

ANNUAL ACCOUNTS
OF THE BANCO DE ESPAÑA

2022

BANCO DE **ESPAÑA**
Eurosistema



ANNUAL ACCOUNTS OF THE BANCO DE ESPAÑA 2022

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The annual accounts published in English are a translation of those originally issued in Spanish. In the event of discrepancies, the Spanish-language version prevails

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ANNUAL ACCOUNTS OF THE BANCO DE ESPAÑA 2022

1 Introduction

The annual accounts of the Banco de España (“the Bank”) as established by Article 29(1) of its internal rules, approved by a Resolution of the Governing Council of 28 March 2000 (Official State Gazette (BOE) of 6 April 2000), comprise the balance sheet, the profit and loss account and the notes to the accounts. The accounts have been prepared in accordance with the internal accounting rules and principles of the Banco de España. These rules and principles are based on the accounting framework established for national central banks (NCBs) of the European System of Central Banks (ESCB),¹ pursuant to Article 26.4 of the Statute of the ESCB on standardisation of accounting and reporting procedures relating to operations undertaken by NCBs. In the cases not regulated by Eurosystem accounting legislation, the Banco de España applies its internal policies based on generally accepted accounting principles adapted to the special characteristics of the operations and functions of a central bank.

In accordance with the provisions of Articles 29 and 32 of its internal rules, the Bank’s annual accounts have been audited by the Internal Audit Department and analysed and examined by the Audit Committee appointed for the purpose by the Bank’s Governing Council. The accounts have also been audited by independent external auditors, as stipulated by Article 29 of the Bank’s internal rules and Article 27 of the Statute of the ESCB.

Under the provisions of Article 4(2) of Law 13/1994 of 1 June 1994 of Autonomy of the Banco de España, it is for the government, upon proposal by the Minister of Economic Affairs and Digital Transformation, to approve the Bank’s balance sheet and accounts for the year, which will be sent to Parliament (Cortes Generales) for informational purposes. The Governing Council of the Bank, under the provisions of Article 21(g) of the aforementioned Law, is responsible for authorising the Bank’s annual accounts for issue.

Unless otherwise indicated, the figures are expressed in millions of euro. Those relating to 2021 are presented solely for comparison with 2022. Due to rounding, on occasions the totals included in the balance sheet, profit and loss account and notes to the annual accounts may not equal the sum of the individual figures. This document presents the accounts for the year 2022. Section 2 includes the balance sheet as at

¹ Guideline of the European Central Bank of 3 November 2016 on the legal framework for accounting and financial reporting in the ESCB (ECB/2016/34), as amended.

31 December 2022 and profit and loss account for the year then ended; Section 3 contains the notes to the accounts, with the accounting policies that have served as a framework for their preparation, the explanatory notes on the salient aspects of the balance sheet and profit and loss account, the changes in equity, post-balance sheet events and the management of risk exposures; and Section 4, in compliance with Article 4(2) of the Law of Autonomy, details the loans and operations arranged on other than an arm's-length basis or which in any way entail a loss of profit or losses for the Bank.

Finally, Annexes 1 and 2 include the reports of the external auditors and of the Bank's Audit Committee on the annual accounts presented in the preceding sections.

2 Balance sheet and profit and loss account

BALANCE SHEET OF THE BANCO DE ESPAÑA AS AT 31 DECEMBER 2022

EUR m

| | Note number | 2022 | 2021 | Change |
|---|-------------|---------------------|---------------------|--------------------|
| ASSETS | | | | |
| 1 Gold and gold receivables | 1 | 15,446.38 | 14,571.86 | 874.52 |
| 2 Claims on non-euro area residents denominated in foreign currency | | 72,271.91 | 66,368.13 | 5,903.78 |
| 2.1 Receivables from the IMF | 2 | 19,632.24 | 18,426.08 | 1,206.16 |
| 2.2 Balances with banks and security investments, external loans and other external assets | 3 | 52,639.67 | 47,942.05 | 4,697.62 |
| 3 Claims on euro area residents denominated in foreign currency | 4 | 4,759.88 | 5,491.64 | -731.76 |
| 4 Claims on non-euro area residents denominated in euro | | 357.09 | 394.25 | -37.16 |
| 4.1 Balances with banks, security investments and loans | 5 | 357.09 | 394.25 | -37.16 |
| 4.2 Claims arising from the credit facility under ERM II | | — | — | — |
| 5 Lending to euro area credit institutions related to monetary policy operations denominated in euro | 6 | 133,904.13 | 289,689.41 | -155,785.28 |
| 5.1 Main refinancing operations | | — | — | — |
| 5.2 Longer-term refinancing operations | | 133,904.13 | 289,689.41 | -155,785.28 |
| 5.3 Fine-tuning reverse operations | | — | — | — |
| 5.4 Structural reverse operations | | — | — | — |
| 5.5 Marginal lending facility | | — | — | — |
| 5.6 Credits related to margin calls | | — | — | — |
| 6 Other claims on euro area credit institutions denominated in euro | | 116.90 | 0.70 | 116.20 |
| 7 Securities of euro area residents denominated in euro | 7 | 651,396.26 | 622,196.96 | 29,199.29 |
| 7.1 Securities held for monetary policy purposes | 7 a | 623,961.85 | 593,436.61 | 30,525.25 |
| 7.2 Other securities | 7 b | 27,434.41 | 28,760.36 | -1,325.95 |
| 9 Intra-Eurosystem balances | 8 | 179,411.84 | 166,977.81 | 12,434.03 |
| 9.1 Participating interest in ECB | | 1,194.94 | 1,122.19 | 72.75 |
| 9.2 Claims equivalent to the transfer of foreign reserves assets to the ECB | | 4,810.85 | 4,810.85 | — |
| 9.4 Net claims related to the allocation of euro banknotes within the Eurosystem | | 173,406.05 | 161,044.77 | 12,361.28 |
| 9.5 Other claims within the Eurosystem (net) | | — | — | — |
| 10 Items in course of settlement | | 6.84 | 1.24 | 5.59 |
| 11 Other assets | | 8,476.34 | 8,212.66 | 263.68 |
| 11.2 Tangible and intangible fixed assets and assets under construction | 9 | 307.88 | 299.11 | 8.76 |
| 11.3 Other financial assets | 10 | 201.16 | 201.16 | — |
| 11.4 Off-balance-sheet instruments. Revaluation differences | 11 | — | 512.07 | -512.07 |
| 11.5 Accruals and prepaid expenses | 12 | 6,932.31 | 6,052.03 | 880.28 |
| 11.6 Sundry | 13 | 1,034.99 | 1,148.28 | -113.30 |
| TOTAL ASSETS | | 1,066,147.56 | 1,173,904.65 | -107,757.10 |

BALANCE SHEET OF THE BANCO DE ESPAÑA AS AT 31 DECEMBER 2022 (cont.)

EUR m

| | Note number | 2022 | 2021 | Change |
|---|-------------|---------------------|---------------------|--------------------|
| LIABILITIES | | | | |
| 1 Banknotes in circulation | 14 | 172,459.88 | 169,426.87 | 3,033.01 |
| 2 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro | 15 | 247,502.15 | 364,518.93 | -117,016.78 |
| 2.1 Current accounts (covering the minimum reserve system) | | 18,440.80 | 362,120.93 | -343,680.13 |
| 2.2 Deposit facility | | 229,061.35 | 2,398.00 | 226,663.35 |
| 2.3 Fixed-term deposits | | — | — | — |
| 2.4 Fine-tuning reverse operations | | — | — | — |
| 2.5 Deposits related to margin calls | | — | — | — |
| 3 Other liabilities to euro area credit institutions denominated in euro | 16 | 3,038.26 | 2,538.87 | 499.39 |
| 4 Debt certificates issued (a) | | — | — | — |
| 5 Liabilities to other euro area residents denominated in euro | | 55,871.98 | 41,117.13 | 14,754.85 |
| 5.1 General government | 17 | 51,363.92 | 35,693.78 | 15,670.14 |
| 5.2 Other liabilities | 18 | 4,508.07 | 5,423.36 | -915.29 |
| 6 Liabilities to non-euro area residents denominated in euro | 19 | 5,561.47 | 9,599.34 | -4,037.87 |
| 7 Liabilities to euro area residents denominated in foreign currency | | 2.49 | 1.18 | 1.31 |
| 8 Liabilities to non-euro area residents denominated in foreign currency | | — | 5.97 | -5.97 |
| 8.1 Deposits, balances and other liabilities | | — | 5.97 | -5.97 |
| 8.2 Liabilities arising from the credit facility under ERM II | | — | — | — |
| 9 Counterpart of special drawing rights allocated by the IMF | 20 | 14,978.98 | 14,789.90 | 189.09 |
| 10 Intra-Eurosystem balances | 21 | 500,881.32 | 511,662.06 | -10,780.73 |
| 10.2 Liabilities related to the issuance of ECB debt certificates | | — | — | — |
| 10.3 Net liabilities related to the allocation of euro banknotes within the Eurosystem | | — | — | — |
| 10.4 Other liabilities within the Eurosystem (net) | | 500,881.32 | 511,662.06 | -10,780.73 |
| 11 Items in course of settlement | 22 | 914.04 | 105.51 | 808.53 |
| 12 Other liabilities | | 4,204.05 | 4,469.80 | -265.75 |
| 12.1 Off-balance-sheet instruments. Revaluation differences | 23 | 301.94 | — | 301.94 |
| 12.2 Accruals and income collected in advance | 24 | 3,516.11 | 4,301.81 | -785.70 |
| 12.3 Sundry | 25 | 386.00 | 167.98 | 218.02 |
| 13 Provisions | 26 | 33,592.52 | 32,008.42 | 1,584.11 |
| 14 Revaluation accounts | 27 | 22,855.35 | 19,993.22 | 2,862.13 |
| 15 Capital and reserves | | 1,882.45 | 1,882.45 | — |
| 15.1 Capital | 28 | 1,000.00 | 1,000.00 | — |
| 15.2 Reserves | 29 | 882.45 | 882.45 | — |
| 16 Profit for the year | 30 | 2,402.60 | 1,785.02 | 617.58 |
| TOTAL LIABILITIES | | 1,066,147.56 | 1,173,904.65 | -107,757.10 |

a ECB balance sheet item only.

PROFIT AND LOSS ACCOUNT OF THE BANCO DE ESPAÑA AS AT 31 DECEMBER 2022

EUR m

| | Note number | 2022 | 2021 | Change |
|--|-------------|------------------|------------------|----------------|
| 1 Interest income | 1 | 9,938.06 | 7,240.29 | 2,697.77 |
| 2 Interest expense | 2 | -5,747.76 | -2,871.19 | -2,876.58 |
| 3 Net interest income (1 + 2) | | 4,190.30 | 4,369.10 | -178.80 |
| 4 Realised gains/losses arising from financial operations | 3 | 40.34 | 110.62 | -70.28 |
| 5 Write-downs on financial assets and positions | 4 | -1,032.23 | -85.71 | -946.52 |
| 6 Transfer to/from provisions for financial risks | 5 | -1,606.81 | -3,239.30 | 1,632.49 |
| 7 Net result of financial operations, write-downs and risk provisions (4 + 5 + 6) | | -2,598.70 | -3,214.39 | 615.69 |
| 8 Fees and commissions income | | 33.90 | 32.94 | 0.95 |
| 9 Fees and commissions expense | | -21.38 | -17.82 | -3.56 |
| 10 Net income from fees and commissions (8 + 9) | 6 | 12.52 | 15.12 | -2.61 |
| 11 Income from equity shares and participating interests | 7 | 8.31 | 69.57 | -61.26 |
| 12 Net result of pooling of monetary income | 8 | 1,352.64 | 1,092.44 | 260.20 |
| 13 Other income and losses | 9 | 17.20 | 59.22 | -42.02 |
| 14 TOTAL NET INCOME (3 + 7 + 10 + 11 + 12 + 13) | | 2,982.27 | 2,391.07 | 591.21 |
| 15 Staff costs | 10 | -319.62 | -302.28 | -17.34 |
| 16 Administrative expenses | 11 | -187.48 | -171.11 | -16.36 |
| 17 Depreciation of tangible and intangible fixed assets | 12 | -32.19 | -32.88 | 0.68 |
| 18 Banknote production services | 13 | -62.04 | -65.79 | 3.75 |
| 19 Sundry | | 7.08 | 5.36 | 1.72 |
| 20 TOTAL OPERATING EXPENSES (15 + 16 + 17 + 18 + 19) | | -594.24 | -566.70 | -27.55 |
| 21 Transfers to/from other funds and provisions | 14 | 14.58 | -39.35 | 53.92 |
| 22 PROFIT FOR THE YEAR (14 + 20 + 21) | 15 | 2,402.60 | 1,785.02 | 617.58 |

Countersigned by
The Governor,



PABLO HERNÁNDEZ DE COS

The Comptroller,



JUAN RAMÓN SÁEZ GÓMEZ

3 Notes to the accounts

3.1 Accounting policies

1 Basic principles

The annual accounts of the Banco de España present fairly its net worth and financial and economic position. They have been drawn up in accordance with the following accounting principles: prudence, recognition of post-balance sheet events, going concern, the accruals principle, consistency and comparability, no offset, matching of revenues and expenses, and materiality. These principles conform to those set out in the legal accounting instruments of the European Central Bank (ECB).

2 Basis of accounting

The annual accounts have been prepared on a historical cost basis, modified as necessary to include the market valuation of trading book securities, gold and the foreign currency position. Futures are valued daily at market price and significant participating interests at underlying book value.

Transactions in assets and liabilities are generally recorded on the settlement date, except that forward transactions in foreign currencies are booked at the spot settlement date. If a period-end falls between the trade date and the spot settlement date, both spot and forward foreign currency transactions are recognised at the trade date.

The specific valuation criteria applied to the various assets and liabilities were the following:

Gold

Gold is recorded at acquisition cost,² which is determined by the cash amount paid in the transaction including any related expense.

The cost of sales is obtained by applying the daily net average cost method. In the event that the cash to be paid or received is specified in a currency other than the euro, it is translated into euro at the mid-market exchange rate two business days before the settlement date.

² As at 31 December 1998 its acquisition cost was adjusted to the market price then prevailing and the unrealised gains were credited to revaluation accounts. These gains are subsequently taken to profit and loss when the asset is sold and they can be used to offset unrealised losses.

On the last day of each month, gold stocks are valued at the market price in euro per troy ounce of fine gold. Unrealised gains or losses (except for unrealised losses at year-end) are reflected in an adjustment account and credited or debited, respectively, to a revaluation or loss account.

Unrealised losses existing at the end of the year are taken to the profit and loss account and the average book value is modified. Such losses are considered irreversible in subsequent revaluations.

Sales of gold against foreign currency under repurchase agreements are recorded as off-balance-sheet items, with no effect on the balance sheet. The foreign currency received by way of consideration is recorded on the asset side, with the obligation to repay it being recorded simultaneously on the liability side. Possible differences arising between gold delivered spot and that received forward are recorded as if there had been an independent outright sale or purchase at the time of maturity of the transaction.

Foreign currencies

Spot purchases or sales of foreign currencies are recorded at the settlement date, and affect the foreign currency position from that date. Gains and losses on the spot sale of foreign currencies are similarly considered to be realised from the settlement date. Meanwhile, foreign exchange forward purchase and sale transactions are recognised in off-balance-sheet accounts at the spot date of the transaction, affecting the foreign currency position as at that date. The gain or loss on the transaction is also considered to be realised on that date. If a period-end falls between the trade date and the spot settlement date, the transactions have to be recognised at the trade date.

