

## 1 STRUCTURE AND EVOLUTION OF CREDIT INSTITUTIONS



## 1 Structure and evolution of credit institutions

### 1.1 Types of credit institution

At the end of 2008 there were 361 registered credit institutions (CIs), three more than in 2007 (see Table 1.1). Yet another year, this net increase was basically due to the continued opening of branches of foreign CIs. Specifically, 10 new branches were added, all from EU countries, and there was a deregistration due to absorption by Ixis Corporate & Investment Bank of Natixis, also from the EU. An electronic money institution was included in the register for the first time. There was a net decrease of seven institutions in other types of CIs.

In Spanish banks, the net decrease of four institutions was due to two processes of absorption and to the transformation of a credit cooperative (Caja Caminos) into a bank. Banco de Crédito to Balear, Banco de Castilla, Banco de Vasconia and Banco de Galicia, which belong to the Popular group, were absorbed by their parent, Banco Popular, and Banco de Depósitos absorbed Banco Condal.

The decrease of two credit cooperatives was due to the aforementioned transformation of Caja Caminos into Banco Caminos and to the effective removal from the official registers of C.R. del Duero, as a result of its absorption by C.R. Cajamar at the end of 2007.

The other movements were in the specialised financial institutions (SCIs) category, the subsidiaries of foreign banks and savings banks undergoing no change. There were two new registrations and three deregistrations of SCIs. Two of the deregistrations were due to absorptions, one between SCIs in which Santana Credit was absorbed by Santander Consumer, and the other by a foreign institution, in which the branch in Spain of UBI Banca International absorbed Financiera Veneta.

The market shares of credit institutions in the total balance sheet of business in Spain (see Chart 1.1.A) underwent the following changes: Spanish banks showed an increase of one percentage point at the expense of the other categories of institutions, basically savings banks and foreign branches. In regard to total business and the total balance sheet plus managed assets (see Chart 1.1.B), the changes in market share were even smaller.

### 1.2 Operating resources

The number of operational offices<sup>1</sup> of the 355 CIs active in 2008 increased slightly (1.2%) to 46,161 at the end of the year. Regarding the types of institutions, this increase was concentrated mainly in savings banks and credit cooperatives, with growth of 1.6% and 2.9%, respectively. In banks, the offices of subsidiaries and of foreign branches grew by around 6%, while Spanish banks reduced their operating network slightly by 0.4%. The SCI network shrank by 2.8%. However, mention should be made of the change of trend in June, centred on Spanish banks and savings banks. In the third quarter Spanish banks began to close branches (18) and continued to do so in the fourth quarter, in which 68 were closed. Savings banks joined this trend in the fourth quarter, with a decrease of 16 offices. Only credit cooperatives continued expanding their geographical network throughout the whole year.

The density of the office network remained at the high reached in 2007, namely 12 offices per 10,000 inhabitants over 16 years of age, bringing to a halt the successive increases seen up to now.

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1. Of the total institutions registered, only those effectively carrying on operations at the end of 2008 are considered here.

