FEDERAL RESERVE

press release

For immediate release

November 2, 1977

The Board of Governors of the Federal Reserve System today announced its approval of the application of Banco Exterior de Espana, S.A., Madrid, Spain, to become a bank holding company through acquisition of Century National Bank and Trust Company, New York, New York.

Attached is the Board's Order relating to this action.

Attachment

FEDERAL RESERVE SYSTEM

BANCO EXTERIOR DE ESPANA, S.A.

Order Approving Formation of Bank Holding Company

Banco Exterior de Espana, S.A., Madrid, Spain, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through acquisition of 98.02 percent of the voting shares of Century National Bank and Trust Company ("Bank"), New York, New York. These shares are now held by the Federal Deposit Insurance Corporation, which conditionally accepted Applicant's purchase bid at a public sale held July 28, 1977.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, a Spanish bank with total assets of approximately $3.3 billion and total deposits of approximately $2.2 billion, is the eighth largest bank in Spain.[1/] A majority of its shares are owned by the Spanish Government, and Applicant's banking activities are principally directed toward the promotion of foreign trade. Applicant has 181 branches within Spain and has interests in banks and

1/ Banking data are as of December 31, 1976.

financially related companies organized and operating in several foreign countries.

Bank is the 79th largest of 123 banking organizations in the Metropolitan New York market, 2/ and holds deposits of approximately $33 million, or .02 percent of the total deposits in commercial banks in the market. Applicant does not now operate in the relevant market, and it does not appear that any meaningful competition would be eliminated as a result of the proposal. On the basis of the facts of record, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and Bank are considered generally satisfactory and consistent with approval of this application. Considerations relating to the convenience and needs of the community to be served are also consistent with approval. Applicant plans to expand Bank's services in the area of foreign trade financing, and to expand Bank's services to the market's Spanish-speaking community by providing customers with an institution at which both Spanish and English will be spoken. It is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

Applicant does not engage directly in any nonbanking activity in the United States, but two wholly-owned subsidiaries of Applicant engage in activities in the United States that are not permissible

2/ The Metropolitan New York market consists of the five boroughs of New York City, plus Nassau, Putnam, Rockland, and Westchester Counties, and western Suffolk County, all in New York State, as well as the northern two-thirds of Bergen County and eastern Hudson County in New Jersey, and southwestern Fairfield County in Connecticut.

for foreign bank holding companies.[3/] Under section 4(a)(2) of the Act, Applicant must dispose of its shares of these companies in excess of five percent within two years after it becomes a bank holding company, and Applicant has committed to do so.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York pursuant to delegated authority.

By order of the Board of Governors,[4/] effective November 2, 1977.

(Signed) Robert E. Matthews
Robert E. Matthews
Assistant Secretary of the Board

[SEAL]

3/ Interchange Commercial Corporation, New York, New York, imports a variety of goods produced in Spain, and 46 West 55th Street Corporation, New York, New York, owns and manages the office building occupied by Interchange Commercial Corporation.

4/ Voting for this action: Chairman Burns and Governors Gardner, Wallich, Coldwell, Jackson, Partee and Lilly.