

**KEY FACTS: 50 FINANCIAL SYSTEM INDICATORS – FUNCAS**Updated: September 15<sup>th</sup>, 2014**Highlights**

| Indicator  | Last value available | Corresponding to: |
|--|----------------------|-------------------|
| Bank lending to other resident sectors (monthly average % var.)  | 0.5                  | June 2014         |
| Other resident sectors' deposits in credit institutions (monthly average % var.)                           | 0.9                  | June 2014         |
| Doubtful loans (monthly % var.)  | -2.0                 | June 2014         |
| Recourse to the Eurosystem (Eurozone financial institutions, million euros)                                | 483,061              | August 2014       |
| Recourse to the Eurosystem (Spanish financial institutions, million euros)                                 | 162,54               | August 2014       |
| Recourse to the Eurosystem (Spanish financial institutions million euros)- Main L/T refinancing operations | 37,585               | August 2014       |
| Operating expenses/gross operating income ratio (%)  | 46.86                | March 2014        |
| Customer deposits/employees ratio (thousand euros)   | 5,428.87             | March 2014        |
| Customer deposits/branches ratio (thousand euros)  | 34,800.14            | March 2014        |
| Branches/institutions ratio  | 215.77               | March 2014        |

**A. Money and interest rates**

| Indicator  | Source:       | Average 1998-2011 | 2012 | 2013 | 2014 August | 2014 September | Definition and calculation   |
|--|---------------|-------------------|------|------|-------------|----------------|--|
| 1. Monetary Supply (%chg.)                           | ECB           | 6.0               | 3.0  | 2.3  | 2.5         | -              | M3 aggregate change (non-stationary)   |
| 2. Three-month interbank interest rate               | Bank of Spain | 2.9               | 0.6  | 0.22 | 0.18        | 0.10           | Daily data average   |
| 3. One-year Euribor interest rate (from 1994)        | Bank of Spain | 3.1               | 1.1  | 0.54 | 0.46        | 0.38           | End-of-month data  |
| 4. Ten-year Treasury bonds interest rate (from 1998) | Bank of Spain | 4.5               | 5.8  | 4.6  | 2.14        | 5.6            | Market interest rate (not exclusively between account holders)                   |
| 5. Corporate bonds average interest rate             | Bank of Spain | 4.5               | 5.8  | 3.9  | 2.04        | -              | End-of-month straight bonds average interest rate (> 2 years) in the AIAF market |

*Comment on "Money and Interest Rates": There has been a significant reduction in interbank rates during the first fortnight of September. The 3-month Euribor rate fell to 0.10% while the 1-year Euribor rate decreased to 0.38%. This evolution is mainly explained by the surprising action undertaken by the European Central Bank by reducing the reference rates, and also by announcing non-standard monetary policy actions such as a (securitized) asset purchase program. As for the Spanish 10-year bond yield, it has increased during this period to 2.33%.*

