.00	0.00	0.00	0.00	–33.7	–38.7	–25.5	83.1
CONSOLIDATED PROFIT FOR THE PERIOD	17,901	1,658	–55,583	12,533	0.46	0.04	–1.39	0.33	–11.6	–90.7		
Attributed to the parent	15,916	1,598	–46,441	10,221	0.41	0.04	–1.17	0.27	–15.0	–90.0		
Attributed to minority interests	1,985	60	–9,141	2,312	0.05	0.00	–0.23	0.06	30.2	–97.0		
MEMORANDUM ITEMS												
Average total assets (ATA)	3,878,214	3,817,627	3,984,594	3,748,011	100.00	100.00	100.00	100.00	4.6	–1.6	4.4	–5.9
Average own funds of the group (b)	218,020	211,490	209,987	223,620	5.62	5.54	5.27	5.97	9.3	–3.0	–0.7	6.5
Net interest income due to the excess of EFAs over IBFLs (c)	2,542	2,792	4,377	4,271	0.07	0.07	0.11	0.11	–3.8	9.9	56.8	–2.4
Average return on earning financial assets (EFAs)					3.82	4.28	4.30	3.99				
Average cost of interest-bearing financial liabilities (IBFLs)					1.82	2.36	2.23	2.00				
Efficiency ratio (d)					47.06	51.11	49.73	50.72				
Return on average equity of the group (ROE) (e)					7.30	0.76	–22.12	4.57				

SOURCE: Banco de España. Data available at 22 April 2014.

a The data refer to CGs which include individual CIs with DFA not belonging to any CG.
b Includes own funds for accounting purposes excluding retained earnings; also included are declared dividends and remuneration, and valuation adjustments arising from exchange differences.
c Calculated on the basis of the return of EFAs on the positive difference between EFAs and IBFLs. For consistency with the definition of net interest income, the calculation of EFAs excludes the return on equity instruments.
d The efficiency ratio is defined as administrative expenses and amortisation divided by gross income.
e Calculated on the basis of the consolidated profit for the period attributed to the parent on the average own funds of the group.

MAIN INCOME AND PROFIT ITEMS OF THE INCOME STATEMENT FOR CONSOLIDATED GROUPS (a)

TABLE A.2.14

Data of consolidated groups existing at some time during 2013

€m and %

	Amount				% of ATA				% annual Δ			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
NET INTEREST INCOME (NII)												
Total consolidated groups	68,114	66,176	71,849	63,478	1.76	1.73	1.80	1.69	–7.0	–2.9	8.6	–11.7
Five largest non-FROB CGs	51,670	51,700	55,208	49,415	2.08	2.10	2.11	1.97	–1.4	0.1	6.8	–10.5
Other non-FROB CGs	11,455	10,827	12,184	10,356	1.29	1.23	1.35	1.25	–17.9	–5.5	12.5	–15.0
FROB CGs	4,990	3,649	4,457	3,708	1.00	0.77	0.96	0.89	–27.3	–26.9	22.1	–16.8
GROSS INCOME (GI)												
Total consolidated groups	106,458	101,881	106,077	102,775	2.75	2.67	2.66	2.74	–4.7	–4.3	4.1	–3.1
Five largest non-FROB CGs	79,193	78,653	84,054	78,097	3.18	3.20	3.21	3.12	–1.1	–0.7	6.9	–7.1
Other non-FROB CGs	18,485	16,847	16,774	17,266	2.07	1.91	1.86	2.09	–11.5	–8.9	–0.4	2.9
FROB CGs	8,781	6,382	5,249	7,412	1.76	1.34	1.14	1.78	–18.5	–27.3	–17.8	41.2
NET OPERATING PROFIT (NOP)												
Total consolidated groups	23,750	12,292	–45,748	11,527	0.61	0.32	–1.15	0.31	–6.7	–48.2	—	—
Five largest non-FROB CGs	22,029	12,981	–276	10,711	0.89	0.53	–0.01	0.43	4.5	–41.1	—	—
Other non-FROB CGs	933	2,369	–11,611	970	0.10	0.27	–1.29	0.12	–61.7	153.9	—	—
FROB CGs	788	–3,058	–33,861	–155	0.16	–0.64	–7.32	–0.04	–59.2	—	1,007.2	–99.5
PROFIT BEFORE TAX (PBT)												
Total consolidated groups	21,676	694	–65,787	11,170	0.56	0.02	–1.65	0.30	–6.3	–96.8	—	—
Five largest non-FROB CGs	21,402	7,718	–5,002	11,359	0.86	0.31	–0.19	0.45	4.8	–63.9	—	—
Other non-FROB CGs	–225	60	–16,582	345	–0.03	0.01	–1.84	0.04	—	—	—	—
FROB CGs	499	–7,084	–44,203	–534	0.10	–1.49	–9.56	–0.13	–53.1	—	524.0	–98.8
CONSOLIDATED PROFIT FOR THE PERIOD												
Total consolidated groups	17,901	1,658	–55,583	12,533	0.46	0.04	–1.39	0.33	–11.6	–90.7	—	—
Five largest non-FROB CGs	17,368	7,768	–2,769	9,956	0.70	0.32	–0.11	0.40	–2.7	–55.3	—	—
Other non-FROB CGs	–110	328	–11,842	–148	–0.01	0.04	–1.31	–0.02	—	—	—	–98.8
FROB CGs	643	–6,437	–40,972	2,725	0.13	–1.35	–8.86	0.65	–34.2	—	536.5	a
MEMORANDUM ITEMS												
AVERAGE TOTAL ASSETS (ATA)												
Total consolidated groups	3,878,214	3,817,627	3,984,594	3,748,011	100.0	100.0	100.0	100.0	4.6	–1.6	4.4	–5.9
Five largest non-FROB CGs	2,486,824	2,458,084	2,618,825	2,505,499	64.12	64.39	65.72	66.85	8.0	–1.2	6.5	–4.3
Other non-FROB CGs	891,274	882,590	903,372	826,088	22.98	23.12	22.67	22.04	–2.1	–1.0	2.4	–8.6
FROB CGs	500,116	476,954	462,397	416,485	12.90	12.49	11.60	11.11	1.0	–4.6	–3.1	–9.9

SOURCE: Banco de España. Data available at 22 April 2014.

a The data refer to CGs which include individual CIs with DFA not belonging to any CG.

