REPORT ON BANKING SUPERVISION IN SPAIN

2009

BANCO DE ESPAÑA

Eurosistema

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ABBREVIATIONS

ACs	Appraisal companies
AIAF	Association of Securities Dealers
AIG	Accord Implementation Group; reports to the BCBS
AMA	Advanced Measurement Approach (for measuring operational risk)
APR	Annual percentage rate
ASBA	Association of Supervisors of Banks of the Americas
ATA	Average total assets
ATM	Automated teller machine
BAC	Banking Advisory Committee (EU)
BCBS	Basel Committee on Banking Supervision
BE	Banco de España
BIS	Bank for International Settlements
BOE	Official State Gazette
BSC	Banking Supervision Committee of the ESCB
CAAP	Capital Adequacy Assessment Process
CBE	Circular of the Banco de España
CCR	Central Credit Register of the Banco de España
CEBs	Currency exchange bureaux
CEBS	Committee of European Banking Supervisors
CECA	Spanish confederation of savings banks
CEIOPS	Committee of European Insurance and Occupational Pensions Supervisors
CESR	Committee of European Securities Regulators
CGs	Consolidated groups of CIs, DIs, etc.
CII	Collective investment institution (also CIU)
CIs	Credit institutions (DIs, SCIs, and the ICO)
CNAE	Clasificación Nacional de Actividades Económicas (Spanish National Classification of Economic Activities)
CNMV	National Securities Market Commission
COREP	COmmon REPorting Working Group of the CEBS
CRD	Capital Requirements Directive
DGF	Deposit Guarantee Fund
DGTPF	Directorate General of the Treasury and Financial Policy
DIs	Deposit institutions
EC	European Commission
ECB	European Central Bank
ECOFIN	EU council of Ministers of Economy and Finance
EEA	European Economic Area
EIF	European Investment Fund
EFAs	Earning financial assets
ELMI	Electronic money institutions
EMU	Economic and Monetary Union
ESCB	European System of Central Banks
EU	European Union
FAFA	Fund for the Acquisition of Financial Assets
FCs	Financial conglomerates
FASB	Financial Accounting Standards Board
FESCO	Forum of European Securities Commissions
FROB	Fondo de Reestructuración Ordenada Bancaria (Fund for the Orderly Restructuring of the Banking Sector)
FSB	Financial Stability Board
FVC	Financial vehicle corporation (also SSPE)
GdC	Groupe de Contact
GDP	Gross domestic product
GTIAD	Working Group on the Interpretation and Application of the Banking Directives
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IBFLs	Interest-bearing financial liabilities
ICBS	International Conference of Banking Supervisors
IFAC	International Federation of Accountants
IFRSs	International Financial Reporting Standards
ILG	International Liaison Group (formerly CPLG)
IMF	International Monetary Fund
IOSCO	International Organisation of Securities Commissions
IPO	Initial Public Offering
IRB	Internal ratings-based method

IWCFC	Interim Working Committee on Financial Conglomerates
LABE	Law on the Autonomy of the Banco de España (Law 13/1994)
LDI	Law on the discipline and intervention of credit institutions (Law 26/1988)
LGD	Loss given default
LMV	Law on the securities market (Law 24/1988)
MG	Non-consolidable mixed group
MGCs	Mutual guarantee companies
MO	Ministerial Order
OECD	Organisation for Economic Co-operation and Development
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
RD	Royal Decree
RDL	Royal Decree Law
RGs	Regional (autonomous) governments
ROA	Return on assets (profit after tax as percentage of ATA)
ROE	Return on equity (profit after tax as percentage of own funds)
SCIs	Specialised credit institutions
SEPA	Single Euro Payments Area
SEPBLAC	Commission for the Prevention of Money Laundering and Monetary Offences
SMEs	Small and medium-sized enterprises
SNCE	Sistema Nacional de Compensación Electrónica (Spanish National Electronic Clearing System)
SSPE	Securitisation special purpose entity (also FVC)

* * *

€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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BANCO DE ESPAÑA
Eurosistema

Internal Audit Department

17.03.2010

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

2009

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 include 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 2010 Internal Audit Plan of the Banco de España, approved by the Governor on 30 December 2009 and notified to the Executive Commission on 7 January 2010, 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 in each case".

The period addressed by the report is the same as that covered by the Report on Banking Supervision in which it has to be included, i.e. 2009 in this case.

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 Directorates General of Banking Supervision and of Banking Regulation.

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.

The examination was performed by stratified sampling in 9 strata or types of decision taken by the Directorate General of Banking Supervision and in 11 strata or types of decision taken by the Directorate General of Banking Regulation. 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 2009 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, 17 March 2010
Director of the Internal Audit Department,

Juan González Gallegos

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

1 STRUCTURE AND EVOLUTION OF CREDIT INSTITUTIONS UNDER BANCO DE ESPAÑA SUPERVISION

1 Structure and evolution of credit institutions under Banco de España supervision[1]

1.1 Types of credit institution

The institutional landscape of registered credit institutions subject to supervision by the Banco de España did not change substantially in 2009 except for a decrease in the number of specialised credit institutions (SCIs), mostly through absorption by their parent banks. Thus at the end of 2009 there were 353 registered credit institutions (CIs). The net decrease of eight institutions (see Table 1.1) in the year was made up of two banks and six specialised credit institutions (SCIs), while savings banks, credit cooperatives and electronic money institutions showed no change.

The number of Spanish banks decreased by one, the changes being as follows: registration of a new institution along with transfer of assets and liabilities to it from a foreign branch which was deregistered; and two mergers of subsidiary banks into their respective parents, Banco de Crédito Local being absorbed by BBVA and Banco de Andalucía by Banco Popular.

There was no net change in bank branches of foreign credit institutions. The upward trend in the number of institutions of this type in recent years was broken, the zero net change being the result of five new institutions and five defunctions.[2]

The number of subsidiary banks of foreign credit institutions decreased by one due to the merger of Deutsche Bank Credit into Deutsche Bank.

The other changes took place in the SCI category, where there were a total of six defunctions, four as a result of absorption by the parent bank and the other two of scant size (la Cartuja and CXG Credit). The absorptions were as follows: Edamleasing and Multiahorro by Bankpyme, BBVA Factoring by BBVA and Banesto Factoring by Banesto.

The market shares of credit institutions in the total balance sheet of business in Spain (see Chart 1.1.A) showed the following changes: savings banks gained 1.4 percentage points (pp) and credit cooperatives 0.2 pp at the expense of the other categories of institutions. In relative terms, the highest loss of market share was by SCIs (–0.6 pp), while Spanish banks and foreign branches each lost 0.5 pp. Turning to total business, the most significant changes in market share measured in terms of the total balance sheet plus managed assets (see Chart 1.1.B) were concentrated in savings banks, which gained 1.0 pp and in SCIs and foreign branches, which lost 0.6 and 0.5 pp, respectively.

1.2 Operating resources

There were 345 CIs active in 2009,[3] 10 fewer than in 2008, and the number of operational offices decreased by 3.5% to 44,532 at the end of the year. The change of trend in the size of branch networks detected in mid-2008 was confirmed in the reporting year in all categories of institutions, and a significant decrease in size commenced. Banks and savings banks

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1. This chapter should be read in conjunction with Annex 2 "Activity, results and solvency of credit institutions" at the end of this Report and with Annex 3 "Financial and statistical information on credit institutions". **2.** There were five new institutions, all from the European Union (Sofinloc Instituicao Financeira de Crédito, Credit Suisse International, BNP Paribas Factor, BMW Bank and KBL European Private Bankers); and five defunctions, also of European Union institutions. Of the defunctions, one was due to merger by absorption (Dresdner Bank A.G. by Commeerzbank), three were deregistrations (Landsbanki Island, Kaupthing Bank and Caisse Regionale de Credit Agricole) and one resulted from a transfer of assets and liabilities (from Boursorama to a Spanish bank). **3.** Of the total institutions registered, only those effectively carrying on operations at the end of 2009 are considered here; that is to say, those institutions which are registered but inactive are excluded.

REGISTERED CREDIT INSTITUTIONS, CONSOLIDATED GROUPS AND MIXED GROUPS

TABLE 1.1

Year-end data (number)

	2006	2007	2008	2009
CREDIT INSTITUTIONS REGISTERED IN SPAIN (a)	**355**	**358**	**361**	**353**
Deposit institutions	**276**	**282**	**285**	**283**
Banks	***144***	***151***	***156***	***154***
Domestic	54	53	49	48
Foreign	90	98	107	106
Branches	71	80	89	89
Subsidiaries	*19*	*18*	*18*	*17*
Savings banks	***47***	***46***	***46***	***46***
Cooperatives	***85***	***85***	***83***	***83***
Specialised credit institutions	**79**	**76**	**75**	**69**
Electronic money institutions	**0**	**0**	**1**	**1**
MEMORANDUM ITEMS:				
Mergers and acquisitions (b)	**2**	**7**	**4**	**8**
Between banks	1	3	2 (7)	4
Between saving banks	—	1	—	—
Between credit co-operatives	—	1	—	—
Between SCIs	—	—	1	—
SCIs acquired by merged with deposit institutions	1	2(4)	1	4(7)
CONSOLIDATED GROUPS EXISTING AT YEAR-END (c)	**100**	**102**	**100**	**99**
Parent credit institution	87	89	88	88
Spanish banks and ICO	*14*	*15*	*17*	*17*
Savings banks	*47*	*46*	*46*	*46*
Cooperatives	*16*	*18*	*15*	*14*
Specialised credit institutions	*—*	*1*	*1*	*1*
Foreign CIs	*10*	*9*	*9*	*10*
Other consolidated groups	13	13	12	11
Spanish parent	*6*	*6*	*6*	*5*
Foreign parent	*7*	*7*	*6*	*6*
MIXED GROUPS AND FINANCIAL CONGLOMERATES	**42**	**43**	**45**	**44**
Supervised by Banco de España	40	41	43	43
Supervised by DGS including CIs	2	2	2	1
MEMORANDUM ITEM:				
Bank offices abroad	8,664	9,493	10,661	11,159

SOURCE: Banco de España. Data available at 13 April 2010.

a. The number of registered CIs includes ICO in the domestic banks category. However, in the rest of the tables of this Report, both ICO and the only electronic money institution are excluded, unless stated otherwise.
b. The figures in brackets are the number of institutions involved when the mergers/absorptions are between more than two CIs, i.e. when the number of CIs involved is not twice the number of operations.
c. 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 Spanish consolidated groups are excluded. The CG classification is based on the nature and nationality of the parent (ultimate holder).

closed 736 (–4.7%) and 783 (–3.1%) branches, respectively. The smallest decrease was in credit cooperatives, where the closure of 54 offices represented a decrease of 1.1% in the size of their network in Spain. In banks, the largest decrease was in Spanish banks (4.9%), with the closure of 692 branches. To this should be added the shrinkage in the SCI network, which at 59 offices or –14.1% was the largest in relative terms, given the processes of absorption mentioned above.

The density of the office network decreased to 11.6 per 10,000 inhabitants over 16 years of age from the highs in 2007 and 2008 of 12 offices per 10,000 inhabitants over 16 years of age, putting a halt to the constant increase seen in previous years.

The number of bank offices abroad of consolidated groups increased by 4.7% to 11,159 offices.

Simultaneously with the shrinkage of the domestic networks of Spanish CIs, there was a decline of 3.1% in serving employees to 269,168 at the end of the year. The total number of hours worked was unchanged, although they increased at savings banks (4.1%) and decreased at banks (3.1%). The decrease in serving employees was slightly sharper among those assigned to the office network (3.3%). These staff account for 73.3% of the total.

In percentage terms the sharpest staff cuts were in SCIs, with a decrease of 15% in total staff and of 17% in their branch staff. Banks shed a total of 5,133 jobs, with a decrease of 5% in branch offices and 3% in central services. Savings banks started their staff reductions in 2009, with a total decrease of 2,173 in serving employees (–1.6%) and a decrease of 2% in the branch network. Unlike commercial banks, savings banks effected a relative decrease in the number of offices (3%) which was somewhat more than one percentage point higher than the fall in the number of employees assigned to them. Finally, serving employees of credit cooperatives fell by 0.9%.

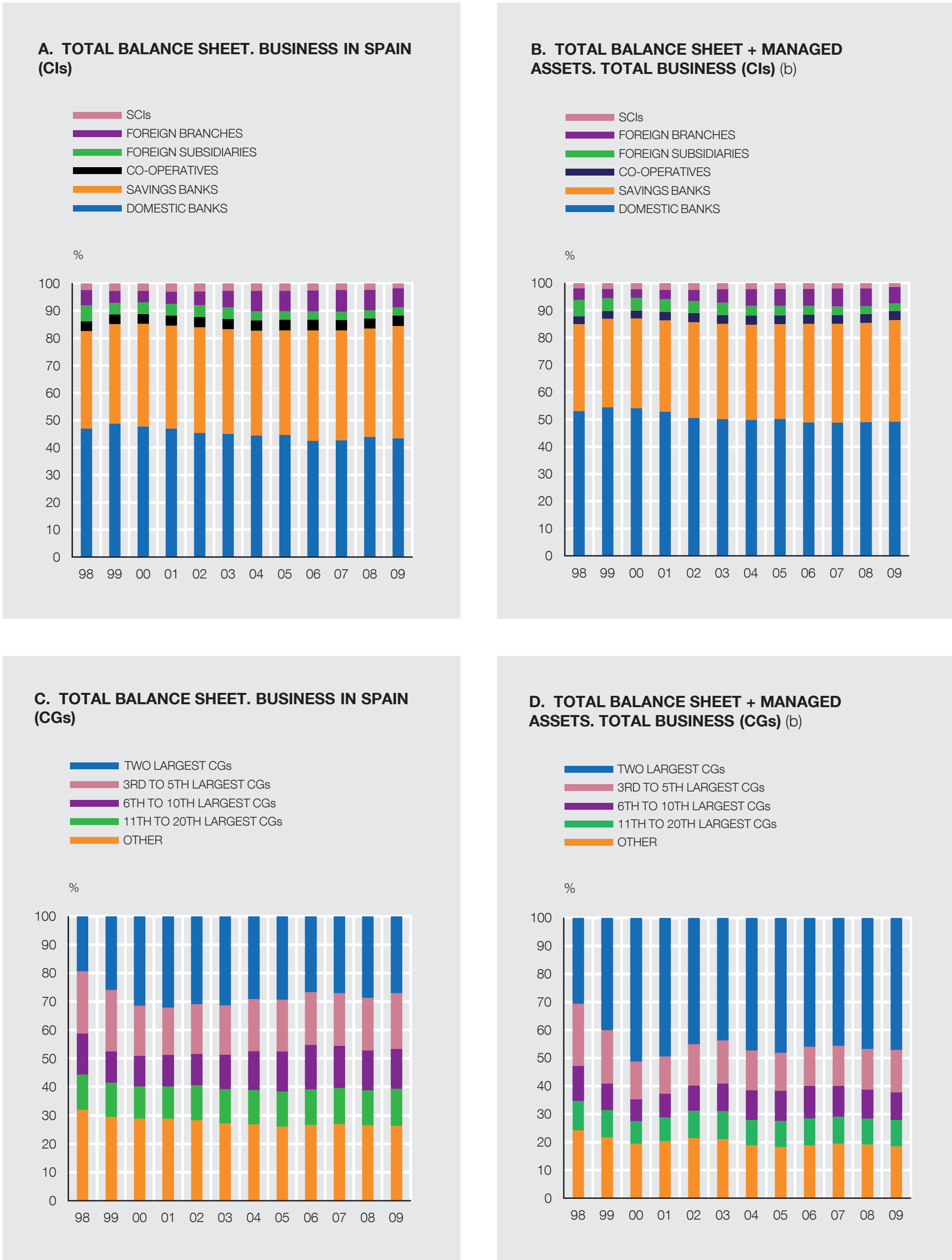
As a result of the aforementioned changes in the size of the office network and of the staff assigned to it, the ratio of employees per operational office remained unchanged for total CIs (4.4), banks (5.0) and credit cooperatives (3.2), while it rose by one-tenth in savings banks (4.4) and decreased by two-tenths in SCIs (5.3). Notable in the category of Spanish banks is the increase to 5.0 employees per office, following years of continual decreases.

The decrease in the number of agents, a process which started in 2008, steepened sharply in 2009 with a fall of 52% to 5,164. The most significant reduction was in subsidiaries of foreign banks (86%). This type of institution, which in 2008 accounted for 55% of total CI agents, reduced its agents to 844, their relative weight diminishing to 16% of the total. In Spanish banks they decreased by 13% and in savings banks by 4%. Within their marginality, only in credit cooperatives did they show a small increase.

The automated teller machine (ATM) network shrank for the first time, with a decrease of 1,294 ATMs or 2.1%. The only deposit institutions which increased, albeit only slightly (0.8%), the number of ATMs were credit cooperatives. Banks and savings banks removed 3.1% and 2.0% of their ATMs, respectively. Consequently, the ratio of ATMs per 10,000 inhabitants over 16 years of age decreased to 15.6, with an annual decrease of 0.4.

By contrast, point-of-sale (POS) terminals for total CIs expanded further to 1.44 million, although the pace was slower than in previous years. The overall increase was 2.0%, with the behaviour in savings banks being the opposite to that in banks: the former reduced their POS

MARKET SHARE OF CIs AND OF THEIR CONSOLIDATED GROUPS (a) CHART 1.1



SOURCE: Banco de España. Data available at 13 April 2010.

a. Year-end data relating to credit institutions registered in Spain and consolidated groups existing at each date.
b. Assets managed both by institutions themselves and by third parties.

terminals by 4.1% and banks increased them by 7.5%. There was no change in credit cooperatives.

The total number of credit and debit cards decreased by 3.4 million (3.4%) to 96.3 million. The decrease was significant for banks as a whole (10%) and, more specifically, for Spanish banks (12.6%), while it was only 1% in savings banks. By contrast, credit cooperatives and SCIs raised the number of credit and debit cards by 5.4% and 4.2%, respectively.

The number of cards per 10,000 inhabitants over 16 years of age decreased by one-tenth to 2.5 cards per inhabitant.

1.3 *Consolidated groups*

At end-2009 there were 99 consolidated groups,[4] one fewer than at end-2008. The changes in the year are described below.

A new foreign CI parent, Banco Caixa Geral, was registered. There was no change in savings bank groups with respect to 2008, and they remained at 46, the same as the existing savings banks. The changes in credit cooperative groups were as follows: the consolidated group Caixa dels Advocats was deregistered; and Cajamar, Rural Campo and Casinos were registered as forming an Institutional Protection Scheme *(Sistema Institucional de Protección),* whereas previously only the former had a consolidated group and it now acts as the head and the other two as participants. Among the groups with a CSI parent, Cartuja Financiera Andaluza was deregistered. Finally, there were no changes in groups headed by a parent other than a credit institution.

In 2009, mixed groups (MGs) and financial conglomerates (FCs) numbered 41, only one of which was supervised by the Directorate General of Insurance (Bilbao Hipotecaria SA). At end-2009 there were three financial conglomerates (Santander, BBVA and la Caixa), there having been a change during the year in the status of Bankpyme, a consolidated group which ceased to be an FC and the supervision of which passed from the Directorate General of Insurance to the Banco de España.

4. In accordance with Table 1.1, consolidated groups are defined as groups that include, in addition to the parent (or reporting institution), one or more other fully or proportionally consolidated financial institutions.

This chapter is structured as follows. The first section describes the supervisory activity during 2009, indicating the supervised institutions, the main supervisory actions in the year, the staff of the Directorate General Banking Supervision and the requirements and recommendations sent to institutions as a result of such action. The second section explains what was involved in the exercise of sanctioning powers in 2009 and states the number of proceedings initiated and resolved for each type of infringement. Third, reference is made to the Banco de España's other responsibilities complementing its supervisory functions (e.g. those relating to regulations governing the transparency of banking transactions or to the keeping of official registers). The fourth and last section of this chapter explains briefly the supervisory policies adopted in respect of compensation and credit institution resolution plans.

2.1 Supervisory activity

To raise public awareness of its supervisory activity, in 2009 Banco de España published the document entitled *"Modelo de Supervisión del BE* (Banco de España supervisory model)",[1] summarising the processes traditionally carried out in compliance with its obligations under Article 7 of Law 13/1994 of Autonomy of the Banco de España, which have been updated as a result of the new Capital Accord (better known as Basel II). As reflected in that document, the Banco de España exercises a process of continuous supervision of the 353 CIs in the financial system, to which must be added 141 institutions of other types (see Tables 1.1 and 2.6).

The essential aim of the Banco de España supervisory process is to determine and keep updated each institution's supervisory risk profile, taking the measures needed to correct it when necessary. This process is based on the attainment of an up-to-date and in-depth knowledge of each supervised institution, including its business outlook and future viability.

To this end, at 31 December 2009 the Directorate General Banking Supervision had 21 operational inspection divisions and eight cross-sectional or support divisions formed by bank examiners, senior analysts, IT auditors, junior analysts and administrative staff (see Annex 1.4), each under the leadership of the head of division. Every operational division has assigned to it certain CIs which are subject to an intensive programme of supervisory actions including on-site inspection, off-site analysis and, where so required because of the size and complexity of the banking group supervised, on-site continuous monitoring.

In 2009, as in the year before it, supervisory activity was influenced by the crisis which broke out in summer 2007. Against this background, a total of 372 supervisory actions were conducted, of which 153 were on-site actions (129 completed in 2009 and 24 in progress at 31 December 2009), as indicated in Table 2.1, and the remainder were other special monitoring projects.

The supervisory actions were designed to enable close supervision of lending, particularly real estate exposures, and of the liquidity of Spanish institutions and their ability to act under stress. In the specific case of special monitoring, this encompassed, inter alia, checks and analyses of restructuring and merger operations, review of liquidity, review of loan portfolios by individual analysis and by segmentation of their quality and features, internal control proce-

1. Available in Spanish at www.bde.es/webbde/es/: Inicio > Supervisión > El modelo de supervisión > Modelo de supervisión del BE.

ON-SITE SUPERVISORY ACTIVITY TABLE 2.1

Number

	ON-SITE SUPERVISORY ACTIONS							
	COMPLETED				UNDER WAY			
	2006	2007	2008	2009	2006	2007	2008	2009
Credit institutions	**69**	**125**	**98**	**114**	**80**	**44**	**37**	**21**
Banks	36	63	52	82	37	12	20	7
Savings banks	11	17	19	16	21	18	10	10
Credit cooperatives	10	18	8	1	12	4	0	1
Foreign branches	1	6	7	4	2	1	1	1
EU credit institutions	*1*	*6*	*2*	*2*	*2*	*1*	*1*	*1*
Specialised credit institutions	11	21	12	11	8	9	6	2
Other institutions	**12**	**22**	**20**	**15**	**16**	**11**	**11**	**3**
Appraisal companies	2	8	8	8	6	7	8	1
Mutual guarantee companies	3	5	1	0	5	1	0	0
Currency exchange bureaux and money transfer agencies	7	9	11	7	5	3	3	2
TOTAL	**81**	**147**	**118**	**129**	**96**	**55**	**48**	**24**

SOURCE: Banco de España.

dures, technological risk, business plans, foreclosed assets, valuation of investees and fixed income securities, and other matters relating to own funds and yields.

The number of supervisory actions stated above does not include monitoring in the two main banking groups, the scale of which is evidenced by the fact that they are conducted through the permanent presence of more than 50 people in them, since for the purposes of the above statistic this monitoring cannot be expressed as a number of supervisory actions because of its continuous and recurring nature.

On-site continuous monitoring entails the permanent location of inspection teams at the supervised institution. In the case of the largest and most complex groups of credit institutions, it aims to allow information to be obtained earlier and thus permit supervisory measures to be taken more promptly. It is, in short, a way of organising continuous supervision which enables a supervisor to keep in closer touch with the supervised institutions and to obtain up-to-date, in-depth knowledge of their situation and of how it is changing, and to do all this more efficiently and flexibly than by on-site inspection visits, which it therefore replaces.

This system, which the Banco de España has for some years been applying to the two largest Spanish banking groups because of their size and complexity, is now also more recently being applied at eight other Spanish groups of CIs.

By means of on-site inspection, special monitoring and on-site continuous supervision, the Banco de España has in recent years exercised increasingly intensive supervision tailored at all times (regarding supervisory techniques, priority attention areas and types of institutions) to the requirements derived from the situation of and developments in the banking system and to the risk profile of each institution.

SUPERVISORY ACTIVITY TABLE 2.2

Number

	LETTERS SENT TO INSTITUTIONS			
	2006	2007	2008	2009
Credit institutions	**80**	**97**	**63**	**47**
Banks	24	31	21	23
Savings banks	14	17	19	9
Credit cooperatives	20	22	8	0
Foreign branches	9	11	2	3
EU credit institutions	*4*	*7*	*1*	*1*
Non-EU credit institutions	*5*	*4*	*1*	*2*
Specialised credit institutions	13	16	13	12
Other institutions	**17**	**18**	**14**	**11**
Appraisal companies	5	7	5	0
Mutual guarantee companies	4	4	1	7
Currency exchange bureaux and money transfer agencies	8	7	8	4
TOTAL	**97**	**115**	**77**	**58**

SOURCE: Banco de España.

In 2009 the Banco de España sent 58 recommendation and requirement letters to credit and other institutions supervised by it, either as final addressees or as the heads of consolidated groups. The distribution of these letters is given in Table 2.2.

The letters to supervised institutions contained a total of 278 observations on the matters set out in Table 2.3.

As usual the main area of recommendations, warranting 127 requirements, equivalent to 46% of the total, was credit risk, including basically the related accounting, the need to increase provisions due to borrower weaknesses and the advisable improvements in loan approval and monitoring processes. Other significant matters addressed in recommendation and requirement letters were management and internal control (including activities on capital markets), own funds and solvency, and other issues such as transparency towards customers, deficiencies in reporting to the Banco de España's Central Credit Register, etc.

A noteworthy new development in 2009 was the receipt and review of the first internal capital adequacy assessment reports, which serve to enhance the Banco de España's supervisory analyses since they include significant information on such aspects as risk profiles, governance systems, risk management and control, capital targets, own funds planning, business strategies, future action programs, etc.

With regard to the validation of internal models for the calculation of regulatory capital for credit risk, the Banco de España monitored the conditions of approval and results of the models of the eight Spanish groups of CIs authorised since 2008 to use internal ratings based (IRB) methods for regulatory purposes. Also, the appropriate authorisations were issued so that these groups could use IRB models for additional portfolios, as envisaged in the successive application plan submitted to the Banco de España. For the first time, some of these models have been approved for subsidiaries outside Europe, specifically in Latin America, as a result of close bilateral coordination between the Banco de España and the Mexican banking super-

SUBJECT MATTER OF LETTERS SENT TO SUPERVISED INSTITUTIONS TABLE 2.3

Number

	2006	2007	2008	2009
Credit risk	145	231	177	127
Accounting for credit risk, borrower weakness and higher coverage requirements	96	164	130	95
Quality of credit risk controls (origination, monitoring and other procedures)	49	67	47	32
Management and internal control	102	147	79	52
Management and internal control in general	84	120	59	44
Capital market activities	18	27	20	8
Capital and solvency	**30**	**41**	**23**	**15**
Solvency ratio	30	41	23	15
Other regulations	146	162	78	84
Failure to comply with rules on transparency and customer relations	31	35	19	16
Deficiencies in information reported to the CCR	22	30	13	12
Requirements for authorisation of non-credit institutions	13	14	15	11
Other	80	83	31	45
TOTAL	423	581	357	278

SOURCE: Banco de España.

vision authority *(Comisión Nacional Bancaria y de Valores),* which has also authorised their regulatory use at local level.

In its capacity as consolidating supervisor of the two large Spanish banking groups, the Banco de España organised for the first time the so-called “crisis management meetings” relating to each of these groups, attended by the supervisors and central banks of the main host countries. This was an initiative of the G-20 and the Financial Stability Board (FSB) derived from the recent international financial crisis and it aims to develop appropriate preventive measures to reduce the likelihood and impact of a possible crisis at a major financial institution.

The Banco de España also continued working actively in the area of international supervisory cooperation. It maintained and strengthened the smooth liaison with European, Latin American and North American supervisors, conducted mainly but not exclusively through “colleges of supervisors”. Specifically, the Banco de España hosted meetings of the colleges of the two Spanish international banking groups and participated, in its capacity as host country supervisor, in four meetings of colleges of banking groups with foreign parents.

During the year six cooperation agreements were concluded in compliance with Article 131 of Directive EC/48/2006, whereby the competent authorities responsible for consolidated supervision of a credit institution are required to have written cooperation and coordination agreements for effective supervision. One agreement was entered into as home country supervisor and five as host country supervisor. At the national level, a new cooperation agreement was entered into with the CNMV.

On 29 March 2009 the Banco de España took a precautionary measure to replace the directors of Caja Castilla-La Mancha (CCM). This was the only special precautionary measure taken regarding supervised institutions during the year.

PROCEEDINGS INITIATED BY THE BANCO DE ESPAÑA — TABLE 2.4

Number

INSTITUTIONS	2006	2007	2008	2009
Banks	1	1 (a)	—	—
Branch of EU foreign credit institutions	1	—	—	—
Savings banks	—	—	—	1
Owner of qualifying holdings in credit institutions	—	—	1	—
Non-compilance with ECB minimum reserve requirements	5	2	2	—
Use of names or pursuit of activities reserved for credit institutions	—	—	1	2
SCIs	1	—	—	1
Appraisal companies	2	2	3	2
Appraisal company revocation	—	—	—	—
Currency-exchange bureaux and money transfer agencies	5	6	6	3
Unauthorised currency-exchange bureaux	2	—	1	—
Currency-exchange bureaux revocations	1	1	3	1
Total	**18**	**12**	**17**	**10**

SOURCE: Banco de España.

a. Agreement on lifting suspension.

2.2 Exercise of the sanctioning power

Under Spanish law the Banco de España has the competence to exercise sanctioning power over certain institutions and is endowed with sufficient coercive powers within the framework of its supervisory function to ensure that it can act with maximum effectiveness in achieving compliance with the disciplinary regulations applicable to the institutions supervised by it.

The parties subject to this sanctioning power are the institutions supervised by the Banco de España, basically credit institutions and other entities operating in the financial sector, such as licensed appraisal companies and currency-exchange bureaux. Furthermore, in view of the importance of the proper diligent management of these institutions by their directors and executives, this specific sactioning power also applies to the senior officers of these institutions in the event of very serious or serious infringements attributable to wilful misconduct or negligence.

Additionally, the Banco de España controls and, if appropriate, sanctions the owners of qualifying holdings in credit institutions and those Spanish nationals that control a credit institution of another EU Member State, whenever they infringe the legal provisions applicable to them. The Banco de España's sanctioning power also extends to natural and legal persons that acquire or dispose of qualifying holdings in credit institutions without having obtained the required authorisation.

Finally, the Banco de España's sanctioning powers extend also to the individuals and entities not included among the aforementioned supervised parties that seek to operate on the financial market without having obtained the required authorisation (i.e. compliance with the stipulated conditions of market access is not adequately controlled), whether it be through the exercise of activities legally restricted to duly registered institutions or through the use of generic names restricted to credit institutions or of any others that may be confused with them.

PROCEEDINGS RESOLVED, BY TYPE OF INFRINGEMENT TABLE 2.5

Number

	NUMBER OF PROCEEDINGS	SANCTIONING PROCEDURES				OTHER PROCEEDINGS				
		INFRINGEMENT			PROCEEDING DISMISSED	NON-COMPILANCE WITH ECB MINIMUM RESERVE REQUIREMENTS	RESERVED NAME/ACTIVITY (ARTS. 28-29 LDI)	APPRAISAL COMPANY REVOCATIONS (RD 775/97)	UNAUTHORISED CURR. EXCH. BUREAUX	CURR. EXCH. BUREAUX REVOCATIONS
		VERY SERIOUS	SERIOUS	MINOR						
Against institutions										
2006	**18**	13	33	13	—	5	—	—	—	1
2007	**14**	12	24	7	—	1	—	—	2	1
2008	**16**	12	26	6	1	3	1	—	—	3
2009	**13**	9	24	18	1	—	—	—	1	1
Against particular directors of institutions										
2006	**56**	39	132	—	2	—	—	—	—	—
2007	**46**	27	91	—	3	—	—	—	—	—
2008	**43**	26	87	—	8	—	1	—	—	—
2009	**45**	25	85	—	1	—	—	—	—	—

SOURCE: Banco de España.

From a procedural standpoint, the Banco de España is responsible for deciding when to bring disciplinary proceedings against supervised parties and also for conducting the related investigations with a view to specifying and gathering evidence on the acts of which the defendant is to be accused, to defining the illegal conduct committed and the legal liability for the offence, and to imposing or, where appropriate, proposing the related sanctions. Once the investigation stage has been completed, the party which is competent to impose the final sanction depends on the nature of the offender and on the seriousness of the infringement. Thus, as a general rule, the Banco de España has to impose sanctions for serious and minor offences, and the Minister for Economic Affairs and Finance, upon the proposal of the Banco de España, has competence to impose sanctions for very serious offences, except for that of withdrawal of authorisation to operate as a credit institution, in respect of which competence lies with the Council of Ministers. Exceptionally, in the cases of currency-exchange and money-transfer bureaux and of unauthorised parties engaging in activities reserved to supervised institutions, competence for the imposition of sanctions, whatever their seriousness, lies with the Banco de España.