**CIs REGISTERED IN SPAIN, CONSOLIDATED GROUPS AND MIXED GROUPS**

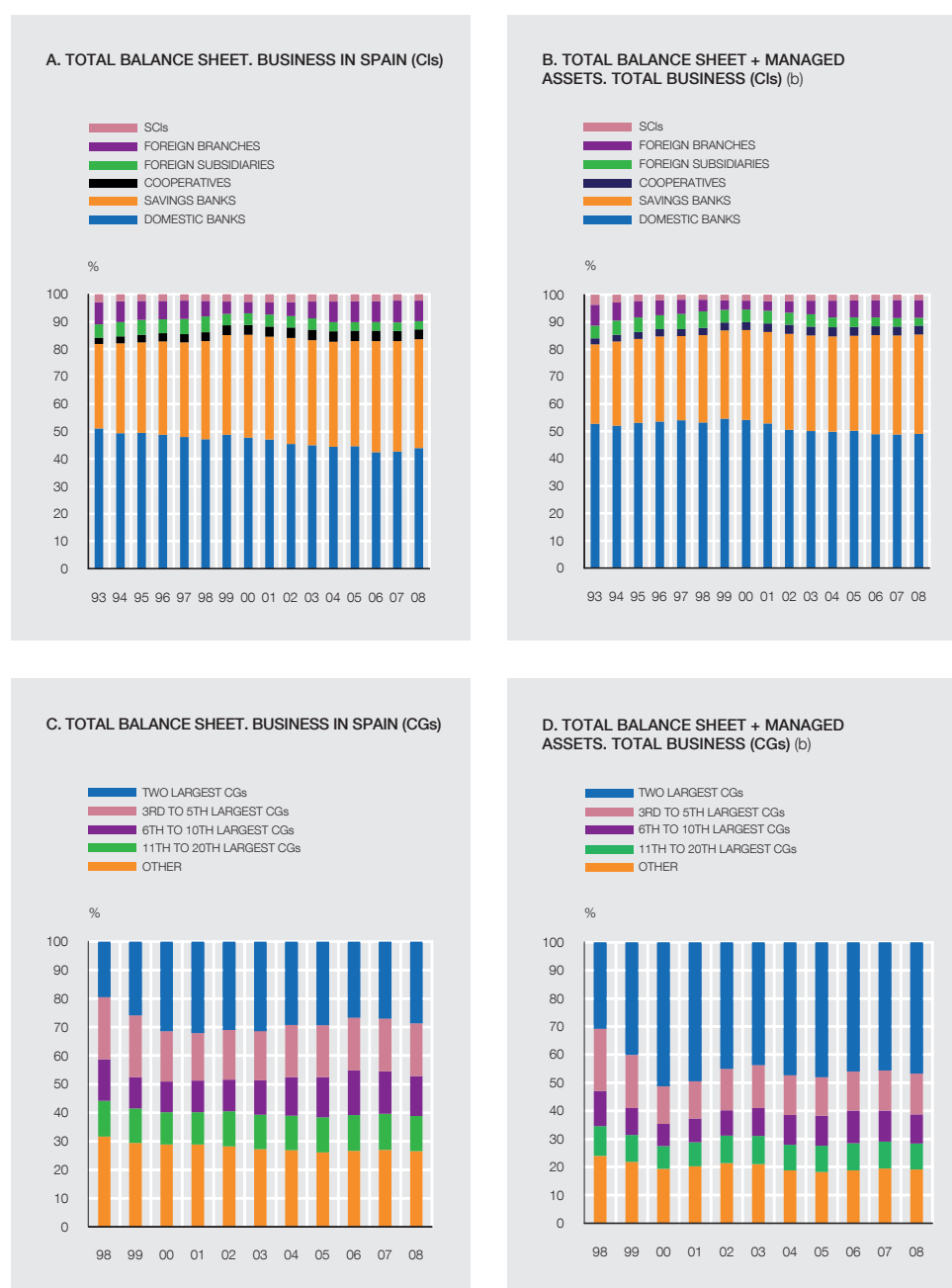
TABLE 1.1

Year-end data (number)

	2005	2006	2007	2008
<b>CREDIT INSTITUTIONS REGISTERED IN SPAIN (a)</b>	<b>350</b>	<b>355</b>	<b>358</b>	<b>361</b>
<b>Deposit institutions</b>	<b>272</b>	<b>276</b>	<b>282</b>	<b>285</b>
<b>Banks</b>	<b>140</b>	<b>144</b>	<b>151</b>	<b>156</b>
Domestic	53	54	53	49
Foreign	87	90	98	107
<i>Branches</i>	65	71	80	89
<i>Subsidiaries</i>	22	19	18	18
<b>Savings banks</b>	<b>47</b>	<b>47</b>	<b>46</b>	<b>46</b>
<b>Cooperatives</b>	<b>85</b>	<b>85</b>	<b>85</b>	<b>83</b>
<b>Specialised credit institutions</b>	<b>78</b>	<b>79</b>	<b>76</b>	<b>75</b>
<b>Electronic money institutions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
MEMORANDUM ITEMS:				
<b>Mergers and acquisitions (b)</b>	<b>3</b>	<b>2</b>	<b>7</b>	<b>4</b>
Between banks	1	1	3	2 (7)
Between saving banks	—	—	1	—
Between credit cooperatives	—	—	1	—
Between SCIs	1	—	—	1
SCIs acquired by or merged with deposit institutions	1	1	2(4)	1
<b>CONSOLIDATED GROUPS EXISTING AT YEAR-END (c)</b>	<b>95</b>	<b>99</b>	<b>101</b>	<b>99</b>
Parent credit institution	83	86	88	87
<i>Spanish banks</i>	13	13	14	16
<i>Savings banks</i>	46	47	46	46
<i>Cooperatives</i>	13	16	18	15
<i>Specialised credit institutions</i>	—	—	1	1
<i>Foreign CIs</i>	11	10	9	9
Other consolidated groups	12	13	13	12
<i>Spanish parent</i>	6	6	6	6
<i>Foreign parent</i>	6	7	7	6
<b>MIXED GROUPS AND FINANCIAL CONGLOMERATES</b>	<b>36</b>	<b>42</b>	<b>43</b>	<b>43</b>
Supervised by Banco de España	33	40	41	41
Supervised by DGS including CIs	3	2	2	2
MEMORANDUM ITEM:				
Bank offices abroad	8.680	8.664	9.493	10.661

SOURCE: Banco de España. Data available at 30 March 2009.