SOLVENCY OF CONSOLIDATED GROUPS: OWN FUNDS (a)

TABLE A.2.15

Data of groups existing at each year-end

€m and %

	Amount				Structure %				% annual Δ			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
TOTAL OWN FUNDS FOR SOLVENCY PURPOSES	244,944	237,926	198,775	205,023	100.0	100.0	100.0	100.0	–3.7	–2.9	–16.5	3.1
Original own funds (Tier 1 capital)	209,227	210,525	178,101	189,640	85.4	88.5	89.6	92.5	3.6	0.6	–15.4	6.5
Eligible capital, eligible reserves and similar items	208,533	214,482	212,656	226,680	85.1	90.1	107.0	110.6	2.8	2.9	–0.9	6.6
Eligible capital and reserves	184,211	194,992	236,582	195,257	75.2	82.0	119.0	95.2	1.7	5.9	21.3	–17.5
Minority interests	13,736	22,578	24,872	21,214	5.6	9.5	12.5	10.3	9.7	64.4	10.2	–14.7
Interim profits or material losses of the current financial year	11,154	–1,830	–48,511	10,347	4.6	–0.8	–24.4	5.0	2.5	—	2550.4	—
Other	–568	–1,257	–286	–139	–0.2	–0.5	–0.1	–0.1	–66.0	121.5	–77.2	–51.6
Other and country specific original own funds	49,144	47,477	19,352	13,094	20.1	20.0	9.7	6.4	15.6	–3.4	–59.2	–32.3
Hybrid instruments	32,108	27,416	15,573	11,636	13.1	11.5	7.8	5.7	–2.7	–14.6	–43.2	–25.3
Other	17,036	20,061	3,779	1,458	7.0	8.4	1.9	0.7	79.4	17.8	–81.2	–61.4
Deductions from original own funds	–48,450	–51,433	–53,907	–50,134	–19.8	–21.6	–27.1	–24.5	11.3	6.2	4.8	–7.0
Additional own funds (Tier 2 capital)	56,392	46,236	36,615	27,517	23.0	19.4	18.4	13.4	–17.1	–18.0	–20.8	–24.8
Core additional own funds	16,066	13,426	11,947	9,651	6.6	5.6	6.0	4.7	–30.6	–16.4	–11.0	–19.2
Adjustments made to valuation differences in original own funds transferred to core additional own funds	984	577	399	641	0.4	0.2	0.2	0.3	–65.1	–41.4	–30.8	60.4
SA general provisions and IRB provision excess	9,045	7,249	7,937	7,362	3.7	3.0	4.0	3.6	–10.1	–19.9	9.5	–7.2
Securities of indeterminate duration and other instruments	3,003	2,455	1,122	409	1.2	1.0	0.6	0.2	–42.3	–18.2	–54.3	–63.5
Other	3,035	3,145	2,489	1,239	1.2	1.3	1.3	0.6	–40.1	3.6	–20.9	–50.2
Supplementary additional own funds	40,366	32,934	24,972	18,731	16.5	13.8	12.6	9.1	–10.1	–18.4	–24.2	–25.0
Deductions from additional own funds	–40	–124	–304	–865	0.0	–0.1	–0.2	–0.4	–12.0	214.1	145.3	184.2
(–) Deductions from original and additional own funds	–20,676	–18,835	–15,979	–12,134	–8.4	–7.9	–8.0	–5.9	32.6	–8.9	–15.2	–24.1
Of which: From original own funds	*–10,408*	*–9,593*	*–7,934*	*–6,418*	*–4.2*	*–4.0*	*–4.0*	*–3.1*	*33.7*	*–7.8*	*–17.3*	*–19.1*
Of which: From additional own funds	*–10,267*	*–9,242*	*–8,044*	*–5,717*	*–4.2*	*–3.9*	*–4.0*	*–2.8*	*31.5*	*–10.0*	*–13.0*	*–28.9*
(–) Holdings in other credit and financial institutions amounting to more than 10% of their capital	–8,172	–7,435	–8,224	–4,302	–3.3	–3.1	–4.1	–2.1	36.6	–9.0	10.6	–47.7
(–) Participations held in insurance undertakings, reinsurance undertakings and insurance holding companies amounting to more than 20% of their capital	–4,192	–4,632	–4,691	–4,298	–1.7	–1.9	–2.4	–2.1	19.6	10.5	1.3	–8.4
Other	–8,312	–6,768	–3,063	–3,534	–3.4	–2.8	–1.5	–1.7	36.0	–18.6	–54.7	15.4
Total additional own funds specific to cover market risks (Tier 3 capital) and other	0	0	37	0	0.0	0.0	0.0	0.0	—	—	—	–100.0
SURPLUS (+) / DEFICIT (–) OF OWN FUNDS	80,190.0	81,216.0	62,003.0	81,338.0	—	—	—	—	–8.9	1.3	–23.7	31.2
Solvency ratio (%)	11.9	12.1	11.6	13.3	—	—	—	—	—	—	—	—
Tier 1 ratio (%) (b)	9.7	10.3	10.0	11.9	—	—	—	—	—	—	—	—
MEMORANDUM ITEMS												
Core capital (RDL 2/2011) (% of original own funds) (c)	—	88.2	93.8	—	—	—	—	—	—	—	—	—
Core capital coverage index (RDL 2/2011) (%) (c)	—	114.6	119.3	—	—	—	—	—	—	—	—	—
Core capital (RDL 2/2011 according to wording of Law 9/2012) as at 1 January 2013 (% of original own funds) (d)	—	—	90.4	94.2	—	—	—	—	—	—	—	—
Core capital coverage index (RDL 2/2011 according to wording of Law 9/2012) as at 1 January 2013 (%) (d)	—	—	104.1	128.1	—	—	—	—	—	—	—	—

SOURCE: Banco de España. Data available at 22 April 2014.

a Data refer to CGs which include individual CIs not belonging to any consolidated group. Data and items in this table, unless otherwise stated, correspond to items of form RP10 "Own funds and compliance with capital requirements" of CBE 3/2008. Due to the change in solvency regulations in 2011, some items were modified in form RP10. This change made it necessary to adapt the sub-items under "Other and country specific original own funds" in this Table.

b The tier 1 ratio is calculated by subtracting from original own funds that part of the deductions from original and additional own funds that corresponds to original own funds.

c Only for the fraction of the CGs in this table which are subject to Royal Decree-Law 2/2011 of 18 February 2011 on the strengthening of the financial system. This Royal Decree-Law requires a minimum core capital of 8% of risk-weighted assets (10% of risk-weighted assets for entities which have not placed 20% or more of their share capital with third parties and which, additionally, have a ratio of wholesale funding higher than 20%). The coverage index is calculated as core capital divided by core capital requirements (as a percentage).

d Only for the fraction of the CGs in this table which are subject to Royal Decree-Law 2/2011 of 18 February 2011 on the strengthening of the financial system, according to the wording of Law 9/2012 of 14 November 2012 on credit institution restructuring and resolution. This new wording has eliminated the previous dual requirement of 8% and 10% and has established a single requirement of 9% and has also modified the definition of core capital to bring it into line with "core tier 1" used by the European Banking Authority in its recapitalisation exercise in 2011. Although this new definition did not come into force until 1 January 2013, an extraordinary statement on risk weighted assets was envisaged as of December 2012, which is included in this table. The coverage index is calculated as core capital divided by core capital requirements (as a percentage).