2.2.1 PROCEEDINGS INITIATED IN 2009

In 2009, in view of the matters disclosed during on-site inspections by the Banco de España and of other circumstances, it was decided to initiate disciplinary proceedings against nine institutions and 43 of their directors and managers.

More specifically, the Executive Commission decided to bring proceedings against a savings bank, a specialised credit institution, two appraisal companies and three currency-exchange and money-transfer bureaux. Proceedings were also brought against two companies for engaging in activities reserved to credit institutions without having obtained the required authorisation.

In addition, although they are not strictly sanctioning proceedings, mention may be made, as shown in Table 2.4, of the initiation and execution of a proceeding to revoke the authorisation to carry on the professional activity of purchase and sale of foreign currency. The significance of this type of proceedings is that, through them, entities which, for regulatorily established reasons, have ceased operations or given cause for the relevant authorisation or licence to be revoked are prevented from forming part of the system.

Compared with previous years, the number of proceedings against directors or managers of supervised institutions did not vary significantly, with 10 more being brought against senior officers than in 2008. Furthermore, the parties against which proceedings were brought in 2009 included a company (a specialised credit institution) which had already been sanctioned in the past for non-compliance with the sectoral regulations applicable to it. This repeat conduct is viewed more seriously than a first-time offence and warrants the exercise of sanctioning power against this type of practice in a regulated market such as that for financial services.

2.2.2 PROCEEDINGS RESOLVED IN 2009

A description of the sanctioning activity of the Banco de España would not be complete without a reference to the proceedings resolved in 2009. In this respect, the competent bodies resolved in 2009 disciplinary proceedings against 12 institutions and 43 members of their boards of directors and management. To this should be added another proceeding against two owners of qualifying holdings in a supervised institution. In these resolutions sanctions were imposed (i) for very serious infringements: nine sanctions against institutions and 25 against directors, managers or owners of qualifying holdings in a supervised institution; (ii) for serious infringements: 24 sanctions against institutions and 85 against directors and, finally, (iii) for minor infringements: 18 sanctions imposed only against institutions, since the law does not envisage the imposition of sanctions against directors for minor infringements. Finally, a sanction was imposed against a legal person for engaging in cross-border money transfers without having obtained the required authorisation.

2.2.3 PROCEEDINGS TO WITHDRAW AUTHORISATION OF CERTAIN PARTIES

Along with the information on sanctioning activity in the strict sense, it is appropriate to report here the resolution in 2009 of a proceeding to withdraw authorisation to carry on the professional activity of foreign currency exchange in establishments open to the public, as a consequence of the application by the bureaux themselves for deregistration from the official register.

2.2.4 INFRINGEMENTS BY TYPE OF OFFENDING INSTITUTION

a. Appraisal companies

The analysis, by type of institution, of the nature of the various infringements warranting the imposition of sanctions during the year is of particular interest.

Sanctions were levied against five appraisal companies for two very serious, three serious and nine minor infringements.

As for the conduct of these companies, the infringements appreciated in the proceedings resolved can be classified in two groups:

First, it is of prime importance that the appraisal activity of these companies, consisting of the issuance of appraisal reports and certificates for use in the mortgage market, be controlled from a technical standpoint to prevent the overvaluation or undervaluation of the assets being appraised. Accordingly, in the five proceedings against appraisal companies, sanctions were imposed for infringements of this type deemed to be very serious (in the case of two of them), since it was considered that the certificates or reports contained manifest appraisal inaccuracies and, in particular, a lack of concordance with the data and evidence obtained in the valuation activity performed. In the other three cases a serious infringement was considered to have been committed since the offenders issued reports or certificates which departed, without saying so expressly, from the procedures, checks and instructions envisaged in the applicable legislation.

Second, nine sanctions were imposed for minor infringements due to non-compliance by the offending institution with its specific obligations under applicable law, such as having a means of internal control to ensure: proper formulation of appraisals and independence of the appraisal company and of its professionals (in four cases), sufficient insurance coverage of the third-party liability derived from appraisal activities (in two cases), due remittance of data to the supervisory authority (in two cases) and the exclusive pursuit of the corporate purpose (in one case).

b. Currency-exchange and money-transfer bureaux

Proceedings against six currency-exchange and money-transfer bureaux and against their directors and managers (21 in total) were executed and resolved in 2009. The infringements which were considered very serious refer, in two cases, to the keeping of accounting records with fundamental irregularities preventing the establishment's net worth and financial position from being known. In another three cases the infringements were considered to be very serious since a serious infringement had been committed and in the previous five years a firm sanction had been imposed for the same type of infringement (failure to comply with current rules on accounting or the infringement of regulations on agents or of those on transparency of transactions). In one case the currency-exchange bureaux was considered to have committed a very serious infringement because for two consecutive years it failed to have the obligatory external audit performed. Lastly, in another case the offending institution was considered to have committed a very serious infraction because it failed to comply with its duty of accuracy when informing the public in general, this non-compliance being considered especially significant because of the number of people affected and the importance of the information involved.

Serious infringements resulted from the failure to comply with: (i) regulations on minimum capital requirements of currency-exchange bureaux (four cases); (ii) the duty of exclusivity in the use of bank accounts through which cross-border money transfers are made (four cases); (iii) the regulations applying to these bureaux in respect of agents (three cases); (iv) the rules on accounting and on preparation of balance sheets and income and other financial statements that have to be reported to the competent administrative authority (two cases); (v) transaction recording and money transfer obligations (two cases); (vi) obligation of remittance to the Banco de España (two cases); (vii) the compulsory insurance coverage of liability which might arise from money transfers (one case); (viii) the duty of accuracy when informing the public in general (one case); and (ix) regulatory provisions on transparency and the protection of customers (one case).

Finally, there were 10 minor infringements for non-compliance with various obligations under applicable law which, however, because of their isolated nature or other circumstances, were considered less serious than those described above. Thus, in four cases the bureau did not have complete insurance cover of the liability which might arise from its activity and in three cases the obligation to report to the Banco de España was not complied with. Lastly, there were three minor infractions for non-compliance with transaction recording and money transfer obligations, with regulatory provisions on customer transparency and protection and with obligations concerning agents, respectively.

c. Owners of qualifying holdings

As stated above, the owners of qualifying holdings in credit institutions are liable to sanctions if those qualifying holdings are directly or indirectly acquired or increased in violation of the applicable law, which requires them to notify the Banco de España of the pertinent transaction and to refrain from carrying out that transaction within the three-month period allowed to the Banco de España to assess it or, obviously, when the Banco de España has expressly opposed the transaction. Taking into account this regulatory framework, it was considered that one natural person and one legal person had committed a very serious infringement by failing to notify an indirect purchase of qualifying holdings in a specialised credit institution, the Banco de España, moreover, having previously expressly opposed a similar transaction notified to it.

d. Pursuit of activities reserved to supervised institutions

As mentioned above, the Banco de España's sanctioning activity also covers those individuals or legal entities which, without having obtained the required authorisation and having been registered in the corresponding registers, pursue activities reserved to supervised institutions. In this respect, one such proceeding was resolved in 2009. It was brought against an entity for engaging in cross-border money transfers without having obtained the required authorisation and it resulted in a fine. The entity was also sent a requirements letter instructing it to cease the unauthorised activity and noting that, if it failed to do so, it could be sanctioned again.

2.2.5 SANCTIONS AND CONCLUSION

Within the range of sanctions under the sectoral regulations, those imposed in 2009 consisted mainly of fines, made up as follows: 45 on entities, 104 on directors or managers and two on owners of qualifying holdings. However, in certain cases, in view of the conduct of the offending entity or officer, the sanction imposed was a reprimand, either public (with publication in the Spanish Official State Gazette) or private. Also, on two occasions, given the seriousness of the offence, it was considered necessary to revoke the authorisations granted to the respective foreign-currency bureaux and, in another instance, the authorisation of an appraisal company was revoked. Such maximum sanctions on an entity have generally been accompanied by disqualification of its directors or managers.

As a conclusion to the foregoing, it can be said that in 2009 the Banco de España continued to exercise its sanctioning power broadly within the parameters and trends of previous years, as regards the number of proceedings conducted and resolved. As regards the types of sanctioned institutions, it should be mentioned that there was an increase in proceedings brought against appraisal companies compared with the previous year, and that, in the cases in which very serious or serious infringements were found to have been committed, not only the institutions were sanctioned, but also the directors and managers whenever their guilt or negligence in the commission of those infringements was proven.

There were no significant changes in the infringements ultimately proven and sanctions imposed in comparison with previous years and there was no noteworthy increase in seriousness or frequency in any of the types of infringements.

2.3 Other supervisory activities of the Banco de España

The Banco de España is also entrusted with overseeing other aspects of the activity of CIs. Following is a brief review of those functions along with comments on the most notable matters arising in 2009.

2.3.1 TRANSPARENCY AND INFORMATION FOR BANK CUSTOMERS

The Banco de España is responsible for checking and registering the brochure to be drawn up by institutions setting out their fee and commission charges (prices of bank services), chargeable expenses and valuation conditions, as well as the maximum charges applicable, the item to which they relate and the terms of their application. These verification tasks are restricted by law to checking that the brochure reflects maximum prices and the conditions governing their application in a clear and orderly fashion. Such checking does not include securities transactions since these are the competence of the CNMV.

The changes in 2009 mainly concerned price rises in bank services and the inclusion of new services.

Although the new Law 16/2009 of 13 November 2009 on payment services entered into force in the reporting year, the date on which it did so (4 December) and the fact that some of its regulatory implementation has yet to be completed meant that it had no impact on institutions' proposals.

The proposals processed in 2009 numbered 964, compared with 1,205 in the previous year. This followed the downward trend of recent years (which had been broken temporarily in 2008) in which there had not been any regulatory changes requiring adjustments to the brochure of fee and commission charges.

Another function entrusted to the Banco de España regarding transparency is the authorisation, prior to publication, of CIs' advertising projects that refer to cost or return to the public.

This authorisation is intended to ensure only that advertising reflects clearly, accurately and in a manner respectful of competition, the features of financial offers, and that the cost or the return offered has been calculated in keeping with the rules regulating the annual percentage rate (APR). This measure seeks to harmonise that calculation so that different offers can be compared.

In 2009 the number of applications for authorisation of advertising projects was practically unchanged from the previous year (6,376 applications, against 6,525 in 2008). Although this represents only a slight decrease with respect to the previous year, it bears out the change of trend with respect to the past decade, in which the number of applications processed had been increasing significantly. In any event, the 2009 figures show a notable decrease in the number of new projects (5,182, against 5,707 in 2008), and, simultaneously, an increase in changes or updates (of interest rate or offer validity period) of previously authorised projects.

The number of applications processed containing offers of loans (52.16% of new projects) exceeded those with offers of deposits (42.36% of new projects). These percentages were very similar to those of the previous year (in 2008 loans accounted for 51.34% of new projects and deposits for 44.80%).

With regard to the media used, the presence of advertising by CIs in the print media, which fell sharply in 2007 and 2008, increased to 17.32% of total new applications.

Another function relating to transparency is that of verifying the customer protection rules regulating the activity of the Customer Service Department and ombudsman, except in the case of savings banks and local and regional credit cooperatives, the verification of which is carried out by the competent body of the regional (autonomous) community in which their registered office is located. In any event, the Banco de España must be informed of the designation of the head of this service or department and, where applicable, of the ombudsman.

As stated in the 2008 report on banking supervision, the task of initial verification of these rules was practically completed in 2006. Hence, as in 2007 and 2008, the work in 2009 consisted of checking the rules of institutions newly registered in that year and the changes proposed to existing rules.

The Bank Customer's Portal

The bank customer's portal is a specific section of the Banco de España website intended to provide information and guidance to non-business customers of credit institutions.

OFFICIAL REGISTERS OF INSTITUTIONS

TABLE 2.6

Number. Year-end data (a)

	2006	2007	2008	2009
Institutions with an establishment	**550**	**558**	**561**	**550**
Credit institutions (b)	355	358	361	353
Representative offices	54	57	55	55
Mutual guarantee companies	24	24	24	23
Reguarantee companies	1	1	1	1
Currency-exchange bureaux and money transfer agencies (c)	59	59	62	63
Appraisal companies	56	57	56	54
Controlling companies of credit institutions	1	2	2	1
Credit institutions operating without establishment	**404**	**433**	**480**	**517**
Of which: EU CIs operating without an establishment	398	428	475	492
Of which: financial subsidiaries of EU CIs	3	2	2	2
Payment institutions (d)	—	—	—	20

SOURCE: Banco de España. Data available at 31 December 2009.

a. The number of institutions also includes those that are non-operational and in the process of deregistering.
b. Including electronic money entities (one in 2009) and ICO.
c. Not including foreign currency purchasing establishments.
d. In application of Directive 2007/64/EC and of Law 16/2009 on payment services.

In 2009 portal page viewings numbered 2,673,764, an increase of only 5% with respect to 2008 and well below the increase achieved in 2008 (25%).

The most visited sections were the simulators, banking products, glossary, interest rates and frequently asked questions.

The 2,838 queries received through the portal's "contact us" facility was very similar to the number in 2008 (2,776), in which year the queries doubled those of 2007. Telephone inquires decreased from the 3,578 received in 2008 to 2,664 in 2009.

2.3.2 OFFICIAL REGISTERS AND INSTITUTIONAL INFORMATION

Under Spanish law the Banco de España is responsible for various public registers in which not only CIs and other financial intermediaries and auxiliaries, but also certain elements of their corporate governance and organisational structure, have to be registered. 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.[2]

2. This register and the register of agents described below are available to the public and can be consulted by either traditional means or on the Banco de España's website (banking supervision section). 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 on the basis of different criteria.

Table 2.6 gives the number of institutions entered in the register,[3] including those supervised directly by the Banco de España and those from other EU countries that operate in Spain under the freedom to provide services.

The most significant event in 2009 in this register was the inclusion for the first time of a new category of supervised institutions, namely payment institutions.[4] Thus in the last quarter of that year, in application of Directive 2007/64/EC and of Law 16/2009 on payment services (at that time lacking the related implementing regulations), 20 EU payment institutions, mainly Irish and British, which had expressed their wish to operate in Spain under the freedom to provide services, were registered. At end-2009, due to the aforementioned lack of regulations implementing Law 16/2009, no Spanish payment institution had yet been registered.

Apart from this, the changes in the register of institutions in 2009 were minimal and mainly due to restructurings in some consolidated groups of CIs which often ended in the closure of specialised subsidiaries, mainly SCIs. Thus the number of registered SCIs decreased by 8% to 69 at the end of the year. The only other notable development in this regard was the increase in the number of CIs operating without an establishment, which, in line with the growing reality of the European single market, increased by 3.5%.

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 manage and supply up-to-date personal and professional 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 commercial and professional experience and standing which has 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 in banks and credit cooperatives, which have to be verified by the Banco de España.

In 2009 the number of senior officers recorded in this register[5] continued the slow decline resulting from the smaller number of institutions and a certain simplification of the boards of directors of supervised institutions. This decrease was only among male senior officers, since the number of women registered continued to increase slowly to stand at a still modest 13% of the total.

Meriting special mention in 2009 was the entry in this register of the people designated by institutions as authorised for the purposes of electronic signature of reporting statements, which accounts for the increase in the number of entries. Also noteworthy was the increase in total inquiries as a result of those by the CNMV regarding the formation of new financial advice firms, a relatively recent type of company still under development.

c. Information on shareholders

The Banco de España also receives confidential information on the shareholders of banks and SCIs and on the members of credit cooperatives.[6] This information is vital for the basic super-

3. For more details of the institutions that have to be entered in this register, see Section 2.3.6. of the 2006 Report on Banking Supervision in Spain. **4.** See Section 3.2.3.2 below in Chapter 3 of this Report. **5.** All the statistical information in this section other than that relating to the number of registered institutions is included in Annex 4.2. In that annex, the information relating to the Register of Senior Officers is based on identity without regard to the number of posts that each may hold, i.e. the stated figure is the total number of senior officers registered and not the total number of senior posts in the institutions supervised by the Banco de España. **6.** 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.

visory 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.

There were no significant changes in this register in 2009, apart from those relating to the aforementioned decrease in the number of supervised institutions entered in the register of institutions kept by the Banco de España.

d. Reporting of agents

CIs operating in Spain and, since the beginning of 2002, also the currency-exchange bureaux licensed to make cross-border money transfers, 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. In addition, Spanish CIs must report to the Banco de España the list of foreign CIs with which they have entered into agency agreements or, where applicable, agreements to provide financial services to customers.

Noteworthy in 2009 was the sharp decrease in the number of agents reported, down by 17%. This fall was attributable almost exclusively to banks, the number of whose agents dropped to practically half as a result of the closure of this business channel by the company most active in it (a subsidiary of a foreign bank). Disregarding this closure, the decrease in the number of agents reported by banks was 15% and the total number of agents reported only fell by somewhat more than 1%.

The reason for this is that the number of agents reported by currency-exchange bureaux authorised to make cross-border money transfers continued the upward trend of previous years, although the growth rate of 25% in the past moderated to 8% in 2009.

e. Special register of articles of association (Registro Especial de Estatutos)

The Banco de España also keeps an up-to-date register of articles of association of supervised institutions to ensure continuity in the exercise of prudential supervision of them and to monitor the changes in those articles of association, which are sometimes subject to administrative authorisation by the Ministry for Economic Affairs and Finance or the corresponding body of the regional (autonomous) government, in which case a prior report from the Banco de España is mandatory.

In 2009 the Banco de España analysed and reported on 25 applications to amend articles of association, practically the same as in 2008 and far fewer than in previous years, when the articles of association of institutions were being adapted to the changes in the principles of corporate governance.

The decrease of more than 20% in the number of amendments registered reveals that the applications processed now contain changes of a more specific nature and thus affect a smaller number of provisions in the articles of association.

2.3.3 OTHER AUTHORISED ELIGIBLE CAPITAL FOR SOLVENCY PURPOSES

For purposes of compliance with certain prudential regulations, certain financial instruments issued by CIs, by their special purpose vehicles or by other subsidiaries are assessed by the Banco de España for inclusion in the own funds of the CIs or of their consolidated groups in accordance with applicable law.[7]

The items eligible as own funds include fixed-term and perpetual subordinated debt and preference shares. These financial instruments, known as hybrids, have features of debt instru-

7. Royal Decree 216/2008 of 15 February 2008 on the own funds of financial institutions.

ELIGIBLE INSTRUMENTS ISSUED BY SPANISH CIs AND VERIFIED BY THE BANCO DE ESPAÑA

TABLE 2.7

€m. Yearly data

	NUMBER				AMOUNT			
	2006	2007	2008	2009	2006	2007	2008	2009
TOTAL	**79**	**60**	**36**	**75**	**16,078**	**21,592**	**3,747**	**26,314**
Subordinated debt	**65**	**45**	**32**	**42**	**13,942**	**11,962**	**2,597**	**7,938**
Fixed-term	***60***	***41***	***27***	***39***	***12,728***	***10,458***	***2,497***	***7,865***
Banks	24	29	14	15	8,853	9,189	1,259	2,541
Savings banks	25	9	9	18	3,724	1,224	1,233	5,092
Credit cooperatives	3	3	1	1	23	45	2	3
SCIs	8	—	3	5	128	—	3	229
Of which:								
Loans	*12*	*4*	*7*	*11*	*297*	*420*	*678*	*409*
No agreed maturity	**—**	**—**	**3**	**—**	**—**	**—**	**19**	**—**
Credit cooperatives	—	—	*1*	—	—	—	*3*	—
SCIs	—	—	*2*	—	—	—	*16*	—
Of which:								
Loans	—	—	*2*	—	—	—	*16*	—
Undated	***5***	***4***	***2***	***3***	***1,214***	***1,504***	***81***	***73***
Banks	2	1	—	3	64	1,019	—	73
Savings banks	3	3	—	—	1,150	485	—	—
SCIs	—	—	2	—	—	—	81	—
Preference shares	***14***	***15***	***4***	***33***	***2,136***	***9,630***	***1,150***	***18,376***
Banks	6	7	1	15	1,602	9,239	1,000	9,426
Savings banks	8	7	3	18	534	389	150	8,950

SOURCE: Banco de España.

ments and, in addition, those of equity instruments, in that they can be set off against losses without the need to wind up the institution, they will remain on the institution's balance sheet for an indefinite period of time and the returns on them depend on the existence of sufficient profits and on the issuer's solvency.

The total amount subscribed in 2009 in the issues verified by the Banco de España for eligibility as own funds amounted to €26,314 million, somewhat more than seven times the amount in the preceding year (in which issuances of this type fell sharply) and nearly 22% more than in 2007.

A significant portion of this amount was intended to replace previous issues, on which exchange or general repurchase transactions of a total or partial nature were conducted. Many of the repurchase transactions were authorised by the Banco de España to enable institutions to take advantage of the low prices of securities to realise gains to be used to record provisions or reserves and, at the same time, strengthen their market position. Replacement is normally with issues of similar quality.

Continuing the trend initiated in 2008, 70% of the issue amount was placed, at least partially, with retail investors (18% solely with them). The amount of the issues targeted only at institutional investors stood at 30% of the total.

In 2009 the predominant type of issue was preference shares, accounting for 70% of the total.

Perpetual subordinated debt related in full to loans between institutions of the same consolidated group aimed at strengthening the solvency of the borrower.

The issues of operating subsidiaries of Spanish CIs subject to specific own fund requirements in their country of origin which were recognised by the Banco de España as eligible capital of the consolidated group had an equivalent value of €1,343.4 million in 2009. This represented 5% of the total, a slightly lower percentage than in the preceding year.

Apart from that mentioned above, subordinated debt related practically in full to savings banks. Most of these issues had a maturity of 10 years with interest tied to Euribor (three-monthly, six-monthly or yearly) plus a spread ranging between 200 and 650 basis points, although some issues had tranches earning fixed interest between 4% and 8.5%. In most cases, there was an early repayment option at five years with a step-up of between 25 and 75 basis points.

However, the archetypal issue in 2009 was euro-denominated preference shares allowing early redemption by the issuer from year five upon authorisation by the supervisor, targeted at retail investors and quoted on the AIAF market. The interest rate structure consisted of a tranche of approximately two years at a fixed rate of nearly 7% and a variable rate for the rest of the issue term tied to three-month Euribor, with a spread of around 6% and a minimum remuneration threshold of slightly less than 7%.

2.4 Supervisory policies

2.4.1 COMPENSATION POLICY OF CREDIT INSTITUTIONS

As the crisis deepened in 2008, the international community became increasingly aware that an inadequate compensation policy had been one of the contributing factors. The compensation policy, not only at the level of directors and executives, contributed to excessive risk-taking which left institutions with scant resources for absorbing losses. The setting of short-term objectives allowed the distribution of bonuses without taking into account the risk imposed on institutions over a longer time horizon. Also, institutions viewed their compensation policy as having little to do with risk management and corporate governance. As a result of all this, different international initiatives were set in train with the same objective: to correct the inadequate incentives created by compensation systems in the financial industry.

Thus, at global level, in November 2008 the leaders of the G-20 asked their ministers of finance to prepare recommendations for revising compensation practices in the financial sector and avoiding systems which rewarded risk-taking or excessive short-term profit-seeking. The response came from the Financial Stability Board (FSB, although at that time it was still known as the Financial Stability Forum) with the publication in April 2009 of its *Principles for Sound Compensation Practices* intended for significant financial institutions. The principles fall into three broad areas: corporate governance, alignment of compensation policy with risk, and transparency and supervisory oversight.

In the first area, the FSB sets the key objective of ensuring effective governance of compensation and underlines the need for the firm’s board of directors to actively oversee the design and operation of the whole compensation system. Additionally, the staff engaged in financial and risk control must be independent from the units they control and have appropriate authority.

The second group of FSB principles stresses the need for effective alignment of compensation with prudent risk-taking. Variable compensation must be adjusted for all types of risk and include the cost of capital. Compensation schemes must be symmetric with risk outcomes, which means that variable pay should decrease considerably if the firm or unit in question performs poorly. Further, compensation pay-out schedules must be sensitive to the time horizon of risks, which implies an appropriate policy of pay deferral and possible claw-back of amounts already paid. Finally, the mix of cash, equity and other forms of compensation must be consistent with risk alignment.

The FSB's last two principles emphasise that supervisory review of firms' compensation practices must be rigorous and sustained, and deficiencies must be addressed promptly through supervisory action. For their part, firms must disclose clear, comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders (shareholders, creditors, employees, supervisor, etc).

At the same time as the FSB published its principles in April 2009, there was also a response from the EU with the publication by the Committee of European Banking Supervisors (CEBS) of its *High-Level Principles for Remuneration Policies.* Its principles, although less detailed, are fully consistent with those of the FSB and, once again, address the areas of corporate governance, alignment with risk (via recommendations on the measurement of performance as the basis for remuneration and on the form of remuneration), and the necessary disclosure of the compensation policy. The CEBS also stresses that a financial institution's remuneration policy should be in line with the its business strategy and risk tolerance and should not encourage excessive risk-taking. It should, however, be noted that the CEBS principles are applicable to all credit institutions and investment firms, while the FSB principles are for "significant financial institutions" (mainly those with international activity). In Europe, the supervisory thrust in compensation matters was completed by the European Commission's issuance of two Recommendations in April 2009.[8]

Some months later, in order to ensure that the reforms were implemented resolutely and consistently at international level, the G-20 requested the FSB to prepare a more detailed proposal on compensation. Thus in September 2009 the *Implementation Standards* were published. The standards are an extension of the principles, and establish important guidelines and quantitative thresholds for certain areas, compliance with which is compulsory and immediate. Notable in the area of corporate governance is the requirement for important institutions to have a remuneration committee to evaluate the compensation policy and ensure compliance with FSB principles and standards, working together with the risk committee. There should also be an independent annual review.

The pay structure and its alignment with risk is the area where the standards made the most significant, and most controversial, proposals. The document establishes a series of minimum recommended thresholds, such as the need for between 40% and 60% of variable compensation to be deferred for various (minimum of three) years and for at least 50% of such compensation to be in shares or similar instruments. These percentages should increase with the level of seniority or responsibility of the employee. Another significant clause, which represents a balance between those in favour of and those against limiting compensation levels, is that

8. Recommendation 2009/385/EC on the regime for the remuneration of directors of listed companies and Recommendation 2009/384/EC on remuneration policies in the financial services sector. The first complements earlier recommendations from 2004 and 2005 and sets exhaustive requirements for managers of listed firms, increasing the disclosures required in the annual remuneration report already obligatory for listed firms. The second recommendation is less exhaustive and stringent than the first, although it covers all the CEBS principles and is addressed to all employees of financial institutions.

national supervisors may limit variable compensation as a percentage of total net revenues when it is inconsistent with the maintenance of a sound capital base.

Other standards mentioned the government's ability to restructure the compensation system in the event of intervention to stabilise or rescue an institution, as well as the requirement for institutions to immediately adopt the measures needed to apply the FSB standards, including a review of payments in the event of termination of all employment contracts. Also included is the obligation to publish a yearly compensation report with qualitative information (compensation system design) and detailed quantitative information (aggregate amounts for senior executives and other employees).

Even though the review of compensation policies already formed part of the Banco de España's supervisory work (included both in Basel Pillar 2 guidelines and in SABER methodology), all these international initiatives met with an immediate response in Spain. The Banco de España twice directed itself to the associations of institutions under its supervision to call their attention to their compensation practices and the need for them to comply with the principles and standards recently issued by the FSB and the CEBS. They were also asked to engage in an exercise of self-assessment of their compensation policies and were informed that maximum convergence with the new international standards was expected by 31 December 2009.

Since the end of 2009, resources are being assigned to verify the compensation policies of Spain's largest institutions and the changes in them. Full convergence is expected to be achieved in 2010, before the current proposal to amend the Capital Requirements Directive (Directive 2006/48/EC or CRD III) comes into force. Moreover, the yearly Supervisory Action Plan for 2010 already includes specific new actions to review institutions' compensation practices in greater depth. The Banco de España's position, as evidenced by the action taken in recent months, is to encourage the immediate implementation of the FSB compensation principles and standards. However, owing to the business model prevailing in Spain (traditional commercial banking), bonuses do not represent a high percentage of profits and in no case compromise the solvency of institutions.

The Banco de España does not plan to issue specific rules on compensation in 2010 because the CRD III already includes the FSB and CEBS principles and standards, and their transposition at the end of the year will incorporate them into Spanish law. Additionally, the draft Sustainable Economy Bill expressly refers to the reform of Law 13/1985 on investment ratios, own funds and reporting requirements of financial intermediaries and provides that "the Banco de España may require credit institutions to have compensation policies consistent with prudent and effective risk management". It also provides that financial institutions shall publish information on their compensation policies.

To finish up, it should be mentioned that in January this year the BCBS published an *Assessment Methodology* or supervisory guides prepared at the express request of the FSB. The document provides useful additional clarifications and guidelines on interpreting the FSB principles and standards, and gives a list of available supervisory actions, with a view to promoting consistent international application of the FSB principles and standards. The guidelines emphasise the importance of proportionality (to the size and complexity of institutions; the CRD III also particularly stresses this) and are highly flexible and adaptable, allowing each supervisor to choose according to its national particularities and acknowledging the different approaches in the industry when it comes to setting compensation policy.

The FSB is currently conducting a *Peer Review* exercise on compensation to gather information on the actions taken by national authorities to implement these principles or standards.

2.4.2 RESOLUTION PLANS (LIVING WILLS) OF CREDIT INSTITUTIONS

Following the decision taken by the G-20 at its Pittsburgh meeting, the FSB, among other international agencies, is considering how to mitigate the various aspects of the moral hazard problem associated with systemic institutions, which has been exacerbated by the large quantity of funds deployed by the various countries to support their large international banks. The problem basically admits two complementary approaches: the first centres on strengthening the individual resilience of each institution, for which possible requirements on group solvency, liquidity and management, or restrictions on size or activity, are proposed; the second focuses on improving overall financial system infrastructure to reduce the likelihood of a systemic institution going bankrupt and make the consequences less traumatic. This issue is a current topic of debate in the various international fora.

Most notable among the measures to strengthen overall financial system infrastructure is the appropriate preparation of both the institution itself and the supervisory authorities to cope with a crisis at a systemic institution. To this end, the Banco de España traditionally places great importance on prudent management with adequate risk control and on meticulous prudential supervision.

The 2001 Banking Supervision Report defined a framework of good practice for the design and management of Spanish banking groups with an international presence which includes the following principles: group culture and management information, with effective control over the whole group by the parent; prudent accounting policies, adapting the financial statements of the foreign subsidiaries to the minimum Spanish standards; group solvency and solvency on an individual basis; clear and publicly-available chart setting out control relationships in the group; financial autonomy of each institution within the banking group; and control of liquidity with appropriate contingency plans for the group's consolidated position in the currencies in which it operates. This general framework continues to be applicable in the current circumstances, since it has proven its robustness in adverse circumstances, without prejudice to it being applied with differing scopes in each specific situation.

Nevertheless, the recent crisis has made it clear that each Spanish international banking group should have individual contingency plans prepared according to the Banco of España's guidelines and approved in coordination by the Spanish and foreign authorities. These authorities, gathered together in crisis management groups, will arrange any crisis thet affects systemic banks. It is envisaged that they will meet at least once a year, or more frequently when necessary, to review new developments affecting the organisation and operations of the banking group in question and the regulatory environment relating to crisis management. The existence of contingency plans, which must be kept up-to-date, has a usefulness above and beyond specific crisis management measures, since they will serve as a key tool for authorities to exercise ordinary supervision and also for managers to administer the group.

To encourage appropriate preparation for crisis, the Banco de España requested the large international Spanish financial groups to draw up recovery and resolution plans, also known as *living wills,* which will be analysed by the aforementioned crisis management groups. These groups, which are led by the Banco de España, are a particularly flexible means of bringing together the main supervisory, monetary and fiscal authorities of the countries where the international Spanish groups have a significant presence.

The process of drawing up living wills as recommended by the FSB has already begun for the large international Spanish groups. Broadly, living wills have two parts: one addresses the last-resort measures which the group in distress would take to preserve its essential business and avoid collapse; the other sets out the measures the authorities would take to wind up the institution without causing market turbulence. Additionally, a living will also includes essential information for the recovery or winding-up of the institution.

The Banco de España will continue promoting the preparation and updating of contingency plans and will maintain ongoing communication and coordination with other supervisory authorities in order to ensure a high degree of preparation at all times in the event of crisis.

3 Regulatory changes in prudential supervision

This chapter describes the most significant legal changes made, from a prudential supervision standpoint, in 2009 in regulation of the activity of CIs and other financial intermediaries and auxiliaries subject to supervision by the Banco de España. It deals with organisational and disciplinary rules, omitting other regulatory changes of a more technical or operational nature that do not address the solvency of institutions or their interaction with markets or customers.

3.1 Community provisions

3.1.1 LEGAL REGIME OF SUPERVISED INSTITUTIONS

Directive 2009/110/EC[1] was published in September 2009, culminating the implementing regulations on the provision of payment services in the European Union. This Directive, which amends the taking up and pursuit of the business of electronic money institutions (ELMIs), has two basic objectives.

First, it adapts the legal regime applicable to these institutions to the fact that they are now classed as payment service providers (recognised in Directive 2007/64/EC), as well as electronic money issuers. Thus, ELMIs are financial institutions that can both provide payment services (see Section 3.2.3.2 below)[2] and issue electronic money, subject to the specific regulations applicable to electronic money issuance and, in part, to the regulations on payment institutions (PIs). In consequence, ELMIs are subject to the prudential requirements applicable to PIs, and to those corresponding to the activity of electronic money issuance which, as in the previous Directive, relate to electronic money in circulation. In turn, the safeguarding regime for the funds received, which was previously based on a limitation of the investment regime, is now equivalent to that envisaged for PIs.

