

Consorted cooperation activities



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Introduction

Product of the joint work and mutual collaboration between Basque Savings Banks, various joint companies have been constituted in various spheres such as intermediation in the capital market, in the insurance and welfare field, in computer services and in other specialized areas.

Capital market

Norbolsa S.V.B. Equity markets displayed a divergent evolution in 2010 between the USA (Dow Jones +11%), S&P (+12%) and Europe (Eurostoxx -5.3%) and within the European market this divergence was visible between the "core" countries (Germany +16.1%) and periphery countries (Spain -17.4%).

In this complicated context, Norbolsa closed the 2010 year with a positive result: pre-tax profits of 1,668,786 € and net profits of 1,461,678 €, which implied an ROE of 9.5%.

With a total intermediation volume of 10,500 million €, 13,026 million euros, Norbolsa was listed third on the Bilbao Stock Exchange with a market share of 4.3%. In terms of the variable income contracted in the SIBE (Integrated Electronic Stock Exchange System), Norbolsa brokered a volume of 3,179 million € during 2010 which was almost identical to the 2009 SIBE volume.

During 2010, two significant corporate actions were carried out: the first consisted in designating the agent entity for the Iberdrola Flexible Dividend operation and the second in leading three institutional Basque Government public debt issues to the overall sum of 422 million €.

In a complex environment, Norbolsa reaffirmed the validity of its position as a specialist value added investment service provider and currently presents a financially strong and good competitive position in the stock company sector.



Insurance and pensions

Biharko Vida y Pensiones, Compañía de Seguros y Reaseguros S.A.

The Company's mission is to offer life insurance and also to handle pension plans and voluntary protection schemes. Its distribution channels are the branches of the three Savings Banks which are shareholders in the Company.

The number of premiums amounted to 59.81 million €, with an increase of 22% in relation to the previous financial year. The number of policies stood at 251,094. The volume of saving managed stood at 526 million €.

In its activity of managing pension plans and voluntary social protection schemes, Biharko Vida y Pensiones administered assets of 463 million € corresponding to 18 pension plans and 5 voluntary social protection schemes, with 55,521 contributors.

The pre-tax result of the financial year totalled 7.2 million euros.

Biharko Aseguradora

Biharko Aseguradora's main product is comprehensive home insurance and their activity consolidated the favourable behaviour of previous years. The number of policies managed reached 281,418, which was 4.7% higher than the previous year, and turnover stood at 58.4 million €, which was 31.5% higher than in 2009.

The pre-tax result reached the sum of 8.6 million €.



Computing services

Seriyor

This company attempts to respond to computing needs and in 2010 it developed various activities and projects.



In the area of means of payment, in addition to the activities of support and response to the demands of the corporate areas of the user Savings Banks, the service has successfully coped with (among other things) fraud detection and control and the incorporation of AMEX's acquisition. The project for upgrading the configuration of the application's hardware and software was also completed.

In relation to the self-service applications for the three Savings Banks, there was a continuation of the progressive compliance with the most demanding safety standards: PCI-DSS, anti-skimming devices, etc. Work was carried out on the technological upgrading of the application, the provision of top-ups for contactless smart transport cards and the incorporation of new batch data-entry devices.

Additionally, the new protected rent product, insurance campaigns and the improvement of statistical information and management modules were launched.

In relation to the Compensation Club, all the entities adhering to the SEPA subsystem were equipped with CORE and B2B direct debit schemes.

Seriyor continued to perform the tasks required for the different areas of their activity: direct debits, support, accountancy, funds, invoices, real estate promotions, etc. and Seriyor's own team was consolidated for eXpertis-platform applications. *tras sociedades*

Servatas

This company provides valuation services for the Basque Savings Banks.



In an environment of falling real-estate activity, a total number of 22,284 valuations were carried out during the 2010 financial year which represented turnover of 5,818 thousand €.

Of all the valuations carried out, 63% of these were carried out in the Basque Country, followed by 12% in Madrid. In 93% of cases, the purpose of the valuation was to secure a mortgage.

Luzaro

The social aim of Luzaro Establecimiento Financiero de Crédito, a public limited company promoted by the three Basque Savings Banks and other financial institutions in collaboration with the Basque government, is to grant long-term participatory loans in an attempt to consolidate the financial structure of Basque SMEs.

In 2010, operations to the sum of 37.7 million € were formalised of which 35.7 million € corresponded to participatory loans with 11% being allocated to investment and the remaining 89% to financial consolidation.



The company closed the financial year with a net result of 367 thousand €, therefore increasing its solvency and security with funds standing at 16,158 thousand €, in addition to the 1,497 thousand € that comprise the insolvency fund, which covers 74% of the risk of doubtful loans.

Housing Operating Societies

Since 2000, the Basque Savings Banks and the public corporation VISESA have participated as the main financial partners in the companies ALOKABIDE and ORUBIDE which are responsible for developing housing policy for leasing and land.

Alokabide

This main objective of this company is to promote renting as a means of access to housing for young people under the age of 35, single-parent families with limited financial means, and other people meeting the conditions required for the special subsidized housing scheme.

Alokabide's role is to manage rental of most state-subsidised housing in the ACBC either from its own promotions or in agreement with Visesa and from the housing stock of other institutions (Basque Government, Town Councils, etc.).



In 2010, new promotions were purchased to the value of 27 million € to make 473 properties available for rent in Vitoria-Gasteiz-Salburua (123), Salburua (48), Zabalgana (156), Zabalgana (126), Etxebarri (20). The company currently manages 2,452 rented properties.

Orubide



This company acts as a residential land operator for the ACBC to supply public and private agents on favourable terms in order to incorporate shortages of primarily subsidized housing and also non-subsidized housing on mixed land at reasonable prices, either by pre-purchasing the land or merely managing the development activity on behalf of the land owners.

In 2010, the company managed 240 hectares of land to provide developed land for more than 13,908 homes, with 8,599 of these being for subsidized housing.

GESFIR Back Office Services

In collaboration with a specialist company, the Basque Savings Banks have a corporation for managing and processing documents relating to mortgage operations and other associated operations, such as deeds of conveyance and cancellations.

Ekarpen

On 1st July 2008, the Basque Savings Banks (BBK, Kutxa, Vital), together with the Basque Government and the Provincial Councils of Alava, Gipuzkoa and Bizkaia, established the company EKARPEN to handle the acquisition of industrial holdings to enable Basque companies to confront the challenges of economic globalisation, to boost intercorporate cooperation and strategic alliances, and to optimise their financing and managerial capacity.

Company investment will be directed towards the entire corporate sector and projects must have a high-value creation potential. The objective is to support innovative sectors and suitably-sized projects which are strategically attractive for the Basque Country.

In 2010, the Fund committed operations either through shares in the social capital or by means of participatory loans to the sum of 94 million €.