Purchases are recorded at acquisition cost in euro. Purchases and sales of foreign currencies against euro are valued at the exchange rate agreed in the transaction, while foreign currencies bought and sold against other foreign currencies are valued in euro at the mid-market exchange rate of the currency sold on the trade date. Transactions in a foreign currency that do not modify the overall position therein have no effect on the book value of such position.

The cost in euro of foreign currency sold is calculated using the daily net average cost method.

Accrued interest denominated in foreign currency is recorded on a daily basis, generally using the mid-market rate on each day. If the rate on the relevant day is not available, the latest mid-market rate available shall be applied. Accrued interest receivable or payable denominated in foreign currency forms part of the foreign

currency position.

Foreign currencies are revalued monthly to market price. This revaluation is performed without netting unrealised gains against unrealised losses on different currencies. Unrealised gains and losses (except for unrealised losses at year-end) are reflected in adjustment accounts and credited or debited, respectively, to revaluation and loss accounts.

Unrealised losses existing at the end of the year are taken to the profit and loss account for the year, in which case they affect the average cost of the currency in question. Such losses are considered irreversible in subsequent revaluations.

Shares in exchange-traded funds

Shares acquired in investment funds are recorded at the time of payment, for the cash amount paid (transaction price). The changes in the net asset value of the investment fund shares are recorded in net terms, as a single asset and not individually for each of the assets making up the fund, provided that the following conditions are met:

- That they are acquired for the sole purpose of investment, without influencing the fund's day-to-day decisions regarding purchases and sales.
- That the fund's investment strategy and mandate have been determined before the acquisition is carried out.
- That the return on the investment is considered a single investment, in line with the fund's investment strategy.
- That the fund is a separate entity, regardless of its legal status, and is managed independently, including the day-to-day investment decisions.

Unrealised gains and losses in different investment funds are not netted off against each other.

Investment fund shares denominated in foreign currency are part of the corresponding foreign currency position and are revalued monthly to market price. This revaluation is performed without netting unrealised gains against unrealised losses on different currencies.

The valuations on account of changes in the net asset value of the investment fund shares and of their valuation at market exchange rates are carried out asymmetrically.

Unrealised gains and losses (except for unrealised losses at year-end) are reflected in adjustment accounts and credited or debited, respectively, to revaluation accounts and to the profit and loss account. The unrealised losses existing at the end of the year are considered irreversible in subsequent revaluations.

The fees or charges arising from investment fund transactions are recorded as expenses in the profit and loss account.

Foreign banknotes

The criteria applied are the same as those indicated in the preceding section for foreign currencies.

Special drawing rights

Special drawing rights (SDRs) and the net position in the International Monetary Fund (IMF) are valued at the year-end SDR market exchange rate by the same methods used for other currencies.

Securities

The Banco de España holds three separate securities portfolios: a trading portfolio, a held-to-maturity portfolio and a monetary policy portfolio (set up in accordance with the ECB Governing Council decisions of 7 May 2009, 4 June 2009, 9 May 2010, 6 October 2011, 4 September 2014, 22 January 2015, 10 March 2016 and 18 March 2020).

In all three cases, the securities are recorded initially at acquisition cost, which is determined by the cash amount paid, less any accrued gross coupon. The ECB Governing Council decided in 2014 that the securities in the monetary policy portfolio should be valued at amortised cost (subject to impairment), regardless of whether the intention is to trade with them or to hold them to maturity.

The cost of securities sold or redeemed is determined by the average book value of the security in question. The securities in the held-to-maturity portfolio may not be sold except in exceptional, duly authorised circumstances.³

³ Securities classified as held-to-maturity may be sold before their maturity in any of the following circumstances: a) if the quantity sold is considered not significant in comparison with the total amount of the held-to-maturity securities portfolio; b) if the securities are sold during the month prior to the maturity date; and c) under exceptional circumstances, such as a significant deterioration of the issuer's creditworthiness.

Trading portfolio securities are revalued monthly to market price. This revaluation is carried out without netting unrealised gains and losses on different security codes. Unrealised gains and losses (except for unrealised losses at year-end) are reflected in adjustment accounts and credited or debited, respectively, to revaluation and loss accounts. Unrealised losses existing at the end of the year are taken to the profit and loss account. Their amount is credited directly to the securities account, and the average book value — and therefore the internal rate of return — of the security code concerned is modified. Such losses are considered irreversible in subsequent revaluations. The year-end adjustment was made using the market prices on the last day of the year.

Securities within the held-to-maturity portfolio and the monetary policy portfolio are not subject to any periodic valuation, except for recognition, where applicable, of loss of value due to asset impairment.

Any premiums, discounts and coupons that have accrued but are not due are recorded in accruals accounts, using the internal rate of return of each security code for their calculation within each portfolio. These accruals are recorded daily.

The above references to acquisition cost and market prices shall, in the case of securities denominated in foreign currency, be understood to refer to the currency concerned. These amounts will be translated into euro as stipulated in the “Foreign currencies” section.

Reverse transactions involving securities

Reverse repurchase agreements involving securities are recorded on the asset side of the balance sheet as collateralised outward loans for the amount of the loan. Securities acquired under reverse repurchase agreements are not revalued or included in the securities portfolio.

Repurchase agreements involving securities are recorded on the liability side of the balance sheet as an inward deposit collateralised by securities, the balancing entry of which is the cash received. Securities sold under this type of agreement remain on the Bank’s balance sheet and are treated as if they had remained part of the portfolio from which they were sold. Repurchase agreements involving securities denominated in foreign currencies have no effect on the currency position.

In direct loans of securities, repurchase and reverse repurchase agreements conducted simultaneously are accounted for separately, each being recorded according to the valuation rules set forth in the preceding two paragraphs.

Automated security loans (contracts empowering a depository of securities to lend them to a third party in overnight transactions, subject to certain contractual

limitations) and reverse transactions conducted under a programme offered by a specialised institution are not recorded in the balance sheet, with the exception of the cash received as collateral that has not been reinvested. The only item accounted for is the income, which is recorded in the profit and loss account. Transactions outstanding at year-end are recorded off balance sheet.

Doubtful debtors

Where there is any reasonable doubt about the recovery of an asset, it is recorded in a special separate account and the relevant provision is set aside.

Loans to financial institutions

These are valued at their nominal amount.

The ECB establishes the conditions applicable to the monetary policy operations conducted by Eurosystem central banks and the need to obtain adequate collateral for them. Further, Article 32.4 of the Statute of the ESCB and of the ECB stipulates that the Governing Council may decide that NCBs shall be indemnified, in exceptional circumstances, for specific losses arising from monetary policy operations undertaken for the ESCB. Indemnification shall be in a form deemed appropriate by the Governing Council; these amounts may be offset against the NCBs' monetary income.

Shares and participating interests

The shares in the Bank for International Settlements (BIS) and the participating interest in the ECB are valued at acquisition cost.

The stake in Imprenta de Billetes, S.A. (IMBISA), a vehicle of the Banco de España, is valued at its underlying book value. The Banco de España does not prepare consolidated annual accounts in respect of this participating interest, given the immaterial nature of the investment vis-à-vis the Bank's balance sheet and profit and loss account.

Tangible and intangible fixed assets

Fixed assets are defined as those non-financial assets owned by the Bank that are intended to be used for a period exceeding 12 months and contribute directly or

indirectly to fulfilling its objectives and/or to the probable generation of income in the future. The libraries and the art collection are also considered fixed assets.

Fixed assets are generally valued initially at cost, defined as the amount of the monetary disbursements made or committed to, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner, such as transport, installation, professional fees for legal services, non-refundable taxes and the fair value of other consideration given.

Trade discounts and those for defects in assets received are recorded as a reduction in the cost of the related assets. Cash discounts and those for late delivery are recorded in the profit and loss account under other income or, where appropriate, as a reduction in expenses, and do not affect the acquisition cost of the asset purchased.

Fixed assets are deemed not to include those assets which, although meeting the conditions to be classed as such, do not generally exceed the amount of €1,000 (€10,000 in the case of buildings, structures and plant in buildings). However, there may be exceptions, normally for control reasons.

Only extensions, replacements, rehabilitations and improvements that exceed the limit of €1,000 (€10,000 in the case of buildings, structures and plant in buildings) are capitalised, provided also that the elements replaced can be derecognised or that they are fully depreciated.

Notwithstanding the above, all the costs of developing computer software specifically for the Banco de España are capitalised. This includes any software developed internally (either by the Banco de España itself or as part of a Eurosystem/ESCB/SSM project) or by a third party, along with any adaptive maintenance, extensions and improvements that may be identified individually and specifically.

After initial recognition, fixed assets are valued at acquisition cost less accumulated depreciation or amortisation and any impairment losses.

The acquisition cost of a fixed asset, net of its residual value, is depreciated systematically during its useful life on a straight-line monthly basis from the month following that in which it was recognised in the accounts. Generally, all depreciable/amortisable fixed assets are estimated to have a residual value of zero unless there is a deep, liquid market for similar assets from which the residual value may be derived. Land, the art collection, the special-value library collection and assets under construction are not depreciated.

The depreciation/amortisation rates and estimated useful lives applied to the various fixed assets in 2022 were as follows:

| | Depreciation/ Amortisation rate (%) | Useful life (years) |
|---|--|----------------------------------|
| Buildings and structures | 2 | 50 |
| Renovation work | 4 | 25 |
| Plant in buildings | 10 | 10 |
| Security-related plant in buildings | 20 | 5 |
| Furniture and fittings | 10 | 10 |
| Office machines for the handling of banknotes and coins | 10 | 10 |
| Other office machines | 20 | 5 |
| Computer hardware | 25 | 4 |
| Transport equipment. Cars | 25 | 4 |
| Transport equipment. Trucks and buses | 10 | 10 |
| Libraries. General collection | 10 | 10 |
| Other tangible fixed assets | 20 | 5 |
| Computer software (a) | 20 | 5 |
| Industrial property | — | Number of years of exclusive use |

a The amortisation of certain computer applications developed for the Eurosystem as a whole is calculated on the basis of their individual useful life estimated by the Eurosystem.

An asset is impaired when its carrying amount exceeds the recoverable amount. In this case, and only if the amounts are significant, an impairment loss is recognised by simultaneously reducing the item's book value and modifying its depreciable/amortisable base.

Banknotes in circulation

The ECB and the NCBs, which together comprise the Eurosystem, have issued euro banknotes since 1 January 2002.⁴ The total value of euro banknotes in circulation is recorded by allocating to each Eurosystem NCB, on the last working day of each month, an amount based on the banknote allocation key.⁵

The ECB has been allocated a share of 8% of the total value of the euro banknotes in circulation. The remaining 92% has been allocated to the NCBs and divided amongst them according to their respective ECB capital keys. The share of banknotes allocated to each NCB is disclosed under the item "Banknotes in circulation" on the liability side of their respective balance sheets.

The difference between the value of the euro banknotes allocated to each NCB in accordance with the banknote allocation key and the value of the euro banknotes

4 Decision of the European Central Bank of 13 December 2010 on the issue of euro banknotes (ECB/2010/29) (recast), as amended.

5 The banknote allocation key is that which results from applying 92% to the Eurosystem subscribed capital key.

that each NCB actually puts into circulation gives rise to remunerated intra-Eurosystem balances. These claims or liabilities, which accrue interest,⁶ are disclosed under the item “Intra-Eurosystem balances: Net claims/liabilities related to the allocation of euro banknotes within the Eurosystem” (see “Intra-Eurosystem balances” in this section on accounting policies).

From 2002 until 2007, the intra-Eurosystem balances arising from the allocation of euro banknotes were adjusted in order to avoid significant changes in the relative income positions of the NCBs that initially formed part of the Eurosystem as compared with previous years. The adjustments were effected by taking into account the differences between the average value of the banknotes in circulation of each NCB in the specified reference period⁷ and the average value of the banknotes that would have been allocated to them during that period under the ECB’s capital key. The adjustments were progressively reduced in annual stages until the end of 2007. However, this mechanism has also been applied in the case of the Member States adopting the euro: the amount of the adjustment applicable to each of them is calculated under the aforementioned calculation method and is then divided amongst the other NCBs according to their respective capital keys in the ECB. This adjustment is gradually reduced over a six-year period, being held unchanged during each financial year.

The interest income and expense on intra-Eurosystem balances relating to banknote allocation is cleared through the accounts of the ECB and is disclosed under “Net interest income” in the profit and loss account.

The ECB’s seigniorage income, arising from the euro banknotes in circulation assigned to it and the income from securities purchased under the securities markets programme (SMP), the asset-backed securities purchase programme (ABSPP), the third covered bond purchase programme (CBPP), the secondary markets public sector purchase programme (PSPP) and the pandemic emergency purchase programme (PEPP), is allocated to the NCBs in the financial year in which it accrues.⁸ Settlement of this income takes place on the last working day in January of the following year, in the form of an interim distribution of the income, unless otherwise decided by the ECB Governing Council. This decision shall be taken when, on the basis of a reasoned estimate by the Executive Board of the ECB, the Governing Council expects that the ECB will have an overall annual loss or will make an annual net profit that is less than the income arising from the above-mentioned portfolios and on euro banknotes in circulation. The ECB Governing Council may also decide

6 Decision of the European Central Bank of 3 November 2016 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (ECB/2016/36) (recast), as amended.

7 The reference period taken has a duration of 24 months and it begins 30 months prior to the euro cash changeover date.

8 Decision of the European Central Bank of 15 December 2014 (ECB/2014/57) on the interim distribution of the income of the European Central Bank (recast), as amended.

to transfer all or part of this income to an ECB provision for foreign exchange rate, interest rate, credit and gold price risks.⁹ The amount distributed to NCBs is shown in the profit and loss account item “Income from equity shares and participating interests” in the year in which this income accrued.

Intra-Eurosystem balances

Intra-Eurosystem balances arise from the Banco de España’s participating interest in the ECB, claims equivalent to the reserves transferred to the ECB and the net balance resulting from the transfers issued and received through TARGET2¹⁰ by the NCBs of the ESCB, including the ECB. They also arise from the balances vis-à-vis the ECB resulting from the adjustments relating to the allocation of euro banknotes within the Eurosystem. In addition, the outcome of the pooling and allocation of monetary income among NCBs and the positions vis-à-vis the ECB owing to the deferral of sundry receipts and payments also give rise to intra-Eurosystem balances.

In the case of TARGET2 operations, the resulting balance is included as an asset or liability, as appropriate, under the balance sheet item “Other claims/liabilities within the Eurosystem (net)”. Intra-Eurosystem balances arising from the adjustments relating to allocation of euro banknotes within the Eurosystem are included, depending on their net amount, as an asset or liability under “Net claims/liabilities related to the allocation of euro banknotes within the Eurosystem” (see “Banknotes in circulation” in this section).

Recognition of income and expenses

Income and expenses are recognised in the period in which they accrue.

Realised gains and realised and unrealised losses are taken to the profit and loss account.¹¹ To calculate the acquisition cost of items sold, the average cost method is used for securities and the daily net average cost method is used for foreign currencies and gold. In the case of unrealised losses on any item at year-end, its average cost is reduced to the end-of-year market price and/or exchange rate.

Unrealised gains are not recognised as income but are recorded in revaluation accounts.

⁹ This provision, together with the ECB’s general reserve fund, must not exceed the value of the capital paid up by euro area NCBs.

¹⁰ Trans-European Automated Real-time Gross Settlement Express Transfer system.