The Directive's second basic objective was to promote the development of ELMIs by making it easier for them to be created, since the European Commission considered that the previous regulations placed undue hindrance on the creation of a genuine single market in electronic money services. To this end, ELMIs cease to be CIs under Community law and the requirements for creation thereof are brought more in line with those applicable to PIs. In fact these requirements are identical, save in respect of their share capital, which stands at €350,000, in comparison with a maximum of €125,000 for PIs (and much lower, in any case, than the previous minimum of €1,000,000).

As in the previous Directive, exemptions from certain obligations are envisaged for ELMIs with low activity levels, although these imply non-recognition of the Community passport.

3.1.2 SOLVENCY OF CREDIT INSTITUTIONS

The European Commission published two Directives on the solvency of CIs, Directives 2009/27/EC and 2009/83/EC,[3] amending certain Annexes to Directives 2006/49/EC and 2006/48/EC[4] as regards technical provisions, aimed at ensuring convergent application of

1. Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions, amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L of 10 October 2009). **2.** See also Section 3.1 of the *Report on Banking Supervision in Spain, 2007.* **3.** Commission Directive 2009/27/EC of 7 April 2009 amending certain Annexes to Directive 2006/49/EC of the European Parliament and of the Council as regards technical provisions concerning risk management (OJ L of 8 April 2009) and Commission Directive 2009/83/EC of 27 July 2009 amending certain Annexes to Directive 2006/48/EC of the European Parliament and of the Council as regards technical provisions concerning risk management (OJ L of 28 July 2009). **4.** Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast) and Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (recast).

various technical aspects and, above all, at promoting sounder risk management practices. The changes introduced include, notably, definition of the cases in which it may be considered that CIs transfer a significant portion of credit risk, both in traditional and synthetic securitisations, and the increase in the credit conversion factor for liquidity facilities.

Moreover, with the dual aim of strengthening the solvency situation of CIs, against a background of economic and financial crisis, and of enhancing the management of those elements most directly affected by the crisis, at the end of 2009 Directive 2009/111/EC[5] was published, also amending the 2006 Directives cited above.

In particular, and with a view to helping CIs achieve a sufficiently diversified capital structure, the Directive aims to harmonise the hybrid and ordinary capital instruments that are eligible as original own funds. To this end, the CEBS is assigned an important role, to make supervisory practices in this area more uniform, and criteria are established on the eligibility of hybrid capital instruments within original own funds.

The Directive also introduces rules on the setting-up of liquidity buffers, stress tests and contingency plans, with a view to enhancing liquidity management at CIs, a factor that is determinant in their financial soundness.

In addition, it amends the existing regime on large exposures, which dated back to 1992, requiring that exposures vis-à-vis CIs or investment firms be subject to the same limits as other exposures (25% of own funds), since the potential losses stemming from such exposures rule out a preferential regime. Nonetheless, to mitigate the impact of the new limit on small institutions, the Directive introduces an alternative quantitative limit (€150 million).

A further objective is to strengthen the supervision of cross-border banking groups. To this end: all decisions on risk assessment and additional capital requirements must be coordinated between the supervisor of the parent institutions and that of their subsidiaries; all reporting requirements will be fully harmonised across Europe by 2012; colleges of supervisors chaired by the supervisor of the parent institutions are established, to enable the competent authorities to reach agreements on essential supervisory tasks, and the role of the CEBS in this field is strengthened; and all the decisions of the competent authorities must take into account the effects these decisions may have on the stability of the financial systems of the Member States concerned.

Lastly, as a response to the “originate and distribute” model, the Directive introduces stricter due diligence and transparency obligations, both for the originators of securitisation transactions and for investors, and at the same time requires that the originators retain 5% of the risk transferred to investors (“retention of net economic interest”).

3.1.3 OPERATIONAL FRAMEWORK

The main objective of Directive 14/2009/EC,[6] published In March 2009, within the framework of the measures taken by the Council of the European Union to mitigate the impact of the financial crisis, was to help restore confidence and the correct functioning of the financial sector, by converging the deposit-guarantee schemes.

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5. Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements and crisis management (OJ L of 17 November 2009). **6.** Directive 2009/14/EC of the European Parliament and of the Council of 11 March 2009 amending Directive 94/19/EC on deposit-guarantee schemes as regards the coverage level and the payout delay (OJ L of 13 March 2009).

The key changes centred on two aspects. First, the minimum coverage level granted by these schemes per depositor, which was initially raised from €20,000 to a minimum of €50,000, and must subsequently be raised, by no later than 31 December 2010, to €100,000. And second, the payout delay, which was reduced from three months to 20 working days (extendable by a further ten working days in wholly exceptional circumstances). This is the time limit within which deposit-guarantee schemes must meet legitimate claims by depositors, once the competent authorities have determined that the institution in question is unable to repay the deposits. In addition, the time limit for taking this decision was reduced from 21 to five working days.

3.2 National provisions

3.2.1 LEGAL REGIME OF CREDIT INSTITUTIONS

a. Structural changes

Regarding the legal framework of credit institutions (CIs), the first development to note was Law 3/2009[7] of 3 April 2009 on structural changes to commercial companies. The Law introduced various changes in the procedure for mergers, divisions and transformation of credit co-operatives, essentially establishing the need for a prior report from the Banco de España and determining the treatment to be given to the *Fondo de Reserva Obligatorio* (Compulsory Reserve Fund) in the event of transformation into another credit institution.

This Law was subsequently amended by Law 27/2009 of 30 December 2009, with a view to encouraging restructuring processes among CIs, making mergers, divisions and transfers, in full or in part, of assets and liabilities between CIs expressly subject to the general regime envisaged in Law 3/2009, whatever the specific legal status of the entities involved. The reason for this amendment was that there was no express mention of savings banks in the scope of the original Law, raising doubts as to whether or not it was applicable thereto. The amendment provided the necessary legal certainty for the aforesaid transactions, with no detriment to the rights of shareholders and creditors or to any exceptions that may derive from the specific legal status of the CIs concerned.

b. Qualifying holdings

Law 5/2009,[8] which transposed Directive 2007/44/EC[9] into Spanish law, reformed the regime for qualifying holdings in the financial sector, clarifying the procedures and evaluation criteria applicable for the prudential assessment of acquisitions and increases of such holdings. The aim was to enhance both the legal certainty and the practical effectiveness of the regime, making it more consistent with the ultimate aim, which is to ensure the stability of the financial institutions and of the markets in which they operate.

To this end, the Law envisages that a qualifying holding is held if it amounts to 10% (up from 5% previously) or more of the capital or voting rights of the institution acquired, or if there is a possibility of exerting notable influence in the institution (deemed to exist when there is a possibility of appointing or dismissing a Board member). Moreover, all holdings of 5% or more of the capital or voting rights, even if they are not considered qualifying holdings, must be notified to the supervisor.

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7. Law 3/2009 of 3 April 2009 on structural changes to commercial companies (BOE of 4 April 2009), subsequently amended by Law 27/2009 of 30 December 2009 on urgent measures to support and foment employment and unemployment protection (BOE of 31 December 2009) which, among other changes, added a new Additional Provision Three devoted to the regime applicable to mergers, divisions and transfers, in full or in part, of assets and liabilities between credit institutions. **8.** Law 5/2009 of 29 June 2009 amending the Securities Market Law 24/1988 of 28 July 1988, Law 26/1988 of 29 July 1988 on the discipline and intervention of credit institutions and the consolidated text of the Private Insurance Law, enacted in Legislative Royal Decree 6/2004 of 29 October 2004, for reform of the regime for qualifying holdings in investment services firms, credit institutions and insurance corporations (BOE of 30 June 2009). **9.** Directive 2007/44/EC of the European Parliament and of the Council of 5 September 2007 amending Council Directive 92/49/EEC and Directives 2002/83/EC, 2004/39/EC, 2005/68/EC and 2006/48/EC as regards procedural rules and evaluation criteria for the prudential assessment of acquisitions and increase of holdings in the financial sector (OJ L of 21 September 2007).

The Law outlines a new assessment procedure that is clearer and more transparent and has shorter time limits, and establishes the criteria on which financial supervisors should base their opposition to any acquisitions proposed (the standing and solvency of the acquirer, the standing of the future administrators of the institution and the capability and solvency of the institution). It also reinforces the collaboration between the supervisor of the acquiring institution and that of the institution acquired throughout the assessment process, and simplifies the limits determining the need to notify any increases or reductions in qualifying holdings, which are set at 20%, 30% and 50% of the capital or voting rights.

Royal Decree 1817/2009[10] complemented the above-mentioned Law, implementing its more technical aspects. Thus, the Banco de España will compile and publish a list specifying the information to be provided by a potential acquirer, on itself and on the reasons for the acquisition, for assessment of the transaction. Should the acquisition signify takeover of the institution, the information to be provided must also include matters connected with possible changes in the institution's structure and in its corporate governance, with the procedures envisaged relating to internal control and prevention of money laundering, and with the new business and strategic development plan.

3.2.2 SOLVENCY OF CREDIT INSTITUTIONS

Despite the proven soundness of the Spanish financial system, the continuation of the present international financial crisis could compromise the viability of some of the smaller CIs. Although none of these institutions alone signify a systemic risk, together they could do so, at least potentially. Hence Royal Decree Law 9/2009 (RDL),[11] which regulates restructuring processes at CIs and the strengthening of own funds at those institutions which, although not in difficulties, may be intent on ensuring their future viability, with the creation, to this effect, of the Fund for the Orderly Restructuring of the Banking Sector (FROB).

The bank restructuring model envisaged in the RDL is based on the Deposit Guarantee Funds (DGFs) and the FROB and may be broken down into three stages. The first (not regulated in the RDL) envisages a search for private-sector solutions for CIs. The second stage also envisages a search for private-sector solutions, but backed, with the participation of the DGFs, by an action plan that must be approved by the Banco de España and may include three types of measures: strengthening the solvency of CIs, merger or absorption thereof, or transfer in full or in part of their business. The third stage would involve the Banco de España replacing the governing bodies of the CIs concerned and appointment of the FROB as provisional administrator, which would have to submit to the Banco de España a restructuring plan for merger of the CI or transfer in full or in part of its business.

As regards the strengthening of own funds, the FROB's role is to support mergers between CIs that are fundamentally sound but that are having difficulties obtaining the funds necessary for merger. In these cases, following approval of the merger plans by the Banco de España, the FROB could acquire preference shares issued by the CIs, convertible into ordinary shares, *cuotas participativas* (non-voting equity units) or share capital injections. The CIs issuing these shares must undertake to buy them back from the FROB as soon as they are able; the FROB is entitled to request conversion of said shares if, after five years have elapsed, there has been no buyback or if, at an earlier date, the Banco de España believes that buyback within said period is unlikely. Sale of the shares to third parties, within the five

10. Royal Decree 1817/2009 of 27 November 2009, amending Royal Decree 1245/1995 of 14 July 1995 on the creation of banks, cross-border activity and other matters relating to the legal regime of credit institutions and Royal Decree 692/1996 of 26 April 1996 on the legal regime of specialised credit institutions (BOE of 7 December 2009). **11.** Royal Decree Law 9/2009 of 26 June 2009 on bank restructuring and strengthening of own funds of credit institutions (BOE of 27 June 2009).

years following compliance with the merger plans, is also envisaged, via competitive procedures.

One key aspect of the legal regime applicable to the FROB is that it is governed by a Steering Committee comprising eight members, all appointed by the Minister for Economy and Finance with a four-year renewable mandate (five members proposed by the Banco de España, one of whom will be the Deputy-Governor and will act as Chair, and the other three representing each of the three DGFs). The FROB has initial funding of €9 billion, 25% of which contributed by the DGFs and 75% charged to the State Budget. It may raise extra funds on the markets, with State guarantees, for up to ten times the initial amount assigned.

3.2.3 OPERATIONAL FRAMEWORK

a. Legal regime applicable to collateral pledged to the Banco de España, the European Central Bank or other EU national central banks

The legal regime applicable to collateral pledged to the Banco de España, the European Central Bank (ECB) or other national central banks (NCBs) of the European Union was amended, with effect as of 1 January 2010,[12] adding the possibility that the collateral may be realised, when agreed by the parties concerned, by means of appropriation by the beneficiary central bank of the collateral and the consequent application of its value to satisfy the collateralised obligations.

In accordance with Additional Provision One of Royal Decree Law 9/2009, this regime is also applicable to collateral pledged to the credit institution deposit guarantee funds (DGFs) or the FROB.

b. Payment services

In the area of Community regulations on payment instruments, Law 16/2009 on payment services[13] was published in November. The ultimate aim of this Law, which transposes Directive 2007/64/EC on payment services in the internal market into Spanish law, is to improve the efficiency of payments throughout the EU, via three basic objectives.

The first objective is to determine the institutions that can provide payment services. To this end, the Law establishes the legal regime applicable to payment institutions (PIs), a new type of institution which, together with CIs and ELMIs, are exclusively authorised to provide payment services (it should be noted, in this respect, that ELMIs will cease to be considered CIs in Spain once Directive 2009/110/EC has been transposed, by 30 April 2011 at the latest). These institutions have been regulated similarly to other financial institutions, and especially to credit institutions, meaning that there are very few differences between the respective regimes for authorisation and supervision of PIs and CIs, apart from the logical adaptation to the nature of the services provided.

Nevertheless, PIs present two clear differences vis-à-vis other financial institutions. The first is that they do not need to have a sole corporate purpose, meaning that, in addition to providing payment services, PIs may also engage in any other economic activity subject to applicable Community and national law. The second basic difference lies in the safeguarding requirements for funds received from payment service users. PIs may choose to hold these funds separately from any other funds (by depositing them in a separate account at a CI or by investing them in secure, liquid, low-risk assets), or to enter into an insurance policy or other comparable guarantee covering an amount equivalent to that which would have been set aside had there been no such policy or guarantee.

The second basic objective pursued by Law 16/2009 is to increase competition in the payment services market, through transparency, especially for the benefit of consumers, for whom

12. By virtue of Final Provision Two of Law 26/2009 of 23 December 2009 on the State Budget for 2010 (BOE of 24 December 2009). **13.** Law 16/2009 of 13 November 2009 on payment services (BOE of 14 November 2009).

a special safeguarding regime is established. However, this regime, which is organised (with the logical accommodations) for single payment transactions and for those conducted under framework contracts, is barely outlined in the Law, leaving the determination of its material aspects to subsequent implementing provisions. Nevertheless, the Law does establish that no charges may be applied for providing the information required thereunder, and it places the burden of proof of compliance with all information requirements on the payment services provider.

The third basic objective of the Law is to establish a common system of rights and obligations for providers and users of payment services, in connection with the provision of these services. This system is outlined in the Law with the same level of detail as in the Directive, meaning that the necessary elements for the correct provision of payment services are in place. One notable new feature in this respect is the principle of shared charges, which signifies that, when there is no currency exchange involved (and if there is, save otherwise agreed), each user, whether the payer or the payee, shall pay the charges levied by the payment services provider.

Two final points to note: the requirements envisaged in Law 16/2009 extend to the provision, in Spain, of any type of payment service (not limited, as under the Directive, to services provided within the EU denominated in euro or in any other EU Member State currency), provided in all cases they do not place Spanish payment services providers in a position of inferiority in comparison with their peers in other countries; and existing currency-exchange bureaux authorised to arrange cross-border money transfers that wish to continue to do so must become PIs by 30 April 2011.

c. Mortgage market

Royal Decree 716/2009 of 24 April 2009,[14] which replaced Royal Decree 685/1982, completed the modernisation and improvement of the mortgage market initiated by Law 41/2007,[15] essentially insofar as the refinancing mechanisms of CIs are concerned.

Thus, the Royal Decree implements the requirements that mortgage loans and credits must meet to serve as coverage for issues of mortgage securities or to serve as collateralised mortgage bonds. In particular, it specifies the conditions under which the LTV ratio of residential mortgages may be raised to 95%, from the general level of 80%. These conditions relate to the existence of bank guarantees or credit insurance (which will be paid, in all cases, by the CI), the legal strength of the guarantee and the credit quality of the guarantor. The Royal Decree also establishes the requirements that mortgages granted in other EU Member States must meet to be included in the credit collateral pool, and introduces special eligibility limits for mortgages on buildings under construction and land.

The Royal Decree also shapes the increased flexibility in the conditions of issue of mortgage securities, in terms of their financial characteristics and administrative requirements, envisaged in Law 41/2007. This greater flexibility is accompanied by new management features for their attendant risk, stricter limits on their issuance and mechanisms for their re-establishment in the event of default. To ensure the effectiveness of these measures, the Royal Decree regulates in great detail the special accounting register that must record not only mortgage loans and credits that serve as coverage for issues of mortgage securities (with express indication of whether or not they are eligible), but also the substitute assets backing these issues and the

14. Royal Decree 716/2009 of 24 April 2009 implementing several aspects of Law 2/1981 of 25 March 1981 on mortgage market regulation and other mortgage and financial system rules (BOE of 2 May 2009). **15.** Law 41/2007 of 7 December 2007, amending Law 2/1981 of 25 March 1981 on mortgage market regulation and other mortgage and financial system rules, regulating reverse mortgages and dependency insurance, and establishing a specific tax regulation (BOE of 8 December 2007).

LETTER FROM THE DIRECTOR GENERAL BANKING REGULATION ON ANNEX IX TO THE ACCOUNTING CIRCULAR

BOX 3.1

In July 2009, the Director General Banking Regulation wrote to associations of credit institutions to clarify certain aspects of Annex IX to the Banco de España Circular 4/2004.

The letter focused on three aspects:

i) A reminder that the allowance percentages applicable pursuant to the provisions of paragraph 17 of the Annex must be considered minimum values. Accordingly, it is essential to take into account the experience of each institution for recognition, in specific cases, of higher loss rates.

ii) Insistence on the need for institutions to make prudent assessments of the effectiveness of collateral, and, especially in the case of real estate, on the need for appraisals to be updated.

iii) Clarification, specifically regarding the allowance percentages for the secured transactions envisaged in point b) of paragraph 17 of Annex IX, that these percentages shall apply only to the amount of the loans over and above 70% of the appraised value, provided in all cases that the collateral is effective.

financial derivative instruments linked to each issue (whose conditions and requisites are also laid down in the RD).

In the specific case of collateralised mortgage bonds, the Royal Decree clarifies, definitively, that issues of these bonds, which must relate to a specific credit and not to a group of credits, signifies genuine transfer of the part of the mortgage credit in question, meaning that the issuer transfers all the attendant risk. In turn, mortgage transfer certificates are also classed as a transfer of credit, but with no guarantee of minimum quality, meaning they may only be issued for placement among professional investors or to be grouped in securitisation special purpose vehicles (SPVs).

Lastly, the Royal Decree sets out the tax and supervisory regimes applicable to mortgage securities. Notably, the tax regime considers these securities eligible for investment by certain regulated investment companies. The supervisory regime clarifies the previous regulations, expressly indicating the powers of the Banco de España (relating to control and supervision of the conditions to be met by the collateral pool and to issuance of single-certificate covered bonds) and of the CNMV (relating to public offerings of mortgage securities and trading thereof on official secondary markets).

d. Deposit guarantees

Ministerial Order EHA/3515/2009 of 29 December 2009[16] raised the calculation basis for the annual contributions to be made by the savings banks to their Guarantee Fund from 0.4 per mille to 1 per mille.

3.2.4 OTHER FINANCIAL INSTITUTIONS

The only noteworthy changes in 2009 in the regulations on other financial institutions other than CIs that are subject to supervision by the Banco de España are those introduced in Ministerial Order EHA 1327/2009[17] which, parallel to the contents of Banco de España Circular 6/2008 relating to CIs, adapts the accounting regulations applicable to mutual guarantee companies (MGCs) to the criteria and principles established in Royal Decree 1514/2007 approving the new General Chart of Accounts adapted to EU regulations.

The Ministerial Order establishes the special points to be borne in mind when preparing financial statements corresponding to the annual accounts of MGCs (balance sheet, income statement and notes to the financial statements). It determines the statistical data and breakdowns

16. (BOE of 31 December 2009). **17.** Ministerial Order EHA/1327/2009 of 26 May 2009 on the special rules for preparation, documentation and presentation of the accounting data of mutual guarantee companies (BOE of 28 May 2009).

to be included in the confidential financial statements and details the content of both the public and the confidential financial statements.

It also sets out the accounting rules and valuation criteria to be followed by MGCs relating to certain items, establishing specific rules for recording in the accounts of bank and other guarantees, technical provisions, contributions by members and reimbursable funds received for coverage of credit risk. And it determines that the same criteria as established in the accounting regulations relating to CIs shall apply for the calculation of specific coverage and the valuation of assets acquired in payment of debts.

4 DEVELOPMENTS IN INTERNATIONAL BANKING REGULATION AND SUPERVISION FORA IN 2009

4 Developments in international banking regulation and supervision fora in 2009

In light of the growing internationalisation of the financial sector, one of the Banco de España's strategic objectives in recent years has been to heighten its influence in the international fora where decisions are taken on regulatory and supervisory matters. This globalisation has meant that financial stability has also assumed a global dimension, as the crisis that began in the summer of 2007 has shown. Whereas in 2008 the focus was on the need to analyse the causes and consequences of the crisis and the lessons to be drawn, and on the search for appropriate solutions to ensure that a crisis of that nature could not be repeated in the future, in 2009 it turned to the design and implementation of these solutions in the areas of supervisory architecture and banking regulation, both within Europe and worldwide.

Thus one key development at the global level was the transformation of the Financial Stability Forum into the Financial Stability Board (FSB), admitting as new members the G20 countries that were not previously included, together with Spain and the European Commission (see Box 4.1). The FSB's mandate is set by the G20 Heads of State and focuses on promoting financial stability, developing supervisory and regulatory policies for the financial sector. The role of the FSB is to identify the vulnerabilities of the financial system and to coordinate the response of the national authorities and the different international fora in this respect. Another significant development at the global level was the regulatory reform on capital and liquidity that was announced by the Basel Committee in July 2009 and presented in a consultative document in December.

At the European level, 2009 was marked by the work undertaken to implement the recommendations of the Larosière group, which called for significant changes in the EU supervisory framework and in the area of financial regulation. Particularly noteworthy was the design of a new supervisory framework, organised around the European Systemic Risk Board (ESRB) and the European System of Financial Supervisors (ESFS), the latter made up of the national financial supervisors and three supervisory authorities, created drawing on the existing sectoral European supervisory committees (see Box 4.2).

Mention should also be made of the ECOFIN roadmap on financial supervision, stability and regulation, which refers not only to the future European supervisory framework described above, but also to the design of a framework for the prevention, management and resolution of banking crises, an issue that will mark the European agenda in the immediate future.

The following sections of this chapter describe the work of the international committees of regulators and supervisors in which the Banco de España participates. Also included is a description of the work undertaken jointly by the committees of bank, securities and insurance supervisors, and an account of the financial stability work carried out in the ECB and by the ASBA.

Table 4.1 gives information on the number of committees and of their working groups and subgroups (more than 90 at end-2009), and on the number of meetings held over the last three years attended by representatives of the Banco de España (278 in 2009).

A final, but no less important, point to note is the increase in the work undertaken to support international technical cooperation in supervision matters. This included receiving and attend-

ACTIVITY OF SUPERVISORY COMMITTEES IN 2009 TABLE 4.1

Number (a)

	GROUPS	MEETINGS
Financial Stability Board (FSB) (b)	**7**	**4**
Committee of European Banking Supervisors (CEBS)	**112**	**35**
Committee	4	1
Groupe de Contact (GdC)	33	10
Expert Group on Prudential Regulation (EGPR)	32	7
Expert Group on Financial Information (EGFI)	29	9
Other	14	8
3L3 Groups (c)	**16**	**4**
Banking Supervision Committee (BSC)	**37**	**11**
Committee	4	1
Working Group on Macroprudential Analysis (WGMA)	11	2
Working Group on Banking Developments (WGBD)	12	3
Other	10	5
Basel Committee on Banking Supervision (BCBS)	**96**	**36**
Committee	4	1
Policy Development Group (PDG)	52	15
International Liaison Group (ILG) (d)	1	1
Standards Implementation Group (SIG) (e)	13	6
Accounting Task Force (ATF)	11	8
Other	15	5
Joint Forum	**10**	**3**
TOTAL	**278**	**93**

SOURCE: Banco de España.

a. The numbers for each committee include the individuals in the groups reporting to the committee and the committee members.
b. The Banco de España joined the Board in May 2009.
c. Groups established jointly by the Level Three committees of supervisors (CEBS, CEIOPS and CESR).
d. The group was disbanded in May 2009, following the expansion of the membership of the BCBS.
e. Until december 2008: Accord Implementation Group (AIG).

ing to delegations of foreign supervisors, and participation by Banco de España members as speakers at national and international seminars for supervisors from other countries.

4.1 Work of the Financial Stability Board

At the London summit held in April 2009, the G20 leaders agreed to transform the Financial Stability Forum into the Financial Stability Board (see Box 4.1). The work initiated by the FSB in 2009 and that is still in progress covers, inter alia, the following issues.

First, the moral hazard represented by systemic institutions. This work is scheduled to be completed in October 2010 for the G20 summit in South Korea, and covers various aspects: reducing the likelihood of collapse, and the impact in the event of collapse, of a systemic financial institution; improving the capacity to bring about orderly resolution of a systemic financial institution; and strengthening the main infrastructures and markets to reduce the degree of interconnectedness between institutions.

One of the key developments in the international arena in 2009 was Spain's inclusion in the newly-created Financial Stability Board (FSB), where it is represented at the highest institutional level by the Banco de España and the State Secretary for Economic Affairs of the Ministry of Economy and Finance.

The FSB was born from the re-establishment of its predecessor – the Financial Stability Forum (FSF) – following the political decisions taken by the G20 to increase the number of member jurisdictions and endow it with a broader mandate and with enhanced capacity:

– At the Washington summit held in November 2008, the G20 leaders agreed that the FSF should admit new members, granting entry to representatives of emerging economies. The "enlarged" FSF was mandated to lead various actions related to the necessary reform of financial regulation, in response to the financial crisis.

– In March 2009, the FSF resolved to expand its membership, admitting all the G20 countries that were not previously included (Argentina, Brazil, China, India, Indonesia, Mexico, Republic of Korea, Russia, Saudi Arabia, South Africa and Turkey), together with Spain and the European Commission. The aim was to strengthen the FSF's capacity to contribute to the financial system reform measures launched following the G20 summit in Washington.

– The *Declaration on Strengthening the Financial System* issued after the G20 summit held in London in April 2009 broadened the FSF's original mandate and required that it be re-established, with a stronger institutional basis and enhanced capacity, as the Financial Stability Board (FSB).

Thus, the FSB was born in April 2009, to coordinate the work of the national financial authorities and international standard-setting bodies and committees, with a view to developing and promoting introduction in the financial sector of effective regulatory and supervisory policies.

The role of the FSB, which has political power, is to identify and analyse the vulnerabilities of the financial system, coordinate and promote the response of the authorities and committees to these vulnerabilities, monitor possible shortcomings and the consistency of the different international standard-setting bodies, and review and assess the degree of application of international standards in each of its member jurisdictions.

FSB members

Three types of authorities and organisations may be FSB members:

– National and regional authorities[1] with responsibility for financial stability (Ministries of Economy and Finance, central banks and regulatory authorities).

– International financial institutions.[2]

– International regulatory and supervisory committees and central bank committees.[3]

Two new, interconnected, features stemming from FSB membership are particularly noteworthy: on the one hand, the FSB will periodically review the "eligibility" of its members; and on the other, the members commit, in writing, to pursue the maintenance of financial stability, to maintain the openness and transparency of the financial sector and to submit to periodic peer reviews, using among other evidence IMF/World Bank FSAP reports.[4]

FSB mandate

As part of its mandate, the FSB will:

a) Assess vulnerabilities affecting the global financial system and identify and review on a timely and ongoing basis the regulatory and supervisory actions needed to address them and their outcomes.

b) Promote coordination and information exchange among the authorities responsible for financial stability.

c) Monitor and advise on market developments and their implications for regulatory policy.

d) Advise on and monitor best practice in meeting regulatory standards.

e) Undertake joint strategic reviews of the regulatory policy development work of the international standard-setting bodies to ensure it is timely, coordinated, focused on priorities and addressing gaps.

f) Set guidelines for and support the establishment of supervisory colleges.

g) Support contingency planning for cross-border crisis management, particularly with respect to systemically important firms.

h) Collaborate with the IMF to conduct Early Warning Exercises.

i) Undertake any other tasks agreed by its members in the course of its activities and within the framework of its Charter.

1. At present the FSB's members are: Argentina, Australia, Brazil, Canada, China, France, Germany, Hong Kong SAR, India, Indonesia, Italy, Japan, Mexico, the Netherlands, the Republic of Korea, Russia, Saudi Arabia, Singapore, South Africa, Spain, Switzerland, Turkey, the United Kingdom and the United States of America. The ECB and the European Commission are also members under this heading.

2. Under this heading the following are FSB members: the Bank for International Settlements (BIS), the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD) and the World Bank. **3.** Representatives of the following international organisations and committees participate in the FSB: the Basel Committee on Banking Supervision (BCBS); the Committee on the Global Financial System (CGFS); the Committee on Payment and Settlement Systems (CPSS); the International Accounting Standards Board (IASB); the International Association of Insurance Supervisors (IAIS); and the International Organisation of Securities Commissions (IOSCO). **4.** Financial Sector Assessment Program.

FINANCIAL STABILITY BOARD (FSB) (Cont.) BOX 4.1

FSB internal organisation

The FSB is structured as follows: the Plenary, which is the only decision-making body; three Standing Committees; and a Steering Committee which serves as a liaison between the Plenary and the Standing Committees.

FSB Standing Committees:

(1) Standing Committee on Assessment of Vulnerabilities (SCAV): responsible for assessment of the vulnerabilities of the system.

(2) Standing Committee for Supervisory and Regulatory Cooperation: its main objective is to strengthen cooperation, coordination and consistency in matters of financial regulation and supervision; it also analyses the vulnerabilities identified by the SCAV and, where appropriate, determines the regulatory responses to be taken to address them. The Banco de España sits on this Committee.

(3) Standing Committee for Standards Implementation: its objective is to verify that international financial standards are applied in the member jurisdictions and to promote their application in other countries, especially in matters of supervisory cooperation.

The FSB may also create other ad-hoc working groups to analyse specific issues. These include, in particular, the Cross-border Crisis Management Working Group in which the Banco de España also participates.

FSF work in response to the financial crisis

To place the ongoing work and recent publications of the FSB in context, it must be considered that part of this work is a continuation of previous projects conducted or headed by its predecessor, the FSF, stemming from the onset of the financial crisis in the summer of 2007. Particularly noteworthy among these previous publications are:

– *Report on Enhancing Market and Institutional Resilience,* containing recommendations in five areas:

  a) Strengthened prudential oversight of capital, liquidity and risk management.

  b) Enhancing transparency and valuation.

  c) Changes in the role and uses of credit ratings.

  d) Strengthening the authorities' responsiveness to risks.

  e) Robust arrangements for dealing with stress in the financial system.

– Report on Addressing Procyclicality in the Financial System, dealing with:

  a) Prudential banking framework: the recommendations included the development of countercyclical capital buffers and a supplementary measure to contain the build-up of bank leverage.

  b) Bank loan loss provisioning: recommendations designed to facilitate earlier identification and recognition of bank loan losses. They are the result of dialogue between regulators, supervisors and accounting standard setters.

  c) Leverage and valuation: recommendations aimed at reducing the procyclicality that derives from the interplay of leverage, maturity mismatches and the use of fair value accounting criteria.

– *Principles for sound compensation practices,* aimed at ensuring that compensation practices in the financial industry align employ*ees' incentives with firms' long-term rate of return (see Section 2.4.1).*

– *Principles for cross-border cooperation on crisis management,* including the commitment to cooperation between authorities, in making preparations for dealing with financial crises and in managing them, and their commitment to meet regularly, with a view, inter alia, to sharing necessary information and ensuring that firms develop adequate contingency plans (see Section 2.4.2).

Lastly, mention should also be made of the work started in 2009 and currently ongoing, and which occupies a significant part of the FSB's working groups' agenda, including, in particular, how to deal with the moral hazard represented by systemic institutions, the relaunch of the securitisations market and how to deal with procyclicality in financial regulation.

Second, procyclicality in financial regulation, including strengthening accounting standards. In this area the FSB is promoting the process of convergence between the IASB and the FASB. It is also fomenting interaction between prudential and market regulators and the IASB on key issues for banking regulation such as calculation of loan loss provisions and valuation of financial instruments.

And third, the relaunch of the securitisations market, where it is exploring other options to align incentives for issuers and investors.

In September 2009 the FSB Charter was published, for the G20 Pittsburgh summit, and was endorsed by the G20 leaders. September also saw publication of the report *Improving Financial Regulation* and of the *Principles for Sound Compensation Practices - Implementation Standards.* In November 2009, for the meeting of Finance Ministers and Central Bank Governors of the G20, the FSB published, inter alia, a report on progress in implementing the G20 recommendations, a Note for the G20 on exit from extraordinary financial sector support measures, and Guidance to assess the systemic importance of financial institutions, markets and instruments.[1]

Lastly, in December 2009 a peer review was launched on the degree of application of the Principles and Standards in FSB member countries.