## B. Financial markets

| Indicator  | Source:                                 | Average<br>1998-2011 | 2012    | 2013     | 2014<br>June | 2014<br>July          | Definition<br>and calculation   |
|--|---|----------------------|---------|----------|--------------|-----------------------|---|
| 6. Outright spot treasury bills transactions trade ratio                       | Bank of Spain                           | 24.5                 | 84.7    | 82.9     | 77.4         | 68.4                  | (Traded amount/<br>outstanding balance)<br>x100 in the market (not<br>exclusively between<br>account holders) |
| 7. Outright spot government bonds transactions trade ratio                     | Bank of Spain                           | 79.8                 | 64.8    | 61.2     | 73.4         | 87.6                  | (Traded amount/<br>outstanding balance)<br>x100 in the market (not<br>exclusively between<br>account holders) |
| 8. Outright forward treasury bills transactions trade ratio                    | Bank of Spain                           | 0.6                  | 1.7     | 1.9      | 1.9          | 0.7                   | (Traded amount/<br>outstanding balance)<br>x100 in the market (not<br>exclusively between<br>account holders) |
| 9. Outright forward government bonds transactions trade ratio                  | Bank of Spain                           | 4.4                  | 2.2     | 3.2      | 7.1          | 3.7                   | (Traded amount/<br>outstanding balance)<br>in the market (not<br>exclusively between<br>account holders)      |
| 10. Three-month maturity treasury bills interest rate                          | Bank of Spain                           | 2.7                  | 0.6     | 0.2      | 0.1          | 0.1                   | Outright transactions<br>in the market (not<br>exclusively between<br>account holders)                        |
| 11. Government bonds yield index (Dec1987=100)                                 | Bank of Spain                           | 593.8                | 751.1   | 846.3    | 957.6        | 966.6                 | Outright transactions<br>in the market (not<br>exclusively between<br>account holders)                        |
| 12. Madrid Stock Exchange Capitalization (monthly average % chg.)              | Bank of Spain and Madrid Stock Exchange | 0.5                  | 0.6     | 2.3      | 0.9          | -0.8                  | Change in the total<br>number of resident<br>companies  |
| 13. Stock market trading volume. Stock trading volume (monthly average % var.) | Bank of Spain and Madrid Stock Exchange | 4.2                  | -24.8   | 0.4      | 4.5          | 19.4                  | Stock market trading<br>volume. Stock trading<br>volume: change in total<br>trading volume                    |
| 14. Madrid Stock Exchange general index (Dec1985=100)                          | Bank of Spain and Madrid Stock Exchange | 1,029.6              | 824.7   | 1,011.98 | 1,116.05     | 1,105.3 <sup>a</sup>  | Base 1985=100   |
| 15. Ibex-35 (Dec1989=3000)   | Bank of Spain and Madrid Stock Exchange | 9,989.3              | 7,583.2 | 8,715.6  | 10,923.5     | 10,841.3 <sup>a</sup> | Base dec1989=3000   |
| 16. Madrid Stock Exchange PER ratio (share value/ profitability)               | Bank of Spain and Madrid Stock Exchange | 16.1                 | 18.2    | 33.1     | 28.6         | 21.2                  | Madrid Stock Exchange<br>Ratio "share value/<br>capital profitability"  |

## B. Financial markets (continued)

| Indicator  | Source:                                 | Average<br>1998-2011 | 2012  | 2013  | 2014<br>June | 2014<br>July | Definition<br>and calculation         |
|--|---|----------------------|-------|-------|--------------|--------------|---------------------------------------|
| 17. Long-term bonds. Stock trading volume (%chg.)            | Bank of Spain and Madrid Stock Exchange | 3.4                  | -15.1 | -23.5 | -9.2         | 65.1         | Variation for all stocks              |
| 18. Commercial paper. Trading balance (%chg.)                | Bank of Spain and AIAF                  | 2.0                  | 73.9  | 80.7  | -4.9         | -1.3         | AIAF fixed-income market              |
| 19. Commercial paper. Three-month interest rate              | Bank of Spain and AIAF                  | 2.9                  | 2.4   | 2.4   | 0.5          | 0.5          | AIAF fixed-income market              |
| 20. IBEX-35 financial futures concluded transactions (%chg.) | Bank of Spain                           | 0.8                  | -10.8 | 15.8  | 0.9          | -8.3         | IBEX-35 shares concluded transactions |
| 21. IBEX-35 financial options concluded transactions (%chg.) | Bank of Spain                           | 7.8                  | 54.1  | -22.8 | 88.6         | -45.8        | IBEX-35 shares concluded transactions |

(a) Last data published: September 15<sup>th</sup>, 2014.

Comment on "Financial Markets": During the last month, there has been an increase in transactions with outright spot T-bills, and of spot government bonds transactions of 68.4% and 87.6%, respectively. The stock market has lost some momentum in the first fortnight of September, with the IBEX-35 falling to 10,841 points, and the General Index of the Madrid Stock Exchange at 1,105. Additionally, there was an 8.3% fall in financial IBEX-35 future transactions and a 45.8% decrease in transactions of IBEX-35 financial options.

## C. Financial Savings and Debt

| Indicator   | Source:       | Average<br>2004-2010 | 2011  | 2012  | 2013<br>Q IV | 2014<br>Q I | Definition<br>and calculation  |
|---|---------------|----------------------|-------|-------|--------------|-------------|--|
| 22. Net Financial Savings/GDP (National Economy)                            | Bank of Spain | -6.7                 | -3.4  | -0.2  | 1.5          | 1.1         | Difference between financial assets and financial liabilities flows over GDP                       |
| 23. Net Financial Savings/GDP (Households and non-profit institutions)      | Bank of Spain | 0.6                  | 3.1   | 1.3   | 3.4          | 2.6         | Difference between financial assets and financial liabilities flows over GDP                       |
| 24. Debt in securities (other than shares) and loans/GDP (National Economy) | Bank of Spain | 256.1                | 293.3 | 311.9 | 328.6        | 332.7       | Public debt, non-financial companies debt and households and non-profit institutions debt over GDP |