¹¹ Unrealised gains and losses are not recorded in the held-to-maturity portfolios and monetary policy portfolio (see “Securities” in this section).

Unrealised losses are taken to the profit and loss account if they exceed previous revaluation gains recorded in the corresponding revaluation account, and are not reversed in subsequent years against new unrealised gains. Unrealised losses in any one security or currency or in gold are not netted against unrealised gains in other securities or currencies or in gold.

Premiums or discounts on purchased securities are calculated and shown as reductions of or additions to interest income and accrued over the remaining life of the securities concerned, together with the accrued coupons, according to the effective interest rate method.

Pension scheme

The pension scheme for Bank employees is of the defined-contribution type. The pension fund of which this scheme forms part is external and closed-end. Contributions made by the Banco de España on behalf of the employees who joined the Bank after 1 February 1986 and who participate in the scheme and are entitled to such contributions, are recognised as a current expense in the year to which they relate.¹²

Provisions

In application of the principle of prudence, the liability side of the balance sheet includes provisions approved by the Executive Commission of the Banco de España which are considered necessary to cover adequately, on objective criteria, the risks derived from the financial positions held and other losses of a diverse nature (see Note 26 to the balance sheet).

Financial derivatives

The net position under foreign exchange forward transactions and swaps, and the foreign exchange gains and losses generated by such position, are shown in the balance sheet in item 11.4 on the asset side or item 12.1 on the liability side, depending on their sign.

Foreign currency forward positions, which comprise foreign exchange forward transactions and forward legs of foreign exchange swaps, are included in the net foreign currency positions in order to calculate foreign exchange gains and losses.

¹² Contributions made by the Banco de España are established at 7.5% of the so-called “regulating salary”, consisting of the salary items determined in the scheme rules, with the legal limit set at any given time.

The difference between the spot and forward exchange rates is recorded as interest income or expense, which can be in euro or in foreign currency, in the latter case forming part of the foreign currency position.

The gain or loss on interest rate futures are considered to be realised at the time when they are settled net each day. In the case of futures denominated in foreign currency, such settlements shall affect the foreign currency position on the day on which they take place.

3 Salient features of the estimates made

These annual accounts were prepared using Bank estimates to quantify some of the assets, liabilities, income, expenses, commitments and, in particular, provisions (see Note 26 to the balance sheet). As regards monetary policy operations, since they are conducted jointly in the Eurosystem, the estimates made by the ESCB are also taken into account (see Notes 6 and 7(a) to the balance sheet).

These estimates are based on the best information available at end-2022, and future events may require them to be changed in the coming financial years. Any such changes would be made prospectively, in accordance with current accounting rules.

4 Post-balance sheet events

Assets, liabilities and the profit and loss account are adjusted on the basis of events taking place between the end of the accounting period and the date of preparation of the annual accounts, should those events materially affect the Banco de España's year-end financial position. The post-balance sheet events which do not affect the assets and the liabilities at that date do not give rise to adjustments thereto, although if they are material they are disclosed in the notes to the accounts.

3.2 Notes to the balance sheet

1 Gold and gold receivables

The Banco de España's gold holdings at year-end amounted to €15,446.38 million, consisting of 9.054 million troy ounces¹³ of fine gold valued at a market price of €1,706.08 per ounce. These holdings did not change during the financial year. The value of these holdings is €874.52 million more than in 2021, as a result of the increase in the market price (at end-2021 the price per ounce was €1,609.48). This increase is

¹³ One troy ounce is equal to 31.1035 grams.

included in the liability revaluation accounts. The cost of the gold holdings is €850.43 million.

2 Claims on non-euro area residents denominated in foreign currency. Receivables from the IMF

This item has three components:

- a) The reserve tranche position in the IMF. This is the euro equivalent of the paid portion of Spain's IMF quota (in foreign currencies or euro). Its balance at end-2022 was €3,327.00 million. Spain's quota is SDR 9,535.50 million. The remaining portion of the quota is recorded in a euro account at the disposal of the IMF.
- b) Special drawing rights. These represent the euro equivalent of SDR holdings, resulting from the successive allocations by the IMF and their subsequent drawdown. These allocations are made by the IMF simply for being a member and their balancing entry is recorded in item 9 of the liability side of the balance sheet "Counterpart of special drawing rights allocated by the IMF", also denominated in SDRs. The subsequent changes in their balance are essentially due to loan agreement transactions with third countries which are paid in SDRs and to interest receipts or payments resulting from positions vis-à-vis the IMF. Its balance at end-2022 was €15,049.64 million.
- c) Other claims on the IMF. These reflect the amounts that the Banco de España has provided to the IMF as contributions to the PRGT,¹⁴ the RST¹⁵ and the NAB.¹⁶ For the PRGT, the Banco de España has made a commitment to contribute up to SDR 1,955 million for concessional lending to low-income countries, following the SDR 350 million increase agreed in 2022. At end-2022, SDR 738.20 million (€924 million) had been drawn down. For the RST, the Banco de España has made a commitment to contribute to the loan account and the deposit account of the Trust an amount equal to the SDR equivalent of €1,830 million, allocating the equivalent of €1,525 million to the loan account of the Trust and the equivalent of the remaining €305 million to the deposit account. The amount recorded at year-end amounts to €290.79 million and all of it relates to the deposit account disbursement. The NAB, concluded to

¹⁴ Poverty Reduction and Growth Trust.

¹⁵ Resilience and Sustainability Trust. On 13 April 2022, the Executive Board of the IMF approved the establishment of this Trust to finance the implementation of longer-term reforms by the borrower countries (initially, relating to climate change and pandemic preparedness).

¹⁶ New Arrangements to Borrow.

support the IMF's ability to provide financial assistance to its members, entailed a financial commitment of up to SDR 6,810.28 million, of which SDR 32.61 million (€40.82 million) had been drawn down up to end-2022.¹⁷

The SDRs in which claims on the IMF are denominated are valued at the year-end market rate of €1 = SDR 0.798913. The SDR is defined in terms of a basket of currencies. Its value is determined as the weighted sum of the exchange rates of five major currencies: the US dollar, the euro, the Japanese yen, the pound sterling and the Chinese renminbi. The SDR interest rate, which is updated weekly, averaged annually 1.21% during 2022.

The breakdown in 2022 and 2021 is as follows:

| EUR m | | | |
|-------------------------------------|------------------|------------------|-----------------|
| Type of asset | 2022 | 2021 | Change |
| Reserve tranche position | 3,327.00 | 2,967.14 | 359.86 |
| Special drawing rights (allocation) | 15,049.64 | 14,659.33 | 390.30 |
| Other claims on the IMF | 1,255.61 | 799.61 | 456.00 |
| TOTAL | 19,632.24 | 18,426.08 | 1,206.16 |

The overall amount of claims on the IMF increased by €1,206.16 million with respect to the balance at end-2021.

The increase of €359.86 million in the reserve tranche position account was due to the overall effect of various factors:

- An increase of €317.86 million (SDR 257.19 million) due to the transfers ordered by the IMF from the balance of its account at the Banco de España to its accounts at other institutions.
- An increase of €42.00 million due to the change in the exchange rate of the SDR against the euro.

The special drawing rights account increased by €390.30 million due to the overall effect of various factors:

- A net increase of €200.33 million (SDR 162.09 million) due to SDR transactions (net SDR purchases from third countries, repayment of PRGT

¹⁷ In addition, the Kingdom of Spain and the IMF have entered into a bilateral loan agreement entailing a financial commitment of €6,401 million, none of which has been drawn down by the IMF.

loans, RST deposit, and collection and payment of interest on claims/liabilities vis-à-vis the IMF).

- An increase of €189.98 million due to the change in the exchange rate of the SDR against the euro.

The “Other claims on the IMF” item, which includes loans granted under the NAB, under the PRGT and under the new RST programme, increased by €456.00 million due to the overall effect of certain factors:

- A decrease of €59.06 million (SDR 47.78 million) in the NAB, due to repayments of the loans granted under these arrangements.
- An increase of €212.09 million (SDR 171.61 million) in PRGT lending due to the net effect of the new loans granted and the repayments of other loans. These loans are in SDRs.
- An increase of €287.12 million (SDR 232.32 million) in the case of the RST as a contribution to the deposit account.
- An increase of €15.85 million due to the change in the exchange rate of the SDR against the euro.

3 Claims on non-euro area residents denominated in foreign currency. Balances with banks and security investments, external loans and other external assets

This item includes current accounts, deposits, investment fund shares, debt security investments in the trading and held-to-maturity portfolios and other claims on non-euro area residents denominated in foreign currency. The held-to-maturity portfolio consists of debt securities which the Banco de España intends to hold until maturity.

The total amount as at 31 December 2022 was €52,639.67 million, with the following breakdown:

EUR m

| Type of asset | 2022 | 2021 | Change |
|----------------------------|------------------|------------------|-----------------|
| Deposits | 11,747.43 | 13,703.80 | -1,956.37 |
| Security investments (a) | 40,779.99 | 34,129.81 | 6,650.18 |
| Trading portfolio | 27,728.07 | 20,816.59 | 6,911.48 |
| Held-to-maturity portfolio | 13,051.92 | 13,313.22 | -261.30 |
| Other | 112.25 | 108.44 | 3.81 |
| TOTAL | 52,639.67 | 47,942.05 | 4,697.62 |

a As at 31 December 2022, repurchase agreements were constituted over part of the securities portfolio, for a market value of USD 5,876.63 million, AUD 8.69 million, CAD 1.01 million and GBP 0.84 million.

As at 31 December 2022, 69.6% of these assets were denominated in US dollars, 13.4% in yen,¹⁸ 6.4% in Canadian dollars, 6.3% in Australian dollars, 3.1% in pound sterling and 1.1% in Chinese renminbi. The equivalent value in euro of these currencies was transferred to the balance sheet at the year-end market exchange rate (€1 = USD 1.0666, €1 = AUD 1.5693, €1 = CAD 1.4440, €1 = YEN 140.66, €1 = GBP 0.88693 and €1 = CNY 7.3582). The market value of the held-to-maturity portfolio at end-2022 (which is not recorded on the balance sheet or in the profit and loss account but is provided for information purposes only) is €12,312.45 million. Consequently, there are net unrealised losses amounting to €739.47 million, mostly relating to US dollar-denominated securities. The impairment test conducted on the held-to-maturity portfolio concluded that there was no evidence of impairment at year-end.

The “Other” item includes holdings in a US dollar-denominated green investment fund set up and managed by the Bank for International Settlements, with a market value of €89.44 million, and deposits for the purpose of collateralising contracts in derivatives transactions amounting to €22.02 million.

The increase in the balance of this item (€4,697.62 million) was due to the net effect of the factors listed in the following table:

¹⁸ The exchange rate risk on yen-denominated investments is covered by swap transactions (mainly against the US dollar).

EUR m

| Reason for change | Amount |
|--|-----------------|
| Change in net investment | 3,716.19 |
| Change in market exchange rates as at 31 December | 1,448.43 |
| Change in securities market prices as at 31 December | -677.41 |
| Change in accrued interest receivable | 210.53 |
| Other | -0.12 |
| TOTAL | 4,697.62 |

4 Claims on euro area residents denominated in foreign currency

This balance sheet item includes current accounts, balances with banks, loans and security investments vis-à-vis euro area residents.

The total amount as at 31 December 2022 was €4,759.88 million, with the following breakdown:

EUR m

| Type of asset | 2022 | 2021 | Change |
|----------------------------|-----------------|-----------------|----------------|
| Deposits | 4,266.58 | 3,956.35 | 310.22 |
| Security investments | 493.30 | 1,535.29 | -1,041.98 |
| Trading portfolio | 493.30 | 1,535.29 | -1,041.98 |
| Held-to-maturity portfolio | — | — | — |
| TOTAL | 4,759.88 | 5,491.64 | -731.76 |

As at 31 December 2022, 82.1% of these assets were denominated in US dollars, 10.1% in Australian dollars, 5.8% in Canadian dollars and 2.1% in pound sterling.

The decrease in the balance of this item (€731.76 million) was due to the net effect of the factors listed in the following table:

EUR m

| Reason for change | Amount |
|--|----------------|
| Change in net investment | -957.38 |
| Change in market exchange rates as at 31 December | 218.89 |
| Change in securities market prices as at 31 December | -13.43 |
| Change in accrued interest receivable | 20.17 |
| TOTAL | -731.76 |

5 Claims on non-euro area residents denominated in euro. Balances with banks, security investments and loans

As at 31 December 2022 the balance of this item totalled €357.09 million.

It mainly includes holdings in a green investment fund set up and managed by the Bank for International Settlements, with a market value of €343.24 million, and €13.75 million in deposits for the purpose of collateralising contracts in derivatives transactions. The remaining balance of €0.10 million relates to the position in current accounts at non-euro area correspondents.

6 Lending to euro area credit institutions related to monetary policy operations denominated in euro

This item includes the amount of the euro-denominated lending to euro area credit institutions through which monetary policy is implemented. The total amount of these loans in the Eurosystem as a whole is €1,324,347 million, of which €133,904.13 million are included in the balance sheet of the Banco de España. Pursuant to Article 32.4 of the Statute of the ESCB and of the ECB, any counterparty risk that may materialise in monetary policy operations must be shared by all Eurosystem central banks in proportion to their share of the subscribed capital of the ECB according to the capital keys in force when this risk materialises. The losses may only be recognised if the counterparty fails and insufficient funds are received from resolution of the collateral received from the institution. The Governing Council of the ECB has, in certain cases, excluded from risk sharing a portion of the collateral accepted by central banks.¹⁹

The breakdown by type of operation is as follows:

| Type of operation | 2022 | 2021 | Change |
|------------------------------------|-------------------|-------------------|--------------------|
| Main refinancing operations | — | — | — |
| Longer-term refinancing operations | 133,904.13 | 289,689.41 | -155,785.28 |
| Fine-tuning reverse operations | — | — | — |
| Structural reverse operations | — | — | — |
| Marginal lending facility | — | — | — |
| Credits related to margin calls | — | — | — |
| TOTAL | 133,904.13 | 289,689.41 | -155,785.28 |

¹⁹ The total collateral provided by institutions, valued by Eurosystem rules and applying the related haircuts, amounted to €263,552 million at end-2022. Of this amount, €7,228 million relate to collateral excluded from risk sharing.

As at 31 December 2022, the balance of this item was down by €155,785.28 million (53.8%) on end-2021. By contrast, the average daily balance of the financing granted over the year decreased by only 1.1% (€280,491 million in 2022 compared with €283,506 million in 2021), since the bulk of the reduction took place in the last few days of the year.

a) Main refinancing operations

These are executed through liquidity-providing reverse transactions with a weekly frequency and a maturity of one week, usually by means of standard tenders. Normally, these operations play a pivotal role in achieving the aims of steering interest rates, managing market liquidity and signalling the monetary policy stance. However, in 2022, continuing the trend initiated in previous years, their use was very sparse, since the bulk of financing to institutions was conducted through longer-term refinancing operations.

The balance of this item as at 31 December 2022 was zero (the same as at 31 December 2021).

b) Longer-term refinancing operations

These operations aim to provide counterparties with additional longer-term refinancing.

The balance of these operations at end-2022 was €133,904.13 million, of which €133,854.13 million relate to the Targeted Longer-Term Refinancing Operations III (TLTRO III) programme (€289,689.41 million at end-2021) and €50 million relate to the Pandemic Emergency Longer-Term Refinancing Operations (PELTRO) programme (unchanged on the previous year).

Operations under the TLTRO III programme started in September 2019. To December 2021, ten quarterly tenders were conducted. These operations were conducted as fixed rate tender procedures with full allotment.