4.2 Work of the Basel Committee on Banking Supervision

The Basel Committee on Banking Supervision (BCBS) worked intensely throughout 2009, publishing rules, guidance and consultative documents addressing the weaknesses revealed in banking regulation, supervision and risk management, thus responding to the demands of the G20.

In July 2009, the BCBS approved a first package of measures to strengthen the New Capital Accord (Basel II). These measures included, under Pillar 1, reforms concerned with the treatment of the trading book, with a more refined treatment of securitisation for solvency purposes and with exposure to off-balance-sheet vehicles. The BCBS also strengthened the Pillar 2 rules, to address the weaknesses detected in corporate governance, risk management at institutions and compensation policy (see Section 2.4.1). Lastly, the measures also included reforms to Pillar 3 on market discipline.

Subsequently, in December 2009, the BCBS published consultative proposals to strengthen the regulation of capital and liquidity. These were contained in two documents,[2] the first of which relates to: raising the quality, consistency and transparency of the capital base, particularly with a view to raising the quality of Tier 1 capital and harmonising other capital elements; strengthening the capital requirements for counterparty credit risk exposures, introducing new requirements to encourage the use of central counterparties and organised markets; introducing a leverage ratio as a supplementary measure to the Basel II risk-based framework; reducing procyclicality by adopting a series of measures to promote the build-up of capital buffers in good times that can be drawn upon in periods of stress; promoting provisioning based on expected losses, which is considered less procyclical than the current incurred loss provisioning model; and introducing capital conservation buffers to ensure good practice at banks, enabling them to comply with minimum capital requirements.

The second consultative document proposes introducing minimum liquidity standards (both for the short and the long term), together with a set of monitoring tools to assist supervisors in identifying and analysing liquidity risk trends at both the bank and system-wide level. These standards and tools complement the *Principles for sound liquidity risk management and supervision* published in September 2008.

The BCBS is also analysing the need to establish additional capital or liquidity measures, or other types of supervisory measures, to reduce the spillover effects created by systemic institutions.

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1. This report was drawn up in response to a request made by the G20 leaders in April 2009 for guidance to be developed on this issue for use by the different national authorities. It was prepared jointly with the BIS and the IMF. **2.** *Strengthening the Resilience of the Banking Sector and International Framework for Liquidity Risk Measurement, Standards and Monitoring.* An impact assessment of these proposals will be drawn up in the first half of 2010, which will serve as a basis for a decision on the definitive design of the measures and their calibration. The new standards will be determined by end-2010 and will be phased in gradually, with the aim of full application by end-2012.

In the year it also published other important documents, notably: *Principles for sound stress testing practices and supervision; Core principles for effective deposit insurance systems,* prepared jointly with the International Association of Deposit Insurers; and a report, presently at the consultative stage, on recommendations seeking to improve arrangements for resolution of cross-border banks.

4.3 Work of the Committee of European Banking Supervisors

In line with the trend observed since its inception, the activity of the Committee of European Banking Supervisors (CEBS) increased in 2009. The Committee's work was focused on the three main areas described below.

First, technical advice to the European Commission, which continues to make up a considerable portion of the Committee's work. Noteworthy were its contributions to the changes under way in the solvency directives; changes which, in some cases, are part of the process of strengthening the banking sector being driven by the BCBS.

The CEBS responded to requests for advice in connection with information exchange between supervisors, options and national discretions, securitisations and custodian banks. It also contributed to European Commission consultations on the treatment of compensation policies in the solvency directives, on reform of the DGFs and on the creation of a European framework for management of cross-border crises in the European banking sector. And it continued to comment on work by the IASB.

A second part relates to cooperation in and convergence of supervisory practices. To this end, the CEBS prepared Guidance, Principles and other documents on diverse issues: compensation, Passport notifications, operational risk, liquidity risk, hybrid capital instruments, large exposures, harmonised financial statements, transparency, concentration risk, stress tests, capital definition, risk management, supervisory transparency and colleges of supervisors.

Noteworthy in the field of cooperation, as in 2008, was the work connected with the colleges of supervisors, where the objective to create colleges (and sign coordination and cooperation agreements) for 36 of the main European banking groups was achieved.

The third and final part of the Committee's work is connected with the financial crisis, which continued to occupy much of its agenda. In May 2009 the ECOFIN asked the CEBS to undertake, in conjunction with the European Commission and the ECB, a stress test of the financial system, based on a sample of 22 major European cross-border banking groups. The resultant report was presented to the Finance Ministers and Central Bank Governors at the ECOFIN in October. Its main conclusion was that, even in an adverse scenario, the capital levels of these banking groups remained at acceptable levels.

Further, the CEBS continues to participate in the half-yearly report, also requested by the ECOFIN, on trends, risks and vulnerabilities in the banking sector which is analysed by the Financial Stability Table of the Economic and Financial Committee (FST-EFC).

4.4 Joint work by committees of bank, securities and insurance supervisors

The developments set in motion in the summer of 2007 further highlighted the growing interconnectedness, both between sectors and countries, as a result of the activities of financial groups. It should, therefore, come as no surprise that the volume of projects analysed by supervisors of the three sectors, at the global and the European level, continued to grow significantly in 2009.

In the global arena, the Joint Forum undertook various projects in 2009, analysing issues at the epicentre of these developments: the use of credit ratings in the banking, securities and insur-

THE EUROPEAN SUPERVISORY STRUCTURE: THE EUROPEAN SYSTEMIC RISK BOARD AND THE NEW EUROPEAN SUPERVISORY AUTHORITIES

BOX 4.2

The international financial crisis, which began in the summer of 2007 and heightened in September 2008, highlights the need to speed up supervisory reform in Europe. In October 2008, the President of the European Commission created a high-level group consisting of seven independent experts and chaired by Jacques de Larosière. The group was tasked with drawing up specific proposals to strengthen the European supervisory arrangements of all the financial sectors and thus establish a more effective, integrated and sustainable supervisory system.

In response to this mandate, on 25 February 2009 the Larosière group published its report, analysing the causes of the financial crisis and establishing the need for fundamental changes in the EU supervisory framework and in the field of financial regulation.

The work undertaken to implement these recommendations and to lay the foundations for the new European supervisory framework was doubtless one of the key features of 2009.

In May, on the basis of the recommendations of the Larosière group, and considering the result of the public consultation conducted between 10 March and 10 April, the European Commission issued a Communication setting out the main steps to be taken. This proposal received the backing of the ECOFIN on 9 June, and the backing of the European Council on 18-19 June 2009.

On 23 September, the European Commission published five legislative proposals – four regulations and one decision – for organisation of the new institutional supervisory framework in Europe, based on two pillars: (1) a European Systemic Risk Board (ESRB), to be entrusted with macro-prudential supervision of the EU financial system; and (2) the European System of Financial Supervisors (ESFS), to be entrusted with micro-prudential supervision.

On the macro-prudential side, on 20 October 2009 the ECOFIN reached a broad political agreement, resolving to start negotiations with the European Parliament for agreement on the first reading. The ESRB is an independent body, with no legal personality, responsible for macro-prudential oversight of the whole of the EU financial system. Its objective is to prevent episodes of widespread financial distress and to contribute to the good functioning of the internal market, preventing or mitigating systemic risks that may threaten the financial stability of the EU as a whole, arising from developments in the financial system, bearing in mind the macroeconomic situation.

To meet this objective, the ESRB shall: (1) determine, compile and analyse all the relevant and necessary information; (2) identify and prioritise systemic risks; (3) issue warnings, to the EU as a whole, to one or several Member States, or to one or several European or national supervisory authorities, where these risks are deemed significant; (4) issue recommendations, as above, for remedial action to be taken in response to the risks identified, including legislative initiatives; (5) monitor the follow-up to these warnings and recommendations, for which purpose the addressees shall inform the European Council and the ESRB of the measures taken, or shall justify their failure to do so (act or explain mechanism); (6) collaborate closely with the ESFS; (7) provide European supervisory authorities with the information on systemic risks required for the performance of their tasks; (8) coordinate with international institutions, particularly the IMF and the FSB, and with the relevant organisations in third countries, on matters related to macro-prudential oversight; and (9) carry out other related tasks as specified in Community law. The ECB and the national central banks shall play an essential role on the ESRB, due to their expertise and responsibilities in the area of financial stability, with the backing of the EU's new micro-prudential supervisory structure that will enable it to receive and correctly interpret all the relevant information. In turn, the ECB shall ensure the Secretariat of the ESRB and shall provide administrative, logistical, statistical and analytical support to the ESRB, under the direction of the Chair of the ESRB, and shall support the work of the Advisory Technical Committee. For its analysis, the Secretariat shall draw on technical advice from national central banks and supervisory authorities.

On the micro-prudential side, on 2 December 2009 the ECOFIN agreed on a compromise proposal for creation of a European System of Financial Supervisors (ESFS), consisting of national financial supervisors working in tandem with three micro-prudential supervisory authorities drawn from the three existing European supervisory committees: the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA). This new System combines responsibility for the day-to-day supervision of the EU institutions, which continues to lie with the national authorities, with specific tasks at the European level that will permit enhanced quality and consistency of supervision, strengthened oversight of cross-border groups and creation of a single set of standards applicable to all financial institutions.

Specific powers are granted to the authorities for performance of these functions, including, notably, the power to: a) develop proposals for technical standards that will be legally binding following approval by the Commission; b) issue guidance and recommendations, which the national authorities will have to adopt or justify their failure to do so (act or explain mechanism), to introduce consistent, efficient and effective supervisory practices within the ESFS and ensure the common, uniform and consistent application of Community law; c) adopt individual decisions affecting financial institutions and authorities in specific cases envisaged in law; and d) issue opinions addressed to the European Parliament, Council or Commission.

Some amendments to the sectoral legislation are required, to define the scope of the powers granted to the new authorities and thus ensure the effective functioning of the ESFS. These amendments entail: a) defining the scope of application of the technical standards as an additional tool for supervisory convergence and with a view to preparation of a single code of standards; b) defining the cases in which the authority may settle differences between supervisors; and c) introducing general amendments, common to most sectoral legislation, necessary for the correct functioning of the Directives, in the context of the new Authorities, such as changing the names of the level 3 committees to those of the new Authorities and ensuring that there are appropriate channels for information exchange.

It is expected that the European Parliament will approve the proposals in 2010 and that the new European supervisory framework will come into force in 2011.

ance sectors; the report on special purpose entities, describing the different types of vehicles (on-and off-balance-sheet) and the reasons for their use by different types of financial intermediaries, and indicating the implications and points to be considered for both financial institutions and supervisors; and review of the differentiated nature and scope of financial regulation, which in the context of future increases in banking sector regulation, highlights various inconsistencies in international regulations between regulated and unregulated sectors.

At the European level, various studies were undertaken jointly by the three level 3 supervisory committees: the CEBS, the CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors) and the CESR (Committee of European Securities Regulators). Particularly noteworthy was the analysis of the implications of the new European supervisory architecture (see Box 4.2) and the first pilot report on cross-sectoral risk between the banking, securities and insurance sectors, presented to the Financial Stability Table in September. Moreover, in January 2009 the Joint Committee on Financial Conglomerates (which reports to the CEBS and the CEIOPS) published a set of common principles for colleges of supervisors in the banking and insurance sectors, and advised the European Commission in the review of the financial conglomerates directive.

4.5 Work on financial stability in the ECB

As a member of the European System of Central Banks (ESCB), the Banco de España continued to participate actively in the work of the various committees and working groups reporting to the ESCB, including the Banking Supervision Committee (BSC) that deals with issues relating to financial stability and prudential policies.

Since the inception of the BSC, financial system developments have heightened the importance of matters relating to financial stability, leading to an increase in the Committee's workload. This trend has intensified since end-2007 and continued to shape the BSC's agenda in 2009.[3]

In the area of monitoring of structural and conjunctural developments in the financial system, the BSC continued to prepare its annual reports on banking structures, with publication of the statistical annex, and banking sector stability. It also continued to contribute to the ECB's half-yearly *Financial Stability Review* and to the half-yearly analyses conducted by the Financial Stability Table, and it carried out analysis of various issues of particular interest, including, notably, the work on banks' funding structures and policies.

In the field of cooperation between central banks and supervisory authorities, work continued on information exchange between Central Credit Registers and progress was made in the discussions on the use of these registers for macro-prudential purposes.

4.6 Association of Supervisors of Banks of the Americas (ASBA)

In 2009 the Banco de España continued to play a very active part in the ASBA, which groups together banking supervisors in the Americas. The Banco de España, as an associate member since October 2006, participates actively in the governing bodies of the Association and in its training plans, working groups and other activities.

In the area of training, four seminars were held: one on international financial reporting standards in June in Madrid; two on validation of advanced credit risk models, the first in April in Chile and the second in June in Argentina; and one on Pillar 2 (Basel) in November in Uruguay.

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3. Although the BSC reports to the governing bodies of the ECB, it may also receive and, with the approval of the ECB, respond to requests from other institutions, as in the case of the ECOFIN request on the lessons to be drawn from the financial crisis that broke in the summer of 2007.

In addition, Latin American countries were again offered five places on each course given under the continuous training programme of the Banco de España's Directorate General Banking Supervision and, also through the ASBA, trainees were received from several countries in the region.

The working group on operational risk in banks, chaired by the Banco de España, completed its task in 2009, which was to define general operational risk management guidelines to serve as a basis for regulation and supervision of operational risk in the countries of Latin America. Three other working groups also published documents, on sound management and supervision practices for credit risk in the Americas, consolidated supervision, and corporate governance in bank supervisory agencies.

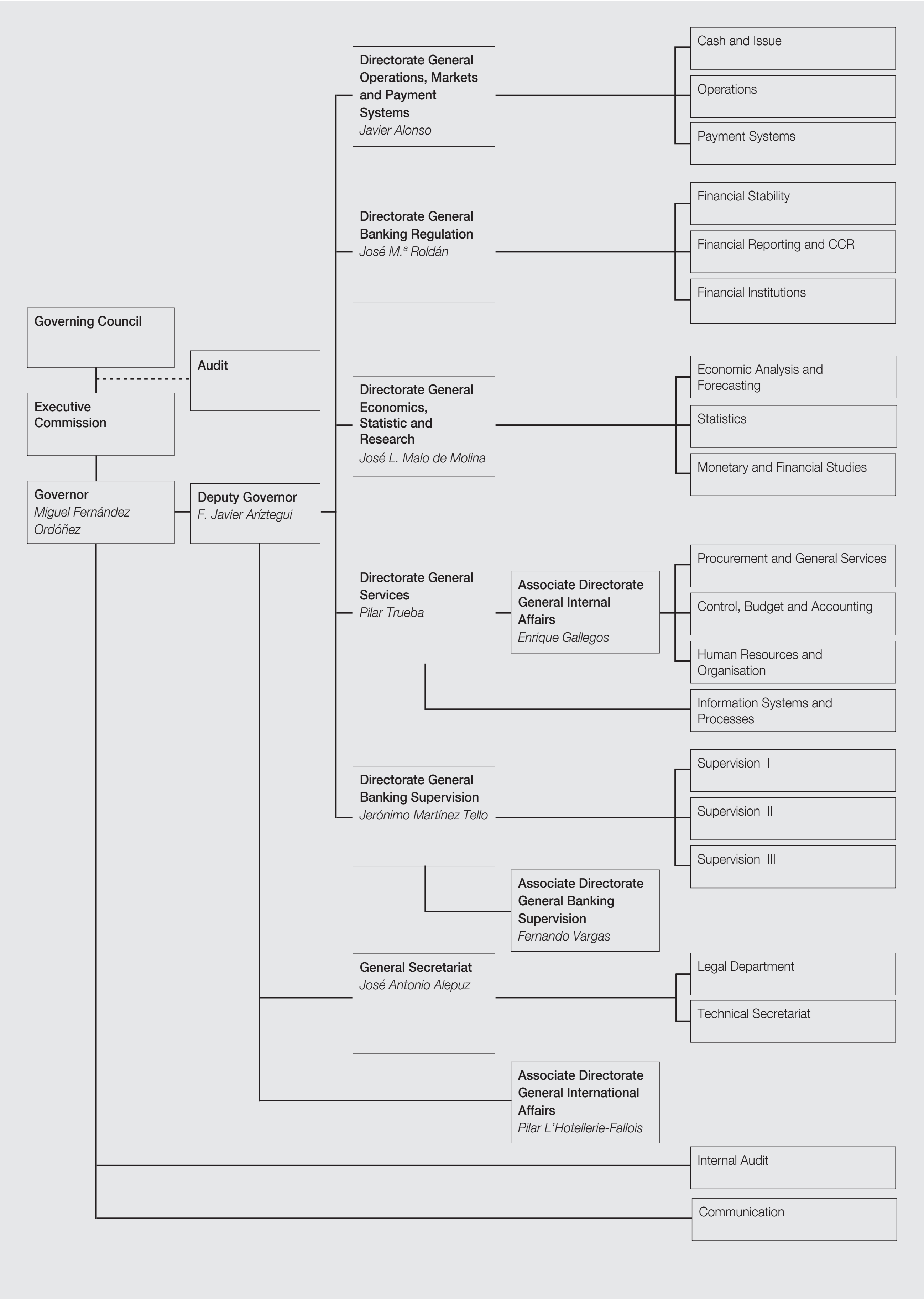
Throughout 2009, the ASBA monitored the periodic meetings of the governing bodies and the common approach to the effects of the crisis and the measures adopted in the countries of Latin America, thus providing the Banco de España with close-up and immediate information on the situation in the region.

Lastly, the inclusion of Brazil, Mexico and Argentina (among others) in the Basel Committee in March 2009, signified, for the ASBA, its exit from the different working groups in which it participated, reducing its presence to the Basel Consultative Group.

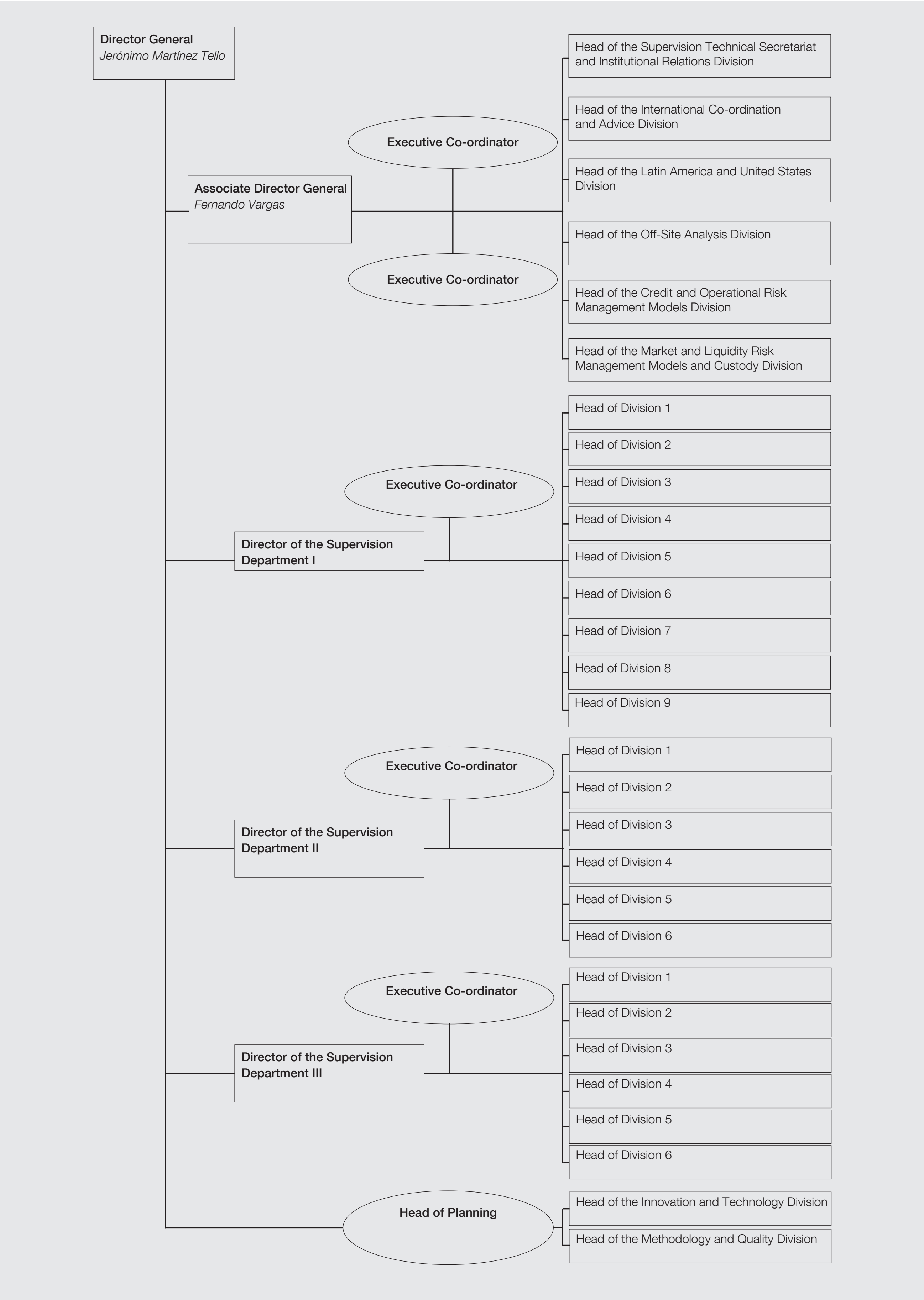
ANNEX 1 ORGANISATION OF BANKING SUPERVISION AT THE BANCO DE ESPAÑA AT 31.12.09

GENERAL ORGANISATION CHART OF THE BANCO DE ESPAÑA (31 December 2009)

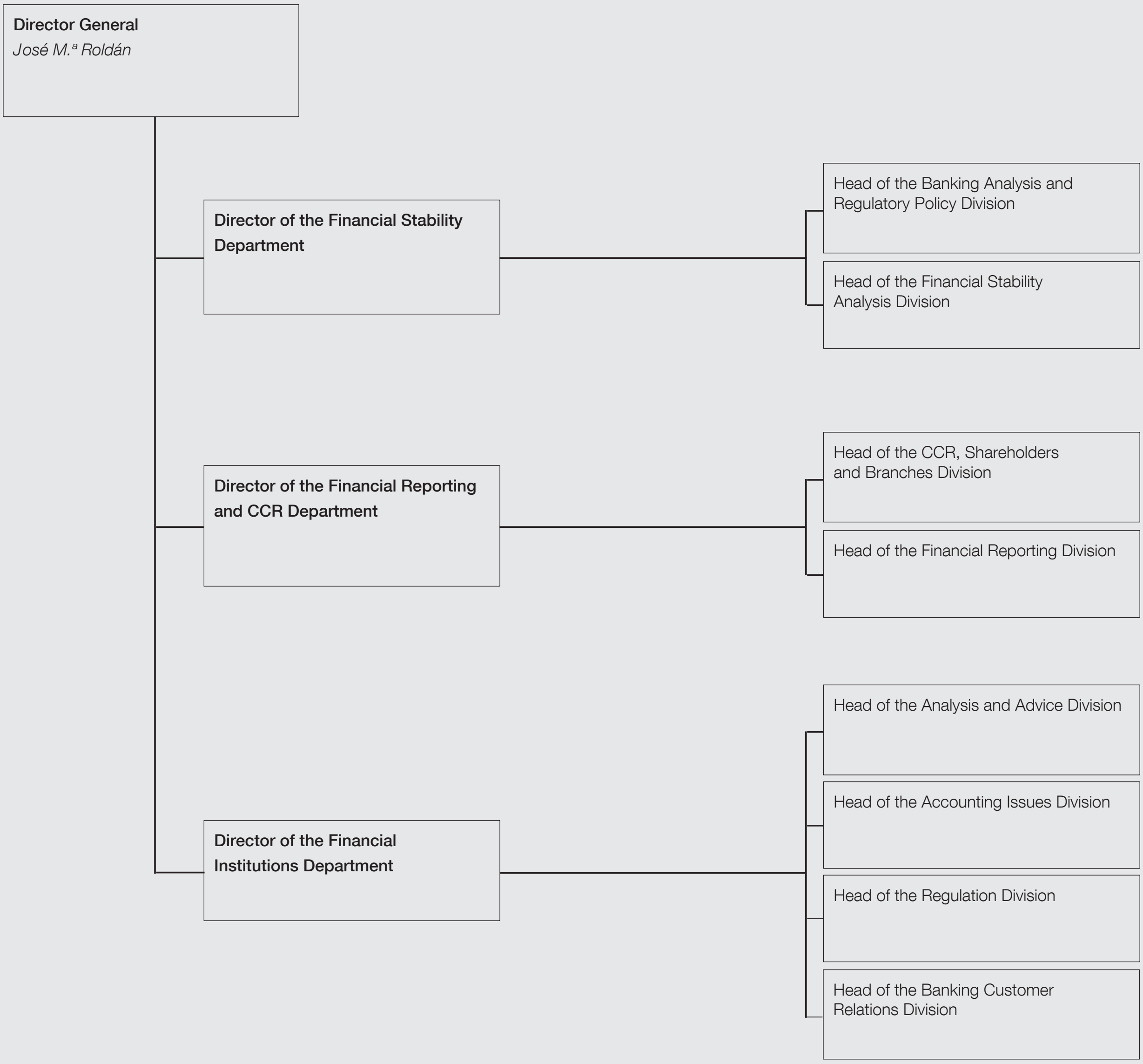
TABLE A.1.1



ORGANISATION CHART OF THE DIRECTORATE GENERAL BANKING SUPERVISION (31 December 2009) TABLE A.1.2



ORGANISATION CHART OF THE DIRECTORATE GENERAL BANKING REGULATION (31 December 2009) TABLE A.1.3



SUPERVISION AND REGULATION STAFF IN 2009

TABLE A.1.4

Number

	GENERAL MANAGEMENT	
	SUPERVISION	REGULATION
Directors and other managers	46	25
Bank examiners	238	4
Senior analysts	15	21
IT auditors	41	—
Junior analysts	50	53
Administrative staff	44	51
TOTAL	**434**	**154**

SOURCE: Banco de España.

Activity, results and solvency of credit institutions

In 2009 the business of credit institutions (CIs) and their consolidated groups (CGs)[1] suffered the effects of the adverse economic climate. As pointed out in the previous *Report on Banking Supervision,* the general deterioration in the real economy at national and international level negatively impacted the sector's activity and results in quantitative and qualitative terms. Nevertheless, CGs strengthened their solvency and, in particular, their higher-quality own funds.

The significant support measures and mechanisms implemented in coordinated fashion at international level (by governments, central banks and supervisory authorities from the onset of the financial turmoil in 2007) have helped to mitigate the severity of the crisis. As a result of this action, during 2009 there were signs of normalisation in the financial markets and, in the second half, also of improvement in the performance of the world economy. However, these signs of improvement have been uneven across market segments and countries.

The difficult setting mentioned above affected the balance sheet of Spanish CIs at consolidated and individual level, both in the subdued overall growth rates and in the alterations in balance sheet structure. Thus the assets side showed a fall in customer loans and a notable increase in debt securities, the weight of the latter increasing significantly. On the liabilities side, the deposit growth of previous years lost momentum, while the decline in interest rates since end-2008 resulted in term deposits ceding ground to sight deposits.

Generally speaking, the trends noted in the 2008 Report on Banking Supervision for the main income statement margins and items became more pronounced over the past year. Thus net interest income and, to a lesser extent, gross income showed positive year-on-year rates of change. By contrast, as a result of the increase in impairment losses (both financial and non-financial), the subsequent income statement items progressively deteriorated and the resulting profit ratios were lower than in 2008. On the upside, 2009 saw a containment of administrative expenses, and this significantly improved the efficiency ratio. Once again, the contribution of the business abroad of Spanish institutions had a favourable impact on the results of consolidated groups.

As regards the solvency of Spanish credit institutions and their consolidated groups, 2009 saw a further improvement in the quality of own funds, the growth of which was concentrated in tier 1 capital. This growth, along with the fact that capital requirements scarcely increased, brought a rise in both the solvency ratio and the tier 1 ratio. Of particular interest concerning requirements is the diverging trend in capital requirements for credit, counterparty credit and dilution risks and free deliveries (excluding securitisation positions) calculated under the standardised approach, which decreased, and those calculated under the IRB approach, which increased. These developments, without overlooking the anticipated effect of the progressive migration of certain portfolios from the standardised approach to the IRB approach, were related to changes in the average weights applicable to exposures when calculating risk-weighted assets. In the first case, the average risk weight decreased, basically as a result of a shift of exposures

1. Although the data in the Banco de España's Report on Banking Supervision (RBS) are consistent with those contained in the Financial Stability Report (FSR), which is also produced by the Banco de España, there may not be an exact match. There are various reasons for this, including the different scope of analysis stemming from the groupings of institutions considered: credit institutions in the RBS and deposit institutions in the FSR. The available information has been summarised in the tables in Annex 3 of the internet version of this Report.

towards borrowers in a lower risk category and, in the second case, it increased as a result of the higher average risk weights applicable to some of the portfolios comprising the exposures subject to the IRB approach (Corporates and Equity).

1 Activity of credit institutions and their consolidated groups

Against a background of recession and of difficulties in international financial markets, the balance sheet of CIs showed zero growth in 2009. Although the balance sheet did not change in volume with respect to 2008, it did exhibit, yet another year, greater dynamism than nominal GDP, which decreased by 3.4% (see Panel A of Chart A.2.1). In the other major balance sheet items, liabilities decreased slightly (0.3%) and, consequently, equity grew year-on-year by 5.8% (see Table A.3.2).

The zero overall growth of assets was basically due to the behaviour of credit to the resident private sector which, with a relative weight of 56%, continued its downward trend and registered a negative year-on-year rate of change of 3.0%, largely as a result of the deterioration of the economic cycle.

In contrast to the growth of 21.8% in lending to general government, the only item of loans and advances to other debtors to show a small positive variation of 1.0% was mortgage credit to the resident private sector, while commercial credit fell off by 25.5%. At the same time, 2009 saw the interruption of the trend, initiated in 2006, of higher growth in credit to productive activities than in that to households. The relative weight of household credit in the composition of credit to the resident private sector increased by 0.7 percentage points, although this was due solely to the growth of lending for house purchase and refurbishing, since the share of consumer credit and other lending decreased.

The sluggish financial markets and the ongoing tensions in them were reflected in the steeper decrease in cash and deposits at central banks and credit institutions, which declined by 6.4%, compared with the fall of 2.8% in 2008. By contrast, there were increases in investments (4.9%) and other equity instruments (3.3%). Debt securities, mainly of central government and other resident private sectors other than CIs, again showed significant year-on-year increases (29%) and was the assets item whose relative weight increased most, being up by three percentage points (see Panel B of Chart A.2.1). Trading derivatives fell by 29%, while hedging derivatives continue to grow, although at a slower pace of 11%.

Doubtful assets continue to increase at high rates, although more slowly than in 2008. This growth, along with the lack of loan growth, pushed up the doubtful assets ratio by more than one percentage point to 3.54% in December 2009. Doubtful assets on residential mortgages stood at 2.88%, up nearly half a percentage point. As a result of the increase in doubtful assets, the coverage ratio fell for the third consecutive year to stand at 47.6% (see Panel D of Chart A.2.1).

On the liabilities side, the aforementioned difficulties continued to constrain the various funding sources. The slight growth of deposits from credit institutions almost offset the fall in those from central banks. The fall-off in deposits from the private sector (-1.3%) was smaller than that in loans and advances to other debtors (-2.7%), with disparate behaviour between term deposits, which fell by 5.1%, and sight deposits, which rose by 10.4% (see Panel C of Chart A.2.1).

Mention should be made of the behaviour of debt certificates including bonds, which grew by 6.5%, and, above all, the strong growth of 11.1% in mortgage covered bonds, while other financial liabilities fell year-on-year by 7.5% (see Panel B of Chart A.2.1).

ACTIVITY OF CREDIT INSTITUTIONS (a) CHART A.2.1

Total business. Year-end data

SOURCE: Banco de España. Data available at 13 April 2010.

a. The data in this chart refer to the institutions active at each year-end.
b. The overall doubtful assets ratio is defined as doubtful assets as a percentage of total lending in the total business of CIs. The doubtful resident mortgage assets ratio is defined, for business in Spain, as doubtful assets as a percentage of credit to the resident private sector for house purchases. The overall coverage ratio is defined as the sum of allowances, provisions and valuation adjustements as a percentage of total doubtful assets.

Subordinated debt grew by 16.8% and the relative weight of own funds in the balance sheet reached 5.9%, following growth of 4.6% in the year.

In 2009, the distribution by institutional group (see Table A.3.3) of the total balance sheet showed that Spanish and foreign banks and SCIs lost weight, basically to savings banks and, to a lesser extent, credit cooperatives. The item “Loans and advances to other debtors” showed, first, a redistribution among banks, the share of Spanish banks increasing and that of foreign branches decreasing, and, second, higher shares for savings banks and credit cooperatives and a decline for SCIs. Investments in debt securities increased significantly by 7.1 pp at Spanish banks and fell by 6.0 pp and 1.8 pp, respectively, at foreign branches and savings banks. The weight of monetary assets decreased sharply at Spanish banks (-10.4 pp) and increased at foreign branches (5.0 pp) and savings banks (6.5 pp).