## C. Financial Savings and Debt (continued)

| Indicator   | Source:       | Average<br>2004-2010 | 2011 | 2012 | 2013<br>Q IV | 2014<br>Q I | Definition<br>and calculation                           |
|---|---------------|----------------------|------|------|--------------|-------------|---|
| 25. Debt in securities (other than shares) and loans/GDP (Households and non-profit institutions)   | Bank of Spain | 79.3                 | 82.2 | 78.9 | 77.1         | 76.0        | Households and non-profit institutions debt over GDP    |
| 26. Households and non-profit institutions balance: financial assets (quarterly average %chg.)      | Bank of Spain | 5.0                  | -0.1 | 2.9  | 4.2          | 1.6         | Total assets percentage change (financial balance)      |
| 27. Households and non-profit institutions balance: financial liabilities (quarterly average %chg.) | Bank of Spain | 9.9                  | -0.5 | -0.7 | -1.3         | -1.3        | Total liabilities percentage change (financial balance) |

*Comment on "Financial Savings and Debt": During 2014Q1, there was a 1.1% increase in financial savings to GDP in the overall economy. There was also an increase in households' financial deleveraging, with the debt to GDP ratio falling to 76.0%. Finally, the stock of financial assets on households' balance sheets registered an increase of 1.6%, while there was a 1.3% drop in the stock of financial liabilities, thereby increasing households' financial wealth.*

## D. Credit institutions. Business Development

| Indicator   | Source:       | Average<br>1998-2011 | 2012  | 2013 | 2014<br>May | 2014<br>June | Definition<br>and calculation  |
|---|---------------|----------------------|-------|------|-------------|--------------|--|
| 28. Bank lending to other resident sectors (monthly average % var.)   | Bank of Spain | 12.8                 | -10.4 | -9.5 | -0.8        | 0.5          | Lending to the private sector percentage change for the sum of banks, savings banks and credit unions  |
| 29. Other resident sectors' deposits in credit institutions (monthly average % var.)  | Bank of Spain | 10.6                 | -1.8  | 1.3  | 1.0         | 0.9          | Deposits percentage change for the sum of banks, savings banks and credit unions   |
| 30. Debt securities (monthly average % var.)  | Bank of Spain | 10.0                 | 23.2  | -5.1 | 1.2         | -1.2         | Asset-side debt securities percentage change for the sum of banks, savings banks and credit unions   |
| 31. Shares and equity (monthly average % var.)  | Bank of Spain | 16.4                 | 3.1   | 8.9  | -0.8        | -6.2         | Asset-side equity and shares percentage change for the sum of banks, savings banks and credit unions   |
| 32. Credit institutions. Net position (difference between assets from credit institutions and liabilities with credit institutions) (% of total assets) | Bank of Spain | -0.8                 | -9.0  | -5.9 | -6.9        | -6.6         | Difference between the asset-side and liability-side "Credit System" item as a proxy of the net position in the interbank market (month-end) |

## D. Credit institutions. Business Development (continued)

| Indicator   | Source:       | Average<br>1998-2011 | 2012  | 2013 | 2014<br>May | 2014<br>June | Definition<br>and calculation   |
|---|---------------|----------------------|-------|------|-------------|--------------|---|
| 33. Doubtful loans (monthly average % var.)               | Bank of Spain | 34.9                 | 20.0  | 17.8 | -1.2        | -2.0         | Doubtful loans. Percentage change for the sum of banks, savings banks and credit unions.                              |
| 34. Assets sold under repurchase (monthly average % var.) | Bank of Spain | -3.3                 | 0.3   | 6.5  | -10.4       | 19.0         | Liability-side assets sold under repurchase. Percentage change for the sum of banks, savings banks and credit unions. |
| 35. Equity capital (monthly average % var.)               | Bank of Spain | 11.3                 | -12.1 | 19.6 | -0.1        | -3.9         | Equity percentage change for the sum of banks, savings banks and credit unions.                                       |

*Comment on "Credit institutions. Business Development": The latest available data as of June 2014 show a 0.5% increase in bank credit to the private sector and also a 0.9% growth in financial institutions' deposit-taking from the previous month. Holdings of debt securities have decreased by 1.2% while shares and equity have fallen by 6.2%. Also, doubtful loans decreased 2% compared to the previous month.*