According to the initial decisions taken by the Governing Council, the final interest rate applicable on each TLTRO III operation could be as low as the average interest rate on the deposit facility over the life of the operation, depending on each institution's lending to non-financial corporations and households (excluding mortgage lending). In addition, in 2020 the Governing Council decided, in response to the COVID-19 crisis, that for the periods running from 24 June 2020 to 23 June 2021 (the special interest rate period) and from 24 June 2021 to 23 June 2022 (the additional special interest rate period), the interest rate could be 50 basis points

(bp) below the average deposit facility rate over each of those periods, and in no case higher than -1%.

On 27 October 2022, the Governing Council decided, in view of the inflationary developments and outlook, to recalibrate the TLTRO III conditions as part of the monetary policy measures adopted to restore price stability over the medium term. First, it decided to adjust the interest rate on these operations from 23 November 2022 until the maturity date or early repayment date of each operation and index it to the average applicable key ECB interest rates over this period. Furthermore, the Governing Council introduced three additional voluntary early repayment dates to partly (or fully) repay TLTRO III borrowings before their maturity, in addition to the quarterly dates provided for in the original calendar.²⁰

During 2022 the balance of these loans was reduced by €155,785.28, of which €24,430.14 million correspond to the maturity of the TLTRO III.2 and the rest (€131,355.14 million) to early repayments made by the institutions.

With regard to their remuneration, the following interest rates in each of the periods indicated were applied for the accrual of interest during 2022 on loans granted to Spanish institutions:²¹ (i) between 1 January and 23 June 2022, the average interest rate on the deposit facility during that period minus 50 bp; (ii) between 24 June 2022 and 22 November 2022, the average interest rate on the deposit facility from the origination date of each operation until 22 November 2022;²² and (iii) between 23 November and 31 December 2022, the average interest rate on the deposit facility during that period.

Moreover, of the four additional PELTROs that were allotted on a quarterly basis in the Eurosystem in 2021 with a maturity of approximately one year, Spanish institutions only participated in the last one, which matures in January 2023. Consequently, the balance (€50 million) remained unchanged in the year. These operations provided liquidity support to the euro area financial system and contributed to preserving the smooth functioning of money markets during the pandemic. The PELTROs were conducted as fixed-rate tender procedures with full allotment. The interest rate is 25 bp below the average rate applied in the Eurosystem's main refinancing operations over the life of the respective PELTRO.

c) Fine-tuning reverse operations

The purpose of these operations is to regulate the market liquidity situation and control interest rates, particularly to smooth the effects on interest rates caused by

20 The additional voluntary repayment dates are 23 November 2022, 25 January 2023 and 22 February 2023.

21 All Spanish institutions exceeded the established lending performance thresholds and, as a result, were able to apply the maximum applicable interest rate discount.

22 The impact of the changes in official interest rates in 2022 on accrued interest for the period prior to the start of the special interest rate period has been imputed to 2022.

unexpected market fluctuations. Owing to their nature, their frequency is not standardised.

Their year-end balance was zero, the same as a year earlier. No fine-tuning reverse operations took place in the Eurosystem in 2022.

d) Structural reverse operations

These are reverse open-market operations through standard tenders to enable the Eurosystem to adjust its structural liquidity position vis-à-vis the financial sector.

The year-end balance was zero, the same as a year earlier. No structural reverse operations took place during the year.

e) Marginal lending facility

Counterparties may use the marginal lending facility to obtain overnight liquidity from NCBs at a pre-specified interest rate against eligible assets. This interest rate is penalised with respect to the intervention rate set in the weekly tenders or in main refinancing operations.

The end-2022 balance was zero and the use of this facility during the year was negligible.

7 Securities of euro area residents denominated in euro

a) Securities held for monetary policy purposes

This item includes the amount of euro-denominated fixed-income securities issued by euro area residents which were acquired by the Banco de España for monetary policy purposes under the SMP,²³ the CBPP3,²⁴ the PSPP,²⁵ the CSPP²⁶ and the PEPP.²⁷ These securities were recorded at amortised cost (see “Securities” in

23 Decision of the European Central Bank of 14 May 2010 establishing a securities markets programme (ECB/2010/5).

24 Decision of the European Central Bank of 15 October 2014 on the implementation of the third covered bond purchase programme (ECB/2014/40).

25 Decision of the European Central Bank of 4 March 2015 on a secondary markets public sector asset purchase programme (ECB/2015/10).

26 Decision of the European Central Bank of 1 June 2016 on the implementation of the corporate sector purchase programme (ECB/2016/16).

27 Decision of the European Central Bank of 24 March 2020 on a temporary pandemic emergency purchase programme (ECB/2020/17).

Section 3.1 “Accounting policies”) and are subject to a yearly impairment test.

All the securities held under the first and second covered bond purchase programme (CBPP and CBPP2) matured before the end of 2022.

The table below shows the main features of the aforementioned programmes:

| | Start date | End date | Decision | Universe of eligible securities (a) |
|---|---------------|----------------|-------------------------|---|
| Programmes concluded | | | | |
| CBPP | July 2009 | June 2010 | ECB/2009/16 | Covered bonds issued by euro area residents |
| CBPP2 | November 2011 | October 2012 | ECB/2011/17 | Covered bonds issued by euro area residents |
| SMP | May 2010 | September 2012 | ECB/2010/5 | Private and public debt securities issued in the euro area (b) |
| Asset purchase programme (APP) | | | | |
| CBPP3 | October 2014 | Active | ECB/2020/8, as amended | Covered bonds issued by euro area residents |
| ABSPP | November 2014 | Active | ECB/2014/45, as amended | Senior and guaranteed mezzanine tranches of asset-backed securities of euro area residents (c) |
| PSPP | March 2015 | Active | ECB/2020/9 | Bonds issued by euro area central, regional or local government or recognised agencies as well as issued by international organisations and multilateral development banks located in the euro area |
| CSPP | June 2016 | Active | ECB/2016/16, as amended | Bonds issued by non-bank corporations established in the euro area |
| Pandemic emergency purchase programme (PEPP) | | | | |
| PEPP | March 2020 | Active | ECB/2020/17, as amended | All asset categories eligible under the APP |

a The detailed eligibility criteria for each programme can be found in the respective ECB Governing Council decisions.

b Only government debt securities issued by five euro area countries were purchased.

c Programme conducted exclusively by the ECB.

The balance of this item as at 31 December 2022 was €623,961.85 million.²⁸ The breakdown, including the market value (which is not recorded on the balance sheet or in the profit and loss account but is provided for comparison and information purposes), is as follows:

²⁸ As at 31 December 2022, repurchase agreements were constituted over part of the euro-denominated securities portfolio with a market value of €4,124.52 million.

| Monetary policy portfolio | 2022 | | 2021 | | Change | |
|--------------------------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | Amortised cost | Market value | Amortised cost | Market value | Amortised cost | Market value |
| Programmes concluded | | | | | | |
| CBPP2 | — | — | 28.87 | 26.47 | -28.87 | -26.47 |
| SMP | 744.55 | 767.19 | 1,541.48 | 1,717.76 | -796.92 | -950.57 |
| Total programmes concluded | 744.55 | 767.19 | 1,570.34 | 1,744.23 | -825.79 | -977.04 |
| APP | | | | | | |
| CBPP3 | 30,091.65 | 26,922.88 | 32,028.05 | 33,012.11 | -1,936.40 | -6,089.24 |
| PSPP. Government securities | 266,463.43 | 234,948.43 | 258,881.42 | 277,583.43 | 7,582.00 | -42,635.00 |
| PSPP. Supranational bonds | 73,213.60 | 60,533.07 | 68,432.75 | 69,373.43 | 4,780.85 | -8,840.35 |
| CSPP | 29,326.64 | 26,014.94 | 27,710.06 | 28,420.07 | 1,616.58 | -2,405.14 |
| Total APP | 399,095.31 | 348,419.31 | 387,052.28 | 408,389.04 | 12,043.03 | -59,969.73 |
| PEPP | | | | | | |
| PEPP. Covered bonds | 342.44 | 291.19 | 383.85 | 383.62 | -41.41 | -92.43 |
| PEPP. Government securities | 168,945.93 | 158,066.76 | 154,681.70 | 153,705.50 | 14,264.22 | 4,361.26 |
| PEPP. Supranational securities | 48,910.22 | 38,003.02 | 43,297.86 | 42,419.08 | 5,612.36 | -4,416.06 |
| PEPP. Corporate securities | 5,923.40 | 5,131.19 | 6,450.57 | 6,568.83 | -527.17 | -1,437.64 |
| Total PEPP | 224,121.99 | 201,492.17 | 204,813.99 | 203,077.03 | 19,308.00 | -1,584.86 |
| TOTAL | 623,961.85 | 550,678.67 | 593,436.61 | 613,210.30 | 30,525.25 | -62,531.63 |

The decrease in the balances of the SMP and CBPP2 portfolios in 2022 was due to the redemption of securities throughout the year. As indicated above, the CBPP2 portfolio has been fully redeemed during 2022.

The portfolios purchased under the CBPP3, PSPP, CSPP and ABSPP comprise the so-called “asset purchase programme” (APP). In 2022 Q1 the Eurosystem continued with its net purchases under the APP at an average monthly pace of €20 billion. In March 2022 the Governing Council decided to review the pace of monthly net purchases, which went from €40 billion in April 2022 to €30 billion in May 2022 and €20 billion in June 2022. The Governing Council decided to end net asset purchases under the APP as of 1 July 2022 and plans to continue to fully reinvest the principal amount of the securities purchased until the end of February 2023. Thereafter, the APP portfolio will decline at a measured and predictable pace, as the Eurosystem will not reinvest all of the principal payments from maturing securities. The decline will amount to €15 billion per month on average until the end of 2023 Q2 and its subsequent pace will be determined over time. The Governing Council will regularly reassess the pace of the APP portfolio reduction to ensure it remains consistent with the overall monetary policy strategy and stance, to preserve market functioning, and to maintain firm control over short-term money market conditions.

In addition, in 2022 Q1 the Eurosystem continued net asset purchases under the PEPP. The Governing Council decided to end them thereafter and intends to reinvest the principal amount of maturing securities until at least end-2024. The Governing

Council will continue to apply flexibility in reinvesting redemptions in order to counter pandemic-related risks to the monetary policy transmission mechanism.

The movement in the amortised cost securities held by the Banco de España in the monetary policy portfolios during the year is as follows:

| EUR m | Amortised cost as at 31 December 2021 | Purchases | Redemptions | Premiums (-) / Discounts (+) | Amortised cost as at 31 December 2022 |
|--------------------------------|---|------------------|-------------------|---------------------------------|---|
| CBPP2 | 28.87 | | -29.00 | 0.13 | |
| CBPP3 | 32,028.05 | 2,670.15 | -4,224.65 | -381.90 | 30,091.65 |
| SMP | 1,541.48 | | -820.00 | 23.08 | 744.55 |
| PSPP. Government securities | 258,881.42 | 24,803.55 | -16,110.28 | -1,111.27 | 266,463.43 |
| PSPP. Supranational securities | 68,432.75 | 8,826.80 | -3,509.16 | -536.79 | 73,213.60 |
| CSPP | 27,710.06 | 3,897.12 | -2,166.21 | -114.33 | 29,326.64 |
| PEPP. Covered bonds | 383.85 | 11.20 | -47.95 | -4.66 | 342.44 |
| PEPP. Government securities | 154,681.70 | 22,829.21 | -6,406.50 | -2,158.49 | 168,945.93 |
| PEPP. Supranational securities | 43,297.86 | 8,434.78 | -2,625.44 | -196.98 | 48,910.22 |
| PEPP. Corporate securities | 6,450.57 | 790.57 | -1,293.14 | -24.60 | 5,923.40 |
| TOTAL | 593,436.61 | 72,263.38 | -37,232.33 | -4,505.81 | 623,961.85 |

The ECB Governing Council periodically evaluates the financial risks associated with the securities held under the aforementioned programmes.

Pursuant to Article 32.4 of the Statute of the ESCB and of the ECB, any risks that materialise in the securities included in the SMP, CBPP3, PSPP-supranational securities, CSPP, PEPP-covered bonds, PEPP-supranational securities and PEPP-corporate securities shall be shared by all Eurosystem NCBs in proportion to their share of the subscribed capital of the ECB according to the capital keys in force. The total amounts of the securities acquired by all Eurosystem NCBs under these programmes are shown in the following table:

| EUR m | | | |
|---------------------------------------|------------------|------------------|---------------|
| Total holdings of the Eurosystem NCBS | 2022 | 2021 | Change |
| Programmes concluded | | | |
| CBPP2 | — | 2,211 | -2,211 |
| SMP | 2,143 | 5,486 | -3,344 |
| Total programmes concluded | 2,143 | 7,697 | -5,555 |
| APP | | | |
| CBPP3 | 276,857 | 273,233 | 3,624 |
| PSPP. Supranational securities | 275,228 | 264,537 | 10,691 |
| CSPP | 344,119 | 309,676 | 34,444 |
| Total APP | 896,204 | 847,446 | 48,758 |
| PEPP | | | |
| PEPP. Covered bonds | 5,283 | 5,377 | -94 |
| PEPP. Supranational securities | 145,687 | 130,590 | 15,097 |
| PEPP. Corporate securities | 46,074 | 43,782 | 2,292 |
| Total PEPP | 197,044 | 179,749 | 17,295 |
| TOTAL | 1,095,390 | 1,034,892 | 60,498 |

As regards the impairment tests conducted as at 31 December 2022 on the securities purchased under all the aforementioned programmes, based on the analyses carried out, the Governing Council of the ECB decided that there was no evidence of impairment.

b) Other securities

This item includes that part of the Banco de España's trading and held-to-maturity portfolios which consists of euro-denominated fixed-income securities issued by euro area residents that are not held for monetary policy purposes. The held-to-maturity portfolio consists of debt securities which the Banco de España intends to hold until maturity.

This portfolio includes securities issued by general government and by financial institutions in the euro area. It should be noted that all purchases of debt issued by general government are in the secondary market, none being direct subscriptions of security issues.

The breakdown of this item is as follows:

| EUR m | | | |
|----------------------------|------------------|------------------|------------------|
| Security investments | 2022 | 2021 | Change |
| Trading portfolio | 3,963.56 | 4,326.80 | -363.24 |
| Held-to-maturity portfolio | 23,470.85 | 24,433.56 | -962.71 |
| TOTAL | 27,434.41 | 28,760.36 | -1,325.95 |

The balance of this item as at 31 December 2022 was €27,434.41 million,²⁹ of which 14% relate to trading portfolio securities and 86% to held-to-maturity securities. The market value of the held-to-maturity portfolio at end-2022 (which is furnished for information purposes, since it is not reflected in the balance sheet or in the profit and loss account) is €20,611.67 million (€2,859.18 million lower than its book value). The impairment test conducted on the held-to-maturity portfolio concluded that there was no evidence of impairment at year-end.

Overall, these securities showed a net decrease of €1,325.95 million in 2022, as a result of a reduction of €363.24 million in the trading portfolio and a decrease of €962.71 million in the held-to-maturity portfolio.

Specifically, the changes were for the reasons indicated in the following table:

| EUR m | | | |
|---------------------------------------|-------------------|----------------------------|------------------|
| Reason for change | Trading portfolio | Held-to-maturity portfolio | Total |
| Net purchase/redemption of securities | 380.97 | -1,036.48 | -655.52 |
| Unrealised gains at year-end (a) | -347.23 | — | -347.23 |
| Unrealised losses at year-end (a) | -350.33 | — | -350.33 |
| Accrued implicit interest | -46.65 | 73.77 | 27.13 |
| TOTAL | -363.24 | -962.71 | -1,325.95 |

a As stated in Section 3.1 "Accounting policies", no periodic valuation is performed on the held-to-maturity portfolio.