In the liabilities-side item "Deposits from other creditors", the share of banks fell by 1.1 pp, this fall being concentrated in Spanish banks, which ceded 1.0 pp. The shares of savings banks and credit cooperatives rose by 0.8 pp and 0.4 pp, respectively.

At the same time, savings banks saw a fall in their share of funding from central banks and, to a lesser extent, from deposits from credit institutions, and were more active in the issuance of marketable securities, particularly non-mortgage securities, trading derivatives and subordinated debt.

As regards securitisations, 2009 saw stagnation of the assets and liabilities securitised by Spanish CIs due to the absence of a full recovery of the international financial markets, all against a background of sharp decline in new issues of asset-backed securities (-56%, see Table A.3.7), which came on top of the fall in issue volume in the previous year. The decline in CIs' liability securitisations, basically covered bonds, was even more marked (-70%). In any event, given market conditions, asset-backed securities were massively retained by the originating CIs, thereby enhancing their ability to manage liquidity risk. In fact, only 5% of the securitisations have been recognised as such in the solvency ratio and none had any effect on the accounting of CIs. The past year has seen an increase in the weight of securitisations backed by corporate loans and in the securitisation of liabilities other than covered bonds.

The outstanding balances of asset securitisations backed by residential mortgages and covered bond securitisations continued to constitute the main underlyings of CIs' securitisations (39% and 35%, respectively, see Table A.3.8). This type of securitisations offers the greatest assurance to investors and serves as collateral for ECB operations and for the Fund for the Acquisition of Financial Assets implemented by the government in the fourth quarter of 2008. The originators and issuers are concentrated in savings banks (which represent 60%), followed by banking groups (which represent 30%).

The growth rate of CGs' activity continued to decline yet another year. The total amount of their balance sheets exceeded €3.7 billion at end-2009, up 2.8% year-on-year (8.8% in 2008 and 14.8% in 2007), in which account must be taken of the acquisitions of foreign institutions by a large Spanish institution in 2009 Q2. Total assets of business in Spain, however, posted discreet growth of 0.6% (see Table A.3.5).

The various assets-side items of the balance sheet generally followed the patterns mentioned above at individual level, although with smaller declines in loans and advances to other debtors and in deposits with and from central banks, a larger increase in investments, and an increase, instead of a decrease, in loans and advances to CIs.

By contrast, on the liabilities side, diverging behaviour was seen in deposits from other creditors, up by 5.3%, and in debt certificates including bonds, down by 1.4%.

Equity increased by 13.1% and own funds continued growing (6.9%), boosted by the increase of 8.5% in capital and reserves (see Panel A of Chart A.2.2).

The contribution of business in Spain to the total consolidated balance sheet decreased slightly in overall terms, and at end-2009 it represented 76.7% (-1.7 pp), with appreciable growth of 10.9% in activity abroad. With regard to the geographical distribution of CGs' assets, the loss

ACTIVITY OF CONSOLIDATED GROUPS (a) CHART A.2.2

Total business. Year-end data

SOURCE: Banco de España. Data available at 13 April 2010.

a. The data in this chart refer to the institutions active at each year-end.

of weight of activity in Spain amounted to 2.1 pp, which was distributed unevenly across the other areas, with a significant advance in countries other than those of the EU and Latin America, whose weight was up from 2.8 pp to 4.1 pp. The changes in liabilities by geographical area were in the opposite direction, increasing by 1.4 pp in Spain while the share of other countries decreased by 1.4 pp and there was no change in the EU and Latin America. These developments in assets and liabilities by geographical area resulted in a decrease in the net debit position of activity in Spain, the weight of which decreased from 2.13 pp in 2008 to 1.45 pp in 2009 (see Panel B of Chart A.2.2 and Table A.3.6).

2 Results of credit institutions and their consolidated groups

At end-2009 the individual income statements of CIs totalled €13,269 million, a decrease of 27.6% with respect to the previous year. The return on average total assets (ATA) was 0.42% (0.61% in 2008) and that on average own funds was 7.2% (10.9% in 2008). The efficiency ratio resumed its improving path to stand out 43.2% (see Table A.3.9).

Notable among the main individual income statement items[2] is the performance of net interest income (NII), defined as the difference between financial income and financial cost, which improved appreciably compared with previous years. Generally speaking, taking NII as a point of reference, there was a progressive deterioration in the margins below it: gross income (GI), net operating profit (NOP), profit before tax and, finally, profit for the period (see Chart A.2.3.A).

GI increased by 20 bp as a proportion of ATA with respect to 2008, rising to 1.45% as a result of the simultaneous fall in financial income (down by 27.4%) and an even steeper fall in financial costs (43.9%). Two main factors explaining the performance of GI in 2009 can be highlighted. First, the changes in the composition of the portfolios of earning financial assets (EFAs) and of interest-bearing financial liabilities (IBFLs), with small fall-offs in the volume of the most

2. The title and definition of the main items discussed here conforms in full with the accounting changes introduced by Banco de España Circular 6/2008 of 26 November 2008 to credit institutions amending Circular 4/2004 of 22 December 2004 on public and confidencial financial reporting rules and formats. A brief description of these changes, in force since 2008, can be found in the previous edition of this Report (see page 88 of the 2008 Report on Banking Supervision in Spain).

PROFIT AND MARGINS OF CREDIT INSTITUTIONS AND OF THEIR CONSOLIDATED GROUPS (a) CHART A.2.3

Percentage of ATA. Yearly data

SOURCE: Banco de España. Data available at 13 April 2010.

a. The data in this chart refer to the institutions active at some time during each year. The label "CIs" denotes individual data and "CGs" denotes consolidated data, which include those relating to individual CIs not belonging to a CG.
b. Uniform information is not available for the NOM of CGs for years prior to 2004 due to the conceptual changes introduced by Banco de España Circular 6/2006.

significant balance sheet items (loans, -2.7%, and deposits, -0.8%) despite the steady balance sheet total. As a result, the improvement in GI must be attributed largely to movements in interest rates. In this respect, the liquidity support policy followed by the ECB was characterised by the absence of quantitative constraints and historically low key rates.

Specifically, the return on EFAs was pushed downward by developments in financial income associated with customer loans and advances (particularly the mortgage portfolio, largely linked to the interbank rate), the volume of which remained steady in 2009, and with the decline in trading derivatives. Meanwhile, the average cost of IBFLs was also reduced by the lower financial costs associated with customer deposits and, additionally, by the smaller volume of trading derivatives (see Table A.3.2).

The decrease in interest rates driven by the drop in rates on the ECB's main refinancing operations in the first half of 2009 (down from 2% in January to 1% in May, at which level they remained unchanged for the rest of the year) had a positive effect on GI since the feed-through of such a fall is quicker on the funding side than on the lending side. In this respect, the positive impact of this time lag gradually weakened over the year, although that derived from the 1% refunding rate persisted.

The overall contribution from the return on equity instruments and other ordinary revenue explains why, in absolute terms, GI underwent a more moderate increase (1.3%) than NII, and, in relative terms (as a percentage of ATA), it decreased by 8 bp to 2.26%. These data basically reflect the decline in net fee and commission income (-5.9%), as a result of a lower level of activity. Also worthy of mention is the significant change in the item associated with net income on financial assets and liabilities in the trading portfolio, which decreased by 73.4%.

Unlike the aforementioned margins, the NOP of CIs decreased in absolute terms (-8.0%) and in relative terms (-7 bp) to stand at 0.53% of ATA. Significantly, provisioning expenses and, in particular, financial asset impairment losses (both linked to credit risk provisions), explain the performance of this margin. Administrative expenses (which fell in 2009) and amortisation (which held steady) contributed decisively to the aforementioned improvement in the efficiency ratio (see Chart A.2.4.C), which resumed the trend of the years prior to 2008.

As a result of the notable increase in impairment losses on other assets (non-financial), the profit before tax decreased by 26.9%. The return on equity (ROE), which largely summarises the whole income statement analysis, decreased to 7.22%, continuing the trend initiated in 2007.

In line with previous years, the analysis by institutional group (see Table A.3.10) reveals a similar performance of income margins among deposit institutions (banks, savings banks and credit cooperatives). By contrast, the profitability of credit financial institutions (CSIs) deteriorated drastically. In 2009 CSIs posted a negative profit before tax equivalent to 0.94% of ATA (0.74% in the case of profit for the period).

With regard to consolidated groups, profit for the period amounted to €20,069 million, a figure which represented a decrease of 18.4% with respect to 2008 (see Tables A.3.11 and A.3.12). ROE stood at 9.80% and the efficiency ratio at 43.06%. Generally, analysis of the income statement of CGs reveals the same patterns as those described for individual CIs as a whole, both regarding margins and regarding efficiency and profitability.

As a distinguishing feature, it can be mentioned that, in relative terms (as a percentage of ATA), the values of all CG income statement margins and items were higher than those for individual CIs. Also, the level of the rates of change recorded was generally more favourable to CGs, since these showed higher increases and lower decreases than for individual CIs. As result, the profitability gap between CIs and CGs widened slightly (see Charts A.2.4.C and A.2.4.D).

The contribution from banking business abroad, derived basically from the significant and diverse presence of the larger Spanish institutions in Latin America and, increasingly, in the European Union, was the basis for this quantitative and qualitative improvement in consolidated results.

RETURNS AND EFFICIENCY OF CREDIT INSTITUIONS AND OF THEIR CONSOLIDATED GROUPS (a) CHART A.2.4

Yearly data

SOURCE: Banco de España. Data available at 13 April 2010.

a. The data in this chart refer to the institutions active at some time during each year. The label "CIs" denotes individual data, whereas "CGs" refers to consolidated data, among which are included those relating to individual CIs not belonging to any CG.
b. Total spread is defined as the average return on earning financial assets (EFAs) minus the average cost of interest-bearing financial liabilities (IBFLs).
c. The efficiency ratio is defined as administrative expenses and amortisation divided by gross income. Personnel expenses are expressed as a percentage of ATA.

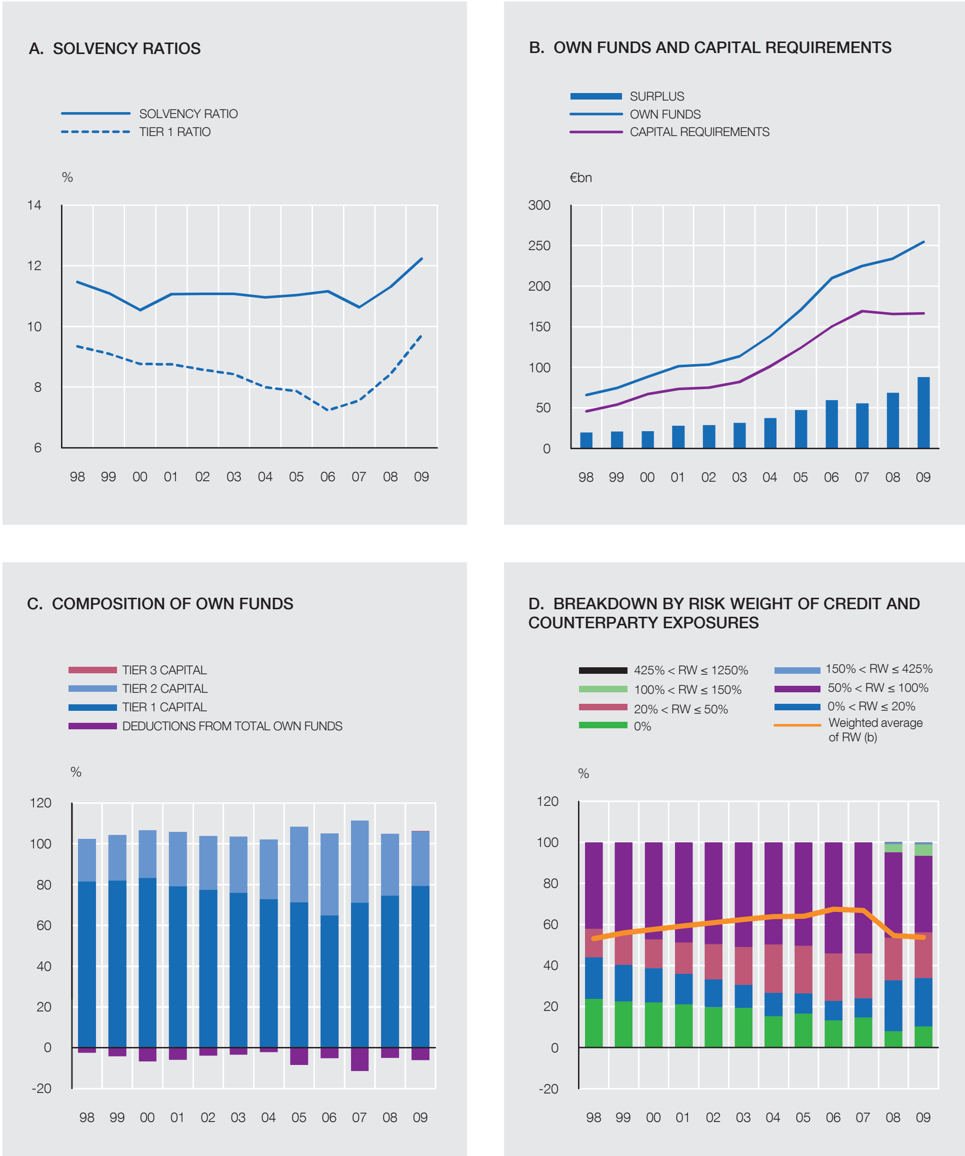
3 Solvency of consolidated groups of credit institutions[3]

The solvency ratio of CGs in 2009 continued the upward trend initiated in 2008 and stood at 12.2% (see Table A.3.13 and Panel A of Chart A.2.5), up 0.9 pp on the previous year. This increase basically reflected the rise in eligible own funds (8.7%), since capital requirements

3. The entry into force in 2008 of Banco de España Circular 3/2008 of 22 May 2008 to credit institutions on determination and control of minimum own funds (hereafter «CBE 3/2008») gave rise to a certain break in the time series of the data analysed in this section, since those relating to 2008 onwards were reported by consolidated groups and by individual institutions not belonging to any group of credit institutions in accordance with CBE 3/2008, while the data relating to prior years were reported under CBE 5/1993. This break affects both the main solvency items analysed and the breakdowns resulting from the entry into force of CBE 3/2008. Accordingly, the figures prior to 2008 constitute what has been considered a best approximation in terms of both amount and item description.

SOLVENCY OF CONSOLIDATED GROUPS OF CREDIT INSTITUTIONS (a) CHART A.2.5

Year-end data



SOURCE: Banco de España. Data available at 31 March 2010.

a. The data in this chart refer to the CGs and to the individual CIs not belonging to any CG existing at year-end.
b. Using exposure values as weights.

grew by only 0.5% (see Panel B of Chart A.2.5), so the surplus of own funds amounted to €88 billion.

The strengthening trend of higher-quality own funds continued, taking the tier 1 ratio to 9.7%. The increase in tier 1 capital (original own funds) offset the decrease in tier 2 capital (additional own funds) and the rise in deductions from original and additional own funds. Tier 1 capital grew at a rate (15.6%) significantly higher than that of total own funds and its weight in the total increased by approximately five pp to 79.4% (see Panel C of Chart A.2.5). The bulk of the increase in tier 1 capital took the form of reserves. Also making up some of the increase, albeit to a lesser extent, were instruments subject to limit (specifically preference shares and non-voting shares not carrying early redemption incentives), minority interests and capital stock. Notable in this respect were the growth rates posted in 2009 by the first two of these (36.7% in the case of instruments subject to limit and 43% in the case of minority interests). By contrast, there was a fall of 24% in the item "interim profits or material losses of the current financial year", and larger deductions from tier 1 capital for intangible assets.

The decrease in tier 2 capital was concentrated in the core additional own funds and, in particular, in eligible provisions, in line with the higher loan loss allowances for non-performing loans in the current economic situation, and in securities of indeterminate duration and other instruments. These decreases were not offset by the increase in supplementary additional own funds, the main component of which is subordinated loan capital.

Lastly, the increase in deductions from original and additional own funds stemmed from the larger excesses of qualified participating interests in financial institutions over the limit of 15% of own funds and from higher expected losses with respect to impairment allowances and provisions, this latter being consistent with the decrease in eligible provisions mentioned above.

The slight growth of capital requirements (0.5%) was the result of a moderate increase (1.1%) in capital requirements for credit, counterparty credit and dilution risks and free deliveries (hereafter "credit and counterparty credit risk"), which represent nearly 90% of total requirements, somewhat higher dynamism in operational risk requirements, with growth of 9.1%, and a decrease in position, foreign exchange and commodity risks as well as, more significantly, in the so-called "other and transitional" capital requirements.

Analysing in more detail the changes in the requirements for credit and counterparty credit risk, and keeping in mind that requirements are calculated as 8% of so-called "risk-weighted assets", and that these, in turn, are obtained by multiplying the so-called "exposure values"[4] by the related risk weights, it can be seen that the moderate increase in those requirements resulted from growth in exposure values (2.6%) and from a decrease of 0.8 pp in the overall average risk weight to approximately 54%, as shown in Panel D of Chart A.2.5. This slight decrease in the overall average risk weight was basically due to a sharp drop in the proportion of exposures with risk weights in the interval (50%-100%] and, to a lesser extent, in the proportion of those with risk weights in the interval (0%-20%], against an increase in the proportion of exposures with risk weights of 0%, and to a lesser extent, with risk weights in the intervals (20%-50%] and (100%-150%].

Analysis of the credit and counterparty credit risk components shows that the increase in total requirements for this type of risk was concentrated in those calculated under the IRB approach (excluding securitisation positions), which grew by 5%. They thus behaved differently from those calculated under the standardised approach (excluding securitisation positions), which represent approximately two-thirds of the total requirements for credit and counterparty credit risk and which decreased by 1.7%. The requirements for securitisation positions, the third component of the requirements for credit and counterparty credit risk, account for a only small part of the requirements for this type of risk (less than 2%), but they grew notably by 32.8%.

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4. Broadly, "exposure values" are the values which result once various effects have been taken into account which may give rise to a decrease in the original exposure value or to reallocations of the exposures to other categories with a different treatment for capital requirements purposes (effects such as those derived from the application of risk mitigation techniques).

Among the reasons contributing to the decrease in requirements for credit and counterparty credit risk under the standardised approach (excluding securitisation positions), without overlooking the anticipated effect of progressive transfer of certain portfolios from the standardised approach to the IRB approach, mention may be made of the shift in the distribution of exposures by obligor type towards a distribution in which a higher proportion of exposures has a smaller risk weight. In an economic and financial setting which heightened the appeal of financial assets able to be used as collateral in operations with the ECB, the proportion of exposures to central government and central banks increased (by 2.9 pp), basically at the expense of exposures in the "Corporate" category (the weight of which decreased by 4.9 pp) and exposures in the "Retail" category (the weight of which decreased by 1.4 pp) (see Panel D of Chart A.2.5). Other categories whose weight increased notably were exposures secured by real estate property (1.5 pp) and past-due items (1 pp).

In line with these changes,[5] the average risk weight applicable to exposures under the standardised approach decreased by 2.7 pp in 2009 to slightly below 60%, which, taken in combination with the moderate growth in exposure values (2.7%), led to the aforesaid decrease in own funds requirements. Notably, this decrease was due more to this reallocation of exposures than to a decrease in the average risk weights applicable to each obligor category, since the categories which contribute most to the calculation of total average risk weight (Corporates, Retail, Exposures secured by real estate property and Other exposures[6]) did not undergo decreases in their average risk weights. In these categories, except in the latter case, the changes in requirements are explained mostly by variations in the related exposure values, particularly in the cases of Corporates and Retail.

The increase in requirements for credit and counterparty credit risk under the IRB approach (excluding securitisation positions) was due to higher exposure values (although they only grew by 1.5%) and, to a larger extent, an average risk weight which rose by 1.5 pp to nearly 50%. Unlike in the case of the standardised approach, the variations in the average risk weight were determined more by changes in the average risk weights of the exposure categories comprising the total than to a reallocation of exposures. This reallocation did took place, but was not a shift towards exposure categories with higher average risk weights, but rather the opposite (i.e. like under the standardised approach, the reallocation was towards categories with lower average risk weights): increase in the proportion of the Retail category, with average risk weights of around 25%, and decrease by the same amount (2.7 pp) in the proportion of the Corporates category, with average weights of around 65-70%. Therefore it is the increase in the average risk weights of the categories comprising the total and, in particular, of the Corporates and Equity categories, which explains the movements in total average risk weight. Although these increases are consistent with the worsening in economic conditions, their amount is nonetheless limited due to the use of through-the-cycle probabilities of default (PDs) under IRB models validated by the Banco de España. These models reduce procyclicality in the calculation of own funds requirements.

The significant growth in requirements for securitisation positions was due to an increase of 25% in exposure values and, to a lesser extent, to an increase in average risk weight (up 2.9

5. The categories "Central governments and central banks", "Administrative bodies and non-commercial undertakings" and "Exposures secured by real estate property" have average risk weights below 50%, especially the case of the former, in which the average weight is around 5%. The categories "Corporate", "Retail", "Exposures belonging to regulatory high-risk categories", "Past-due items" and "Other items" have average risk weights above 50% and, in some cases, above 100%. **6.** The so-called "Other items" caption referred to in Rule 16 of CBE 3/2008 forms part of the so-called "Other" item in Table A.3.13, along with "Past-due items", "Exposures belonging to regulatory high-risk categories", "Covered bonds", "Short-term claims on institutions and corporates" and "Claims in the form of CIU".

pp to slightly below 50%). This higher average risk weight was basically due to the larger proportion of securitisation positions treated under the standardised approach, the average risk weight of which is higher than that of those treated under the advanced approach.

Along with changes in requirements for credit risk and counterparty credit risk, mention should be made of some additional details concerning developments in requirements for operational risk and in so-called “other and transitional” capital requirements. Operational risk was where capital requirements grew most in 2009 (9.1%), increasing as a proportion of total requirements by 0.7 pp to 8.4%. The increase in these requirements was concentrated in the standardised approach, where the changes reflect the so-called “gross income” of the three years prior to each reporting year, which is broadly the result of grouping together certain items in the income statement of CGs. This gross income is broken down by business lines, to which weights between 12% and 18% are applied to calculate operational risk requirements. The distribution of this income by business line scarcely showed significant changes, the only notable development being a slight increase in the proportion of that weighted at 15% (3.1 pp), concentrated in “commercial banking”, and a slight decrease in the proportion of that weighted at 12% (2.9 pp), concentrated in “retail banking “ (2.1 pp) and in “asset management” (0.7 pp).

Finally, the so-called “other and transitional” capital requirements decreased significantly as a result of the lower impact in 2009 of the so-called “floors” (limits below which the own funds requirements of the institutions which applied advanced approaches in 2008 and 2009 could not be reduced).[7] The application of these limits led to a complement of €1,989 million to capital requirements in 2008, whereas the complement decreased to €116 million in 2009.

7. The eighth transitional provision of CBE 3/2008 stipulates that «institutions» (“CGs” in this Report) authorised to use the internal ratings based approach to calculate their credit risk-weighted exposures (IRB approach) must maintain own funds at all times be equal to or greater than a percentage of the total amount of minimum own funds required under the regulation in force at 31 December 2007 (Basel I). This percentage is 90% in 2008 and 8% in 2009 and, foreseeably, will be extended for an additional period should such extension be approved at European level.

SERVING EMPLOYEES, OPERATIONAL BRANCHES, ATMs AND AGENTS OF CIs (a)

TABLE A.3.1

Year-end data (number, unless stated otherwise)

	ACTIVE INSTITU-TIONS (b)	SERVING EMPLOYEES		HOURS WORKED (MILLIONS)	OPERATIONAL OFFICES	ATM	CARDS (000)	POINT-OF-SALE TERMINALS (000)	AGENTS	EMPLOYEES PER OPERATIONAL BRANCH	PER 10,000 INHAB. OVER 16 YEARS OLD (c)				CARDS PER INHAB. OVER 16 YEARS OLD
		TOTAL	OF WHICH: AT OFFICES								SERVING EMPLOYEES	OPERATIONAL OFFICES	ATM	POINT-OF-SALE TERMINALS	
TOTAL CIs															
2006	350	263,383	200,469	432	43,783	57,804	89,989	1,312	11,163	4.6	70.7	11.8	15.5	352.4	2.4
2007	354	277,027	205,649	453	45,594	60,328	94,117	1,353	11,849	4.5	73.1	12.0	15.9	357.0	2.5
2008	355	277,732	204,092	457	46,164	61,430	99,756	1,414	10,783	4.4	72.4	12.0	16.0	368.6	2.6
2009	345	269,168	197,332	457	44,533	60,136	96,333	1,442	5,164	4.4	70.0	11.6	15.6	375.2	2.5
Banks															
2006	141	113,059	83,700	189	15,132	19,995	33,933	612	10,339	5.5	30.4	4.1	5.4	164.4	0.9
2007	150	117,559	81,785	196	15,575	20,443	35,615	669	11,465	5.3	31.0	4.1	5.4	176.6	0.9
2008	153	115,129	77,766	193	15,615	20,506	39,176	702	10,398	5.0	30.0	4.1	5.3	183.1	1.0
2009	153	109,996	73,835	187	14,879	19,875	35,124	755	4,779	5.0	28.6	3.9	5.2	196.3	0.9
Domestic															
2006	53	97,107	76,625	163	13,835	18,796	28,036	602	4,624	5.5	26.1	3.7	5.0	161.8	0.8
2007	52	99,848	74,798	167	14,213	19,155	28,990	660	4,764	5.3	26.3	3.8	5.1	174.2	0.8
2008	48	97,076	69,967	163	14,158	19,094	31,671	691	4,384	4.9	25.3	3.7	5.0	180.2	0.8
2009	47	92,982	66,770	157	13,466	18,493	27,678	742	3,807	5.0	24.2	3.5	4.8	192.9	0.7
Foreign subsidiaries															
2006	19	10,819	6,305	18	1,160	1,181	4,646	10	5,670	5.4	2.9	0.3	0.3	2.7	0.1
2007	18	11,219	5,929	19	1,181	1,240	5,163	9	6,592	5.0	3.0	0.3	0.3	2.4	0.1
2008	18	11,326	6,552	19	1,264	1,364	5,845	11	5,889	5.2	3.0	0.3	0.4	2.8	0.2
2009	17	10,500	5,956	18	1,223	1,334	5,781	13	844	4.9	2.7	0.3	0.3	3.4	0.2
Foreign branches															
2006	69	5,133	770	9	137	18	1,250	—	45	5.6	1.4	0.0	—	—	—
2007	80	6,492	1,058	11	181	48	1,462	—	109	5.8	1.7	0.0	—	—	—
2008	87	6,727	1,247	11	193	48	1,659	—	125	6.5	1.8	0.1	—	—	—
2009	89	6,514	1,109	11	190	48	1,664	—	128	5.8	1.7	0.0	—	—	—
Savings banks															
2006	47	124,139	99,459	200	23,457	33,187	36,174	618	689	4.2	33.3	6.3	8.9	166.0	1.0
2007	46	131,933	106,050	210	24,637	35,051	37,434	592	258	4.3	34.8	6.5	9.2	156.3	1.0
2008	46	134,513	107,898	217	25,035	35,847	37,869	617	259	4.3	35.1	6.5	9.3	160.7	1.0
2009	46	132,340	105,689	226	24,252	35,144	37,482	592	250	4.4	34.4	6.3	9.1	154.0	1.0
Credit cooperatives															
2006	83	19,382	14,966	31	4,771	4,622	4,477	81	68	3.1	5.2	1.3	1.2	21.9	0.1
2007	82	20,428	15,651	34	4,953	4,834	4,659	91	64	3.2	5.4	1.3	1.3	23.9	0.1
2008	81	20,940	16,128	34	5,097	5,077	5,145	95	52	3.2	5.5	1.3	1.3	24.7	0.1
2009	80	20,757	15,905	34	5,043	5,117	5,423	95	61	3.2	5.4	1.3	1.3	24.8	0.1
SCIs															
2006	79	6,803	2,344	11	423	—	15,406	—	67	5.5	1.8	0.1	—	—	0.4
2007	76	7,107	2,163	11	429	—	16,409	—	62	5.0	1.9	0.1	—	—	0.4
2008	75	7,150	2,300	12	417	—	17,567	—	74	5.5	1.9	0.1	—	—	0.5
2009	66	6,075	1,903	10	359	—	18,304	—	74	5.3	1.6	0.1	—	—	0.5

SOURCE: Banco de España. Data available at 13 April 2010.

a. CIs existing at each date.
b. Those of the registered institutions which were actually performing transactions at end-2009.
c. 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 ICs 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 (a)

TABLE A.3.2

Total business. Year-end data (€m and %)

	2006	2007	2008	2009	MEMORANDUM ITEM: 2009 STRUCTURE %	MEMORANDUM ITEM: 2009 STRUCTURE CHANGE IN PP	MEMORANDUM ITEM: 2009 % ANNUAL Δ
BALANCE SHEET TOTAL	2,478,395	2,892,836	3,141,957	3,142,499	100.0	0.0	0.0
ASSETS:	2,478,395	2,892,836	3,141,957	3,142,499	100.0	0.0	0.0
Cash and central banks	29,408	61,341	66,002	48,053	1.5	–0.6	–27.2
Loans and advances to credit institutions	320,302	347,702	331,655	324,264	10.3	–0.2	–2.2
Of which: interbank	226,683	261,158	260,824	249,170	7.9	–0.4	–4.5
Loans and advances to other debtors	1,594,656	1,860,631	1,985,784	1,932,496	61.5	–1.7	–2.7
Resident general government	41,862	43,889	54,403	66,242	2.1	0.4	21.8
Resident private sector	1,475,468	1,720,429	1,816,773	1,762,738	56.1	–1.7	–3.0
Of which: commercial credit	85,387	90,859	74,186	55,268	1.8	–0.6	–25.5
Of which: secured by a mortgage	883,989	1,018,956	1,064,341	1,075,214	34.2	0.3	1.0
Non-residents	77,326	96,313	114,609	103,517	3.3	–0.4	–9.7
Debt securities	233,872	266,275	322,650	416,186	13.2	3.0	29.0
Other equity instruments	67,915	65,079	39,434	40,727	1.3	0.0	3.3
Trading derivatives	45,894	68,638	131,671	93,342	3.0	–1.2	–29.1
Other financial assets	26,354	26,996	30,626	32,429	1.0	0.1	5.9
Hedging derivatives	14,076	13,113	27,469	30,490	1.0	0.1	11.0
Investments	83,574	116,632	129,549	135,928	4.3	0.2	4.9
Insurance contracts linked to pensions	10,252	9,965	9,977	9,684	0.3	0.0	–2.9
Fixed assets	26,816	28,116	30,148	30,673	1.0	0.0	1.7
Tax assets	16,580	18,930	20,784	19,718	0.6	0.0	–5.1
Other assets	8,696	9,417	16,207	28,508	0.9	0.4	75.9
LIABILITIES AND EQUITY:	2,330,793	2,719,829	2,963,990	2,954,126	94.0	–0.3	–0.3
Central banks	30,539	82,987	117,539	112,794	3.6	–0.2	–4.0
Deposits from credit institutions	473,233	513,306	543,309	546,317	17.4	0.1	0.6
Deposits from other creditors	1,294,232	1,467,725	1,605,930	1,585,436	50.5	–0.7	–1.3
Resident and non-resident general government	68,955	79,633	82,564	82,688	2.6	0.0	0.2
Resident private sector	1,137,031	1,282,705	1,400,147	1,376,577	43.8	–0.8	–1.7
Unadjusted overnight deposits	452,358	442,449	429,014	473,688	15.1	1.4	10.4
Current accounts	259,866	259,396	246,165	262,774	8.4	0.5	6.7
Savings accounts	186,439	179,435	179,820	207,862	6.6	0.9	15.6
Other deposits	6,053	3,618	3,028	3,052	0.1	0.0	0.8
Time deposits and redeemables at notice	594,774	749,930	875,313	830,756	26.4	–1.4	–5.1
Repos	83,482	85,557	83,804	61,132	1.9	–0.7	–27.1
Non-residents	88,246	105,387	123,219	126,170	4.0	0.1	2.4
Debt certificates including bonds	304,425	381,516	369,794	393,895	12.5	0.8	6.5
Of which: mortgage securities (b)	133,556	156,245	172,639	191,718	6.1	0.6	11.1
Trading derivatives	48,680	73,772	129,311	94,818	3.0	–1.1	–26.7
Subordinated liabilities	71,241	85,869	86,952	101,576	3.2	0.5	16.8
Other financial liabilities	34,275	38,319	34,519	31,895	1.0	–0.1	–7.6
Other liabilities	371,835	387,931	411,783	415,178	13.2	0.1	0.8
Provisions	27,964	28,701	30,196	30,159	1.0	0.0	–0.1
Of which: provisions for pensions and similar	21,794	20,629	20,994	20,129	0.6	0.0	–4.1
EQUITY	147,602	173,008	177,966	188,373	6.0	0.3	5.8
Valuation adjustments	11,249	10,130	158	2,348	0.1	0.1	1,389.3
Own funds	136,353	162,878	177,808	186,025	5.9	0.3	4.6
Of which: capital and reserves (including share premium)	120,866	135,363	158,821	169,050	5.4	0.3	6.4
MEMORANDUM ITEM:							
Unadjusted earning financial assets	2,202,963	2,563,911	2,747,823	2,785,942	88.7	1.2	1.4
Unadjusted securities portfolio	386,106	450,635	495,127	601,070	19.1	3.4	21.4
Equity portfolio	152,396	183,970	171,639	184,107	5.9	0.4	7.3
Investments in the group	76,768	89,269	117,673	130,300	4.1	0.4	10.7
Other investments	7,713	29,622	14,531	13,080	0.4	0.0	–10.0
Other equity securities	67,915	65,079	39,434	40,727	1.3	0.0	3.3
Contingent exposures and liabilities	392,835	401,511	336,476	328,660	10.5	–0.3	–2.3
Variable-rate credit	1,173,776	1,387,448	1,465,417	1,476,406	47.0	0.3	0.7
Asset transfers	142,594	213,761	279,758	288,245	9.2	0.3	3.0
Of which: securitised (c)	33,630	34,673	29,455	28,117	0.9	0.0	–4.5
Total mortgage covered bonds issued (d)	227,663	275,055	321,102	344,074	10.9	0.7	7.2