SOLVENCY OF CONSOLIDATED GROUPS: REQUIREMENTS (a)

TABLE A.2.16

Data of groups existing at each year-end

€m and %

	Amount				Structure %				% annual Δ		Average RW % (b)	
	2010	2011	2012	2013	2010	2011	2012	2013	2012	2013	2012	2013
CAPITAL REQUIREMENTS	164,754	156,711	136,772	123,679	100.0	100.0	100.0	100.0	–12.7	–9.6	–	–
Credit, counterparty credit and dilution risks and free deliveries	143,897	137,675	118,332	107,766	87.3	87.9	86.5	87.1	–14.0	–8.9	43.9	42.5
Standardised approach (SA) (excluding securitisation positions)	90,295	84,975	70,120	65,262	54.8	54.2	51.3	52.8	–17.5	–6.9	44.2	44.9
Central governments or central banks and similar categories (c)	2,295	2,650	2,798	3,102	1.4	1.7	2.0	2.5	5.6	10.9	5.1	6.3
Institutions	2,097	2,127	2,524	2,021	1.3	1.4	1.8	1.6	18.7	–19.9	32.2	28.0
Corporates	33,955	28,379	21,129	17,428	20.6	18.1	15.4	14.1	–25.5	–17.5	94.7	97.4
Retail	16,457	15,788	14,731	14,244	10.0	10.1	10.8	11.5	–6.7	–3.3	74.7	74.6
Secured by real estate property	16,643	15,955	13,941	12,667	10.1	10.2	10.2	10.2	–12.6	–9.1	40.8	39.9
Past-due items	5,813	7,780	6,124	6,958	3.5	5.0	4.5	5.6	–21.3	13.6	100.7	105.0
Exposures belonging to regulatory high-risk categories	3,444	3,035	2,257	2,190	2.1	1.9	1.7	1.8	–25.6	–2.9	125.0	126.7
Other	9,589	9,261	6,616	6,651	5.8	5.9	4.8	5.4	–28.6	0.5	56.4	55.4
Internal ratings-based (IRB) approach (excluding securitisation positions) (d)	51,222	50,639	46,290	41,088	31.1	32.3	33.8	33.2	–8.6	–11.2	42.7	38.7
Of which: Advanced IRB	*43,178*	*41,717*	*37,203*	*32,575*	*26.2*	*26.6*	*27.2*	*26.3*	*–10.8*	*–12.4*	*37.2*	*33.3*
Central governments and central banks	121	91	72	82	0.1	0.1	0.1	0.1	–21.4	14.2	17.9	13.5
Institutions	2,886	2,752	3,357	2,601	1.8	1.8	2.5	2.1	22.0	–22.5	25.6	19.6
Corporates	30,778	30,011	24,800	20,846	18.7	19.2	18.1	16.9	–17.4	–15.9	65.5	59.4
Of which: SMEs	*10,911*	*9,939*	*7,512*	*5,719*	*6.6*	*6.3*	*5.5*	*4.6*	*–24.4*	*–23.9*	*72.9*	*60.5*
Retail	13,255	13,670	13,732	13,065	8.0	8.7	10.0	10.6	0.5	–4.9	25.0	23.9
Of which: SMEs	*1,416*	*1,446*	*1,745*	*1,929*	*0.9*	*0.9*	*1.3*	*1.6*	*20.7*	*10.5*	*48.7*	*46.1*
Of which: Secured by real estate collateral	*10,094*	*10,468*	*10,264*	*9,659*	*6.1*	*6.7*	*7.5*	*7.8*	*–1.9*	*–5.9*	*21.2*	*20.2*
Of which: Non-SMEs secured by real estate collateral	*9,516*	*9,837*	*9,397*	*8,751*	*5.8*	*6.3*	*6.9*	*7.1*	*–4.5*	*–6.9*	*20.2*	*19.1*
Equity	4,183	4,115	4,330	4,495	2.5	2.6	3.2	3.6	5.2	3.8	196.9	190.5
Other	—	—	—	—	—	—	—	—	—	—	—	—
Securitisation positions (e)	2,380	2,062	1,923	1,416	1.4	1.3	1.4	1.1	–6.7	–26.4	66.7	60.7
Of which: Traditional	*2,378*	*2,062*	*1,923*	*1,414*	*1.4*	*1.3*	*1.4*	*1.1*	*–6.7*	*–26.5*	*66.7*	*60.7*
Standardised approach	2,020	1,779	1,552	1,139	1.2	1.1	1.1	0.9	–12.7	–26.6	66.3	60.6
IRB approach (f)	360	283	370	277	0.2	0.2	0.3	0.2	30.8	–25.2	67.8	61.1
Memorandum item: securitisation positions including deducted values	3,563	2,920	2,730	2,063	2.2	1.9	2.0	1.7	–6.5	–24.4	89.7	85.3
Position, foreign exchange and commodities risks	6,137	4,720	4,716	4,966	3.7	3.0	3.4	4.0	–0.1	5.3	—	—
Standardised approach	4,732	2,608	2,653	3,084	2.9	1.7	1.9	2.5	1.7	16.2	—	—
Of which: Traded debt instruments	*1,300*	*1,594*	*1,243*	*1,387*	*0.8*	*1.0*	*0.9*	*1.1*	*–22.0*	*11.6*	—	—
Of which: Foreign exchange risk	*3,182*	*741*	*1,245*	*1,504*	*1.9*	*0.5*	*0.9*	*1.2*	*68.0*	*20.8*	—	—
Internal models	1,405	2,112	2,063	1,883	0.9	1.3	1.5	1.5	–2.3	–8.7	—	—
Operational risk (OpR)	14,123	13,792	13,508	12,877	8.6	8.8	9.9	10.4	–2.1	–4.7	—	—
Basic indicator approach	3,807	3,383	2,742	2,367	2.3	2.2	2.0	1.9	–19.0	–13.7	—	—
Standardised and alternative standardised approaches	8,540	9,067	9,414	9,182	5.2	5.8	6.9	7.4	3.8	–2.5	—	—
Advanced measurement approaches	1,776	1,342	1,351	1,329	1.1	0.9	1.0	1.1	0.7	–1.7	—	—
Transitional, settlement and other capital requirements	597	523	216	–1,931	0.4	0.3	0.2	–1.6	–58.7	–	—	—
Of which: Complements to overall floor for capital requirements	*121*	*63*	*30*	*6*	*0.1*	*0.0*	*0.0*	*0.0*	*–52.7*	*–80.3*	—	—
Of which: Other country specific own funds requirements (g)	*476*	*459*	*186*	*–1,937*	*0.3*	*0.3*	*0.1*	*–1.6*	*–59.6*	—	—	—