In 2022 no held-to-maturity securities were sold.

8 Intra-Eurosystem balances

This heading includes the amounts of the following items:

| EUR m | | | |
|--|-------------------|-------------------|------------------|
| Type of asset | 2022 | 2021 | Change |
| Participating interest in the ECB | 1,194.94 | 1,122.19 | 72.75 |
| Claims equivalent to the transfer of foreign reserve assets to the ECB | 4,810.85 | 4,810.85 | — |
| Net claims related to the allocation of euro banknotes within the Eurosystem | 173,406.05 | 161,044.77 | 12,361.28 |
| TOTAL | 179,411.84 | 166,977.81 | 12,434.03 |

29 As at 31 December 2022, there were €65.67 million in repurchase agreements under automated securities lending contracts.

a) Participating interest in the ECB

Pursuant to Article 28 of the Statute of the ESCB, the ESCB NCBs are the sole subscribers to the capital of the ECB. The ECB's capital is subscribed according to the key established in accordance with Article 29 of the Statute of the ESCB, based on each country's share in the total population and gross domestic product of the ESCB countries per data furnished by the European Commission. These subscriptions must be adjusted every five years or whenever new Member States join or leave the European Union, that is, when their NCBs join, or cease to form part of, the ESCB.

The ECB's total subscribed capital is €10,825 million. Following the Bank of England's departure from the ESCB on 31 January 2020, the ECB's subscribed capital remained unchanged and the Bank of England's share was reallocated among the remaining euro area and non-euro area NCBs. The ECB's paid-up capital also remained unchanged at €7,659 million. On that date, the remaining NCBs covered the Bank of England's withdrawn paid-up capital (€58 million), as a result of which the Banco de España paid the ECB €1.61 million on 1 February 2020. Additionally, the Governing Council decided that euro area NCBs should pay up the full subscribed capital in two annual instalments in 2021 and 2022. Accordingly, the Banco de España made two payments in December 2021 and December 2022, amounting to €72.75 million each. At end-2022, the Banco de España's share in the ECB's capital was €1,049.82 million (€977.07 million in 2021).

The capital keys of the NCBs are shown in the table below:

| | ECB's capital key (%) As at 31 December 2022 |
|--|---|
| Nationale Bank van België/Banque Nationale de Belgique (Belgium) | 2.9630 |
| Deutsche Bundesbank (Germany) | 21.4394 |
| Eesti Pank (Estonia) | 0.2291 |
| Central Bank and Financial Services Authority of Ireland (Ireland) | 1.3772 |
| Bank of Greece (Greece) | 2.0117 |
| Banco de España (Spain) | 9.6981 |
| Banque de France (France) | 16.6108 |
| Banca d'Italia (Italy) | 13.8165 |
| Central Bank of Cyprus (Cyprus) | 0.1750 |
| Latvijas Banka (Latvia) | 0.3169 |
| Lietuvos bankas (Lithuania) | 0.4707 |
| Banque centrale du Luxembourg (Luxembourg) | 0.2679 |
| Central Bank of Malta (Malta) | 0.0853 |
| De Nederlandsche Bank (the Netherlands) | 4.7662 |
| Oesterreichische Nationalbank (Austria) | 2.3804 |
| Banco de Portugal (Portugal) | 1.9035 |
| Banka Slovenije (Slovenia) | 0.3916 |
| Národná banka Slovenska (Slovakia) | 0.9314 |
| Suomen Pankki – Finlands Bank (Finland) | 1.4939 |
| Subtotal for euro area NCBs | 81.3286 |
| Bulgarian National Bank (Bulgaria) | 0.9832 |
| Česká národní banka (Czech Republic) | 1.8794 |
| Danmarks Nationalbank (Denmark) | 1.7591 |
| Hrvatska narodna banka (Croatia) | 0.6595 |
| Magyar Nemzeti Bank (Hungary) | 1.5488 |
| Narodowy Bank Polski (Poland) | 6.0335 |
| Banca Națională a României (Romania) | 2.8289 |
| Sveriges Riksbank (Sweden) | 2.9790 |
| Subtotal for non-euro area NCBs | 18.6714 |
| TOTAL (a) | 100.0000 |

a Due to rounding, the subtotals and total may not necessarily equal the sum of the individual figures in the table.

This item also includes the participating interest in the ECB's other equity. As at 31 December 2022, this amounted to €145.12 million, the same as a year earlier.

b) Claims equivalent to the transfer of foreign reserve assets to the ECB

These represent the ECB's debt to the Banco de España arising from the transfer of foreign reserve assets to the ECB. The claims equivalent to the transferred reserves are denominated in euro at a value fixed from the time of their transfer. Pursuant to Article 30.2 of the Statute of the ESCB, the contribution of each NCB to the foreign reserve assets of the ECB shall be fixed in proportion to its share in the subscribed capital of the ECB. They are remunerated at the latest available marginal rate for the

Eurosystem's main refinancing operations, reduced by 15% to reflect a zero return on the gold component, which at the time accounted for 15% of the total reserves transferred.

Their year-end balance of €4,810.85 million is the same as a year earlier.

c) Net claims related to the allocation of euro banknotes within the Eurosystem

This item, the balance of which amounted to €173,406.05 million at year-end, consists of the claims and liabilities of the Banco de España vis-à-vis the Eurosystem in relation to the allocation of euro banknotes within the Eurosystem, when there is a net debit balance (see "Banknotes in circulation" and "Intra-Eurosystem balances" in Section 3.1 "Accounting policies").

The increase with respect to 2021 (€12,361.28 million) is because the Banco de España put fewer banknotes into circulation in 2022 (a negative net issuance of €9,328.26 million) than its share, in accordance with the banknote allocation key, of the increase in the total volume of banknotes put into circulation by the Eurosystem as a whole (€3,033.01 million).

d) Other claims within the Eurosystem (net)

In accordance with Eurosystem rules, since the accounts making up this item have a net credit balance, this information is presented on the liabilities side of the balance sheet (see Note 21 to the balance sheet).

9 Other assets. Tangible and intangible fixed assets and assets under construction

The balance of this item amounted to €307.88 million at end-2022, of which €959.08 million related to cost and €651.20 million to accumulated depreciation or amortisation.

The breakdown of this item into its components, together with their accumulated depreciation or amortisation, is as follows:

| EUR m | 2022 | 2021 | Change |
|--|---------------|---------------|--------------|
| Tangible fixed assets | 598.97 | 583.96 | 15.01 |
| Land and unbuilt plots | 5.35 | 5.35 | — |
| Buildings, structures and renovation work | 118.14 | 117.90 | 0.24 |
| Plant in buildings | 226.44 | 224.60 | 1.84 |
| Furniture and fittings | 45.35 | 45.04 | 0.31 |
| Office machines other than computer hardware | 42.39 | 40.12 | 2.26 |
| Computer hardware | 100.81 | 90.85 | 9.96 |
| Transport equipment | 11.45 | 11.44 | 0.01 |
| Libraries | 1.80 | 1.94 | -0.14 |
| Art collection | 41.16 | 40.96 | 0.19 |
| Other tangible fixed assets | 6.09 | 5.75 | 0.34 |
| Intangible fixed assets | 245.83 | 239.10 | 6.73 |
| Computer software | 245.77 | 239.05 | 6.73 |
| Industrial property | 0.06 | 0.06 | — |
| Assets under construction | 114.28 | 93.76 | 20.52 |
| Buildings, plant in buildings and other structures | 39.34 | 26.67 | 12.67 |
| Computer software of the Banco de España | 58.83 | 46.72 | 12.11 |
| Computer software of the Eurosystem | 14.74 | 14.74 | — |
| Other assets under construction | 1.37 | 5.63 | -4.26 |
| TOTAL | 959.08 | 916.82 | 42.26 |

| EUR m | 2022 | 2021 | Change |
|--|----------------|----------------|---------------|
| Accumulated depreciation or amortization | | | |
| Tangible fixed assets | -445.66 | -428.32 | -17.33 |
| Buildings, structures and renovation work | -65.49 | -62.63 | -2.86 |
| Plant in buildings | -210.76 | -205.40 | -5.36 |
| Furniture and fittings | -40.62 | -39.62 | -1.00 |
| Office machines other than computer hardware | -26.64 | -25.24 | -1.39 |
| Computer hardware | -86.89 | -79.28 | -7.61 |
| Transport equipment | -8.75 | -9.75 | 1.01 |
| Libraries | -1.03 | -1.11 | 0.07 |
| Other tangible fixed assets | -5.48 | -5.28 | -0.19 |
| Intangible fixed assets | -205.54 | -189.39 | -16.16 |
| Computer software | -205.49 | -189.33 | -16.16 |
| Industrial property | -0.06 | -0.06 | — |
| TOTAL | -651.20 | -617.71 | -33.49 |

Overall, fixed assets net of depreciation increased with respect to the previous year by €8.76 million. The increase (€20.52 million) in assets under construction was mainly due to new additions relating to the construction of a new data processing centre, building renovation work and various IT projects and software specifically for the Banco de España. The main increase in tangible fixed assets was in information processing equipment (€9.96 million), mainly due to transfers from other fixed assets

under construction and the acquisition of personal computers and new servers. The increase in intangible fixed assets (€6.73 million) owed largely to new additions of computer software following their transfer from assets under construction.

10 Other assets. Other financial assets

This item includes €201.16 million of financial investments (the same as the previous year) relating mainly to the Banco de España's participating interest in the Bank for International Settlements (€25.04 million) and in IMBISA (€176 million). This company, whose corporate purpose is the production of euro banknotes, is a vehicle of the Banco de España. It was incorporated in November 2015, is 80% owned by the Banco de España and had a share capital of €220 million at end-2022.

11 Other assets. Off-balance-sheet instruments revaluation differences

This item includes the amount of the net debtor position arising from foreign-exchange forward and swap transactions valued at the exchange rates prevailing at the end of the year. When it is a net creditor position, it is recorded under the same heading in liability item 12.1.

12 Other assets. Accruals and prepaid expenses

The main components of this item, the balance of which amounts to €6,932.31 million, are as follows:

| EUR m | 2022 | 2021 | Change |
|--|-----------------|-----------------|---------------|
| Accrued interest arising from securities acquisitions and accrued coupon interest receivable | 5,906.56 | 5,990.52 | -83.96 |
| Trading portfolio | 141.37 | 210.52 | -69.15 |
| Denominated in foreign currency | 92.94 | 84.91 | 8.03 |
| Denominated in euro | 48.44 | 125.61 | -77.18 |
| Held-to-maturity portfolio | 248.97 | 295.79 | -46.82 |
| Denominated in foreign currency | 62.52 | 68.80 | -6.28 |
| Denominated in euro | 186.45 | 226.99 | -40.55 |
| Held for monetary policy purposes | 5,516.21 | 5,484.20 | 32.02 |
| Other accrued interest receivable | 1,016.92 | 53.20 | 963.73 |
| On monetary policy operations | 0.24 | 0.03 | 0.21 |
| On intra-Eurosystem balances arising from banknote adjustments | 791.48 | — | 791.48 |
| On claims equivalent to the transfer of foreign reserves to the ECB | 24.00 | — | 24.00 |
| On foreign currency deposits | 44.16 | 2.27 | 41.89 |
| On swap operations | 68.19 | 29.04 | 39.15 |
| On negative remuneration of general government deposits | — | 17.56 | -17.56 |
| On claims on the IMF | 88.60 | 1.67 | 86.92 |
| Other | 0.26 | 2.63 | -2.37 |
| Accrued commissions receivable and prepaid expenses | 8.83 | 8.32 | 0.51 |
| TOTAL | 6,932.31 | 6,052.03 | 880.28 |

As the above table shows, the most significant items are accrued interest arising from securities acquisitions and accrued coupon interest receivable arising from the monetary policy operations portfolio (€5,516.21 million), from the trading portfolio (€141.37 million), from the held-to-maturity portfolio (€248.97 million) and from intra-Eurosystem balances arising from banknote adjustments (€791.48 million, corresponding to the December remuneration).

13 Other assets. Sundry

The most significant components of this item, which totals €1,034.99 million, are the payment into the Treasury on 1 December 2022 of €793.43 million (€132.18 million less than in 2021), as advance payment based on the profits recorded to September (and taking into account the foreseeable performance of profits up to the end of the year) (see Note 15 to the profit and loss account), and the home loans and repayable advances granted to Bank employees, which amounted to €207.64 million, up €8.29 million on 2021.

14 Banknotes in circulation

The balance of banknotes in circulation (€172,459.88 million) represents the Banco de España's share in the total euro banknotes in circulation (see "Banknotes in circulation" in Section 3.1 "Accounting Policies") according to the Eurosystem euro banknote allocation key (10.9705% since February 2020). This key is obtained by taking the Eurosystem capital key (11.9246%) and deducting 8% of the total corresponding to the ECB.

This balance was €3,033.01 million higher than in the previous year because of the greater volume of euro banknotes put into circulation by the Eurosystem (up 1.8%). The difference between the balance of the banknotes allocated as per the balance sheet (€172,459.88 million) and those put into circulation in net terms by the Banco de España (-€946.17 million) is recorded in an adjustment account under this heading, with a balancing entry in item 9.4 on the asset side of the balance sheet (for €173,406.05 million).

The composition of the banknotes put into circulation in net terms by the Banco de España as at end-2022 is as follows:

| Series | 2022 | 2021 | Change |
|--|------------|------------|-----------|
| €500 (a) | 5,911.25 | 7,476.50 | -1,565.25 |
| €200 | -897.08 | 213.42 | -1,110.50 |
| €100 | -15,609.25 | -12,210.64 | -3,398.61 |
| €50 | 74,356.74 | 73,568.99 | 787.75 |
| €20 | -46,946.68 | -43,866.50 | -3,080.18 |
| €10 | -16,664.39 | -15,748.09 | -916.30 |
| €5 | -1,096.77 | -1,051.59 | -45.18 |
| Euro banknotes put into circulation by Banco de España | -946.17 | 8,382.09 | -9,328.26 |
| Adjustment as per banknote allocation key | 173,406.05 | 161,044.77 | 12,361.28 |
| Banknotes in circulation | 172,459.88 | 169,426.87 | 3,033.01 |

a In May 2016, the ECB decided to stop the production and issuance of €500 banknotes. This banknote will maintain its legal tender status and value for an indefinite period.

15 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro

The overall balance of the different types of deposits held by credit institutions with the Banco de España amounted to €247,502.15 million at end-2022, €117,016.78 million less than in the previous year.

The breakdown and the amounts in both reporting years are as follows:

| EUR m | | | |
|--|-------------------|-------------------|--------------------|
| Type of liability | 2022 | 2021 | Change |
| Current accounts (covering the minimum reserve system) | 18,440.80 | 362,120.93 | -343,680.13 |
| Deposit facility | 229,061.35 | 2,398.00 | 226,663.35 |
| Fixed-term deposits | — | — | — |
| Fine-tuning reverse operations | — | — | — |
| Deposits related to margin calls | — | — | — |
| TOTAL | 247,502.15 | 364,518.93 | -117,016.78 |

The overall balance of this item declined markedly (-€117,016.78 million; -32.1%), the bulk of which took place in the last few days of the year coinciding with partial early repayments made by credit institutions on longer-term refinancing operations (TLTRO III) (see Note 6 to the balance sheet). Conversely, the average overall balance of this item increased, rising from €303,251 million in 2021 to €369,336 million in 2022.