## E. Credit institutions. Market Structure and Eurosystem Refinancing

| Indicator  | Source:       | Average<br>1997-2010 | 2011    | 2012    | 2013<br>December | 2014<br>March        | Definition<br>and calculation   |
|--|---------------|----------------------|---------|---------|------------------|----------------------|---|
| 36. Number of Spanish credit institutions  | Bank of Spain | 215                  | 189     | 173     | 155              | 154                  | Total number of banks, savings banks and credit unions operating in Spanish territory |
| 37. Number of foreign credit institutions operating in Spain                           | Bank of Spain | 66                   | 86      | 85      | 86               | 84                   | Total number of foreign credit institutions operating in Spanish territory            |
| 38. Number of employees  | Bank of Spain | 249,013              | 243,041 | 231,389 | 212,998          | -                    | Total number of employees in the banking sector                                       |
| 39. Number of branches   | Bank of Spain | 40,987               | 39,843  | 37,903  | 33,713           | 33,414               | Total number of branches in the banking sector  |
| 40. Recourse to the Eurosystem (total Eurozone financial institutions) (Euro millions) | Bank of Spain | 374,777              | 394,459 | 884,094 | 665,849          | 483,061 <sup>a</sup> | Open market operations and ECB standing facilities. Eurozone total                    |
| 41. Recourse to the Eurosystem (total Spanish financial institutions) (Euro millions)  | Bank of Spain | 33,956               | 118,861 | 337,206 | 201,865          | 162,546 <sup>a</sup> | Open market operations and ECB standing facilities. Spain total                       |

## E. Credit institutions. Market Structure and Eurosystem Refinancing (continued)

| Indicator  | Source:       | Average<br>1997-2010 | 2011   | 2012   | 2013<br>December | 2014<br>March       | Definition<br>and calculation  |
|--|---------------|----------------------|--------|--------|------------------|---------------------|--|
| 42. Recourse to the Eurosystem (total Spanish financial institutions): main long term refinancing operations (Euro millions) | Bank of Spain | 18,808               | 47,109 | 44,961 | 19,833           | 37,585 <sup>a</sup> | Open market operations: main long term refinancing operations. Spain total |

(a) Last data published: August 2014.

Comment on "Credit institutions. Market Structure and Eurosystem Refinancing": In August 2014, the recourse to Eurosystem funding by Spanish credit institutions accounted for 33.64% of net total funds borrowed from the ECB by the Eurozone. This means a 1,852 million increase in the recourse to the Eurosystem by Spanish banks from July.

## F. Credit institutions. Efficiency and Productivity, Risk and Profitability

| Indicator  | Source:       | Average<br>1997-2010 | 2011      | 2012      | 2013<br>December | 2014<br>March | Definition<br>and calculation  |
|--|---------------|----------------------|-----------|-----------|------------------|---------------|--|
| 43. "Operating expenses/gross operating income" of Spain ratio | Bank of Spain | 54.53                | 49.85     | 47.18     | 48.25            | 46.86         | Operational efficiency indicator. Numerator and denominator are obtained directly from credit institutions' P&L accounts |
| 44. "Customer deposits/employees" ratio (Euro thousands)       | Bank of Spain | 2,721.97             | 4,512.30  | 4,701.87  | 5,025.81         | 5,428.87      | Productivity indicator (business by employee)  |
| 45. "Customer deposits/branches" ratio (Euro thousands)        | Bank of Spain | 16,424.04            | 29,171.23 | 30,110.18 | 34,494-65        | 34,800.14     | Productivity indicator (business by branch)  |
| 46. "Branches/institutions" ratio                              | Bank of Spain | 193.19               | 205.38    | 219.09    | 217.50           | 215.77        | Network expansion indicator  |
| 47. "Employees/branches" ratio                                 | Bank of Spain | 6.08                 | 6.5       | 6.9       | 6.9              | 6.4           | Branch size indicator  |
| 48. Equity capital (monthly average % var.)                    | Bank of Spain | 0.10                 | 0.40      | -0.12     | 1.63             | 2.03          | Credit institutions equity capital variation indicator   |
| 49. ROA  | Bank of Spain | 0.88                 | 0.06      | -1.93     | 0.14             | 0.29          | Profitability indicator, defined as the "pre-tax profit/average total assets"  |
| 50. ROE  | Bank of Spain | 13.23                | 3.28      | -18.74    | 1.87             | 3.69          | Profitability indicator, defined as the "pre-tax profit/equity capital"  |

Comment on "Credit institutions. Efficiency and Productivity, Risk and Profitability": In March 2014, most of the profitability and efficiency indicators improved for Spanish banks although they still face a tough business and macroeconomic environment as in most of the Euro area countries. Productivity indicators have also improved due to the restructuring process of the Spanish banking sector.