SOURCE: Banco de España. Data available at 22 April 2014.

a In the solvency section, the term "consolidated group" refers to consolidated groups of credit institutions and to individual credit institutions not belonging to any consolidated group subject to compliance with the solvency ratio. Data and items in this table, unless otherwise stated, correspond to items of form RP10 "Own funds and compliance with capital requirements" of CBE 3/2008.

b RW refers to risk-weight. Unless otherwise stated, the average risk-weights in this table have generally been calculated by dividing the risk-weighted assets by the exposure values declared in forms RP21, RP22, RP23, RP24 and RP25 of CBE 3/2008.

c It includes the exposure classes "Central governments or central banks"; "Regional governments or local authorities"; "Administrative bodies and non-commercial undertakings"; "Multilateral Development Banks"; and "International Organisations".

d The average risk weight corresponding to this row is calculated excluding the "Other" component from the total. Details of risk-weighted assets and exposure values are not available for this component.

e The average risk weight corresponding to this row is calculated after taking into account several adjustments to the risk-weighted assets (infringement of due diligence provisions; maturity mismatches) and after the impact of the cap.

f The average risk-weight corresponding to this row is calculated using risk-weighted exposures which do not incorporate reductions due to valuation adjustments and provisions.

g In 2013, this item includes the amount which must be deducted from capital requirements for credit risk as a result of taking the weighted exposures due to credit risk vis-à-vis SMEs and applying to them the correction factor of 0.7619 as provided for by the Fourteenth Additional Provision of Law 14/2013 of 27 September 2013 to support entrepreneurs and their internationalisation. This amount was €2,120 million.

INFORMATION PROVIDED BY NON-CONSOLIDATED MIXED GROUPS (MGs) OF FINANCIAL INSTITUTIONS AND FINANCIAL CONGLOMERATES (FCs) SUBJECT TO SUPERVISION BY THE BANCO DE ESPAÑA (a)

TABLE A.2.17

Data of existing MGs and FCs at year-end

€m and %

	Amount				Structure %				% annual Δ			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
Effective own funds	234,736	227,551	187,014	193,905	100.0	100.0	100.0	100.0	-0.5	-3.1	-17.8	3.7
Credit institutions or groups	227,364	220,413	181,148	189,543	96.9	96.9	96.9	97.8	-1.0	-3.1	-17.8	4.6
Insurance undertakings or groups	9,254	9,448	11,084	10,319	3.9	4.2	5.9	5.3	14.3	2.1	17.3	-6.9
Deductions	-1,882	-2,310	-5,219	-5,957	-0.8	-1.0	-2.8	-3.1	9.0	22.7	125.9	14.2
Capital requirements	158,405	149,846	131,436	119,911	100.0	100.0	100.0	100.0	2.4	-5.4	-12.3	-8.8
Credit institutions or groups	154,421	145,814	127,441	115,944	97.5	97.3	97.0	96.7	2.1	-5.6	-12.6	-9.0
Insurance undertakings or groups	4,517	4,756	4,790	4,359	2.9	3.2	3.6	3.6	19.2	5.3	0.7	-9.0
Deductions	-534	-724	-795	-391	-0.3	-0.5	-0.6	-0.3	53.4	35.6	9.8	-50.8
Surplus or deficit	76,331	77,705	55,578	73,994	-	-	-	-	-6.1	1.8	-28.5	33.1
Surplus or deficit of CGs	72,943	74,599	53,707	73,599	-	-	-	-	-6.9	2.3	-28.0	37.0

SOURCE: Banco de España. Data available at 22 April 2014.

a Data refer to mixed groups and financial conglomerates existing at each date subject to compliance with the solvency ratio in Spain.

ANNEX 3 INFORMATION FOR BANK CUSTOMERS, REGISTERS AND OTHER INSTITUTIONAL INFORMATION

REGISTERS AND OTHER INSTITUTIONAL INFORMATION

TABLE A.3.1

Year-end data and changes in the year

Number and %

	2010	2011	2012	2013
Senior officers	4,614	4,517	3,996	3,464
Legal persons	436	432	408	371
Individuals	4,178	4,085	3,588	3,093
Males	3,640	3,544	3,086	2,675
Females	538	541	502	418
Of which: Percentage in				
Banks (%)	*8*	*9*	*10*	*11*
Savings banks (%)	*19*	*19*	*23*	*22*
Credit cooperatives (%)	*10*	*11*	*11*	*11*
CFIs (%)	*7*	*10*	*10*	*12*
Other credit institutions (%)	*13*	*14*	*15*	*14*
Additions or deletions of senior officers	1,869	1,314	1,908	1,425
Of which: First-time additions	*653*	*561*	*623*	*385*
Reinstatements	109	64	89	62
Inquiries as to integrity of senior officers	215	159	88	143
Average number of people listed per document	3	3	2	2
Registered shareholders of banks	532	509	475	521
Individuals	117	100	114	102
Legal persons	415	409	361	419
Of which: Credit institutions (a)	*115*	*119*	*111*	*122*
Of which: Spanish shareholders	*356*	*343*	*314*	*317*
Registered members of credit cooperatives	518	496	454	434
Individuals	150	154	156	114
Legal persons	368	342	298	320
Of which: Credit institutions (a)	*242*	*224*	*152*	*169*
Of which: Spanish members	*517*	*494*	*447*	*431*
Registered shareholders of SCIs	157	123	100	80
Individuals	23	21	17	18
Legal persons	134	102	83	63
Of which: credit institutions (a)	*76*	*47*	*41*	*26*
Of which: Spanish shareholders	*137*	*102*	*80*	*64*
Agency agreements	24,106	28,344	35,342	36,248
Banks	4,830	4,842	4,743	4,713
Savings banks	180	1	—	—
Credit cooperatives	66	72	98	88
SCIs	74	76	78	73
Branches of credit institutions	139	136	137	138
Currency exchange bureaux and/or money transfer agencies (b)	18,734	434	—	—
Payment institutions	83	22,783	30,286	31,204
Agency agreements with foreign CIs	107	107	105	105
Registered amendments to articles of association	168	357	250	219
Cases processed of amendments to articles of association	50	88	94	81
Banks	15	36	36	24
Savings banks	2	4	3	—
Credit cooperatives	24	29	38	42
SCIs	5	9	6	7
MGCs	4	2	2	3
Electronic money institutions	—	1	—	—
Payment institutions	—	7	9	5
Reported to Directorate General of the Treasury and Financial Policy	33	70	71	24
Reported to regional government	17	18	23	23
Authorised (c)	—	—	—	34