SOURCE: Banco de España. Data available at 13 April 2010.

a. Institutions existing at each date.
b. This item almost entirely corresponds to mortgage covered bonds which are marketable securities. Accordingly, privately placed (and securitised) mortgage covered bonds are not included.
c. 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 Chart A 3.11 under the item "transfer of assets due to securitisation".
d. Figure taken from the confidential return "Supplementay 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 GROUP OF CIs (a)

Total business. December 2009 (%)

	DEPOSIT INSTITUTIONS										
		BANKS									
				FOREIGN							
						BRANCHES					
	TOTAL	TOTAL	DOMESTIC	TOTAL	SUB-SIDIARIES	TOTAL	EU	NON-EU	SAVINGS BANKS	CO-OPERATIVES	SCIS
BALANCE SHEET TOTAL	**98.4**	**53.8**	**43.8**	**10.0**	**3.0**	**7.0**	**6.8**	**0.2**	**40.8**	**3.8**	**1.6**
ASSETS:	98.4	53.8	43.8	10.0	3.0	7.0	6.8	0.2	40.8	3.8	1.6
Cash and central banks	**99.9**	**49.3**	**41.7**	**7.7**	**2.0**	**5.7**	**5.4**	**0.2**	**47.6**	**2.9**	**0.1**
Loans and advances to credit institutions	**99.3**	**79.2**	**52.7**	**26.5**	**4.1**	**22.4**	**22.0**	**0.4**	**17.5**	**2.7**	**0.7**
Of which: interbank	99.1	81.9	50.5	31.3	3.8	27.5	26.9	0.6	14.1	3.2	0.9
Loans and advances to other debtors	**97.6**	**46.0**	**38.6**	**7.4**	**3.5**	**4.0**	**3.8**	**0.2**	**46.6**	**4.9**	**2.4**
Resident general government	97.3	62.4	49.6	12.8	11.3	1.5	1.5	0.0	33.1	1.8	2.7
Resident private sector	97.6	43.8	36.5	7.2	3.2	4.0	3.8	0.2	48.6	5.3	2.4
Of which: commercial credit	*89.0*	*54.7*	*49.3*	*5.4*	*2.6*	*2.8*	*2.5*	*0.3*	*29.9*	*4.3*	*11.0*
Of which: secured by a mortgage	*99.1*	*36.8*	*32.5*	*4.3*	*2.9*	*1.4*	*1.4*	*0.0*	*55.7*	*6.5*	*0.9*
Non-residents	96.6	74.2	66.2	8.0	3.3	4.7	4.3	0.4	22.1	0.4	3.4
Debt securities	**99.8**	**58.2**	**43.0**	**15.1**	**2.1**	**13.0**	**13.0**	**0.0**	**39.9**	**1.7**	**0.2**
Other equity instruments	**100.0**	**59.2**	**47.2**	**12.0**	**0.2**	**11.8**	**11.8**	**0.0**	**36.1**	**4.7**	**0.0**
Trading derivatives	**100.0**	**79.5**	**76.8**	**2.7**	**0.4**	**2.3**	**2.1**	**0.2**	**20.4**	**0.2**	**0.0**
Other financial assets	**99.9**	**84.2**	**78.9**	**5.3**	**1.2**	**4.1**	**4.0**	**0.1**	**14.5**	**1.1**	**0.1**
Hedging derivatives	**100.0**	**38.5**	**35.8**	**2.7**	**1.1**	**1.6**	**1.6**	**0.0**	**60.4**	**1.0**	**0.0**
Investments	**100.0**	**74.9**	**73.0**	**1.9**	**0.4**	**1.5**	**1.5**	**0.0**	**24.8**	**0.2**	**0.0**
Insurance contracts linked to pensions	**99.9**	**69.9**	**68.6**	**1.2**	**1.1**	**0.1**	**0.1**	**0.0**	**30.1**	**0.0**	**0.1**
Fixed assets	**99.2**	**22.2**	**20.4**	**1.8**	**1.1**	**0.7**	**0.7**	**0.0**	**69.1**	**7.9**	**0.8**
Tax assets	**97.0**	**50.7**	**44.2**	**6.6**	**3.0**	**3.5**	**3.4**	**0.1**	**43.7**	**2.6**	**3.0**
Other assets	**97.8**	**55.4**	**49.2**	**6.2**	**0.9**	**5.3**	**5.2**	**0.1**	**39.2**	**3.2**	**2.2**
LIABILITIES AND EQUITY:	98.4	53.5	43.2	10.4	3.0	7.4	7.2	0.2	41.1	3.7	1.6
Central banks	**100.0**	**62.8**	**52.7**	**10.1**	**4.4**	**5.6**	**5.6**	**0.0**	**35.3**	**1.9**	**0.0**
Deposits from credit institutions	**93.4**	**75.8**	**38.7**	**37.1**	**5.7**	**31.4**	**30.6**	**0.8**	**16.2**	**1.4**	**6.6**
Deposits from other creditors	**99.5**	**43.0**	**38.5**	**4.6**	**2.5**	**2.0**	**2.0**	**0.0**	**50.5**	**6.0**	**0.5**
Resident and non-resident general government	100.0	43.2	39.4	3.8	1.1	2.8	2.8	0.0	53.4	3.4	0.0
Resident private sector	99.9	39.3	34.9	4.4	2.6	1.8	1.8	0.0	54.0	6.6	0.1
Unadjusted overnight deposits	*100.0*	*43.6*	*37.3*	*6.3*	*2.9*	*3.4*	*3.3*	*0.1*	*49.5*	*6.8*	*0.0*
Current accounts	*100.0*	*51.9*	*41.6*	*10.3*	*4.3*	*6.0*	*5.9*	*0.1*	*43.8*	*4.3*	*0.0*
Savings accounts	*100.0*	*33.0*	*31.8*	*1.2*	*1.0*	*0.1*	*0.1*	*0.0*	*56.9*	*10.1*	*0.0*
Other deposits	*98.5*	*53.2*	*44.8*	*8.4*	*5.8*	*2.7*	*2.5*	*0.2*	*42.3*	*3.0*	*1.5*
Time deposits and redeemables at notice	*99.8*	*35.1*	*32.0*	*3.1*	*2.3*	*0.7*	*0.7*	*0.0*	*57.9*	*6.8*	*0.2*
Repos	*100.0*	*63.4*	*54.3*	*9.1*	*5.1*	*4.1*	*4.1*	*0.0*	*34.7*	*1.9*	*0.0*
Non-residents	94.7	83.8	77.1	6.6	2.9	3.7	3.6	0.1	10.4	0.4	5.3
Debt certificates including bonds	**99.9**	**52.7**	**50.8**	**1.9**	**1.9**	**0.0**	**0.0**	**0.0**	**46.4**	**0.8**	**0.1**
Of which: mortgage securities (b)	100.0	57.7	55.7	2.0	2.0	0.0	0.0	0.0	41.7	0.6	0.0
Trading derivatives	**100.0**	**80.4**	**77.5**	**2.9**	**0.4**	**2.5**	**2.3**	**0.2**	**19.4**	**0.1**	**0.0**
Subordinated liabilities	**99.2**	**59.2**	**57.5**	**1.8**	**1.5**	**0.3**	**0.3**	**0.0**	**39.5**	**0.5**	**0.8**
Other financial liabilities	**95.8**	**69.2**	**62.2**	**7.1**	**2.5**	**4.5**	**4.4**	**0.2**	**24.4**	**2.2**	**4.2**
Other liabilities	**92.2**	**80.3**	**32.1**	**48.3**	**6.7**	**41.6**	**40.8**	**0.8**	**12.1**	**–0.3**	**7.8**
Provisions	**99.4**	**65.5**	**63.4**	**2.2**	**1.2**	**0.9**	**0.9**	**0.1**	**32.9**	**0.9**	**0.6**
Of which: provisions for pensions and similar	99.5	76.0	74.9	1.1	1.0	0.1	0.1	0.0	23.3	0.2	0.5
EQUITY	97.8	58.0	54.4	3.6	2.4	1.2	0.6	0.6	34.7	5.1	2.2
Valuation adjustments	105.6	78.7	80.9	–2.2	5.2	–7.4	–7.4	0.0	29.3	–2.5	–5.6
Own funds	97.7	57.7	54.1	3.7	2.4	1.3	0.7	0.6	34.8	5.2	2.3
Of which: capital and reserves	*97.2*	*55.4*	*51.4*	*4.0*	*2.7*	*1.3*	*0.8*	*0.6*	*36.3*	*5.5*	*2.8*
MEMORANDUM ITEM:											
Unadjusted earning financial assets	98.1	51.7	40.8	10.8	3.3	7.5	7.3	0.2	42.3	4.1	1.9
Unadjusted securities portfolio	99.9	62.1	50.4	11.7	1.6	10.2	10.2	0.0	36.1	1.6	0.1
Equity portfolio	100.0	71.3	67.2	4.1	0.4	3.7	3.7	0.0	27.5	1.2	0.0
Investments in the group	*100.0*	*75.0*	*73.1*	*1.8*	*0.2*	*1.6*	*1.6*	*0.0*	*24.9*	*0.2*	*0.0*
Other investments	*100.0*	*72.2*	*69.6*	*2.7*	*2.7*	*0.0*	*0.0*	*0.0*	*26.5*	*1.2*	*0.0*
Other equity securities	*100.0*	*59.2*	*47.2*	*12.0*	*0.2*	*11.8*	*11.8*	*0.0*	*36.1*	*4.7*	*0.0*
Contingent exposures and liabilities	99.9	79.7	69.2	10.5	1.7	8.8	8.5	0.2	17.9	2.3	0.1
Variable-rate credit	98.2	40.7	33.4	7.2	3.4	3.8	3.5	0.3	51.7	5.8	1.8
Asset transfers	95.1	50.4	43.7	6.6	4.0	2.6	2.6	0.0	38.3	6.4	4.9
Of which: securitised (c)	*69.2*	*31.7*	*24.3*	*7.4*	*4.9*	*2.5*	*2.5*	*0.0*	*33.8*	*3.7*	*30.8*
Total mortgage covered bonds issued (d)	100.0	37.7	36.5	1.2	1.1	0.1	0.1	0.0	59.9	2.4	0.0

SOURCE: Banco de España. Data available at 13 April 2010.

a. Institutions existing at each date.
b. This item almost entirely corresponds to mortgage covered bonds which are marketable securities. Accordingly, privately placed (and securitised) mortgage covered bonds are not included.
c. 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 Chart A 3.10 under the item "transfer of assets due to securitisation".
d. Figure taken from the confidential return "Supplementay 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: STRUCTURE OF LENDING TO RESIDENT PRIVATE SECTOR (a) TABLE A.3.4

Business in Spain. Year-end data (%)

	2006	2007	2008	2009
Lending to business	**51.6**	**53.3**	**54.2**	**53.8**
Goods	18.2	18.1	17.7	16.5
Agriculture, fishing and extractive industries	*1.9*	*1.7*	*1.7*	*1.6*
Manufacturing	*6.2*	*6.0*	*5.8*	*5.4*
Energy and electricity	*1.3*	*1.7*	*2.0*	*2.4*
Construction	*8.8*	*8.7*	*8.2*	*7.1*
Services	33.4	35.2	36.4	37.3
Commerce, repairs and hotels and restaurants	*6.4*	*6.4*	*6.4*	*6.3*
Transport and communications	*2.5*	*2.3*	*2.4*	*2.1*
Real estate development	*16.4*	*17.3*	*17.2*	*17.8*
Financial intermediation	*1.2*	*1.8*	*2.4*	*4.0*
Other services	*6.9*	*7.4*	*8.0*	*7.1*
Lending to households	**46.7**	**45.1**	**44.3**	**44.9**
Housing (purchase and refurbishing)	36.3	35.3	35.1	36.1
Consumer credit	3.4	3.2	3.0	2.7
Other purposes	7.0	6.5	6.2	6.1
Other	**1.8**	**1.6**	**1.6**	**1.3**

SOURCE: Banco de España. Data available at 13 April 2010.

a. Institutions existing at each date.

ACTIVITY OF CREDIT INSTITUTIONS AND THEIR CONSOLIDATED GROUPS (a)

TABLE A.3.5

Year-end data (€m and %)

	2006	2007	2008	2009	MEMORANDUM ITEM: 2009					
					STRUCTURE		% ANNUAL Δ	OF WHICH: BUSINESS IN SPAIN		
					%	CHANGE IN PP		%	CHANGE IN PP	% ANNUAL Δ
BALANCE SHEET TOTAL	**2,912,644**	**3,343,367**	**3,637,357**	**3,740,696**	**100.0**	**0.0**	**2.8**	**76.7**	**–1.7**	**0.6**
ASSETS:	2,912,644	3,343,367	3,637,357	3,740,696	100.0	0.0	2.8	76.7	–1.7	0.6
Cash and central banks	49,319	88,723	103,105	88,179	2.4	–0.5	–14.5	53.9	–9.8	–27.7
Loans and advances to credit institutions	245,831	251,317	233,024	244,757	6.5	0.1	5.0	89.8	3.8	9.7
Loans and advances to other debtors	1,951,860	2,250,401	2,411,413	2,398,402	64.1	–2.2	–0.5	76.3	–3.0	–4.3
Debt securities	326,237	355,536	393,787	505,184	13.5	2.7	28.3	77.0	1.2	30.4
Investments	27,712	54,369	38,011	41,958	1.1	0.1	10.4	93.4	5.9	17.9
Tangible assets	36,230	35,936	40,983	45,408	1.2	0.1	10.8	85.2	–0.3	10.4
Other assets	275,455	307,085	417,035	416,809	11.1	–0.3	–0.1	72.8	–0.6	–0.8
Of which: consolidated goodwill	*17,932*	*21,927*	*27,379*	*29,675*	*0.8*	*0.0*	*8.4*	*2.6*	*–0.4*	*–5.9*
LIABILITIES AND EQUITY:	2,736,639	3,132,773	3,435,637	3,512,492	93.9	–0.6	2.2	76.2	–1.7	0.0
Central banks	43,464	92,183	134,484	123,897	3.3	–0.4	–7.9	86.9	5.1	–2.1
Deposits from credit institutions	454,276	485,323	497,754	524,225	14.0	0.3	5.3	83.2	–0.6	4.6
Deposits from other creditors	1,390,865	1,574,998	1,764,265	1,855,209	49.6	1.1	5.2	72.8	–2.3	1.9
Debt certificates including bonds	554,927	663,048	643,610	634,316	17.0	–0.7	–1.4	78.7	–3.1	–5.1
Subordinated liabilities	83,676	91,713	96,236	105,568	2.8	0.2	9.7	79.8	5.6	17.9
Tax liabilities	17,924	18,719	13,744	15,626	0.4	0.0	13.7	55.9	–4.9	4.6
Other liabilities	154,610	173,065	249,753	218,450	5.8	–1.0	–12.5	66.8	–1.0	–13.8
Provisions	36,898	33,724	35,791	35,201	0.9	0.0	–1.6	75.2	–3.7	–6.2
EQUITY:	176,005	210,593	201,720	228,204	6.1	0.6	13.1	92.1	–5.7	6.5
Minority interest	5,703	10,953	9,853	13,424	0.4	0.1	36.2	57.0	–17.4	4.4
Valuation adjustments	22,462	17,018	–9,648	–622	0.0	0.2	–93.5	–777.3	–770.8	676.1
Own funds	147,841	182,622	201,516	215,403	5.8	0.2	6.9	91.8	–2.2	4.4
Of which: capital and reserves (including share premium)	*124,766*	*148,245*	*177,568*	*192,715*	*5.2*	*0.3*	*8.5*	*95.5*	*–2.5*	*5.8*
MEMORANDUM ITEM:										
Interest-bearing financial liabilities	2,533,541	2,913,268	3,134,068	3,247,516	86.8	0.7	3.6	76.5	–1.7	1.3
Off-balance-sheet customer funds	676,300	713,731	635,471	683,233	18.3	0.8	7.5	100.0	0.0	—
Of which: managed by the group	*519,631*	*541,468*	*478,634*	*487,603*	*13.0*	*–0.1*	*1.9*	*68.1*	*–8.5*	*–9.4*
Unadjusted securities portfolio	453,458	503,875	498,790	616,510	16.5	2.8	23.6	79.5	0.9	24.9
Of which: equity portfolio	*127,320*	*147,958*	*104,122*	*110,489*	*3.0*	*0.1*	*6.1*	*90.8*	*1.4*	*7.8*
Investments in the group	*8,625*	*11,036*	*12,685*	*14,062*	*0.4*	*0.0*	*10.9*	*84.6*	*3.9*	*16.2*
Other investments	*15,639*	*31,406*	*20,626*	*21,924*	*0.6*	*0.0*	*6.3*	*98.3*	*9.2*	*17.2*
Other equity securities	*103,056*	*105,516*	*70,810*	*74,502*	*2.0*	*0.0*	*5.2*	*89.8*	*–1.2*	*3.8*

SOURCE: Banco de España. Data available at 13 April 2010.

a. These data refer to CGs, and to individual CIs which do not belong to a CG, existing at each date.

LOCAL BUSINESS ABROAD OF CONSOLIDATED GROUPS AND INDIVIDUAL INSTITUTIONS (a)

TABLE A.3.6

End-of-year data (€m)

	2006	2007	2008	2009	MEMORANDUM ITEM: 2009		
					STRUCTURE		% ANNUAL Δ
					%	CHANGE IN PP	
Consolidated balance sheet abroad	**635,173**	**704,244**	**784,995**	**872,297**	**23.3**	**1.7**	**11.1**
LOCAL BUSINESS:							
Financial assets	521,867	590,900	649,838	741,714	19.8	2.0	14.1
European Union	*277,630*	*306,371*	*337,038*	*367,555*	*9.8*	*0.6*	*9.1*
Latin America	*180,385*	*196,853*	*228,356*	*247,637*	*6.6*	*0.3*	*8.4*
Other	*63,852*	*87,677*	*84,444*	*126,522*	*3.4*	*1.1*	*49.8*
Financial liabilities	480,048	544,041	639,211	705,696	18.9	1.3	10.4
European Union	*250,628*	*267,413*	*323,324*	*338,920*	*9.1*	*0.2*	*4.8*
Latin America	*157,269*	*168,483*	*197,336*	*202,805*	*5.4*	*0.0*	*2.8*
Other	*72,151*	*108,145*	*118,552*	*163,972*	*4.4*	*1.1*	*38.3*
MEMORANDUM ITEM:							
Funds managed (net asset value)	133,472	131,977	111,914	155,363	4.2	1.1	38.8
European Union	*20,044*	*23,155*	*15,694*	*22,335*	*0.6*	*0.2*	*42.3*
Latin America	*107,707*	*102,263*	*91,469*	*129,580*	*3.5*	*0.9*	*41.7*
Other	*5,721*	*6,558*	*4,751*	*3,449*	*0.1*	*0.0*	*–27.4*
CIs abroad (number)	**159**	**176**	**184**	**174**			
Subsidiaries	106	122	127	116			
European Union	*41*	*44*	*45*	*46*			
Latin America	*28*	*30*	*36*	*30*			
Other	*37*	*48*	*46*	*40*			
Branches	53	54	57	58			
European Union	*37*	*38*	*40*	*39*			
Latin America	*1*	*1*	*0*	*0*			
Other	*15*	*15*	*17*	*19*			

SOURCE: Banco de España. Data available at 13 April 2010.

a. These data refer to CGs, and to individual CIs which do not belong to a CG, existing at each date.

NEW SECURITISATIONS ORIGINATED BY SPANISH CONSOLIDATED GROUPS OF CREDIT INSTITUTIONS

TABLE A.3.7

Year-end data (€m and %)

	TOTAL CONSOLIDATED GROUPS		TOTAL SPANISH CIs		MEMORANDUM ITEM: SPANISH CIS 2009		
					STRUCTURE		% ANNUAL Δ
	2008 (P)	2009 (P)	2008 (P)	2009 (P)	%	CHANGE IN PP	
TOTAL ASSETS AND LIABILITIES SECURITISED	**171,202**	**73,158**	**154,801**	**67,635**	**100.0**	**0.00**	**–56.3**
Total underlying assets of traditional securitisations	**122,478**	**58,154**	**106,078**	**52,630**	**77.8**	**9.27**	**–50.4**
Residential mortgages	68,967	21,452	58,738	21,087	31.2	–6.74	–64.1
Commercial mortgages	4,027	1,822	1,352	953	1.4	0.53	–29.5
Finance leases	2,383	2,850	2,383	1,759	2.6	1.06	–26.2
Corporate loans	21,504	21,368	21,504	21,368	31.6	17.71	–0.6
Consumer loans	20,896	6,914	17,399	3,716	5.5	–5.74	–78.6
Other	4,701	3,747	4,701	3,747	5.5	2.46	–20.3
Commercial paper	0	0	0	0	0.0	0.00	—
Of which: receivables	*0*	*0*	*0*	*0*	*0.0*	*0.00*	—
Total underlying assets of synthetic securitisations	**0**	**235**	**0**	**235**	**0.3**	**0.30**	**—**
Total underlying liabilities of CIs securitised	***48,723***	***14,769***	***48,723***	***14,769***	***21.8***	***–9.67***	***–69.7***
Mortgage covered bonds	46,968	10,945	46,968	10,945	16.2	–14.14	–76.7
Other	1,755	3,824	1,755	3,824	5.7	4.57	117.9
Other information on asset securitisations							
Breakdown by type of originator							
Banks	70,298	28,400	53,897	22,884	33.8	–1.02	–57.5
Savings banks	45,694	25,128	45,694	25,120	37.1	7.58	–45.0
Cooperatives	4,689	3,869	4,689	3,869	5.7	2.67	–17.5
SCIs	1,799	992	1,799	992	1.5	0.34	–44.8
Breakdown of underlying assets at originator by treatment for accounting and solvency purposes (%)							
Securitisations not reflected in accounting but reflected in solvency (a)	5.5	5.6	6.3	6.2			
Securitisations not reflected in either accounting or solvency	94.0	94.4	93.7	93.8			
Securitisations reflected in both accounting and solvency	0.5	0.0	0.0	0.0			
Securitisations reflected in accounting but not in solvency	0.0	0.0	0.0	0.0			
Securitisation structure							
Senior tranches	...	52,814	...	48,161			
Mezzanine tranches	...	11,221	...	10,071			
First loss tranches	...	8,358	...	8,071			
Securitisation positions held on the balance sheet							
Senior tranches	81,065	45,796	67,013	41,193			
Mezzanine tranches	7,756	6,618	6,367	5,531			
First loss tranches	4,317	7,443	3,371	7,156			
Breakdown by type of securitisation SPE (%)							
Asset securitisation SPEs	88.3	94.9	94.9	95.9			
Liability securitisation SPEs	93.4	96.8	99.6	98.0			
Other information on liability securitisations							
Breakdown by type of originator							
Banks	1,000	0	1,000	0	0.0	–0.65	—
Savings banks	47,723	14,269	47,723	14,269	21.1	–9.73	–70.1
Cooperatives	0	500	0	500	0.7	0.70	—
SCIs	0	0	0	0	0.0	0.00	—
Securitisation structure							
Senior tranches	38,192	17,909	38,192	17,909			
Mezzanine tranches	0	35	0	35			
First loss tranches	1,219	83	1,219	83			

SOURCES: CNMV, AIAF and Banco de España. Data available at 13 April 2010.

a. 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 SPANISH CONSOLIDATED GROUPS OF CREDIT INSTITUTIONS

TABLE A.3.8

Year-end data (€m and %)

	TOTAL CONSOLIDATED GROUPS		TOTAL SPANISH CIs		MEMORANDUM ITEM: SPANISH CIS 2009		
					STRUCTURE		% ANNUAL Δ
	2008 (P)	2009 (P)	2008 (P)	2009 (P)	%	CHANGE IN PP	
TOTAL ASSETS AND LIABILITIES SECURITISED	**535,548**	**540,285**	**444,146**	**447,800**	**100.0**	**0.00**	**0.8**
Total underlying assets of traditional securitisations	**378,718**	**368,817**	**287,316**	**277,958**	**62.1**	**–2.59**	**–3.3**
Residential mortgages	254,229	249,931	176,010	173,382	38.7	–0.93	–1.5
Commercial mortgages	4,783	4,672	2,108	2,737	0.6	0.13	29.8
Finance leases	6,122	7,226	6,096	6,114	1.4	0.03	0.3
Corporate loans	58,006	63,285	58,006	63,285	14.1	1.04	9.1
Consumer loans	38,382	26,333	28,576	15,705	3.5	–2.93	–45.0
Other	11,897	14,194	11,890	14,191	3.2	0.52	19.4
Commercial paper	5,300	3,176	4,629	2,544	0.6	–0.44	–45.0
Of which: receivables	*2,658*	*2,226*	*2,658*	*2,226*	*0.5*	*–0.10*	*–16.3*
Total underlying assets of synthetic securitisations	**174**	**2,555**	**174**	**929**	**0.2**	**0.16**	**433.6**
Total underlying liabilities of CIs securitised	***156,656***	***168,913***	***156,656***	***168,913***	***37.7***	***2.43***	***7.8***
Mortgage covered bonds	151,047	158,842	151,047	158,842	35.5	1.49	5.2
Other	5,609	10,071	5,609	10,071	2.2	0.94	79.6
Other information on asset securitisations							
Breakdown by type of originator							
Banks	232,221	229,147	140,819	136,723	30.5	–1.21	–2.9
Savings banks	121,662	115,198	121,662	115,136	25.7	–1.69	–5.4
Cooperatives	16,147	18,295	16,147	18,295	4.1	0.46	13.3
SCIs	8,862	8,734	8,862	8,734	2.0	0.00	–1.4
Breakdown of underlying assets at originator by treatment for accounting and solvency purposes (%)							
Securitisations not reflected in accounting but reflected in solvency (a)	24.1	17.6	30.9	22.6			
Securitisations not reflected in either accounting or solvency	69.0	75.5	60.8	69.1			
Securitisations reflected in both accounting and solvency	4.9	5.0	6.1	6.4			
Securitisations reflected in accounting but not in solvency	2.0	1.8	2.2	1.9			
Securitisation estructure							
Senior tranches	...	362,717	...	272,097			
Mezzanine tranches	...	53,864	...	44,948			
First loss tranches	...	24,833	...	21,155			
Securitisation positions held on the balance sheet							
Most senior tranches	179,553	219,387	120,093	156,839			
Mezzanine tranches	17,989	33,360	13,209	27,018			
First loss tranches	9,516	20,635	7,069	17,121			
Breakdown by type of securitisation SPE (%)							
Asset securitisation SPEs	78.2	78.0	92.2	93.2			
Liability securitisation SPEs	83.5	82.2	98.5	98.4			
Other information on liability securitisations							
Breakdown by type of originator							
Banks	8,000	8,450	8,000	8,450	1.9	0.10	5.6
Savings banks	144,931	156,238	144,931	156,238	34.9	2.27	7.8
Cooperatives	3,725	4,225	3,725	4,225	0.9	0.06	13.4
SCIs	0	0	0	0	0.0	0.00	0.0
Securitisation structure							
Senior tranches	190,214	191,032	190,214	191,032			
Mezzanine tranches	307	6,647	307	6,647			
First loss tranches	4,819	4,331	4,819	4,331			

SOURCE: Return RP26 (CBE 3/2008). Data available at 13 April 2010.

a. 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 INDIVIDUAL INCOME STATEMENT FOR CIs (a)

TABLE A.3.9

Data for each period (€m and %)

	AMOUNT				% OF ATA				% ANNUAL Δ			
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
Financial income	**82,038**	**118,615**	**147,969**	**107,393**	**3.61**	**4.44**	**4.93**	**3.42**	**29.9**	**44.6**	**24.7**	**–27.4**
Financial cost	**–53,123**	**–84,583**	**–110,328**	**–61,850**	**–2.34**	**–3.17**	**–3.68**	**–1.97**	**43.7**	**59.2**	**30.4**	**–43.9**
NET INTEREST INCOME (NII)	**28,915**	**34,032**	**37,641**	**45,543**	**1.27**	**1.27**	**1.25**	**1.45**	**10.5**	**17.7**	**10.6**	**21.0**
Return on equity instruments	**9,359**	**11,260**	**12,082**	**7,810**	**0.41**	**0.42**	**0.40**	**0.25**	**54.7**	**20.3**	**7.3**	**–35.4**
Non-interest income	**18,127**	**22,634**	**20,378**	**17,674**	**0.80**	**0.85**	**0.68**	**0.56**	**23.0**	**24.9**	**–10.0**	**–13.3**
Fees and commissions (net)	12,771	14,181	13,839	13,020	0.56	0.53	0.46	0.41	13.3	11.0	–2.4	–5.9
Collection and payment service (net)	*5,659*	*6,003*	*6,459*	*5,868*	*0.25*	*0.22*	*0.22*	*0.19*	*–2.5*	*6.1*	*7.6*	*–9.1*
Securities service (revenue)	*1,420*	*1,777*	*1,307*	*1,193*	*0.06*	*0.07*	*0.04*	*0.04*	*19.5*	*25.1*	*–26.5*	*–8.7*
Marketing of non-banking products (revenue)	*4,113*	*4,486*	*3,899*	*3,170*	*0.18*	*0.17*	*0.13*	*0.10*	*22.1*	*9.1*	*–13.1*	*–18.7*
Contingent exposures and commitments (net)	*1,536*	*1,586*	*1,604*	*1,653*	*0.07*	*0.06*	*0.05*	*0.05*	*19.7*	*3.2*	*1.2*	*3.0*
Exchange of foreign currencies and banknotes (revenue)	*52*	*59*	*58*	*47*	*0.00*	*0.00*	*0.00*	*0.00*	*3.1*	*12.9*	*–2.1*	*–18.6*
Other fees and commissions (net)	*–10*	*271*	*512*	*1,090*	*–0.00*	*0.01*	*0.02*	*0.03*	*–97.6*	*—*	*89.3*	*112.7*
Income on financial assets and liabilities (net)	3,510	6,306	4,963	3,214	0.15	0.24	0.17	0.10	50.4	79.7	–21.3	–35.2
Held for trading	*923*	*795*	*1,879*	*491*	*0.04*	*0.03*	*0.06*	*0.02*	*–17.4*	*–13.8*	*136.3*	*–73.9*
Other financial instruments at fair value	*–79*	*35*	*328*	*–340*	*–0.00*	*0.00*	*0.01*	*–0.01*	*517.2*	*—*	*835.7*	*—*
Other income on financial assets and liabilities	*2,666*	*5,476*	*2,755*	*3,064*	*0.12*	*0.21*	*0.09*	*0.10*	*116.9*	*105.4*	*–49.7*	*11.2*
Exchange differences (net)	970	1,289	812	803	0.04	0.05	0.03	0.03	185.8	32.9	–37.0	–1.1
Other operating income (net)	876	858	764	636	0.04	0.03	0.03	0.02	10.7	–2.1	–10.9	–16.8
GROSS INCOME (GI)	**56,400**	**67,927**	**70,101**	**71,026**	**2.48**	**2.54**	**2.34**	**2.26**	**20.1**	**20.4**	**3.2**	**1.3**
Administrative expenses	–24,577	–27,102	–28,663	–28,228	–1.08	–1.01	–0.95	–0.90	8.4	10.3	5.8	–1.5
Personnel expenses	*–16,066*	*–17,602*	*–18,528*	*–18,268*	*–0.71*	*–0.66*	*–0.62*	*–0.58*	*8.0*	*9.6*	*5.3*	*–1.4*
Other general expenses	*–8,511*	*–9,501*	*–10,135*	*–9,960*	*–0.37*	*–0.36*	*–0.34*	*–0.32*	*9.2*	*11.6*	*6.7*	*–1.7*
Amortisation	–2,143	–2,291	–2,392	–2,451	–0.09	–0.09	–0.08	–0.08	–0.2	6.9	4.4	2.5
Provisioning expenses (net)	–3,037	–1,413	–3,572	–1,440	–0.13	–0.05	–0.12	–0.05	43.9	–53.5	152.9	–59.7
Impairment losses on financial assets (net)	–6,438	–8,574	–17,368	–22,245	–0.28	–0.32	–0.58	–0.71	42.2	33.2	102.6	28.1
Loans and receivables	*–6,329*	*–8,329*	*–15,874*	*–20,711*	*–0.28*	*–0.31*	*–0.53*	*–0.66*	*37.8*	*31.6*	*90.6*	*30.5*
Other financial instruments not measured at fair value	*–109*	*–245*	*–1,493*	*–1,533*	*–0.00*	*–0.01*	*–0.05*	*–0.05*	*—*	*124.9*	*510.3*	*2.7*
NET OPERATING PROFIT (NOP)	**20,205**	**28,547**	**18,106**	**16,662**	**0.89**	**1.07**	**0.60**	**0.53**	**30.3**	**41.3**	**–36.6**	**–8.0**
Impairment losses on other assets (net)	–161	–1,251	–1,018	–6,457	–0.01	–0.05	–0.03	–0.21	–21.3	677.1	–18.6	534.1
Goodwill and other intangible assets	*–12*	*–17*	*0*	*–52*	*–0.00*	*–0.00*	*0.00*	*–0.00*	*—*	*40.5*	*—*	*—*
Other	*–149*	*–1,234*	*–1,018*	*–6,405*	*–0.01*	*–0.05*	*–0.03*	*–0.20*	*–27.3*	*728.6*	*–17.5*	*528.9*
Other income (net)	4,722	3,032	3,139	4,598	0.21	0.11	0.10	0.15	185.0	–35.8	3.5	46.5
Other gains	*5,202*	*3,835*	*3,529*	*5,211*	*0.23*	*0.14*	*0.12*	*0.17*	*147.6*	*–26.3*	*–8.0*	*47.7*
Other losses	*–480*	*–803*	*–390*	*–613*	*–0.02*	*–0.03*	*–0.01*	*–0.02*	*8.0*	*67.5*	*–51.5*	*57.2*
PROFIT BEFORE TAX	**24,766**	**30,327**	**20,227**	**14,803**	**1.09**	**1.14**	**0.67**	**0.47**	**46.0**	**22.5**	**–33.3**	**–26.8**
Income tax	–4,922	–4,423	–1,844	–1,471	–0.22	–0.17	–0.06	–0.05	73.2	–10.1	–58.3	–20.2
Mandatory transfer to welfare funds (b)	–78	–90	–65	–45	–0.00	–0.00	–0.00	–0.00	4.2	15.8	–28.1	–29.7
PROFIT FOR THE PERIOD	**19,766**	**25,815**	**18,318**	**13,287**	**0.87**	**0.97**	**0.61**	**0.42**	**40.7**	**30.6**	**–29.0**	**–27.5**
MEMORANDUM ITEMS:												
Average total assets (ATA)	2,271,770	2,670,930	3,001,585	3,139,598	100.00	100.00	100.00	100.00	18.0	17.6	12.4	4.6
Average own funds (c)	126,209	145,602	167,996	183,775	5.56	5.45	5.60	5.85	8.4	15.4	15.4	9.4
Net interest income due to the excess of EFAs over IBFLs (d)	1,064.0	1,228.0	1,036.0	1,580.0	0.05	0.05	0.03	0.05	5.5	15.4	–15.7	52.5
Return on earning financial assets (EFAs)	—	—	—	—	4.05	5.01	5.58	3.90	—	—	—	
Average cost of interest-bearing financial liabilities (IBFLs)	—	—	—	—	2.65	3.60	4.19	2.27	—	—	—	
Efficiency ratio (e)	—	—	—	—	47.38	43.27	44.30	43.19	—	—	—	
Return on average equity (ROE) (c)	—	—	—	—	15.66	17.73	10.90	7.23	—	—	—	
Credit risk allowances and provisions:												
Specific allowances or provisions	*–1,748*	*–5,686*	*–21,123*	*–29,696*	*–0.08*	*–0.21*	*–0.70*	*–0.95*	*18.2*	*225.3*	*271.5*	*40.6*
General allowances or provisions	*–5,336*	*–3,075*	*5,540*	*9,190*	*–0.23*	*–0.12*	*0.18*	*0.29*	*40.1*	*–42.4*	*—*	*65.9*
Net additions to country-risk allowances and provisions	*–36.0*	*–10.0*	*–375.0*	*101.0*	*0.00*	*0.00*	*–0.01*	*0.00*	*—*	*–72.4*	*—*	*—*

SOURCE: Banco de España. Data available at 13 April 2010.

a. The data in this table refer to institutions active at some time during 2009. The structure of the table and the data for 2008 and 2009 were prepared in accordance with CBE 6/2008 of 26 November 2008 which amends CBE 4/2004 of 22 December 2004 on public and confidential financial reporting rules and formats. For periods prior to 2008, the information has been reformulated in line with the new structure.
b. Only savings banks and credit cooperatives.
c. Includes own funds for accounting purposes excluding retained earnings; also included are declared dividends and remuneration, and valuation adjustments arising from exchange differences.
d. Calculated on the basis of the return of EFAs on the positive difference between EFAs and IBFLs. In line with the new definition of interest income, the calculation of EFAs excludes the return on equity instruments.
e. The efficiency ratio is defined as administrative expenses and amortisation divided by gross income.