In terms of its components, the current accounts include the funds that are freely available to credit institutions, with which they must cover the minimum reserve requirement. The deposit facility is used to make overnight deposits, which are remunerated at a predetermined interest rate (the deposit facility rate) that is lower than the main refinancing rate.

In 2022 there was a significant transfer of funds between the institutions' current accounts and the deposit facility, due to higher interest rates and changes in the remuneration applicable to each of them.

Specifically, until 20 December 2022 the balances held to meet minimum reserve requirements were remunerated at the main refinancing rate. From 21 December 2022, the ECB Governing Council changed that remuneration to the Eurosystem's deposit facility rate. As for the excess liquidity holdings, in October 2019 the ECB Governing Council introduced a two-tier remuneration system consisting of an exempt tier (determined as a multiple, set at six, of a credit institution's minimum reserve requirements), and a tier that is remunerated at 0% or the deposit facility rate, whichever is lower. After raising the deposit facility rate above zero as of 14 September 2022, the Governing Council decided to suspend this two-tier system by setting the multiplier to zero, such that the excess liquidity holdings ceased to be remunerated.

Liquidity held in the deposit facility is remunerated at the deposit facility rate. This rate was negative between June 2014 and 26 July 2022, when it was raised to 0%,

followed by three further increases over the course of the year, to stand at 2% at 21 December.³⁰

Therefore, once the deposit facility rate turned positive, it was more beneficial for banks to hold their excess liquidity in the deposit facility than in the current accounts, thus prompting the aforementioned transfer of funds.

The average current account balance declined during the year from €300,195 million in 2021 to €263,549 million in 2022 (-12.2%), while that of the deposit facility rose from €3,056 million in 2021 to €105,787 million in 2022.

The other headings in this item relate to fixed-term deposits and fine tuning reverse operations for liquidity withdrawal purposes, and deposits related to margin calls. No such operations took place during the year.

16 Other liabilities to euro area credit institutions denominated in euro

This item had a year-end balance of €3,038.26 million. It includes the deposits held by credit institutions at the Banco de España which are not readily available, with a year-end balance of €2.22 million. It also includes monetary policy portfolio securities lending against cash collateral with euro area credit institutions. These are conducted through a specialised agency and amount to €3,036.04 million (€2,537.20 million in 2021).

17 Liabilities to other euro area residents denominated in euro. General government

This item includes the deposits held by general government with the Banco de España. The outstanding balance at year-end was €51,363.92 million, which breaks down as follows:

³⁰ 0% until 13 September, 0.75% between 14 September and 2 November, 1.50% between 3 November and 21 December and 2% thereafter.

| EUR m | 2022 | 2021 | Change |
|--|------------------|------------------|------------------|
| Central government | 42,817.75 | 24,468.88 | 18,348.87 |
| State | 33,870.93 | 20,345.25 | 13,525.68 |
| Central government agencies | 8,946.82 | 4,123.63 | 4,823.19 |
| Territorial government | 2,528.62 | 5,530.86 | -3,002.24 |
| Regional (autonomous) governments, administrative agencies and similar bodies | 2,220.42 | 5,181.37 | -2,960.96 |
| Local government | 308.20 | 349.48 | -41.28 |
| Social security funds | 6,017.55 | 5,694.04 | 323.50 |
| Social security system | 5,476.69 | 5,050.66 | 426.03 |
| Other | 540.85 | 643.38 | -102.53 |
| TOTAL | 51,363.92 | 35,693.78 | 15,670.14 |

The increase in this item (€15,670.14 million) was due mainly to the significant increase in the balances held by central government, which rose from €24,469 million in 2021 to €42,818 million in 2022. By contrast, balances held by territorial government decreased by €3,002 million.

On 8 September 2022 the ECB Governing Council, in order to preserve the effective transmission of monetary policy and safeguard the orderly functioning of the market, decided to temporarily remove the 0% interest rate ceiling for the remuneration of general government deposits. The ceiling for such remuneration was set at the deposit facility rate or the short-term euro rate (€STR), whichever was lower.³¹

As regards average balances, there was also an increase in those held by central government (€58,558 million in 2022, up from €44,355 million in the previous year), by territorial government (€3,705 million in 2022, up from €2,121 million in 2021) and by social security funds (€5,450 million in 2022, up from €4,158 million in 2021).

18 Liabilities to other euro area residents denominated in euro. Other liabilities

Included here are the balances held by other financial institutions other than credit institutions (such as stock exchange operators, securities dealers and brokers, clearing and settlement entities), amounts deposited as collateral on outstanding derivatives transactions and the current accounts of non-administrative public and autonomous agencies of the State, employees, pensioners, special-purpose vehicles of the Banco de España and other accounts of legal entities classified in “Other resident non-financial sectors”.

³¹ This measure is applicable until 30 April 2023. Thereafter, the Governing Council set remuneration for these deposits at €STR minus 20 bp.

Its balance at end-2022 was €4,508.07 million, down by €915.29 million on end-2021, due mainly to the reduction in deposits received for collateral purposes in derivatives transactions (from €527.23 million at end-2021 to a balance of zero at end-2022) and the decline in balances held in cash accounts by stock exchange operators and by clearing and settlement companies.

19 Liabilities to non-euro area residents denominated in euro

This item includes basically the euro-denominated accounts held by European authorities (such as the Single Resolution Board), international organisations, non-Eurosystem monetary authorities and central banks to which reserve management services are provided, as well as the cash received as collateral in monetary policy portfolio securities lending transactions with non-euro area residents (through a specialised agent).

The balance of €5,561.47 million was down by €4,037.87 million on a year earlier, due mainly to lower cash balances from monetary policy portfolio securities lending transactions conducted via an agent (down by €3,293.22 million) and to a lesser extent to the reduction in balances stemming from central bank reserve management services (down by €856.12 million).

20 Counterpart of special drawing rights allocated by the IMF

This item of €14,978.98 million shows the equivalent value of the SDRs allocated to Spain by the IMF, the balancing entry to the successive allocations recorded in item 2.1 on the asset side of the balance sheet. The total amount of this item increased by €189.09 million with respect to the previous year, due to the change in the exchange rate of the SDR against the euro.

21 Intra-Eurosystem balances

This item, which as at 31 December 2022 had a balance of €500,881.32 million, comprises the following two sub-items:

a) Net liabilities related to the allocation of euro banknotes within the Eurosystem

In accordance with Eurosystem rules, since the accounts making up this item have a net asset balance, this information is presented on the asset side of the balance sheet (see Note 8 to the balance sheet).

b) Other liabilities within the Eurosystem (net)

The balance of €500,881.32 million as at 31 December 2022 represents the sum of four components: 1) the position of the Banco de España vis-à-vis the ECB in respect of the transfers issued and received through TARGET2 by the ESCB national central banks, including the ECB itself; 2) the position vis-à-vis the ECB in respect of the pooling and allocation of monetary income within the Eurosystem pending settlement; 3) the Banco de España's position vis-à-vis the ECB in respect of any dividends receivable at year-end, from the seigniorage income relating to euro banknotes issued by the ECB and of the income on securities acquired by the ECB under the SMP, the CBPP3, the ABSPP, the PSPP and the PEPP; and 4) the net position of the Banco de España vis-à-vis the Eurosystem for other types of operation.

The breakdown of the balance of this item is as follows:

| EUR m | | | |
|--|-------------------|-------------------|-------------------|
| Type of liability | 2022 | 2021 | Change |
| Position of the Banco de España vis-à-vis the ECB due to transfers made and received through TARGET2 and correspondent banking | 502,244.77 | 512,779.01 | -10,534.24 |
| Position vis-à-vis the ECB due to pooling and allocation of monetary income | -1,352.64 | -1,092.44 | -260.20 |
| Dividend receivable relating to the share of ECB banknote seigniorage income and of SMP, CBPP3, ABSPP, PSPP and PEPP income | — | -17.89 | 17.89 |
| Other assets / liabilities (net) vis-à-vis the Eurosystem | -10.81 | -6.63 | -4.18 |
| TOTAL | 500,881.32 | 511,662.06 | -10,780.73 |

Regarding the first component, the year-end transfers via TARGET2 had a credit balance of €502,244.77 million, having declined by €10,534.24 million in the year. The remuneration of this position is calculated daily at the marginal interest rate of the Eurosystem's main refinancing operations (0% between 16 March 2016 and 26 July 2022, followed by successive hikes to 2.50% at year-end). Its average balance decreased very slightly during the year, from €500,895 million in 2021 to €498,241 million in 2022.

The second component reflects the position vis-à-vis the ECB in respect of the annual pooling and allocation of monetary income among the Eurosystem NCBs. It had a debit balance of €1,352.64 million at year-end (see "Net result of pooling of monetary income" in Note 8 to the profit and loss account).

As for the third component, due to the losses recorded in 2022 before the release from the provision for financial risks, on 17 January 2023 the Governing Council of

the ECB decided to distribute no profit out of the ECB's income from securities purchased under the SMP, the CBPP3, the ABSPP, the PSPP and the PEPP.³² Its balance as at end-2022 was therefore zero. (see "Income from equity shares and participating interests" in Note 7 to the profit and loss account).

Lastly, the debit balance of "Other assets/liabilities (net) vis-à-vis the Eurosystem" at end-2022 (€10.81 million) relates to the management of funds stemming from the repayment by the Spanish State of loans from the European Union.

22 Items in course of settlement

Included here are various accounts which as at 31 December 2022 were in the course of settlement, such as transfer instructions pending execution.

The balance of this item at year-end (€914.04 million) relates mainly to the transfers received from accounts with institutions on the TARGET2 platform, but yet to be processed (€472.35 million), and to other transfers ordered to accounts held at other institutions that likewise remain outstanding (€437.41 million).

23 Other liabilities. Off-balance-sheet instruments. Revaluation differences

This item includes the amount of the net creditor position arising from foreign exchange forward and swap transactions valued at the exchange rates prevailing at the end of the year. When the position is a debtor one, it is recorded under the same heading in item 11.4 on the asset side. Its credit balance at end-2022 of €301.94 million is the net value of the swap transactions outstanding at that date, which are listed below:

| Operation | Position | Currency | 2022 | | 2021 | |
|---------------------|----------|----------|---------------------------|----------------------|--------------------|--------------------|
| | | | Currency amount (million) | Market exchange rate | Equivalent (EUR m) | Equivalent (EUR m) |
| SWAP | Debtor | GBP | 230.05 | 0.8869 | 259.37 | — |
| | | CAD | 545.98 | 1.4440 | 378.11 | 536.62 |
| | | AUD | 522.71 | 1.5693 | 333.09 | 586.57 |
| | | USD | 6,162.26 | 1.0666 | 5,777.48 | 6,246.77 |
| | Creditor | JPY | 991,650.40 | 140.6600 | 7,049.98 | 6,857.89 |
| Net position | | | | | 301.94 | -512.07 |

³² Decision of the European Central Bank of 15 December 2014 (ECB/2014/57) on the interim distribution of the income of the European Central Bank (recast) (ECB/2014/57).

At year-end, swaps were unexpired involving the Japanese yen against the US dollar, Canadian dollar, Australian dollar and pound sterling.

24 Other liabilities. Accruals and income collected in advance

This item includes accrued interest payable, accrued expenses payable and income collected in advance.

As at 31 December 2022 its balance was down by €1,880.57 million on 2021, standing at €3,516.11 million, the bulk of which (€2,416.72 million) was interest accrued as a result of the remuneration of certain longer-term refinancing operations with credit institutions at negative interest rates (see Note 6(b) to the balance sheet).

Also noteworthy is the interest accrued on intra-Eurosystem balances due to the TARGET credit balances accrued to December and still outstanding, amounting to €887.40 million (remunerated at the marginal rate for the Eurosystem's main refinancing operations).

25 Other liabilities. Sundry

This includes other liabilities not classifiable above.

As at 31 December 2022, the balance of this item was €386.00 million (€167.98 million in 2021). Its main sub-items are the amounts received on account in government debt subscription applications (€217.91 million, €21.30 million in 2021), the accounts payable relating to accrued operating expenses (€58.88 million) and the cash arising from redemptions of and interest on book-entry government debt immobilised under EU legislation relating to restrictive measures on the financial resources of certain agents (€40.48 million, unchanged in the year).

26 Provisions

With the exception of country-risk provisions, which are presented in the balance sheet as reductions in the value of the assets concerned, provisions are recorded under this item with the following breakdown:

| EUR m | 2022 | 2021 | Change |
|--|------------------|------------------|-----------------|
| For financial risks | 32,987.18 | 31,380.37 | 1,606.81 |
| For operational risk | 480.78 | 485.06 | -4.28 |
| For the collective agreement 2011-2014 | 9.42 | 10.42 | -1.00 |
| For death and retirement assistance | 102.93 | 113.60 | -10.67 |
| For early and regular retirement | 4.86 | 7.54 | -2.68 |
| For sundry liabilities and charges | 0.33 | 4.20 | -3.87 |
| For ongoing lawsuits | 7.02 | 7.23 | -0.21 |
| TOTAL | 33,592.52 | 32,008.42 | 1,584.11 |

Provision for financial risks

This is the most important provision. It encompasses the provisions for foreign exchange and interest rate risks and the provision for credit risks relating to the Banco de España's financial positions. The balance of this provision is revised annually based on the Banco de España's valuation of its exposure to the aforementioned risks. This valuation is based on the expected shortfall methodology, with a confidence level of 99% and a time horizon of one year. Furthermore, the impact of COVID-19 on the quantification of financial risks was factored in via developments in the parameters the model uses.

At end-2022, this provision was used to offset existing losses arising from the risks covered for an amount of €1,032.23 million (near entirely to cover interest rate losses). At its meeting on 15 February 2023, the Executive Commission approved the provisioning of €2,639.04 million (see Note 5 to the profit and loss account). Consequently, there was a net increase of €1,606.81 million in the provision for financial risks, the balance of which amounted to €32,987.18 million at end-2022.

Provision for operational risk

Operational risk exposure is quantified on the basis of one-year VaR with a confidence level of 99.9%. As in previous years, operational risk was covered in full in 2022.

At end-2022, this provision was used to cover the operational loss events arising during the year for a net amount of €0.07 million and was reduced by €4.22 million owing to a decrease in the assessed risk at year-end (see Note 14 to the profit and loss account), taking its balance to €480.78 million.

Other provisions

In 2022 there was a decrease of €10.67 million in the provision for death and retirement assistance, essentially due to the rise in the interest rate used in the

calculation (up from 0.73% in 2021 to 3.13% in 2022), offsetting the effect of the wage increase recorded in 2022.

There was a decrease of €2.68 million in the provisions for early and regular retirement, as a result of the higher interest rate used in the calculation and the drop in the number of retirees in the group during the year.

The provision for sundry liabilities and charges also decreased during the year (by €3.87 million), with a year-end balance of €0.33 million (see Note 10 to the profit and loss account).

The provision for lawsuits, with a balance of €7.02 million at end-2022 (€7.23 million in 2021), covers risks stemming from ongoing litigation.