SOURCE: Banco de España.

a Spanish credit institutions and branches in Spain of foreign ones.
b From April 2011, money transfer agencies, and their agents, are included among payment institutions.
c From 14 April 2013, the power to authorise amendments to the articles of association of credit institutions is transferred from the General Secretariat of the Treasury and Financial Policy to the Banco de España in accordance with the changes introduced in the relevant regulations by Royal Decree 256/2013. This legislation incorporates into the regulations governing credit institutions the European Banking Authority's guidelines dated 22 November 2012 on the assessment of the suitability of members of the management body and key function holders.

ANNEX 4 MAIN DOCUMENTS PUBLISHED[1] BY THE INTERNATIONAL SUPERVISORY FORA: FSB, BCBS, EBA, ESRB AND ECB IN THE FRAMEWORK OF FINANCIAL STABILITY

1 The complete list of the documents published are on their respective website.

DOCUMENTS PUBLISHED BY THE FSB IN 2013 | TABLE A.4.1

Systemic institutions	July	FSB identifies global systemically important insurers (G-SIIs) and the policy measures that will apply to them
	September	Progress and next steps towards ending “Too-Big-To-Fail” (TBTF)
	November	2013 update of group of global systemically important banks (G-SIBs)
Resolution	July	Guidance on developing effective resolution strategies and on recovery triggers and stress scenarios
	August	Consultative document: application of the key attributes of effective resolution regimes to non-bank financial institutions
Intensity and effectiveness of supervision	November	Guidance on supervisory interaction with financial institutions on risk culture (consultative document)
Shadow banking	August	Policy framework for strengthening oversight and regulation of shadow banking entities
	November	Global shadow banking monitoring report 2013
		FSB launches Quantitative Impact Study (QIS2) on proposed regulatory framework for haircuts on securities financing transactions
Progress reports on the implementation of the regulatory reforms	February, April	FSB Chair's letters sent to the G20 ministers and governors on the progress of financial reforms
	April, September	Fifth progress report on OTC derivatives and Sixth progress report on OTC derivatives reform implementation
	August	Second progress report on compensation practices
		Enhanced disclosure task force (EDTF) progress report
	September	FSB Chair's letter to G20 leaders on progress of financial reforms
	October	Statement of chairman Carney to the IMFC
	December	Global adherence to regulatory and supervisory standards on international cooperation and information exchange. Status update
Peer reviews	February	Thematic review on risk governance
	April	Thematic review on resolution regimes
	August	Thematic review of the FSB principles for reducing reliance on CRA ratings (interim report)

DOCUMENTS PUBLILSHED BY THE BCBS IN 2013

TABLE A.4.2

Principles and Recommendations	January	Principles for effective risk data aggregation and risk reporting
		Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools
	February	Supervisory guidance for managing risks associated with the settlement of foreign exchange transactions
	April	Monitoring tools for intraday liquidity management
	July	Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement
	September	Margin requirements for non-centrally cleared derivatives
	December	Capital requirements for banks' equity investments in funds
Consultative documents	March	External audits of banks
		Supervisory framework for measuring and controlling large exposures
		Recognising the cost of credit protection purchased
	June	Revised Basel III leverage ratio framework and disclosure requirements
		Sound management of risks related to money laundering and financing of terrorism
		Capital treatment of bank exposures to central counterparties
		The non-internal model method for capitalising counterparty credit risk exposures
	July	Liquidity coverage ratio disclosure standards
		The regulatory framework: balancing risk sensitivity, simplicity and comparability - discussion paper
	October	Fundamental review of the trading book - second consultative document
	December	Revisions to the securitisation framework
Reports	January	Basel Committee on Banking Supervision (BCBS) Charter
		Regulatory consistency assessment programme (RCAP) - Analysis of risk-weighted assets for market risk
	March	Results of the Basel III monitoring exercise as of 30 June 2012
	April	Progress report on implementation of the Basel regulatory framework
		Report to G20 Finance Ministers and Central Bank Governors on monitoring implementation of Basel III regulatory reform
	July	Regulatory consistency assessment programme (RCAP) - Analysis of risk-weighted assets for credit risk in the banking book
	August	Report to G20 Leaders on monitoring implementation of Basel III regulatory reforms
	September	Results of the Basel III monitoring exercise as of 31 December 2012
	October	Progress report on implementation of the Basel regulatory framework
	December	Regulatory Consistency Assessment Programme (RCAP) - Second report on risk-weighted assets for market risk in the trading book
		Progress in adopting the principles for effective risk data aggregation and risk reporting