MAIN INCOME AND PROFIT ITEMS OF THE INDIVIDUAL INCOME STATEMENT BY TYPE OF CREDIT INSTITUTION (a)

TABLE A.3.10

Data for each period (€m and %)

	AMOUNT				% OF ATA				% ANNUAL Δ			
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
Net interest income (NII):												
Total credit institutions	*28,915*	*34,032*	*37,641*	*45,543*	*1.27*	*1.27*	*1.25*	*1.45*	*10.5*	*17.7*	*10.6*	*21.0*
Banks	12,175	14,044	16,386	22,300	0.97	0.98	0.99	1.30	8.3	15.4	16.7	36.1
Savings banks	13,597	16,356	17,362	19,258	1.52	1.51	1.46	1.53	12.0	20.3	6.2	10.9
Credit cooperatives	1,870	2,317	2,440	2,384	2.17	2.30	2.22	2.07	13.0	23.9	5.3	–2.3
Specialised credit institutions	1,273	1,315	1,453	1,601	3.17	2.86	2.70	3.07	12.4	3.3	10.5	10.2
Gross income (GI):												
Total credit institutions	*28,915*	*34,032*	*37,641*	*45,543*	*1.27*	*1.27*	*1.25*	*1.45*	*10.5*	*17.7*	*10.6*	*21.0*
Banks	12,175	14,044	16,386	22,300	0.97	0.98	0.99	1.30	8.3	15.4	16.7	36.1
Savings banks	13,597	16,356	17,362	19,258	1.52	1.51	1.46	1.53	12.0	20.3	6.2	10.9
Credit cooperatives	1,870	2,317	2,440	2,384	2.17	2.30	2.22	2.07	13.0	23.9	5.3	–2.3
Specialised credit institutions	1,273	1,315	1,453	1,601	3.17	2.86	2.70	3.07	12.4	3.3	10.5	10.2
Net operating profit (NOP):												
Total credit institutions	*20,205*	*28,547*	*18,106*	*16,662*	*0.89*	*1.07*	*0.60*	*0.53*	*30.3*	*41.3*	*–36.6*	*–8.0*
Banks	11,245	15,244	12,518	11,515	0.90	1.06	0.76	0.67	23.4	35.6	–17.9	–8.0
Savings banks	7,617	11,734	4,788	5,001	0.85	1.08	0.40	0.40	43.9	54.1	–59.2	4.5
Credit cooperatives	787	955	777	606	0.91	0.95	0.71	0.53	26.3	21.3	–18.6	–22.0
Specialised credit institutions	557	615	23	–460	1.39	1.34	0.04	–0.88	14.5	10.4	–96.2	–2,078.8
Profit before tax:												
Total credit institutions	*24,766*	*30,327*	*20,227*	*14,803*	*1.09*	*1.14*	*0.67*	*0.47*	*46.0*	*22.5*	*–33.3*	*–26.8*
Banks	14,609	16,225	13,646	11,555	1.17	1.13	0.83	0.67	49.3	11.1	–15.9	–15.3
Savings banks	8,728	12,493	5,830	3,241	0.97	1.15	0.49	0.26	47.7	43.1	–53.3	–44.4
Credit cooperatives	820	975	732	503	0.95	0.97	0.67	0.44	7.5	18.9	–24.9	–31.3
Specialised credit institutions	609	635	19	–495	1.52	1.38	0.04	–0.95	20.9	4.2	–97.0	–2,724.2
Profit for the period:												
Total credit institutions	*19,766*	*25,815*	*18,318*	*13,287*	*0.87*	*0.97*	*0.61*	*0.42*	*40.7*	*30.6*	*–29.0*	*–27.5*
Banks	11,614	13,621	11,899	10,143	0.93	0.95	0.72	0.59	44.7	17.3	–12.7	–14.8
Savings banks	7,123	10,995	5,793	3,105	0.80	1.01	0.49	0.25	40.1	54.4	–47.3	–46.4
Credit cooperatives	653	775	615	429	0.76	0.77	0.56	0.37	7.0	18.7	–20.6	–30.3
Specialised credit institutions	376	423	11	–389	0.94	0.92	0.02	–0.75	15.6	12.6	–97.5	–3,718.0

SOURCE: Banco de España. Data available at 13 April 2010.

a. The data in this table refer to institutions active at some time during 2009.

BREAKDOWN OF THE CONSOLIDATED INCOME STATEMENT FOR CIs (a)

TABLE A.3.11

Data for each period (€m and %)

	AMOUNT				% OF ATA				% ANNUAL Δ			
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
Financial income	**113,326**	**154,925**	**190,186**	**152,312**	**4.20**	**4.94**	**5.55**	**4.10**	**23.4**	**36.7**	**22.8**	**–19.9**
Financial cost	**–69,902**	**–102,854**	**–130,614**	**–78,886**	**–2.59**	**–3.28**	**–3.81**	**–2.12**	**29.7**	**47.1**	**27.0**	**–39.6**
NET INTEREST INCOME (NII)	**43,424**	**52,071**	**59,571**	**73,426**	**1.61**	**1.66**	**1.74**	**1.98**	**14.5**	**19.9**	**14.4**	**23.3**
Equity instruments	**7,180**	**7,202**	**7,567**	**5,177**	**0.27**	**0.23**	**0.22**	**0.14**	**29.9**	**0.3**	**5.1**	**–31.6**
Return on equity instruments	2,602	2,787	3,186	2,851	0.10	0.09	0.09	0.08	33.5	7.1	14.3	–10.5
Share of profit of entities accounted for using the equity method	4,578	4,415	4,381	2,326	0.17	0.14	0.13	0.06	27.9	–3.6	–0.8	–46.9
Associate entities	*1,666*	*1,921*	*1,961*	*787*	*0.06*	*0.06*	*0.06*	*0.02*	*–15.8*	*15.3*	*2.1*	*–59.9*
Jointly controlled entities	*667*	*660*	*250*	*361*	*0.02*	*0.02*	*0.01*	*0.01*	*26.5*	*–1.1*	*–62.2*	*44.6*
Group entities	*2,246*	*1,833*	*2,170*	*1,178*	*0.08*	*0.06*	*0.06*	*0.03*	*109.5*	*–18.4*	*18.4*	*–45.7*
Non-interest income	**31,086**	**35,893**	**31,951**	**33,406**	**1.15**	**1.15**	**0.93**	**0.90**	**26.0**	**15.5**	**–11.0**	**4.6**
Fees and commissions (net)	20,822	22,981	22,920	22,929	0.77	0.73	0.67	0.62	14.0	10.4	–0.3	0.0
Collection and payment service (revenue)	*9,227*	*9,993*	*10,430*	*10,535*	*0.34*	*0.32*	*0.30*	*0.28*	*7.1*	*8.3*	*4.4*	*1.0*
Securities service (revenue)	*2,643*	*3,033*	*2,359*	*2,279*	*0.10*	*0.10*	*0.07*	*0.06*	*11.9*	*14.7*	*–22.2*	*–3.4*
Marketing of non-banking products (revenue)	*7,626*	*8,131*	*7,599*	*6,621*	*0.28*	*0.26*	*0.22*	*0.18*	*17.6*	*6.6*	*–6.5*	*–12.9*
Contingent exposures and commitments (revenue)	*1,556*	*1,643*	*1,929*	*1,972*	*0.06*	*0.05*	*0.06*	*0.05*	*20.0*	*5.6*	*17.4*	*2.2*
Exchange of foreign currencies and banknotes (revenue)	*136*	*143*	*183*	*210*	*0.01*	*0.00*	*0.01*	*0.01*	*9.0*	*5.3*	*28.1*	*14.7*
Other fees and commissions (net)	*–367*	*37*	*420*	*1,313*	*–0.01*	*0.00*	*0.01*	*0.04*	*–40.6*	*—*	*1,022.3*	*212.7*
Income on financial assets (net)	8,413	10,623	7,073	8,801	0.31	0.34	0.21	0.24	70.5	26.3	–33.4	24.4
Held for trading	*2,729*	*2,286*	*667*	*2,993*	*0.10*	*0.07*	*0.02*	*0.08*	*19.3*	*–16.2*	*–70.8*	*348.6*
Other financial instruments	*–111*	*136*	*510*	*249*	*0.00*	*0.00*	*0.01*	*0.01*	*—*	*—*	*273.8*	*–51.2*
Other income on financial assets and liabilities	*5,795*	*8,201*	*5,896*	*5,559*	*0.21*	*0.26*	*0.17*	*0.15*	*123.0*	*41.50*	*–28.1*	*–5.7*
Exchange differences (net)	921	1,465	1,177	1,497	0.03	0.05	0.03	0.04	27.6	59.1	–19.6	27.1
Other operating income (net)	930	824	782	179	0.03	0.03	0.02	0.00	23.1	–11.4	–5.1	–77.1
GROSS INCOME (GI)	**81,690**	**95,166**	**99,089**	**112,009**	**3.03**	**3.04**	**2.89**	**3.02**	**19.9**	**16.50**	**4.1**	**13.0**
Administrative expenses	–35,057	–38,521	–41,364	–43,798	–1.30	–1.23	–1.21	–1.18	8.4	9.9	7.4	5.9
Personnel expenses	*–22,284*	*–24,429*	*–26,034*	*–27,366*	*–0.83*	*–0.78*	*–0.76*	*–0.74*	*8.8*	*9.6*	*6.6*	*5.1*
Other general expenses	*–12,774*	*–14,092*	*–15,330*	*–16,432*	*–0.47*	*–0.45*	*–0.45*	*–0.44*	*7.8*	*10.3*	*8.8*	*7.2*
Amortisation	–3,370	–3,738	–3,976	–4,426	–0.12	–0.12	–0.12	–0.12	6.4	10.9	6.4	11.3
Provisioning expenses (net)	–3,828	–2,098	–4,069	–2,485	–0.14	–0.07	–0.12	–0.07	21.8	–45.2	93.9	–38.9
Impairment losses on financial assets (net)	–8,886	–12,733	–24,302	–35,959	–0.33	–0.41	–0.71	–0.97	41.6	43.3	90.9	48.0
Loans and receivables	*–8,788*	*–12,457*	*–21,714*	*–33,698*	*–0.33*	*–0.40*	*–0.63*	*–0.91*	*38.3*	*41.8*	*74.3*	*55.2*
Other financial instruments not measured at fair value	*–98*	*–276*	*–2,588*	*–2,261*	*0.00*	*–0.01*	*–0.08*	*–0.06*	*—*	*181.1*	*837.9*	*–12.6*
NET OPERATING PROFIT (NOP)	**30,548**	**38,076**	**25,378**	**25,341**	**1.13**	**1.21**	**0.74**	**0.68**	**31.7**	**24.6**	**–33.3**	**–0.1**
Impairment losses on other assets (net)	–254	–1,794	–2,033	–6,965	–0.01	–0.06	–0.06	–0.19	–5.3	605.0	13.3	242.6
Goodwill and other intangible assets	*–75*	*–1,265*	*–1,130*	*–1,447*	*0.00*	*–0.04*	*–0.03*	*–0.04*	*–49.5*	*1,592.0*	*–10.7*	*28.1*
Other	*–180*	*–529*	*–904*	*–5,518*	*–0.01*	*–0.02*	*–0.03*	*–0.15*	*48.8*	*194.5*	*70.7*	*510.7*
Other income (net)	6,761	4,962	5,718	4,659	0.25	0.16	0.17	0.13	88.1	–26.6	15.2	–18.5
Other gains	*7,946*	*6,095*	*6,048*	*5,494*	*0.29*	*0.19*	*0.18*	*0.15*	*71.2*	*–23.3*	*–0.8*	*–9.2*
Other losses	*–1,185*	*–1,133*	*–330*	*–835*	*–0.04*	*–0.04*	*–0.01*	*–0.02*	*13.0*	*–4.3*	*–70.9*	*152.9*
PROFIT BEFORE TAX	**37,055**	**41,244**	**29,063**	**23,035**	**1.37**	**1.32**	**0.85**	**0.62**	**39.7**	**11.3**	**–29.5**	**–20.7**
Income tax	–9,165	–8,150	–4,407	–2,863	–0.34	–0.26	–0.13	–0.08	66.3	–11.1	–45.9	–35.0
Mandatory transfer to welfare funds (b)	–78	–90	–65	–45	0.00	0.00	0.00	0.00	4.2	15.8	–28.1	–29.7
CONSOLIDATED PROFIT FOR THE PERIOD	**27,813**	**33,003**	**24,591**	**20,126**	**1.03**	**1.05**	**0.72**	**0.54**	**32.9**	**18.7**	**–25.5**	**–18.2**
Attributed to the parent	*26,418*	*31,572*	*23,085*	*18,601*	*0.98*	*1.01*	*0.67*	*0.50*	*33.3*	*19.5*	*–26.9*	*–19.4*
Attributed to minority interests	*1,395*	*1,432*	*1,506*	*1,525*	*0.05*	*0.05*	*0.04*	*0.04*	*25.4*	*2.6*	*5.1*	*1.3*
MEMORANDUM ITEMS:												
Average total assets (ATA)	2,696,637	3,133,858	3,429,451	3,714,107	100.00	100.00	100.00	100.00	16.3	16.2	9.4	8.3
Average own funds of the group (c)	134,729	158,117	183,063	199,784	5.00	5.05	5.34	5.38	12.7	17.4	15.8	9.1
Net interest income due to the excess of EFAs over IBFLs (d)	2,973	3,172	2,974	2,966	0.11	0.10	0.09	0.08	6.7	6.7	–6.2	–0.3
Return on earning financial assets (EFAs)	—	—	—	—	4.38	5.25	5.97	4.60	—	—	—	—
Average cost of interest-bearing financial liabilities (IBFLs)	—	—	—	—	2.78	3.56	4.17	2.43	—	—	—	—
Efficiency ratio (e)	—	—	—	—	47.04	44.41	45.76	43.05	—	—	—	—
Return on average equity of the group (ROE) (c)	—	—	—	—	19.61	19.97	12.61	9.31	—	—	—	—

SOURCE: Banco de España. Data available at 13 April 2010.

a. The data in this table refer to CGs and individual CIs not belonging to any CG, active at some time during 2009. The structure of the table and the data for 2008 and 2009 were prepared in accordance with CBE 6/2008 of 26 November 2008 which amends CBE 4/2004 of 22 December 2004 on public and confidential financial reporting rules and formats. For periods prior to 2008, the information has been reformulated in line with the new structure.
b. Only savings banks and credit cooperatives.
c. Includes own funds for accounting purposes excluding retained earnings; also included are declared dividends and remuneration, and valuation adjustments arising from exchange differences.
d. Calculated on the basis of the return of EFAs on the positive difference between EFAs and IBFLs. In line with the new definition of interest income, the calculation of EFAs excludes the return on equity instruments.
e. The efficiency ratio is defined as administrative expenses and amortisation divided by gross income.

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

TABLE A.3.12

Data for each period (€m and %)

	AMOUNT				% OF ATA				% ANNUAL Δ			
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
Net interest income (NII):												
Total consolidated groups	*43,424*	*52,071*	*59,571*	*73,426*	*1.61*	*1.66*	*1.74*	*1.98*	*14.5*	*19.9*	*14.4*	*23.3*
Banks	26,552	31,944	38,319	50,283	1.60	1.69	1.86	2.21	15.8	20.3	20.0	31.2
Savings banks	14,373	17,174	18,087	19,945	1.54	1.52	1.46	1.53	12.5	19.5	5.3	10.3
Credit cooperatives	1,870	2,316	2,436	2,379	2.15	2.32	2.21	2.08	13.0	23.9	5.2	–2.3
Specialised credit institutions	629	637	729	819	3.62	2.97	2.73	3.12	13.6	1.3	14.5	12.4
Gross income (GI):												
Total consolidated groups	*81,690*	*95,166*	*99,089*	*112,009*	*3.03*	*3.04*	*2.89*	*3.02*	*19.9*	*16.5*	*4.1*	*13.0*
Banks	50,817	59,005	65,346	76,285	3.07	3.13	3.18	3.36	18.5	16.1	10.8	16.7
Savings banks	27,549	32,245	29,744	31,518	2.95	2.86	2.41	2.42	23.6	17.0	–7.8	6.0
Credit cooperatives	2,521	2,969	3,028	3,153	2.90	2.97	2.75	2.76	13.3	17.8	2.0	4.1
Specialised credit institutions	802	947	971	1,054	4.62	4.41	3.63	4.02	12.8	18.1	2.6	8.5
Net operating profit (NOP):												
Total consolidated groups	*30,548*	*38,076*	*25,378*	*25,341*	*1.13*	*1.21*	*0.74*	*0.68*	*31.7*	*24.6*	*–33.4*	*–0.1*
Banks	18,898	24,279	20,146	19,170	1.14	1.29	0.98	0.84	26.3	28.5	–17.0	–4.8
Savings banks	10,566	12,492	4,388	5,645	1.13	1.11	0.36	0.43	44.5	18.2	–64.9	28.7
Credit cooperatives	794	963	745	582	0.91	0.96	0.68	0.51	25.7	21.2	–22.7	–21.8
Specialised credit institutions	290	343	100	–55	1.67	1.60	0.37	–0.21	2.7	18.1	–71.0	–155.7
Profit before tax:												
Total consolidated groups	*37,055*	*41,244*	*29,063*	*23,035*	*1.37*	*1.32*	*0.85*	*0.62*	*39.7*	*11.3*	*–29.5*	*–20.7*
Banks	23,598	26,472	21,498	18,819	1.42	1.40	1.04	0.83	34.0	12.2	–18.8	–12.5
Savings banks	12,313	13,406	6,735	3,778	1.32	1.19	0.55	0.29	56.8	8.9	–49.8	–43.9
Credit cooperatives	834	990	733	497	0.96	0.99	0.67	0.44	8.9	18.8	–26.0	–32.2
Specialised credit institutions	311	375	98	–58	1.79	1.75	0.37	–0.22	7.8	20.8	–73.9	–159.0
Consolidated profit for the period:												
Total consolidated groups	*27,813*	*33,003*	*24,591*	*20,126*	*1.03*	*1.05*	*0.72*	*0.54*	*32.9*	*18.7*	*–25.5*	*–18.2*
Banks	17,360	20,471	17,406	15,975	1.05	1.09	0.85	0.70	27.6	17.9	–15.0	–8.2
Savings banks	9,599	11,469	6,499	3,784	1.03	1.02	0.53	0.29	46.9	19.5	–43.3	–41.8
Credit cooperatives	664	790	616	423	0.76	0.79	0.56	0.37	8.6	19.0	–22.1	–31.2
Specialised credit institutions	190	273	70	–56	1.09	1.28	0.26	–0.21	3.7	43.9	–74.5	–180.6

SOURCE: Banco de España. Data available at 13 April 2010.

a. The data in this table refer to institutions active at some time during 2009.

SOLVENCY OF CONSOLIDATED GROUPS OF CIs (a) TABLE A.3.13

Year-end data (€m and %)

	AMOUNT				STRUCTURE %				% ANNUAL Δ			
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
TOTAL OWN FUNDS	**209,752**	**224,865**	**234,050**	**254,321**	**100.0**	**100.0**	**100.0**	**100.0**	**22.5**	**7.2**	**4.1**	**8.7**
ORIGINAL OWN FUNDS (TIER 1 CAPITAL)	135,985	159,897	174,643	201,939	64.8	71.1	74.6	79.4	11.3	17.6	9.2	15.6
Capital stock, reserves and similar items	145,663	173,196	180,905	202,946	69.4	77.0	77.3	79.8	15.2	18.9	4.5	12.2
Capital stock and reserves	*116,883*	*137,641*	*161,220*	*181,231*	*55.7*	*61.2*	*68.9*	*71.3*	*12.5*	*17.8*	*17.1*	*12.4*
Minority interests	*8,584*	*11,611*	*8,753*	*12,517*	*4.1*	*5.2*	*3.7*	*4.9*	*11.8*	*35.3*	*–24.6*	*43.0*
Interim profits or material losses of the current financial year	*20,522*	*23,863*	*14,353*	*10,894*	*9.8*	*10.6*	*6.1*	*4.3*	*38.1*	*16.3*	*–39.9*	*–24.1*
Other	*–327*	*82*	*–3,422*	*–1,696*	*–0.2*	*0.0*	*–1.5*	*–0.7*	—	—	—	—
Other and country specific original own funds	17,682	27,105	32,108	42,507	8.4	12.1	13.7	16.7	1.4	53.3	18.5	32.4
Instruments subject to limits	*17,682*	*27,105*	*25,108*	*34,310*	*8.4*	*12.1*	*10.7*	*13.5*	*1.4*	*53.3*	*–7.4*	*36.7*
Other	*0*	*0*	*7,000*	*8,196*	*0.0*	*0.0*	*3.0*	*3.2*	—	—	—	*17.1*
Deductions from original own funds	–25,539	–38,800	–38,369	–43,514	–12.2	–17.3	–16.4	–17.1	20.5	51.9	–1.1	13.4
ADDITIONAL OWN FUNDS (TIER 2 CAPITAL)	84,369	90,553	71,144	67,980	40.2	40.3	30.4	26.7	33.0	7.3	–21.4	–4.4
Core additional own funds	44,226	46,207	28,727	23,112	21.1	20.5	12.3	9.1	57.0	4.5	–37.8	–19.5
Adjustments made to valuation differences in original own funds transferred to core additional own funds	*11,852*	*11,575*	*1,531*	*2,792*	*5.7*	*5.1*	*0.7*	*1.1*	*106.6*	*–2.3*	*–86.8*	*82.4*
SA general provisions and IRB provision excess	*18,952*	*20,837*	*13,703*	*10,053*	*9.0*	*9.3*	*5.9*	*4.0*	*104.6*	*9.9*	*–34.2*	*–26.6*
Securities of indeterminate duration and other instruments	*7,329*	*8,485*	*8,357*	*5,205*	*3.5*	*3.8*	*3.6*	*2.0*	*5.3*	*15.8*	*–1.5*	*–37.7*
Other	*6,094*	*5,310*	*5,136*	*5,063*	*2.9*	*2.4*	*2.2*	*2.0*	*–2.0*	*–12.9*	*–3.3*	*–1.4*
Supplementary additional own funds	40,549	44,416	42,431	44,912	19.3	19.8	18.1	17.7	14.9	9.5	–4.5	5.8
Deductions from additional own funds	–406	–70	–13	–45	–0.2	0.0	0.0	0.0	1,134.8	–82.8	–80.9	236.0
(–) DEDUCTIONS FROM ORIGINAL AND ADDITIONAL OWN FUNDS	–10,602	–25,585	–11,738	–15,597	–5.1	–11.4	–5.0	–6.1	–25.9	141.3	–54.1	32.9
(–) Holdings in other credit and financial institutions amounting to more than 10% of their capital	–3,519	–16,233	–5,998	–5,983	–1.7	–7.2	–2.6	–2.4	–21.6	361.2	–63.1	–0.3
(–) Participations held in insurance undertakings, reinsurance undertakings and insurance holding companies	–5,036	–6,334	–3,214	–3,504	–2.4	–2.8	–1.4	–1.4	–38.9	25.8	–49.3	9.0
Other	–2,046	–3,017	–2,525	–6,110	–1.0	–1.3	–1.1	–2.4	29.7	47.5	–16.3	142.0
TOTAL ADDITIONAL OWN FUNDS SPECIFIC TO COVER MARKET RISKS (TIER 3 CAPITAL) AND OTHERS	0	0	0	0	0.0	0.0	0.0	0.0	—	—	—	—
CAPITAL REQUIREMENTS	**150,394**	**169,166**	**165,531**	**166,329**	**100.0**	**100.0**	**100.0**	**100.0**	**21.2**	**12.5**	**–2.1**	**0.5**
CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	143,765	163,193	145,633	147,224	95.6	96.5	88.0	88.5	22.1	13.5	–10.8	1.1
Standardised approach (SA) (excluding securitisation positions)	143,765	163,193	93,539	91,942	95.6	96.5	56.5	55.3	22.1	13.5	–42.7	–1.7
Central governments or central banks (b)	—	—	*2,184*	*2,118*	—	—	*1.3*	*1.3*	—	—	—	*–3.0*
Institutions	—	—	*2,755*	*2,577*	—	—	*1.7*	*1.5*	—	—	—	*–6.5*
Corporate	—	—	*44,000*	*37,855*	—	—	*26.6*	*22.8*	—	—	—	*–14.0*
Retail	—	—	*17,200*	*16,006*	—	—	*10.4*	*9.6*	—	—	—	*–6.9*
Secured by real estate property	—	—	*13,390*	*15,475*	—	—	*8.1*	*9.3*	—	—	—	*15.6*
Other	—	—	*14,011*	*17,911*	—	—	*8.5*	*10.8*	—	—	—	*27.8*
Internal ratings based Approach (IRB) (excluding securitisation positions)	—	—	50,027	52,538	—	—	30.2	31.6	—	—	—	5.0
Corporate	—	—	*30,635*	*31,084*	—	—	*18.5*	*18.7*	—	—	—	*1.5*
Retail	—	—	*11,966*	*13,027*	—	—	*7.2*	*7.8*	—	—	—	*8.9*
Of which: Secured by real estate	—	—	*8,750*	*9,875*	—	—	*5.3*	*5.9*	—	—	—	*12.9*
Equity	—	—	*4,274*	*5,242*	—	—	*2.6*	*3.2*	—	—	—	*22.6*
Other	—	—	*3,152*	*3,186*	—	—	*1.9*	*1.9*	—	—	—	*1.1*
Securitisation positions	—	—	2,066	2,744	—	—	1.2	1.6	—	—	—	32.8
POSITION, FOREIGN EXCHANGE AND COMMODITY RISKS	6,235	5,700	4,801	4,656	4.1	3.4	2.9	2.8	3.2	–8.6	–15.8	–3.0
Of which: Internal models	299	661	1,225	1,068	0.2	0.4	0.7	0.6	54.5	121.1	85.4	–12.8
OPERATIONAL RISKS (OpR)	—	—	12,731	13,892	—	—	7.7	8.4	—	—	—	9.1
Of which: OpR Standardised (STA) and Alternative Standardised (ASA) approaches	—	—	8,501	9,742	—	—	5.1	5.9	—	—	—	14.6
OTHER AND TRANSITIONAL CAPITAL REQUIREMENTS	394	273	2,366	557	0.3	0.2	1.4	0.3	7.4	–30.6	765.6	–76.5
Of which: Complements to overall floor for capital requirements	—	—	1,989	116	—	—	1.2	0.1	—	—	—	–94.2
Of which: Other country specific own funds requirements	394	273	377	441	0.3	0.2	0.2	0.3	7.4	–30.6	38.1	16.8
SURPLUS (+) / DEFICIT (–) OF OWN FUNDS	**59,358**	**55,699**	**68,519**	**87,992**	**—**	**—**	**—**	**—**	**26.0**	**–6.2**	**23.0**	**28.4**
Solvency ratio (%)	11.2	10.6	11.3	12.2								
Tier 1 ratio (%)	7.2	7.6	8.4	9.7								
Solvency ratio (%), before other and transitional capital requirements	11.2	10.7	11.5	12.3								

SOURCE: Banco de España. Data available at 31 March 2010.

a. Data refer to CGs and individual CIs not belonging to any CG which were active at the end of each year. From 2008 onwards, data and items in this table, unless otherwise stated, correspond to items of the template RP10 “Own funds and compliance of capital requirements” of CBE 3/2008. Due to the change in the solvency regulation there may not be an exact correspondence with data prior to 2008 from a conceptual point of view.
b. 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”.

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

TABLE A.3.14

Year-end data (€m and %)

	AMOUNT				STRUCTURE %				% ANNUAL Δ			
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
Effective own funds	187,945	204,958	211,270	220,577	100.0	100.0	100.0	100.0	28.0	9.1	3.1	4.4
Credit institutions or groups	*183,062*	*197,657*	*206,212*	*214,484*	*97.4*	*96.4*	*97.6*	*97.2*	*33.3*	*8.0*	*4.3*	*4.0*
Insurance undertakings or groups	*6,781*	*7,900*	*6,835*	*7,721*	*3.7*	*4.0*	*3.2*	*3.5*	*–40.3*	*16.5*	*–13.5*	*13.0*
Deductions	*–1,899*	*–600*	*–1,777*	*–1,607*	*–1.1*	*–0.4*	*–0.8*	*–0.7*	*4.5*	*–68.4*	*196.2*	*–9.6*
Capital requirements	135,886	154,491	150,179	144,474	100.0	100.0	100.0	100.0	28.8	13.7	–2.8	–3.8
Credit institutions or groups	*132,580*	*150,588*	*147,006*	*141,221*	*97.6*	*97.5*	*97.7*	*97.8*	*32.4*	*13.6*	*–2.4*	*–3.9*
Insurance undertakings or groups	*3,624*	*4,150*	*3,552*	*3,594*	*2.7*	*2.8*	*2.5*	*2.5*	*–35.2*	*14.5*	*–14.4*	*1.2*
Deductions	*–318*	*–247*	*–379*	*–398*	*–0.3*	*–0.2*	*–0.3*	*–0.2*	*50.0*	*–22.3*	*53.4*	*5.0*
Surplus or deficit	**52,059**	**50,467**	**61,091**	**76,103**	**—**	**—**	**—**	**—**	**25.9**	**–3.1**	**21.1**	**24.6**
Surplus or deficit of CGs	50,482	47,069	59,206	73,263	—	—	—	—	35.7	–6.8	25.8	23.7

SOURCE: Banco de España. Data available at 23 March 2010.

a. Data refer to CGs of CIs at each date subject to compliance with the solvency ratio in Spain.