27 Revaluation accounts

This item includes the revaluations arising from unrealised gains on financial assets and liabilities valued at market prices and exchange rates at year-end. It may be broken down as follows:

| EUR m | | | | |
|-------|--------------------------------|------------------|------------------|-----------------|
| | Type of account | 2022 | 2021 | Change |
| | Gold | 14,595.95 | 13,721.43 | 874.52 |
| | Foreign currency | 8,162.04 | 5,752.55 | 2,409.49 |
| | Securities (trading portfolio) | 97.35 | 514.21 | -416.86 |
| | Issued in foreign currency | 5.08 | 74.70 | -69.62 |
| | Issued in euro | 92.28 | 439.51 | -347.23 |
| | Other | 0.01 | 5.03 | -5.02 |
| | TOTAL | 22,855.35 | 19,993.22 | 2,862.13 |

The balance of revaluation accounts at end-2022 was €22,855.35 million, up €2,862.13 million on 2021. The most significant change was in the foreign exchange revaluation accounts, which increased by €2,409.49 million, basically due to the appreciation of the US dollar against the euro.

With respect to gold, the unrealised gains were up by €874.52 million as a result of a higher market price (from €1,609.48 per ounce at end-2021 to €1,706.08 per ounce at end-2022).

Securities price revaluation accounts declined by €416.86 million (€347.23 million in euro-denominated securities and €69.62 million in securities denominated in foreign

currencies), as a result of the price developments caused by the increase in market yields during the year.

28 Capital

As at 31 December 2022, the capital of the Banco de España amounted to €1 billion, with no change in the year. Of this amount, €1.37 million were constituted pursuant to Decree-Law 18/1962 of 7 June 1962 and €998.63 million arose from a capital increase carried out in 2006 through the retention of a portion of 2005 profits.

29 Reserves

As at 31 December 2022, the reserves of the Banco de España amounted to €882.45 million, unchanged on the previous year. Included in this item are, first, the amount of capital, reserves and profits that arose in 1973 when the now-defunct Spanish Foreign Currency Institute was included in the Banco de España (€3.17 million) and, second, the portion of 2005 and 2006 profit taken to reserves, authorised by the Council of Ministers, respectively, on 28 July 2006 and 29 June 2007 (€379.28 million and €500 million).

30 Profit for the year

Net profit for 2022 amounted to €2,402.60 million, up 34.6% on 2021. Of this amount, €793.43 million was paid into the Treasury on 1 December 2022, in accordance with Royal Decree 2059/2008 of 12 December 2008 (see Note 15 to the profit and loss account, “Profit for the year”) and is included in asset item 11.6.

During the year, the following amounts were also paid into the Treasury out of 2021 profits:

- a) On 1 March 2022, €680.91 million, which, together with the payment in December 2021, amounted to 90% of the €1,785.02 million in profit for that year.
- b) On 31 May 2022, €178.50 million, representing the remaining profit for 2021 upon approval of the balance sheet and profit and loss account for that year by the Council of Ministers.

The details of the various components of the profit for 2022 and the reasons for the changes in them with respect to 2021 are given in Section 3.3 on the profit and loss account.

3.3 Notes to the profit and loss account

1 Interest income

This item includes income from interest accrued on the assets and liabilities of the Banco de España. The breakdown in 2022 and 2021 is as follows:

| EUR m | Interest income | | | Average investment | | Average yield | |
|--|-----------------|-----------------|-----------------|--------------------|------------------|---------------|-------------|
| | 2022 | 2021 (a) | Change | 2022 | 2021 | 2022 | 2021 |
| Foreign currency | 1,240.93 | 524.37 | 716.56 | 67.779 | 58.371 | 1.81 | 0.89 |
| Securities | 727.14 | 467.58 | 259.56 | 35.826 | 33.909 | 2.00 | 1.36 |
| Deposits and other assets | 376.34 | 15.47 | 360.87 | 31.953 | 24.462 | 1.16 | 0.06 |
| Liquidity-providing operations, swaps, forwards and others | 137.45 | 41.32 | 96.13 | | | | |
| Euro | 8,697.13 | 6,430.00 | 2,267.13 | 1,087.711 | 1,023.831 | 0.79 | 0.62 |
| Own portfolio securities | 394.79 | 525.49 | -130.70 | 27.395 | 27.271 | 1.42 | 1.90 |
| Trading portfolio | 99.81 | 208.04 | -108.22 | 3.379 | 4.347 | 2.91 | 4.72 |
| Held-to-maturity portfolio | 294.97 | 317.45 | -22.48 | 24.015 | 22.924 | 1.21 | 1.37 |
| Securities held for monetary policy purposes | 6,558.71 | 4,880.65 | 1,678.06 | 623.591 | 538.760 | 1.04 | 0.89 |
| SMP | 72.68 | 193.52 | -120.84 | 958 | 3.146 | 7.48 | 6.07 |
| CBPP, CBPP2 and CBPP3 | 249.99 | 257.79 | -7.80 | 30.871 | 33.227 | 0.80 | 0.77 |
| PSPP-government securities | 4,869.70 | 3,680.05 | 1,189.65 | 267.235 | 258.445 | 1.80 | 1.40 |
| PSPP-supranational securities | 231.75 | 175.30 | 56.45 | 71.834 | 65.612 | 0.32 | 0.26 |
| CSPP | 324.20 | 274.01 | 50.19 | 29.281 | 25.812 | 1.09 | 1.05 |
| PEPP | 810.40 | 299.98 | 510.42 | 223.411 | 152.519 | 0.36 | 0.19 |
| Monetary policy operations | 685.70 | 995.80 | -310.09 | 263.549 | 300.200 | 0.26 | 0.33 |
| Main refinancing operations | 0.01 | — | 0.01 | — | 5 | 2.00 | — |
| Longer-term refinancing operations (b) | — | — | — | — | — | — | — |
| Marginal lending facility | — | — | — | — | — | — | — |
| Remuneration of minimum reserves (negative net interest) | 685.69 | 995.80 | -310.10 | 263.549 | 300.195 | 0.26 | 0.33 |
| Intra-Eurosystem balances | 1,031.94 | — | 1,031.94 | 173.177 | 157.600 | 0.59 | — |
| Claims equivalent to the transfer of foreign reserves to the ECB | 24.00 | — | 24.00 | 4.811 | 4.811 | 0.49 | — |
| Claims related to allocation of euro banknotes within the Eurosystem | 1,007.95 | — | 1,007.95 | 168.269 | 152.723 | 0.59 | — |
| Other claims within the Eurosystem (net) | — | — | — | 97 | 66 | — | — |
| Other assets | 12.52 | 7.63 | 4.89 | | | | |
| Other liabilities denominated in euro (negative net interest) | 13.46 | 20.43 | -6.97 | | | | |
| TOTAL | 9,938.06 | 6,954.37 | 2,983.69 | 1,155.491 | 1,082.202 | 0.85 | 0.63 |

a For ease of comparison with the previous year, in 2022 interest amounts arising from the deposit facility and general government deposits are shown in this table, while in 2021 they figured as interest income.

b These operations accrued negative net interest, which are recorded as interest expenses.

In 2022, interest income amounted to €9,938.06 million, of which €1,240.93 million was denominated in foreign currencies and €8,697.13 million was denominated in euro.

The foreign currency-denominated interest income mainly arose from debt securities (€583.29 million in US dollars; €55.32 million in Australian dollars; €53.24 million in Canadian dollars; €18.25 million in pound sterling; €17.05 million in renminbi), from positions vis-à-vis the IMF (€234.25 million) and from deposits in foreign currencies (mainly in US dollars), which generated income of €142.09 million. Currency swaps gave rise to interest income of €129.45 million, essentially from operations in Japanese yen against US dollars and, to a lesser extent, against Australian dollars, Canadian dollars and pound sterling.

The bulk of the interest income in euro relates to the monetary policy portfolio (€6,558.71 million, with an average yield of 1.04%) and the own portfolio (€394.79 million, with an average yield of 1.42%). Interest income arising from intra-Eurosystem balances amounted to €1,031.94 million (€1,007.95 million in claims related to the allocation of banknotes and the remaining €24 million in claims equivalent to reserves transferred to the ECB). These accounts are remunerated at the main refinancing rate, which turned positive in late July and reached 2.50% at year-end. Interest income from monetary policy operations amounted to €685.70 million, stemming near entirely from reserves held by credit institutions. The non-exempt tier of excess reserves was remunerated at negative interest rates until July 2022. Thereafter, minimum reserves began to be remunerated at positive rates, while the excess reserves held by institutions in current accounts ceased to be remunerated.³³ In the year as a whole, the average interest rate applied to these accounts stood at 0.26%.

To assess the impact of monetary policy operations and intra-Eurosystem claims and liabilities on the Banco de España's profit and loss account, two aspects must be assessed in combination: (i) the interest income and expense recorded under items 1 and 2 (arising from monetary policy assets and liabilities held on the Banco de España's balance sheet), and (ii) the pooling of monetary income (item 12 in the profit and loss account), whereby the net income from monetary policy operations is distributed among the NCBs on the basis of the ECB capital key (see Note 8 to the profit and loss account).

Overall interest income increased by €2,983.69 million (42.9%) compared with 2021, owing to higher interest on both euro-denominated investments (€2,267.13 million, 35.3%) and those denominated in foreign currencies (€716.56 million, 136.7%).

Interest income denominated in foreign currencies (€716.56 million) increased mainly due to the higher average yield obtained (up from 0.89% to 1.81%), in line with

33 Minimum reserve requirements, which were remunerated at the main refinancing rate, began being remunerated at the deposit facility rate from 21 December 2022. The excess holdings in accounts will continue to be remunerated at 0% or the deposit facility rate, whichever is lower. Part of those excess holdings was exempt from negative remuneration while the deposit facility rate was in negative territory (up to July).

developments in the main foreign currency interest rates. Interest income was up across all investments: debt securities portfolio (€259.56 million), deposits and other assets (€360.87 million, of which €228.67 million in receivables from the IMF) and swap operations (€92.43 million).

The increase of €2,267.13 million in euro-denominated interest income owed to the net effect of the following:

- Higher income from monetary policy portfolios (€1,678.06 million), stemming mainly from higher income from the PSPP-government and PEPP-government portfolios (€1,189.65 million and €459.54 million, respectively), along with the PSPP-supranational portfolio (€56.45 million), CSPP portfolio (€50.19 million) and PEPP-supranational portfolio (€43.03 million). That higher interest income was partially offset by the reduction in the now concluded SMP and CBPP2 portfolios (which had a high yield), by redemptions (-€120.84 million and -€1.89 million, respectively) and by lower income from CBPP3 (-€5.91 million). The increase in interest income owes to the higher average balance of these portfolios as a whole (up from €538,760 million in 2021 to €623,591 million in 2022), resulting from purchases of monetary policy securities under the APP and PEPP³⁴ and the increase in the average yield, owing mainly to the impact of inflation-linked bonds.
- Higher interest generated on intra-Eurosystem balances, remunerated at the main refinancing rate (€1,031.94 million in 2022, compared with zero interest in 2021).
- Lower income from the remuneration of minimum reserves (-€310.10 million), owing to changes in the average interest rate applied to these accounts (0.26% in 2022; 0.33% in 2021) along with the lower average balance held by institutions.
- Lower interest on own portfolio securities (-€130.70 million; 24.9%) as a result of lower yields (1.42% in 2022 compared with 1.90% in 2021). The average investment during the period grew slightly (up from €27,271 million in 2021 to €27,395 million in 2022).

34 Net purchases were made under the PEPP until March 2022 and under the APP until June 2022. As of those respective dates, principle payments from maturing securities under both programmes were reinvested. The ECB Governing Council decided to begin reducing the size of the APP programme from March 2023.

2 Interest expense

This item includes interest expenditure on the assets and liabilities listed below:

EUR m and %

| | Interest expense | | | Average financing | | Average cost | |
|--|------------------|-----------------|-----------------|-------------------|----------------|--------------|-------------|
| | 2022 | 2021 (a) | Change | 2022 | 2021 | 2022 | 2021 |
| Foreign currency | 188.10 | 6.96 | 181.14 | | | | |
| Liquidity-providing operations, swaps and forwards | 2.70 | 2.96 | -0.26 | | | | |
| Other liabilities | 185.40 | 4.00 | 181.40 | 14,236 | 7,218 | 1.28 | 0.05 |
| Euro | 5,559.66 | 2,578.31 | 2,981.35 | 956,381 | 841,518 | 0.57 | 0.30 |
| Monetary policy operations | 2,669.22 | 2,847.61 | -178.38 | 386,278 | 286,557 | 0.68 | 0.98 |
| Current accounts (including minimum reserves) (b) | — | — | — | — | — | — | — |
| Deposit facility | 1,215.71 | -15.49 | 1,231.20 | 105,787 | 3,056 | 1.13 | -0.50 |
| Fixed-term deposits | — | — | — | — | — | — | — |
| Longer-term refinancing operations (negative net interest) | 1,453.51 | 2,863.10 | -1,409.58 | 280,490 | 283,501 | 0.51 | 1.00 |
| General government deposits | 101.73 | -270.42 | 372.16 | 71,862 | 54,088 | 0.14 | -0.50 |
| Other liabilities within the Eurosystem (net) | 2,771.29 | — | 2,771.29 | 498,241 | 500,873 | 0.55 | — |
| Other liabilities denominated in euro | 17.42 | 1.13 | 16.29 | | | | |
| TOTAL | 5,747.76 | 2,585.27 | 3,162.49 | 970,617 | 848,736 | 0.58 | 0.30 |

a For ease of comparison with the previous year, in 2022 interest amounts arising from the deposit facility and general government deposits are shown in this table, while in 2021 they figured as interest income.

b These operations accrued negative net expenses, which are recorded as interest income.

Interest expense denominated in foreign currencies (€188.10 million) was basically from the interest accrued on the SDRs allocated by the IMF (€185.40 million), recognised in the above table under “Other liabilities”, and, to a lesser degree, from the interest expense arising from swap operations. The higher expense compared to 2021 (€181.14 million) owed mainly to the increase in expenses generated by SDRs (€181.40 million), resulting from a higher average cost (up from 0.05% in 2021 to 1.28% in 2022).

The euro-denominated interest expenses (€5,559.66 million) arose mainly from interest on TARGET balances (€2,771.29 million), from the negative interest on longer-term refinancing operations (€1,453.51 million) – particularly the targeted longer-term refinancing operations (TLTRO III) – and from the deposit facility (€1,215.71 million). However, as indicated in Note 1, the final impact of these operations on the Banco de España’s results is affected by the redistribution of monetary income among NCBs.

Compared with the previous year, euro-denominated interest expenses increased by €2,981.35 million, due to the net effect of the following:

- The TARGET balances, remunerated at the main refinancing rate, generated no interest expenses in 2021.
- Interest on the deposit facility shifted from positive in 2021 (income of €15.49 million) to negative in 2022 (expense of €1,215.71 million). This owed to changes in the applicable interest rates, which turned positive in September, together with the notable increase in the average balance (up from €3,056 million in 2021 to €105,787 million in 2022), as a result of institutions transferring significant funds from their current accounts to this item in order to benefit from higher returns.
- Similarly, in 2022 general government deposits generated interest income of €101.73 million (compared with €270.42 million in 2021) owing to changes in interest rates.³⁵ Average balances increased, rising from €54,088 million in 2021 to €71,862 million in 2022.
- The interest accrued on longer-term refinancing operations declined considerably (€1,409.58 million). This owed, first, to the “special interest rate period” – during which banks benefited from reduced interest rates –³⁶ coming to an end in June 2022, and, second, to the new remuneration on these loans introduced by the Governing Council from November 2022.³⁷ As a result, the average interest rate in 2022 was -0.51% (-1% in 2021).