DOCUMENTS PUBLISHED BY THE EBA IN 2013 **TABLE A.4.3**

Decisions	June	Decision adopting the Rules of Procedure of the European Banking Authority Board of Supervisors
	December	Decision of the Board of Supervisors establishing the EBA Credit Institution Register
Warnings	February	Investors warning on contracts for difference
	December	Warning to consumers on virtual currencies
Opinions	March	Joint Committee Opinion - Joint Letter to the European Commission on the possible regulatory framework for benchmark activities
		Opinion on Good Practices for ETF Risk Management
	June	Opinion on Good Practices for Responsible Mortgage Lending
		Opinion on Good Practices for the Treatment of Borrowers in Mortgage Payment Difficulties
	December	Opinion on Credit Valuation Adjustment risk for the determination of a proxy spread
		Technical advice to the Commission on possible treatments of unrealised gains measured at fair value
Recommendations	January	Recommendation on the use of the Legal Entity Identifier (LEI) for supervisory purposes
		Recommendations on supervisory oversight of activities related to banks' participation in the Euribor panel
		Recommendation on the development of recovery plans
	July	Recommendation on the preservation of core Tier 1 capital during the transition to the Capital Requirements Directive/Capital Requirements Regulation framework
	October	Recommendations on asset quality reviews
Reports	January	Risk Assessment Report - January 2013
	February	EBA interim report on the consistency of risk-weighted assets in the banking book
	March	Joint Committee report - Report on risks and vulnerabilities in the EU financial system
		Report on Consumer Trends, Supervisory Concerns Regarding Consumer Protection Issues in 2012/13
	July	ESMA-EBA Principles for Benchmark-Setting Processes in the EU
		Report on High Earners: 2010 and 2011 data
		Risk Assessment Report - July 2013
	August	Interim results update of the EBA review of the consistency of risk-weighted assets
	September	Joint Committee report - Report on risks and vulnerabilities in the EU financial system
	November	Report on High Earners: 2012 data
		Joint Position of the European Supervisory Authorities on Manufacturers' Product Oversight & Governance Processes
	December	Third interim report of the EBA review of the consistency of risk-weighted assets - SME and residential mortgages
		Report on appropriate uniform definitions of extremely high quality liquid assets (extremely HQLA) and high quality liquid assets (HQLA) and on operational requirements for liquid assets under Article 509(3) and (5) CRR
		Report on impact assessment for liquidity measures under Article 509(1) of the CRR
		EU-wide Transparency Exercise
Consultation papers	November	Guidelines for complaints-handling for the securities (ESMA) and banking (EBA) sectors
	December	Discussion paper on the draft methodology for assessment of liquidity and funding risk under SREP

DOCUMENTS PUBLISHED BY THE ESRB IN 2013 — TABLE A.4.4

Recommendations	February	Recommendation of the ESRB of 20 December 2012 on money market funds (ESRB/2012/1)
		Recommendation of the ESRB of 20 December 2012 on funding of credit institutions (ESRB/2012/2)
	June	Recommendation of the ESRB of 4 April 2013 on intermediate objectives and instruments of macro-prudential policy (ESRB/2013/1)
	November	ESRB Recommendation on lending in foreign currencies (ESRB/2011/1) Follow-up Report – Overall assessment
Risk Dashboards	March	ESRB Risk Dashboard, issue 3
	June	ESRB Risk Dashboard, issue 4
	September	ESRB Risk Dashboard, issue 5

DOCUMENTS PUBLISHED BY THE ECB WITHIN THE FRAMEWORK OF FINANCIAL STABILITY IN 2013 TABLE A.4.5

April	Financial Integration in Europe
May	Financial Stability Review
November	Banking Structures Report
	Financial Stability Review

Full consolidation method is applied except as otherwise indicated.

(*)	Proportional consolidation method
(**)	Equity method
(A)	Indicates that institution joined the CG in the year
FC	Financial conglomerate
MG	Mixed group
DI	Deposit institution
OCI	Other credit institutions

FC SCH Group

0049-Banco Santander, SA (Spain)	DI				
0011-Allfunds Bank, SA (*)	DI	Argentina	Banco Santander Ríos. A.	DI	
0036-Santander Investment, SA	DI	Austria	Santander Consumer Holding Austria GmbH	OCI	
0038-Santander Banco de Emisiones, SA	DI		Santander Consumer Bank GmbH	OCI	
0073-Open Bank, SA	DI	Bahamas	Santander Bank & Trust Ltd.	DI	
0091-Banco de Albacete, SA	DI		Santander Investment Bank, Ltd.	DI	
0224-Santander Consumer Finance, SA	DI		Banco Santander Bahamas International, Ltd.	DI	
4784-Transolver Finance, EFC, SA (*)	OCI	Belgium	Santander Benelux, SA, NV	DI	
4797-Santander Lease, SA, EFC	OCI	Brazil	Banco Santander (Brasil), SA	DI	
8236-Santander Consumer, EFC, SA	OCI		Banco Bandepe, SA	DI	
8512-Unión Créditos Inmobiliarios (*)	OCI		Aymore Crédito, Financiamento e Investimento, SA	OCI	
8835-Santander Brasil, EFC, SA	OCI		Companhia de Arrendamento Mercantil Rcibrasil (*)	OCI	
8906-Santander Factoring y Confirming	OCI		Companhia de Crédito, Financiamento e Investimento (*)	OCI	
			Santander Leasing, SA, Arrendamento Mercantil	OCI	
		Cayman Islands	Serfin International Bank and Trust, Ltd.	DI	
		Chile	Banco Santander - Chile	DI	
			Santander Factoring, SA	OCI	
			Santander Corredora de Seguros Limitada	OCI	
		Colombia	Banco Santander de Negocios Colombia	DI	(A)
		USA	Banco Santander International	DI	
			Totta & Açores Inc. Newark	DI	
			Santander Holdings USA	DI	
			Santander Bank, National Association	DI	(A)
			Grupo Santander Consumer USA (*)	OCI	
		Finland	Santander Consumer Finance Oy	OCI	
		Hungary	Santander Consumer Finance Zrt.	OCI	
		Ireland	Totta (Ireland), PLC	OCI	
		Isle of Man	A&I Services Limited	OCI	
		Italy	Santander Private Banking, SPA	DI	
			Santander Consumer Bank, SPA	OCI	
			Santander Consumer Unifin, SPA	OCI	
			Santander Consumer Finance Media, SRL	OCI	
		Jersey	Abbey National International Limited	DI	
		Luxembourg	Allfunds International, SA (*)	OCI	
		Mexico	Banco Santander (México), SA, Institución de Bank	DI	
		Norway	Santander Consumer Bank, AS	DI	
		Netherlands	Santander Consumer Finance Benelux, BV	OCI	
		Panama	Banco Santander (Panamá), SA	DI	
		Paraguay	Banco de Asunción, SA	DI	
		Peru	Banco Santander Perú, SA	DI	
		Poland	Santander Consumer Bank Spolka Akcyjna	DI	
			Bank Zachodni Wbk, SA	DI	
		Portugal	Banco Madesant - Sociedade Unipessoal, SA	DI	