- 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. A consolidated group (CG) is considered as such provided it includes, in addition to the parent (or failing this the reporting institution), another or other fully or proportionally consolidated financial institutions. The CG classification is given by the nature and nationality of the parent (ultimate holder).



SOURCE: Banco de España. Data available at 6 April 2009.

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.

The number of bank offices abroad of consolidated groups increased significantly by 12.3% to stand at 10,661. That said, 96% of this increase was accounted for by the Santander group due to acquisitions of foreign institutions in 2008.

The headcount of serving employees of credit institutions grew slightly (0.4%) as a result of an increase of 3.6% in central services staff and a decrease of 0.7% in office network staff. The decrease in office network staff was concentrated, as in 2007, in Spanish banks (–6.5%), which continued to strengthen their central services while at the same time undertaking the aforementioned downsizing of their operational network. Savings banks continue to increase

office staff numbers, although at rates well below those of the previous year (1.8% against 6.6%).

As a result of the aforementioned opposing tendencies at Spanish banks and savings banks in the number of operational offices and in the office network staff, the number of staff per office of these two types of institutions continue to converge. In national banks it decreased to 4.9 employees per office and in savings banks it held at the level of 4.3 employees per office reached in 2007. In CIs as a whole, the number of staff per office held at 4.4, with a decrease of 0.1 pp with respect to the previous year.

The increase in the number of agents seen in the last few years reversed in 2008, with a decrease of 9% to 10,783. The subsidiaries of foreign banks, which account for 55% of CI agents, reduced their number of agents by 11% and Spanish banks reduced theirs by 8%.

The ATM network increased yet another year. In 2008 it expanded more slowly (1.9%) than in previous years, with 1,119 new ATMs. At end-2008, the ratio of ATMs per 10,000 inhabitants was 16.0, with an annual increase of 0.1 pp. The institutions most active in enlarging their ATM network were: foreign subsidiaries, with an increase of 10%, and credit cooperatives, with the rise of 5%. Spanish banks, in step with the closure of operational offices, removed 0.3% of their ATMs.

Point-of-sale (POS) terminals expanded further to more than 1.4 million for total CIs. The overall pace of increase of 4.5% was fairly similar to that of Spanish banks (4.7%), savings banks (4.2%) and credit cooperatives (4.4%).

The number of credit and debit cards increased slightly more quickly than in the previous year, by 5.8% against 4.6%. The number of cards rose to 99.6 million, equivalent to 2.6 cards per inhabitant over 16 years of age. The growth was concentrated in all categories of banks, in credit cooperatives and in SCIs, with growth rates between 7% and 10%, while savings banks saw a change of 1.2%.

### 1.3 Consolidated groups

At end-2008 there were 99 consolidated groups (CGs),<sup>2</sup> two fewer than at end-2007. This net decrease resulted from the following deregistrations and new registrations. CGs of Spanish banks saw two new registrations, namely Banco Cetelem and Banco Caminos, the latter due to conversion from a credit cooperative. The number of savings bank CGs did not change with respect to 2007, remaining at 46, the same as the existing savings banks. The number of consolidated groups of credit cooperatives decreased by three, due to the deregistrations of C.R. de Almendralejo and Credit Valencia and the aforementioned conversion of Caja Caminos into a bank. There were no movements in groups with an SCI parent. Lastly, the groups headed by a parent other than a credit institution underwent, in net terms, one deregistration, as a result of the deregistrations of ING Lease and the Scania group and the registration of the Volkswagen group.

The number of mixed groups (MGs) and financial conglomerates (FCs)<sup>3</sup> amounted to 43, of which only two are supervised by the Directorate General of Insurance (Bilbao Hipotecaria S.A. and the Bankpyme group). The total number remained unchanged in the year, although there were three new registrations which were offset by the same number of deregistrations.

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2. 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. 3. Mixed groups and financial conglomerates, which include both credit institutions and insurance undertakings, are governed by the provisions of Royal Decree 1332/2005 of 11 November 2005, which implements Law 5/2005 of 22 April 2005 on the supervision of financial conglomerates.

At the end of the year there were six financial conglomerates (Santander, BBVA, Bankpyme, Caixa Terrassa, La Caixa and Caixa Sabadell), one fewer than in 2007, due to the deregistration of Caja Madrid.