ANNEX 4 INFORMATION FOR BANK CUSTOMERS, REGISTERS AND OTHER INSTITUTIONAL INFORMATION

INFORMATION TO BANK CUSTOMERS

TABLE A.4.1

Yearly data (number)

	2006	2007	2008	2009
ADVERTISING PROJECTS				
Cases processed	6,137	6,528	6,525	6,376
BY TYPE OF DECISION:				
Authorised (a)	5,319	5,641	5,707	5,182
Rejected	13	2	8	7
Modified (b)	638	643	765	1,136
Returned (c)	167	242	45	51
BY TYPE OF TRANSACTION:				
Lending transactions	3,234	3,209	2,930	2,703
Deposit transactions	1,954	2,260	2,561	2,195
Other	131	172	216	284
BY TYPE OF MEDIUM:				
Press	1,435	1,181	817	898
Radio	262	187	140	152
Television	352	214	207	205
Other	3,270	4,059	4,543	3,927
COMMISSION CHARGES				
Cases examined	1,172	1,104	1,205	964
Decisions (d)	903	887	1,077	922
Approvals	*412*	*368*	*349*	*349*
With objections	*491*	*519*	*728*	*573*
Objections formulated	1,568	1,893	2,542	1,901

SOURCE: Banco de España.

a. Includes both authorisations owing to an affirmative decision and deemed authorisations owing to the absence of a negative decision (“administrative silence”).
b. Modifications, normally in prices, in projects authorised in the same or in previous years.
c. Relate to projects whose content does not require authorisation, or which have been withdrawn by the applicant.
d. A single decision may relate to various cases.

REGISTERS AND OTHER INSTITUTIONAL INFORMATION

TABLE A.4.2

Year-end data and changes in the year (number and percentage)

	2006	2007	2008	2009
Senior officers	**4,898**	**4,877**	**4,832**	**4,755**
Legal persons	401	420	424	420
Individuals	4,497	4,457	4,408	4,335
Of which:				
Males	*4,055*	*3,980*	*3,897*	*3,790*
Females	*442*	*477*	*511*	*545*
Percentage of females in commercial banks	*6*	*7*	*7*	*9*
Percentage of females in savings banks	*15*	*16*	*17*	*18*
Percentage of females in credit cooperatives	*7*	*7*	*9*	*9*
Percentage of females in SCIs	*5*	*5*	*6*	*7*
Percentage of females in other credit institutions	*11*	*12*	*12*	*13*
Additions or deletions of senior officers	**1,401**	**1,281**	**1,224**	**1,511**
Of which: First-time additions	678	569	533	661
Reinstatements	80	67	74	75
Inquiries as to integrity of senior officers	**56**	**64**	**41**	**109**
Average number of people listed per document	6	5	5	3
Registered shareholders of banks	**583**	**560**	**592**	**541**
Individuals	99	88	134	120
Legal persons	484	472	458	421
Of which: credit institutions (a)	*117*	*114*	*106*	*101*
Of which: Spanish shareholders	*381*	*385*	*408*	*357*
Registered members of credit cooperatives	**367**	**421**	**382**	**364**
Individuals	156	214	181	173
Legal persons	211	207	201	191
Of which: credit institutions (a)	*87*	*91*	*89*	*78*
Of which: Spanish members	*365*	*420*	*378*	*363*
Registered shareholders of SCIs	**179**	**172**	**194**	**178**
Individuals	36	28	28	28
Legal persons	143	144	166	150
Of which: credit institutions (a)	*61*	*67*	*90*	*85*
Of which: Spanish shareholders	*153*	*145*	*170*	*155*
Agency agreements	**20,461**	**24,323**	**26,465**	**22,053**
Banks	10,294	11,356	10,278	4,651
Savings banks	294	258	259	250
Credit cooperatives	68	64	52	61
Specialised credit institutions	67	62	74	74
Branches of credit institutions	45	109	120	128
Currency exchange bureaux and/or money transfer agencies	9,693	12,474	15,682	16,889
Agency agreements with foreign CIs	**106**	**107**	**107**	**107**
Registered amendments to articles of association	**214**	**223**	**184**	**142**
Cases processed of amendments to articles of association	**66**	**37**	**24**	**25**
Banks	11	11	4	7
Savings banks	0	1	1	1
Credit cooperatives	44	16	12	10
SCIs	2	4	4	1
MGCs	9	5	3	6
Reported to Directorate General of the Treasury and Financial Policy	51	29	21	20
Reported to regional government	15	8	3	5

SOURCE: Banco de España.

a. Spanish credit institutions and branches in Spain of foreign ones.

DOCUMENTS PUBLISHED BY THE FSB IN 2009

TABLE A.5.1

March	Senior Supervisors Group Report on Management of Recent Credit Default Swap Credit Events
	Ongoing recent work relevant to sound Financial Systems
April	The Role of Valuation and Leverage in Procyclicality (FSF-BIS)
	Report of the FSF Working Group on Provisioning
	Reducing Procyclicality Arising from the Bank Capital Framework (FSF-BCBS)
	Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience - Update on Implementation
	FSF Principles for Cross-border Cooperation on Crisis Management
	FSF Principles for Sound Compensation Practices
	Report of the Financial Stability Forum on Addressing Procyclicality in the Financial System
	Re-establishment of the FSF as the Financial Stability Board: FSB Chairman remarks at the conclusion of the London Summit
September	Financial Stability Board Charter
	Ongoing and Recent Work Relevant to Sound Financial Systems
	FSB Principles for Sound Compensation Practices: Implementation Standards
	Improving Financial Regulation (Report of the Financial Stability Board to G20 Leaders)
	Overview of Progress in Implementing the London Summit Recommendations for Strengthening Financial Stability (Report of the Financial Stability Board to G20 Leaders)
October	Senior Supervisors Group Report on Risk Management Lessons from the Global Banking Crisis of 2008
November	The Financial Crisis and Information Gaps (Report to the G-20 Finance Ministers and Central Bank Governors)
	Guidance to Assess the Systemic Importance of Financial Institutions, Markets and Instruments: Initial Considerations - Background Paper
	Exit from extraordinary financial sector support measures
	Progress since the Pittsburgh Summit in Implementing the G20 Recommendations for Strengthening Financial Stability

DOCUMENTS PUBLISHED BY THE BCBS IN 2009

TABLE A.5.2

Consultative documents	
September	Report and recommendations of the Cross-border Bank Resolution Group
December	Strengthening the resilience of the banking sector
	International framework for liquidity risk measurement, standards and monitoring
Documents	
March	Range of practices and issues in economic capital frameworks
May	Findings on the interaction of market and credit risk
June	Stocktaking on the use of credit ratings
July	Enhancements to the Basel II framework
	Revisions to the Basel II market risk framework - final version
	Results from the 2008 Loss Data Collection Exercise
September	Report on Special Purpose Entities
October	Analysis of the trading book quantitative impact study
December	LGD Floors
Principles and recommendations	
April	Supervisory guidance for assessing banks' financial instrument fair value practices - final paper
May	Due diligence and transparency regarding cover payment messages related to cross-border wire transfers - final paper
	Principles for sound stress testing practices and supervision - final paper
June	Core Principles for Effective Deposit Insurance Systems - final paper
July	Guidelines for computing capital for incremental risk in the trading book - final version
August	Guiding principles for the replacement of IAS 39

DOCUMENTS PUBLISHED BY THE CEBS IN 2009

TABLE A.5.3

Consultative documents	
April	High-level principles for risk management
September	Consultation paper on the extension of CEBS's supervisory disclosure framework
October	Draft disclosure guidelines reflecting the lessons learnt from the financial crisis
December	Draft guidelines on concentration risk
	Draft revised guidelines on stress testing
	Draft implementation guidelines on capital instruments
	Draft guidelines for the operational functioning of colleges
	Draft guidelines on the management of operational risk in market-related activities
Advice to the European Commission	
June	Advice on the information that may be exchanged between home and host supervisors of branches under article 42 of the CRD
	Second advice on options and national discretions
October	Advice on issues related to the current application in the areas of definitions and terminology, scope and internal control requirements of the Financial Conglomerates Directive
November	Advice on the effectiveness of a minimum retention requirement for securitisations
Standards and guidelines	
April	High-level principles for remuneration policies
August	Guidelines on passport notifications
September	Compendium of supplementary guidelines on implementation issues of operational risk
December	Guidelines on Liquidity Buffers & Survival Periods
	Implementation Guidelines for Hybrid Capital Instruments
	Guidelines on reporting requirements for the revised large exposures regime
	Revised guidelines for implementation of the framework for consolidated financial reporting (FINREP)
	Guidelines on operational risk mitigation techniques

DOCUMENTS PUBLISHED BY THE ECB WITHIN THE FRAMEWORK OF FINANCIAL STABILITY IN 2009

TABLE A.5.4

February	European Commission's consultation on hedge funds - Eurosystem contribution
March	Guiding principles for bank asset support schemes
April	Financial integration in Europe
May	EU banks' funding structures and policies
June	Financial Stability Review
August	The Eurosystem's stance on the Commission's consultation document on the review of directive 94/19/EC on deposit-guarantee schemes
	Credit default swaps and counterparty risk
	EU banking sector stability
December	Financial Stability Review December 2009

ANNEX 6 SPANISH CONSOLIDATED GROUPS OF CREDIT INSTITUTIONS (DECEMBER 2009)

Spanish consolidated groups of credit institutions (December 2009)

Full consolidation method is applied except as otherwise indicated.

(*) Proportionate 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.

BANKS

FC **SCH Group**

0049-Banco Santander, SA (Spain)	**DI**				
0011-Allfunds Bank, SA (*)	DI	Angola	Banco Caixa Geral Totta de Angola (*)	DI	
0030-Banco Español de Crédito, SA	DI	Argentina	Banco Santander Río, SA	DI	
0036-Santander Investment, SA	DI		Préstamos de Consumo, SA	DI	
0038-Banesto Banco de Emisiones, SA	DI	Austria	Santander Consumer Leasing Austria	OCI	
0073-Open Bank Santander Consumer, SA	DI		Santander Consumer Bank Gmbh	OCI	(A)
0083-Banco Alicantino de Comercio, SA	DI	Bahamas	Santander Bank & Trustltd.	DI	
0086-Banco Banif, SA	DI		Santander Investment Bank (S.I.B.)	DI	
0091-Banco de Albacete, SA	DI		Banco Santander Bahamas Internacion	DI	
0224-Santander Consumer Finance, SA	DI	Belgium	Santander Benelux, SA	DI	
4784-Transolver Finance, EFC, SA (*)	OCI	Brazil	Banco Santander (Brasil) SA	DI	
4797-Santander de Leasing, SA, EFC	OCI		Banco de Pernambuco SA	DI	
8236-Santander Consumer, EFC, SA	OCI		Aymoré Crédito, Financiamento e Inv	OCI	
8512-Unión Créditos Inmobiliarios (*)	OCI		Companhia de Arrendamento Mercantil (*)	OCI	
8906-Santander Factoring y Confirming	OCI		Companhia de Crédito, Financiam. e (*)	OCI	
			Santander Leasing SAArrendamento	OCI	
		Cayman Islands	Serfin International Bank & Trust	DI	
		Chile	Banco Santander - Chile	DI	
			Santander Factoring SA	OCI	
			Santander Corredorade Seguros Limit	OCI	
		Colombia	Banco Santander Colombia, SA	DI	
		US	Banco Santander International Miami	DI	
			Totta & Acores Inc.- Newark	DI	
			Sovereign Bancorp	DI	(A)
			Grupo Drive	DI	
		Russian Federation	Santander Consumer Bank, Cjsc	DI	
		Finland	Santander Consumer Finance Oy	DI	
		Hungary	Santander Consumer Finance Zrt.	OCI	
		Ireland	Totta Ireland, PLC	DI	
		Isle of Man	Bradford & Bingley International Li	OCI	
		Italy	Santander Consumer Finance Media S.	DI	
			Santander Private Banking, SPA	DI	
			Santander Consumer Finanzia SRL	OCI	
			Santander Consumer Bank SPA	OCI	
			Unifin	OCI	
		Jersey	Abbey National International Limite	DI	
		Luxembourg	Allfunds InternationalSA(*)	OCI	
		Mexico	Banco Santander (México), SA, Ins	DI	
		Norway	Santander Consumer Bank	DI	
		Netherlands	Santander Consumer Finance Benelux	DI	
		Panama	Banco Santander (Panamá)	DI	
		Paraguay	Banco de Asunción, SA	DI	
		Peru	Banco Santander Perú SA	DI	
		Poland	Santander Consumer Bank Spólka Akcy	DI	
		Portugal	Banco Madesant- SociedadeUnipesso	DI	
			Banco Santander Totta	DI	

				B.S.N. Portugal	DI	
				Banco Santander Consumer Portugal,	DI	
				Totta-Crédito Especializado, Ific	OCI	
			Puerto Rico	BST International Bank, Inc.	DI	
				Banco Santander Puertorico	DI	
				Santander Overseas Bank Inc.	DI	
				Santander International Bank	DI	
				Santander Financialservices	OCI	
				Crefisa	OCI	
			UK	Abbey National plc	DI	
				Grupo Alliance & Leicester	DI	
				Abbey National Treasury Services Pl	DI	
				CA Premier Banking Limited	DI	
				Santander Cards UK Limited	DI	(A)
				Santander Consumer Finance (UK) plc	OCI	
				Santander UK Investment	OCI	
				Santander Cards Limited	OCI	
				Abbey Covered Bonds(Lm) Limited	OCI	
				Liquidity Limited	OCI	(A)
				Liquidity Import Finance Limited	OCI	(A)
			Czech Republic	Santander Consumer Finance A.S.	OCI	
				Santander Consumer Leasing, S.R.O.	OCI	
			Germany	Santander Consumer Bank Aktiengesel	DI	
				Santander Consumer Leasing Gmbh	OCI	
			Switzerland	Banco Santander (Suisse), SA	DI	
			Uruguay	Banco Santander Uruguay	DI	
	Mapfre Group, Consolidated proportionally with 2038-Caja Madrid					
	0063-Banco Ser. Fin. Caja Madrid-Mapfre (Spain)	**DI**				
	0125-Bancofar, SA	DI	Mexico	Finanmadrid México SA	OCI	
	4837-Madrid Leasing Corporación, SA	OCI				
	8793-Finanmadrid, SA, EFC	OCI				
MG	**Pastor Group**					
	0072-Banco Pastor, SA (Spain)	**DI**				
	8620-Pastor Servicios Financieros	OCI				
MG	**Popular Group**					
	0075-Banco Popular Español, SA (Spain)	**DI**				
	0216-Banco Popular Hipotecario, SA	DI	US	Total Bank	DI	
	0229-Bancopopular-E, SA	DI	Portugal	Banco Popular Portugal	DI	
	0233-Popular Banca Privada, SA	DI		Popular Factoring Portuguesa	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**				
	0185-Banco Urquijo Sabadell B.P., SA	DI	Andorra	Banc Sabadell d'Andorra, SA	DI	
	8211-Bansabadell Financiación EFC, SA	OCI	Bahamas	Banco Atlántico (Bahamas) Bank And Tr	DI	
	8821-Bansabadell Fincom, EFC, SA	OCI	US	Transatlantic Bank	DI	
			Monaco	Banco Atlántico Monaco SAM.	DI	
MG	**Bankinter SA Group**					
	0128-Bankinter, SA (Spain)	**DI**				
	8832-Bankinter Consumer Finance, EFC, SA	OCI				
FC	**BBVA Group**					
	0182-Banco Bilbao Vizcaya Argentaria, SA (Spain)	**DI**				
	0009-Finanzia, Banco de Crédito, SA	DI	Netherlands Antilles	Banco Provincial Overseas NV	DI	
	0057-Banco Depositario BBVA, SA	DI	Argentina	BBVA Banco Frances, SA	DI	
	0113-Banco Industrial de Bilbao, SA	DI		PSA Finance Argentina Compañía Fina (*)	OCI	
	0121-Banco Occidental, SA	DI	Brazil	BBVA Brasil Banco de Investimento,	DI	
	0129-BBVA Banco de Financiación, SA	DI	Chile	Banco Bilbao Vizcaya Argentaria Chi	DI	
	0132-Banco de Promoción de Negocios	DI		Forum Servicios Financieros, SA (*)	OCI	
	0227-UNOE Bank, SA	DI		Gente BBVA, SA	OCI	
	8321-Iberdrola Servi. Finan. EFC, SA	OCI		BBVA Factoring Limitada (Chile)	OCI	

				Colombia	BBVA Colombia, SA	DI	
					BBVA Leasing SA Compañía de Finan	OCI	
				US	Compass Bank	DI	
					Compass Southwest, Lp	DI	
					Homeowners Loan Corporation	OCI	
					Compass Auto Receivables Corporatio	OCI	
					Compass Texas Mortgagefinancing, In	OCI	
					Compass Mortgage Corporation	OCI	
					Compass Mortgage Financing, Inc.	OCI	
					Phoenix Loan Holdings, Inc.	OCI	
					Stavis Margolis Advisory Services,	OCI	
				Ireland	BBVA Ireland Public Limited Company	OCI	
				Italy	BBVA Finance SPA.	OCI	
					BBVA Finanzia, SPA	OCI	
				Mexico	BBVA Bancomer, SA Dec.V.	DI	
					Hipotecaria Nacional, SA de CV	OCI	
					Financiera Ayudamos SA de CV, S	OCI	
				Panama	Banco Bilbao Vizcaya Argentaria (Pa	DI	
				Paraguay	BBVA Paraguay, SA	DI	
				Peru	Banco Continental, SA	DI	
				Portugal	Banco Bilbao Vizcaya Argentaria (Po	DI	
					BBVA Leasimo - Sociedade de Locaçao	OCI	
					BBVA Instituiçao Financeira de Cred	OCI	
				Puerto Rico	Banco Bilbao Vizcaya Argentaria Pue	DI	
				Switzerland	BBVA Suiza, SA (BBVA Switzerland)	DI	
				Uruguay	Banco Bilbao Vizcaya Argentaria Uru	DI	
				Venezuela	Banco Provincial SA - Banco Unive	DI	
	Barclays SA Group						
	Barclays PLC (UK)	**DI**					
	0065-Barclays Bank, SA	DI					
	8905-Barclays Factoring, SA, EFC	OCI					
	Citibank Group						
	Citigroup Inc (US)	**DI**					
	0122-Citibank España, SA	DI					
	8818-Citifin, SA, EFC	OCI					

OTHER GROUPS OF BANKS (institutions whose group includes only one credit institution supervised by the Banco de España)

	0011-Allfunds Bank, SA	DI			Consolidated proportionally with SCH Group		
	0042-Banco Guipuzcoano, SA	DI					
MG	0061-Banca March, SA	DI					
	0078-Banca Pueyo, SA	DI					
	0142-Bco. Pequeña y Med. Empresa	DI	(A)				
	0188-Banco Alcalá, SA	DI					
	0198-Banco Cooperativo Español, SA	DI					
	0211-EBN Banco de Negocios, SA	DI					
	0232-Banco Inversis, SA	DI					
	0234-Banco Caminos, SA	DI					
	1000-Instituto de Crédito Oficial	OCI					
	0019-Deutsche Bank, SAE	DI	(A)	Germany	Parent: Deutsche Bank, AG	DI	(A)
	0058-BNP Paribas España, SA	DI		France	Parent: BNP Paribas, SA	DI	
	0094-RBC Dexia Investor Services España	DI		UK	Parent: RBC Dexia Investor Services Limited		
	0130-Banco Caixa Geral, SA	DI	(A)	Portugal	Parent: Caixa Geral de Depositos	DI	(A)
	0138-Bankoa, SA	DI		France	Parent: CRCAM Pyrenees Gascogne	DI	
	0186-Banco de Finanzas e Inversiones	DI		Italy	Parent: Grupo Mediolanum SPA		
	0200-Privat Bank Degroof, SA	DI		Belgium	Parent: Banque Degroof, SA	DI	
	0217-Banco Halifax Hispania, SA	DI		UK	Parent: Hbos PLC	DI	
	0223-General Electric Capital Bank, SA (**)	DI		US	Parent: General Electric Capital Corp. (**)		
	0225-Banco Cetelem, SA	DI		France	Parent: BNP Paribas	DI	
	0226-UBS Bank SA	DI		Switzerland	Parent: UBS AG	DI	

SAVING BANKS

MG	**MP Córdoba Group**	
	2024-Caja de Ahorros y MP de Córdoba (Spain)	**DI**
	0184-Banco Europeo de Finanzas, SA (*)	DI
	8612-Comerciantes Reunidos del Sur, SA	OCI

MG	**Caja Granada Group**					
	2031-Caja General de Ahorros de Granada (Spain)	**DI**				
	0184-Banco Europeo de Finanzas, SA (*)	DI				
MG	**Caja Madrid Group**					
	2038-Caja de Ahorros y MP de Madrid (Spain)	**DI**				
	0063-Banco Ser. Fin. Caja Madrid-Mapfre (*)	DI	US	City National Bancshares, Inc	DI	
	0099-Altae Banco, SA	DI		City National Bank of Florida	DI	
	0125-Bancofar, SA (*)	DI	Mexico	Finanmadrid México, SA de CV (*)	OCI	
	4837-Madrid Leasing Corporación, SA (*)	OCI				
	8793-Finanmadrid, SA, EFC (*)	OCI				
MG	**Caja Asturias Group**					
	2048-Caja de Ahorros de Asturias (Spain)	**DI**				
	0115-Banco Liberta, SA	DI				
MG	**Caja Baleares Group**					
	2051-Caja de Ahorros y MP de Baleares (Spain)	**DI**				
	4838-SA Nostra de Inversiones, EFC, SA	OCI				
MG	**Caja Cantabria Group**					
	2066-C. Ahorros de Santander y Cantabria (Spain)	**DI**				
	4819-Bancantabria Inversiones, SA, EFC	OCI				
MG	**Bancaja Group**					
	2077-Bancaja (Spain)	**DI**				
	0093-Banco de Valencia, SA	DI				
	8825-Adquiera Servicios Financieros EFC,	OCI				
	Caixa Vigo Group					
	2080-Caixa Vigo, Ourense e Pontevedra (Spain)	**DI**				
	0046-Banco Gallego, SA	DI				
MG	**Ibercaja Group**					
	2085-Ibercaja (Spain)	**DI**				
	4832-Ibercaja Leasing y Financiación	OCI				
MG	**C. Mediterráneo Group**					
	2090-Caja de Ahorros del Mediterráneo (Spain)	**DI**				
	8824-Camge Financiera, EFC, SA	OCI	Mexico	Crédito Inmobiliario SA de Cv	DI	(A)
MG	**Caja Galicia Group**					
	2091-Caja de Ahorros de Galicia (Spain)	**DI**				
	8240-Cxg Creto Familiar Cor Caixagalicia	OCI				
	Caja Jaén Group					
	2092-Caja Provincial de Ahorros de Jaén (Spain)	**DI**				
	0184-Banco Europeo de Finanzas, SA (*)	DI				
MG	**BBK Group**					
	2095-Bilbao Bizkaia Kutxa (Spain)	**DI**				
	4809-Adefisa Leasing, EFC, SA	OCI	France	Arca, SA	DI	
	8830-Bbkge Kredit EFC, SA	OCI				
FC	**La Caixa Group**					
	2100-C. Ahorros y Pensiones de Barcelona (Spain)	**DI**				
	0133-Microbank de la Caixa, SA	DI	France	Recouvrements Dulud, SAS	OCI	
	8221-Corporación Hipotecaria Mutual	OCI				
	8776-Finconsum, EFC, SA	OCI				
	8788-Financiacaixa 2, EFC, SA	OCI				
MG	**Caja Guipuzkoa Group**					
	2101-Caja Ahorros Gipuzkoa y S. Sebastian (Spain)	**DI**				
	0059-Banco de Madrid, SA	DI				
	8811-Grupo Serv. Hip. On-Line, EFC, SA	OCI				

MG	**Unicaja Group**		
	2103-Unicaja (Spain)	**DI**	
	0184-Banco Europeo de Finanzas, SA (*)	DI	
MG	**Cajasol Group**		
	2106-MPCA S. Fernando de Huelva Jerez (Spain)	**DI**	
	0184-Banco Europeo de Finanzas, SA (*)	DI	
	8596-Unión Cto. Fin. Mob. Inm. Credifimo	OCI	

OTHER GROUPS OF SAVING BANKS (institutions whose group includes only one credit institution supervised by the Banco de España)

	2000-Confed. Española Cajas de Ahorros	DI
MG	2010-MP y Caja Gral. Badajoz	DI
MG	2013-Caixa d'Estalvis de Catalunya	DI
	2017-Círculo Católico Obreros de Burgos	DI
MG	2018-Caja de Ahorros Municipal de Burgos	DI
	2030-Caixa d'Estalvis de Girona	DI
	2032-Caja de Ahorro Prov. de Guadalajara	DI
	2037-Caja de Ahorros de la Rioja	DI
	2040-Caixa d'Estalvis Comarcal Manlleu	DI
MG	2041-Caixa d'Estalvis de Manresa	DI
MG	2042-Caixa d'Estalvis Laietana	DI
MG	2043-Caja de Ahorros de Murcia	DI
	2045-Caja de Ahorros y MP Ontinyent	DI
MG	2052-Caja Insular de Ahorros de Canarias	DI
MG	2054-Caja de Ahorros y MP de Navarra	DI
	2056-Colonya-Caixa d'Estalvis Pollensa	DI
MG	2059-Caixa d'Estalvis de Sabadell	DI
MG	2065-Caja General de Ahorros de Canarias	DI
	2069-Caja Ahorros y Monte Piedad Segovia	DI
MG	2073-Caixa d'Estalvis de Tarragona	DI
MG	2074-Caixa d'Estalvis de Terrassa	DI
MG	2081-Caixa d'Estalvis del Penedes	DI
MG	2086-Caja Ahorros Inmaculada de Aragón	DI
	2094-Caja de Ahorros y MP de Ávila	DI
MG	2096-Caja España de Inversiones	DI
MG	2097-Caja de Ahorros de Vitoria y Álava	DI
	2099-Caja Ahorros y MP de Extremadura	DI
MG	2104-Caja Ahorros de Salamanca y Soria	DI
MG	2105-Caja Ahorros de Castilla-La Mancha	DI

CREDIT COOPERATIVES

MG	**Cajamar Group,** Institutional Protection Scheme (SIP)		
	3058-Cajamar Caja Rural, SCC (Spain)	**DI**	**(A)**
	3094-Caja Campo, Caja Rural, SCC	DI	(A)
	3137-Caja R. de Casinos SCCV	DI	(A)

OTHER GROUPS OF CREDIT COOPERATIVES (institutions whose group includes only one credit institution supervised by the Banco de España)

	3008-Caja R. de Navarra, SCC	DI
	3017-Caja R. de Soria, SCC	DI
	3021-Caja R. de Aragón, SCC	DI
MG	3025-Caixa C. dels Enginyers, SCC	DI
MG	3035-Caja Laboral Popular CC	DI
	3062-Caja R. de Ciudad Real, SCC	DI
	3067-C.R. de Jaén, Barna y Madrid, Scc	DI
	3081-Caja R. de Toledo, SCC	DI
	3084-Ipar Kutxa Rural, SCC	DI
	3085-Caja R. de Zamora, CC	DI
	3146-Caja de Crédito Cooperativo, SCC	DI
	3183-Caja de Arquitectos SCC	DI
	3189-Caja R. Aragonesa y de Los Pirineos	DI

SPECIALISED CREDIT INSTITUTIONS (SCIs)

Volkswagen Group	
Volkswagen AG (Germany)	
8307-Volkswagen Finance SA, EFC	OCI
8813-Scania Finance Hispania EFC, SA	OCI

GMAC España Group			
General Motors Corporation (US)			
8714-Gmac España SAF, EFC	OCI		
8827-Gmac Residential Funding Corporatio	OCI		
Carrefour Group			
Carrefour SA (France)			
8795-Servicios Financieros Carrefour, EFC	OCI		
8815-Finandia EFC, SA	OCI		

OTHER GROUPS OF SCIs (institutions whose group includes only one credit institution supervised by the Banco de España)

4713-Lico Leasing, SA, EFC	OCI		
8512-Unión Créditos Inmobiliarios	OCI		Consolidated proportionally with SCH Group
8769-Unión Financiera Asturiana, SA	OCI		
8807-Arafin EFC, SA	OCI		
8828-Ios Finance EFC, SA	OCI	Germany	Parent: Private Financing Initiatives SL

BANCO DE ESPAÑA PUBLICATIONS

Studies and reports

REGULAR

Annual Report (in Spanish and English)
Economic Bulletin (quarterly) (the Spanish version is monthly)
Estabilidad Financiera (half-yearly)
Financial Stability Report (in Spanish and English) (half-yearly)
Informe del Servicio de Reclamaciones (quarterly)
Memoria Anual sobre la Vigilancia de Sistemas de Pago (available only in electronic format on the website)
Memoria de la Central de Información de Riesgos (available only in electronic format on the website)
Memoria del Servicio de Reclamaciones (annual)
Mercado de Deuda Pública (annual)
Report on Banking Supervision in Spain (in Spanish and English) (annual)
Research Memorandum (in Spanish and English) (annual)
The Spanish Balance of Payments and International Investment Position (in Spanish and English) (annual)

NON-PERIODICAL

Central Balance Sheet Data Office: commissioned studies
Notas de Estabilidad Financiera

ECONOMIC STUDIES

70 OLYMPIA BOVER AND MARIO IZQUIERDO: Quality-adjusted prices: hedonic methods and implications for National Accounts (2001). (The Spanish original of this publication has the same number.)
71 MARIO IZQUIERDO AND M.ª DE LOS LLANOS MATEA: An approximation to biases in the measurement of Spanish macroeconomic variables derived from product quality changes (2001). (The Spanish original of this publication has the same number.)
72 MARIO IZQUIERDO, OMAR LICANDRO AND ALBERTO MAYDEU: Car quality improvements and price indices in Spain (2001). (The Spanish original of this publication has the same number.)
73 OLYMPIA BOVER AND PILAR VELILLA: Hedonic house prices without characteristics: the case of new multiunit housing (2001). (The Spanish original of this publication has the same number.)
74 MARIO IZQUIERDO AND M.ª DE LOS LLANOS MATEA: Hedonic prices for personal computers in Spain during the 90s (2001). (The Spanish original of this publication has the same number.)
75 PABLO HERNÁNDEZ DE COS: Empresa pública, privatización y eficiencia (2004).
76 FRANCISCO DE CASTRO FERNÁNDEZ: Una evaluación macroeconométrica de la política fiscal en España (2005).

ECONOMIC HISTORY STUDIES

41 LLUIS CASTAÑEDA PEIRÓN: El Banco de España (1874-1900): la red de sucursales y los nuevos servicios financieros (2001).
42 SEBASTIÁN COLL AND JOSÉ IGNACIO FORTEA: Guía de fuentes cuantitativas para la historia económica de España. Vol. II: Finanzas y renta nacional (2002).
43 ELENA MARTÍNEZ RUIZ: El sector exterior durante la autarquía. Una reconstrucción de las balanzas de pagos de España, 1940-1958. Revised edition (2003).
44 INÉS ROLDÁN DE MONTAUD: La banca de emisión en Cuba (1856-1898) (2004).
45 ALFONSO HERRANZ LONCÁN: La dotación de infraestructuras en España, 1844-1935 (2004).
46 MARGARITA EVA RODRÍGUEZ GARCÍA: Compañías privilegiadas de comercio con América y cambio político (1706-1765) (2005).
47 MARÍA CONCEPCIÓN GARCÍA-IGLESIAS SOTO: Ventajas y riesgos del patrón oro para la economía española (1850-1913) (2005).
48 JAVIER PUEYO SÁNCHEZ: El comportamiento de la gran banca en España, 1921-1974 (2006).
49 ELENA MARTÍNEZ RUIZ: Guerra Civil, comercio y capital extranjero. El sector exterior de la economía española (1936-1939) (2006).
50 ISABEL BARTOLOMÉ RODRÍGUEZ: La industria eléctrica en España (1890-1936) (2007).
51 JUAN E. CASTAÑEDA FERNÁNDEZ: ¿Puede haber deflaciones asociadas a aumentos de la productividad? Análisis de los precios y de la producción en España entre 1868 y 1914 (2007).

Note: The full list of each series is given in the Publications Catalogue.
All publications are available in electronic format, with the exception of miscellaneous publications and texts of the Human Resources Development Division.

52 CECILIA FONT DE VILLANUEVA: La estabilización monetaria de 1680-1686. Pensamiento y política económica (2008).

53 RAFAEL MORENO FERNÁNDEZ: Los servicios de inspección del Banco de España: su origen histórico (1867-1896) (2008).

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