					Banco Santander Totta, SA	DI	
					Banco Santander Consumer Portugal, SA	DI	
				Puerto Rico	BST International Bank, Inc.	DI	
					Banco Santander Puerto Rico	DI	
					Santander Overseas Bank, Inc.	DI	
					Santander Financial Services, Inc.	OCI	
				United Kingdom	Santander UK, PLC	DI	
					Alliance & Leicester, PLC	DI	
					Abbey National Treasury Services, PLC	DI	
					Alliance & Leicester Commercial Bank, PLC	DI	
					Capb Limited	DI	
					Santander Consumer (UK), PLC	OCI	
					Santander UK Investments	OCI	
					Santander Cards Limited	OCI	
					Santander Cards UK Limited	OCI	
					Liquidity Limited	OCI	
					Liquidity Import Finance Limited	OCI	
					Alliance & Leicester Cash Solutions Limited	OCI	
					Alliance & Leicester Financing, PLC	OCI	
					Alliance & Leicester Investments (Derivatives) Lim.	OCI	
					Alliance & Leicester Investments Limited	OCI	
					Alliance & Leicester Investments (No. 2) Limited	OCI	
					Alliance & Leicester (Jersey) Limited	OCI	
					Alliance & Leicester Personal Finance Limited	OCI	
					Girobank Carlton Investments Limited	OCI	
					Girobank Investments Limited	OCI	
					Santander Lending Limited	OCI	
					The Alliance & Leicester Corporation Limited	OCI	
					Alliance & Leicester Commercial Finance (Holdings)	OCI	
				Germany	Santander Consumer Bank, AG	DI	
					Santander Consumer Leasing GmbH	OCI	
				Switzerland	Banco Santander (Suisse), SA	DI	
				Uruguay	Banco Santander, SA	DI	
MG	**Banca March Group**						
	0061-Banca March, SA (Spain)	**DI**	**(A)**				
	0232-Banco Inversis, SA	DI	(A)				
MG	**Popular Group**						
	0075-Banco Popular Español, SA (Spain)	**DI**					
	0216-Targobank, SA (*)	DI		USA	Total Bank	DI	
	0229-Bancopopular-E, SA	DI		Portugal	Banco Popular Portugal	DI	
	0233-Popular Banca Privada, SA	DI			Popular Factoring Portugal	OCI	
	0238-Banco Pastor, SA	DI					
	8620-Pastor Servicios Financieros	OCI					
	8816-Sdad. Conjunta Emisión GMP, EFC, SA (*)	OCI					
	8903-Popular de Factoring, SA, EFC	OCI					
MG	**Sabadell Group**						
	0081-Banco de Sabadell, SA (Spain)	**DI**					
	0046-Banco Gallego, SA	DI	(A)	Andorra	Bancsabadell d'Andorra, SA	DI	
	0236-Sabadell Solbank, SA	DI	(A)	Bahamas	Banco Atlántico (Bahamas) Bank and Trust	DI	
	8211-Bansabadell Financiación, EFC, SA	OCI		USA	Sabadell United Bank, NA	DI	
	8821-Bansabadell Fincom, EFC, SA	OCI					
MG	**Bankinter SA Group**						
	0128-Bankinter, SA (Spain)	**DI**					
	8832-Bankinter Consumer Finance, EFC, SA	OCI		Luxembourg	Bankinter Luxembourg, SA	DI	(A)
FC	**BBVA Group**						
	0182-Banco Bilbao Vizcaya Argentaria, SA (Spain)	**DI**					
	0057-Banco Depositario BBVA, SA	DI		Argentina	BBVA Banco Francés, SA	DI	

	Entity	Type		Country	Foreign entity	Type	
	0113-Banco Industrial de Bilbao, SA	DI			PSA Finance Argentina Compañía Financiera, SA (*)	OCI	
	0121-Banco Occidental, SA	DI		Brazil	BBVA Brasil Banco de Investimento, SA	DI	
	0129-BBVA Banco de Financiación, SA	DI		Chile	Banco Bilbao Vizcaya Argentaria Chile, SA	DI	
	0132-Banco de Promoción de Negocios	DI			Fórum Distribuidora, SA	OCI	(A)
	0227-UNOE Bank, SA	DI			Fórum Servicios Financieros, SA	OCI	
	8321-Entre2 Serv. Financ., EFC, SA	OCI			BBVA Factoring Limitada (Chile)	OCI	
				Colombia	BBVA Colombia, SA	DI	
				Curaçao	Banco Provincial Overseas, NV	DI	
				USA	Compass Bank	DI	
					Homeowners Loan Corporation	OCI	
					Compass Auto Receivables Corporation	OCI	
					Compass Texas Mortgage Financing, Inc.	OCI	
					Compass Mortgage Corporation	OCI	
					Compass Mortgage Financing, Inc.	OCI	
					Phoenix Loan Holdings, Inc.	OCI	
					BBVA Wealth Solutions, Inc.	OCI	
				Russian Fed.	Garanti Bank Moscow (*)	DI	
				Ireland	BBVA Ireland, PLC	OCI	
				Italy	BBVA Finanzia, SPA	OCI	
				Mexico	BBVA Bancomer, SA, Institución de Banca Múltiple	DI	
					Hipotecaria Nacional, SA, de CV	OCI	
					Financiera Ayudamos, SA, de CV, Sofomer	OCI	
				Netherlands	Garantibank International Nv (*)	DI	
				Paraguay	BBVA Paraguay, SA	DI	
				Peru	Banco Continental, SA	DI	
				Portugal	Banco Bilbao Vizcaya Argentaria (Portugal), SA	DI	
					BBVA Leasimo - Sociedade de Locação Financeira, S.A.	OCI	
					BBVA Instituição Financeira de Crédito, SA	OCI	
				Rumania	Garanti Bank SA (*)	DI	
				Switzerland	BBVA Suiza, SA (BBVA Switzerland)	DI	
				Turkey	Turkiye Garanti Bankasi, AS (*)	DI	
				Uruguay	Banco Bilbao Vizcaya Argentaria Uruguay, SA	DI	
				Venezuela	Banco Provincial, SA-Banco Universal	DI	
MG	**Mare Nostrum Group (IPS)**						
	0487-Banco Mare Nostrum, SA (Spain)	**DI**					
	0184-Banco Europeo de Finanzas, SA (*)	DI					
	2421-Caja General de Ahorros de Granada	DI					
	2422-Caja de Ahorros de Murcia	DI					
	2424-Caja de Ahorros y MP de Baleares	DI					
MG	**Banco Financiero Group**						
	0488-Banco Financiero y de Ahorros, SA (Spain)	**DI**					
	0125-Bancofar, SA	DI		USA	City National Bank of Florida	DI	
	2038-Bankia, SA	DI					
MG	**Liberbank Group**						
	2048-Liberbank, SA (Spain)	**DI**					
	0115-Banco de Castilla-La Mancha, SA	DI					
	4819-Bancantabria Inversiones, SA, EFC	OCI					
MG	**NCG Banco Group**						
	2080-NCG Banco, SA (Spain)	**DI**	**(A)**				
	0239-Evo Banco, SA	DI	(A)				
MG	**Kutxabank Group (IPS)**						
	2095-Kutxabank, S.A (Spain)	**DI**					
	0237-Cajasur Banco, SA	DI					
FC	**La Caixa Group**						
	2401-C. Ahorros y Pensiones de Barcelona (Spain)	**DI**					
	0133-Nuevo Micro Bank, SA	DI					

	0184-Banco Europeo de Finanzas, SA (*)	DI	
	2100-Caixabank, SA	DI	
	8221-Corporación Hipotecaria Mutual	OCI	
	8596-Unión Cto. Fin. Mob. Inm. Credifimo	OCI	
	8776-Finconsum, EFC, SA	OCI	
	8788-Caixa Card 1, EFC, SA	OCI	
MG	**Ibercaja Group**		
	2420-Ibercaja (Spain)	**DI**	
	2085-Ibercaja Banco, SA	DI	
	2086-Banco Grupo Cajatres, SA	DI	(A)
	4832-Ibercaja Leasing y Financiación	OCI	
MG	**Unicaja Group**		
	2426-Unicaja (Spain)	**DI**	
	0184-Banco Europeo de Finanzas, SA (*)	DI	
	2103-Unicaja Banco, SA	DI	
	CECA Group		
	2433-Confed. Española Cajas de Ahorros (Spain)	**DI**	
	2000-Cecabank, SA	DI	
	Solventia Group (IPS)		
	3001-Caja R. de Almendralejo, SCC (Spain)	**DI**	
	3020-Caja R. de Utrera, SCAC	DI	
	3089-Caja R. Baena Ntra. Sra. Guadalupe	DI	
	3098-Caja R. Ntra. Sra. del Rosario, SCAC	DI	
	3104-Caja R. Cañete Torres Ntra. Sra. del Campo, SCA	DI	
	3115-Caja R. Nuestra Madre del Sol, SCAC	DI	
MG	**Cajas Rurales Unidas Group (IPS)**		
	3058-Cajas Rurales Unidas, SCC (Spain)	**DI**	
	3029-Caja de Crédito de Petrel, CR, CCV	DI	
	3045-Caixa R. Altea, CCV	DI	
	3095-Caja R. S. Roque de Almenara, SCCV	DI	
	3102-Caixa R. S. Vicent Ferrer	DI	
	3105-Caixa R. de Callosa d'En Sarrià, CCV	DI	
	3110-Caja R. Católico Agraria, SCCV	DI	
	3112-Caja R. S. José de Burriana, SCCV	DI	
	3118-Caixa Rural Torrent, CCV	DI	
	3119-Caja R. S. Jaime Alquerías, SCCV	DI	
	3121-Caja R. de Cheste, SCC	DI	
	3123-Caixa R. de Turís, CCV	DI	
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	3186-Caixa R. Albalat dels Sorells, CCV	DI	
	Ibérico Group(IPS)		
	3187-Caja R. del Sur, S. Coop. Crédito (Spain)	**DI**	
	3009-Caja R. de Extremadura, SCC	DI	
	3063-Caja R. de Córdoba, SCC	DI	
	Barclays SA Group		
	Barclays PLC (United Kingdom)	**DI**	
	0065-Barclays Bank, SA	DI	
	8905-Barclays Factoring, SA, EFC	OCI	

	Citibank Group					
	Citigroup Inc (USA)	**DI**				
	0122-Citibank España, SA	DI				
	8818-Citifin, SA, EFC	OCI				
	Cetelem Group					
	BNP Paribas (France)	**DI**	**(A)**			
	0225-Banco Cetelem, SA	DI	(A)			
	8798-Euro Crédito EFC, SA	OCI	(A)			
	Volkswagen Group					
	Volkswagen AG (Germany)					
	8307-Volkswagen Finance, SA, EFC	OCI				
	8813-Scania Finance Hispania, EFC, SA	OCI				

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	0211-EBN Banco de Negocios, SA	DI					
	0234-Banco Caminos, SA	DI					
	1000-Instituto de Crédito Oficial	OCI					
MG	2013-Catalunya Banc, SA	DI					
	2045-Caja de Ahorros y MP Ontinyent	DI					
	2056-Colonya-Caixa d'Estalvis Pollença	DI					
MG	2108-Banco de Caja España de Inversiones	DI	(A)				
	3008-Caja R. de Navarra, SCC	DI					
	3017-Caja R. de Soria, SCC	DI					
MG	3025-Caixa C. dels Enginyers, SCC	DI					
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	3081-Caja R. de Castilla-La Mancha, SCC	DI					
	3085-Caja R. de Zamora, CC	DI					
	3146-Caja de Crédito Cooperativo, SCC	DI					
	3183-Caja de Arquitectos, SCC	DI					
	3190-CR Albacete, C. Real y Cuenca, SCC	DI					
	3191-Caja Rural de Aragón, SCC	DI					
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	8769-Unión Financiera Asturiana, SA	OCI					
	0019-Deutsche Bank, SAE	DI		Germany	Parent: Deutsche Bank, AG	DI	
	0058-BNP Paribas España, SA	DI		France	Parent: BNP Paribas, SA	DI	
	0059-Banco de Madrid, SA	DI		Andorra	Parent: Banca Privada d'Andorra	DI	
	0094-RBC Investor Services España, SA	DI		United Kingdom	Parent: Royal Bank of Canada	DI	(A)
	0130-Banco Caixa Geral, SA	DI		Portugal	Parent: Caixa Geral de Depositos	DI	
	0138-Bankoa, SA	DI		France	Parent: CRCAM. Pyrénées Gascogne	DI	
	0186-Banco Mediolanum, SA	DI		Italy	Parent: Mediolanum, SPA		
	0188-Banco Alcalá, SA	DI		Andorra	Parent: Crèdit Andorrà, SA	DI	
	0200-Privat Bank Degroof, SA	DI		Belgium	Parent: Banque Degroof	DI	
	0226-UBS Bank, SA	DI		Switzerland	Parent: UBS, AG	DI	
	0235-Banco Pichincha España, SA	DI		Ecuador	Parent: Banco Pichincha, CA	DI	
	8512-Unión Créditos Inmobiliarios	OCI		France	Parent: UCI, SA		
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1 The publications in this section distributed by the Banco de España [all of them, except those marked (*) and (**), which are distributed by Alianza Editorial and Macmillan (London)] have been removed from the catalogue.
2 Moreover, it is updated daily in the Statistics section.
3 A quarterly update of the tables of this publication is also disseminated on the Internet.
4 Available only on the Banco de España website until it is included in the publication *Circulares del Banco de España. Recopilación.*

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Unidad de Servicios Auxiliares
Alcalá 48 - 28014 Madrid
E-mail: publicaciones@bde.es
www.bde.es