3 Realised gains/losses arising from financial operations

This item includes the profits and losses arising from the sale of financial assets. In 2022 the net gains in this connection amounted to €40.34 million (€110.62 million in 2021), which may be broken down as follows:

-
- 35 In September 2022 the Governing Council temporarily removed (until April 2023) the interest rate ceiling of 0% for remunerating these deposits, applying instead the lower of either the deposit facility rate or the €STR.
- 36 During the special interest rate period (June 2020-June 2022), credit institutions could benefit from an additional 50 bp interest rate reduction (conditional on lending levels). Spanish institutions satisfied the eligibility requirements for the reduced rate, putting the interest rate applied during the period at -1%.
- 37 Until 22 November 2022, TLTRO III loans were remunerated at the average deposit facility rate over the lifetime of the operation. The Governing Council decided to adjust the conditions applicable to these loans from 23 November 2022, when remuneration was indexed to the average rate from that date through to the maturity or early repayment date of each operation.

| EUR m | 2022 | 2021 | Change |
|--|--------------|---------------|---------------|
| Foreign currency | 59.97 | 107.77 | -47.79 |
| Sale of gold | — | — | — |
| Sale of foreign currency (exchange rate) | 103.39 | 42.42 | 60.97 |
| Sale of securities (price) | -101.93 | 78.95 | -180.88 |
| Interest rate futures | 58.51 | -13.60 | 72.11 |
| Euro | -19.63 | 2.86 | -22.49 |
| Sale of securities | -19.05 | 2.86 | -21.91 |
| Investment funds | -0.58 | — | -0.58 |
| TOTAL | 40.34 | 110.62 | -70.28 |

Of note in 2022 were the losses from sales of securities, both denominated in foreign currency (€101.93 million) and in euro (€19.05 million). For those in foreign currency, the losses stemmed from sales of securities denominated in US dollars (€80.25 million), pound sterling (€9.56 million), Canadian dollars (€8.82 million) and Australian dollars (€3.30 million) due to their adverse market price performance. The losses in euro stemmed from the sale of securities from the CSPP monetary policy portfolio.³⁸

Profits from the sale of foreign currencies (€103.39 million) were almost entirely due to gains on the sale of US dollars (€93.50 million), given this currency's appreciation against the euro. The gains were lower in 2021 (€42.42 million), and were likewise largely accounted for by sales of US dollars (€37.41 million).

In 2022, gains of €58.51 million were recorded from interest rate futures (€49.55 million relating to US dollars, €6.81 million to Canadian dollars, €1.98 million to Australian dollars and €0.18 million to pound sterling).

4 Write-downs on financial assets and positions

This item includes exchange rate losses on foreign currency holdings and price losses on securities and investment funds, for that portion that cannot be offset by unrealised gains from previous years. The breakdown in 2022 and 2021 is as follows:

| EUR m | 2022 | 2021 | Change |
|---|-----------------|--------------|---------------|
| Foreign currency (exchange rate) | 10.86 | 0.01 | 10.85 |
| Foreign currency-denominated securities (price) | 616.35 | 72.71 | 543.63 |
| Euro-denominated securities (price) | 350.33 | 7.19 | 343.14 |
| Investment funds (price) | 54.69 | 5.80 | 48.89 |
| TOTAL | 1,032.23 | 85.71 | 946.52 |

³⁸ This loss relates to a partial early repayment by the issuer.

Write-downs in 2022 amounted to €1,032.23 million, of which €616.35 million related to foreign currency-denominated debt securities (€461.28 million in US dollars, €95.76 million in Australian dollars, €45.89 million in Canadian dollars, €13.09 million in pound sterling and €0.32 million in renminbi), €350.33 million to the euro-denominated debt securities portfolio and €54.69 million to investment funds (€50.38 million in euro-denominated funds and €4.31 million in US dollar-denominated funds).

Foreign currency losses amounted to €10.86 million in 2022 (€0.01 million in 2021), accounted for near entirely by pound sterling (€10.83 million).

5 Transfer to/from provisions for financial risks

The breakdown in 2022 and 2021 is as follows:

| EUR m | 2022 | 2021 | Change |
|---------------------------------|-----------------|-----------------|------------------|
| Transfers to provisions | 2,639.04 | 3,325.01 | -685.97 |
| Use of/reversal from provisions | -1,032.23 | -85.71 | -946.52 |
| TOTAL | 1,606.81 | 3,239.30 | -1,632.49 |

This includes, first, the transfer of €1,032.23 million from the provision for financial risks to cover the unrealised losses existing at end-2022 and, second, the transfer to provisions of €2,639.04 million approved by the Executive Commission. This increase represents a continuation of the policy embarked on in previous years to have sufficient provisioning for financial risks to address the higher risks assumed as a result of the increase in financial assets of recent years, particularly of securities purchased under the Eurosystem's asset purchase programmes.

6 Net income from fees and commissions

This basically includes income and expenses arising from fees and commissions for banking services and the like (TARGET2, TARGET2-Securities, custody and administration of securities denominated in euro and in foreign currencies, etc.). It may be broken down as follows:

| EUR m | 2022 | 2021 | Change |
|---|---------------|---------------|--------------|
| 1 Fee and commission income | 33.90 | 32.94 | 0.95 |
| Foreign operations | 0.05 | 0.11 | -0.05 |
| Domestic operations | 33.85 | 32.84 | 1.01 |
| 2 Fee and commission expense | -21.38 | -17.82 | -3.56 |
| Foreign operations | -6.96 | -5.85 | -1.11 |
| Domestic operations | -14.42 | -11.96 | -2.45 |
| Net income from fees and commissions (1+2) | 12.52 | 15.12 | -2.61 |

Net fee and commission income in 2022 amounted to €12.52 million. This income arose basically from the pooling among NCBs of fees and commissions charged to participants in TARGET2 and TARGET2-Securities, and the fees and commissions charged to the Treasury for debt servicing and to other NCBs and entities for securities operations as part of the correspondent banking service between central banks. Expenses notably include the fees and commissions paid to Iberclear (central securities depository) for the maintenance of securities accounts and the expenses relating to the custody of securities denominated in foreign currency.

7 Income from equity shares and participating interests

This item includes the participating interest of the Banco de España in the profit of the ECB and the dividends on other shares and participating interests.

| EUR m | 2022 | 2021 | Change |
|--|-------------|--------------|---------------|
| ECB | 4.97 | 63.57 | -58.59 |
| Ordinary dividend | 4.97 | 45.68 | -40.70 |
| Dividend from banknote seigniorage and SMP, CBPP3, ABSPP, PSPP and PEPP income | — | 17.89 | -17.89 |
| Other | 3.34 | 6.01 | -2.67 |
| TOTAL | 8.31 | 69.57 | -61.26 |

In 2022, €4.97 million were recorded for the ECB ordinary dividend for 2021 (€45.68 million in 2021).

Regarding ECB dividends from seigniorage income and from the SMP, CBPP3, ABSPP, PSPP and PEPP monetary policy portfolios, since the ECB's profit for 2022

was zero, on 17 January 2023 the ECB Governing Council resolved that there would be no profit distribution to NCBs.³⁹

Dividends amounting to €3.34 million were also received for shares in the Bank for International Settlements (€6.01 million in 2021).

8 Net result of pooling of monetary income

The amount of each Eurosystem NCB's monetary income is determined by calculating the annual income generated by the earmarkable assets held against the liability base net of the financial expenses incurred for the related liabilities.

The components of the earmarkable assets and the liability base are as follows:

| Earmarkable assets | Remuneration (pooled income) | Liability base | Remuneration (deductible expenses) |
|---|--------------------------------------|--|------------------------------------|
| Amount of gold holdings in proportion to each NCB's capital key share | N/A | Banknotes in circulation | N/A |
| Intra-Eurosystem claims equivalent to the transfer of foreign reserves to the ECB (except gold) | Main refinancing operations rate | Liabilities to euro area credit institutions related to monetary policy operations denominated in euro | Effective interest rate |
| Lending to euro area credit institutions related to monetary policy operations denominated in euro | Effective interest rate | Net intra-Eurosystem liabilities arising from TARGET2 transactions (a) | Main refinancing operations rate |
| CBPP, CBPP2, PSPP-government and PEPP-government | Main refinancing operations rate | Balances related to accrued coupon interest on impaired securities held for monetary policy purposes | N/A |
| SMP, CBPP3, PSPP-supranational, CSPP and PEPP (excluding PEPP-government securities) | Effective interest rate | | |
| Claims on non-Eurosystem central banks that relate to liquidity-providing operations in euro | Interest income (including accruals) | | |
| Balances related to accrued coupon interest on impaired securities held for monetary policy purposes and for which full income/risk sharing applies | N/A | | |
| Net intra-Eurosystem claims related to the allocation of euro banknotes within the Eurosystem (a) | Main refinancing operations rate | | |
| Accrued interest relating to regular monetary policy operations with a maturity of over one year | N/A | | |

a Depending on the NBC, these components may be presented on the earmarkable asset side or liability base.

³⁹ The ECB Governing Council decided that the loss for 2022, which amounted to €1,627 million prior to the release from the provision for financial risks, would be fully covered by that provision, bringing the financial result reported in the profit and loss account to zero.

If the value of an NCB's earmarkable assets exceeds or is less than the value of its liability base, the difference will be offset by applying to it the most recent marginal interest rate on main refinancing operations.

The breakdown of this income in 2022 and 2021 is as follows:

| EUR m | 2022 | 2021 | Change |
|---|-----------------|-----------------|---------------|
| Net result of pooling of monetary income | 1,347.47 | 1,074.07 | 273.40 |
| Monetary income pooled | 496.52 | 934.53 | -438.01 |
| Monetary income allocated | 850.95 | 139.54 | 711.41 |
| Correction of prior years | 5.17 | 18.37 | -13.20 |
| Provision for monetary policy portfolios and ECB losses | — | — | — |
| TOTAL | 1,352.64 | 1,092.44 | 260.20 |

The monetary income pooled by the Eurosystem's NCBs is to be allocated among these same NCBs according to the ECB subscribed capital key. In 2022 the difference between the monetary income pooled by the Banco de España, amounting to -€496.52 million, and that reallocated to it, amounting to €850.95 million, is equivalent to a net allocation (income) of €1,347.47 million.

The following table shows the breakdown of the pooling of monetary income for 2022 by its different items, along with their impact on the Banco de España's net interest income for the year.

EUR m

| | Local P&L (a) | Pooling of monetary income (b) | P&L according to the Eurosystem capital key (a) + (b) |
|--|-----------------|--------------------------------|---|
| Lending related to monetary policy operations | -1,453.51 | 197.18 | -1,256.34 |
| Monetary policy portfolios - shared income | 926.13 | -219.71 | 706.42 |
| Claims related to banknote issuance | 1,007.95 | -1,095.67 | -87.73 |
| Claims equivalent to the transf. of reserves to the ECB | 24.00 | — | 24.00 |
| Deposits held by credit institutions | -530.01 | -248.28 | -778.29 |
| Intra-Eurosystem TARGET2 balances with the ECB | -2,771.29 | 3,019.95 | 248.67 |
| Non-earmarkable assets (non-shared mon. pol. portfolios + GAP) | | -306.00 | -306.00 |
| | -2,796.74 | 1,347.47 | -1,449.27 |
| Foreign currency investments (net) | 1,052.83 | | 1,052.83 |
| Euro-denominated own funds portfolio | 394.79 | | 394.79 |
| Non-shared monetary policy portfolios | 5,613.53 | | 5,613.53 |
| General government deposits | -101.73 | | -101.73 |
| Other assets/liabilities | 8.56 | | 8.56 |
| TOTAL (a) | 4,171.25 | | 5,518.71 |

a The difference compared with net interest income (€4,190.30 million) (item 3 of the profit and loss account) owes to the inclusion in this table of gains/losses arising from the sale of the CSPP portfolio (included in item 5 of the profit and loss account), which are shared as part of the pooling of monetary income.

In addition to this ordinary pooling, the revision in 2022 of the monetary income obtained in previous years⁴⁰ entailed higher income of €5.17 million for the Bank.

Consequently, the positive net result for the year under this item was €1,352.64 million.

9 Other income and losses

This includes the income and losses that cannot be included in other items, along with other diverse income of an exceptional nature. The breakdown in 2022 and 2021 is as follows:

EUR m

| Description | 2022 | 2021 | Change |
|---------------------------|--------------|--------------|---------------|
| Extraordinary profit/loss | -2.76 | 29.21 | -31.98 |
| Sundry | 19.97 | 30.01 | -10.04 |
| TOTAL | 17.20 | 59.22 | -42.02 |

40 The change stems mainly from the recalculation of interest from TLTRO III operations conducted during the "special interest rate period" (June 2021-June 2022) by various NCBs for those credit institutions that did not obtain the maximum reduction on interest rates.

This item discloses net profit of €17.20 million. “Sundry” includes, inter alia, the reimbursement of expenses incurred in the development and operation of Eurosystem/ESCB/SSM software in which the Banco de España participates as a developer (€0.94 million and €12.89 million, respectively), as well as €3.09 million relating to the recovery of indirect costs allocated to Sepblac and €2.12 million for the recovery of expenses relating to international remittances.

The lower result compared to the previous year (€42.02 million) stems mainly from the extraordinary (one-off) profits recorded in 2021 from operations with the IMF (€28.98 million).

10 Staff costs

This item includes wages and salaries, social insurance payments, staff welfare expenses and contributions to the pension scheme.

The breakdown of changes by component is as follows:

| EUR m and % | 2022 | 2021 | Change | % |
|------------------------|---------------|---------------|--------------|------------|
| Wages and salaries | 234.31 | 220.86 | 13.45 | 6.1 |
| Social Security | 50.81 | 49.13 | 1.68 | 3.4 |
| Staff welfare expenses | 21.00 | 19.65 | 1.35 | 6.9 |
| Pension scheme | 13.50 | 12.63 | 0.86 | 6.8 |
| TOTAL | 319.62 | 302.28 | 17.34 | 5.7 |

Its balance increased from €302.28 million in 2021 to €319.62 million in 2022, a rise of €17.34 million (5.7%). This mainly owes to the wage rise of 3.5% (2% under Law 22/2021 of 28 December 2021 on the State Budget for 2022 and a further 1.5% under Royal Decree-Law 18/2022 of 18 October 2022) which lifted expenditure by 2.8%, and also to the 0.9% increase in the average headcount.

The following table sets out the changes in permanent and temporary staff, in terms of the average number of employees:

| | 2022 | 2021 | Change | % |
|---------------------------------|-------|-------|--------|------|
| Average number of employees (a) | 3,294 | 3,266 | 28 | 0.9 |
| Managerial staff | 2,434 | 2,388 | 45 | 1.9 |
| Administrative staff | 726 | 739 | -14 | -1.9 |
| Other | 135 | 139 | -4 | -2.6 |

a The average number of employees was calculated based on the number of employees who incurred staff costs for the Banco de España during the period analysed. Banco de España employees at Sepblac are therefore excluded.

As at 31 December 2022, the Bank's total staff numbered 3,431 employees,⁴¹ up by 65 compared to the same date a year earlier. Regarding the staff composition by gender, at 31 December 2022 women accounted for 51% of the Bank's total workforce.

The compensation of members of the governing bodies is set by the Minister for Economic Affairs and Digital Transformation in accordance with the provisions of the Law of Autonomy of the Banco de España. In 2022, the Governor received a gross annual salary of €200,585.95,⁴² with supplementary salary items amounting to €29,735.30. The Deputy Governor received a gross annual salary of €189,670.74 and supplementary salary items amounting to €35,058.54. The elected members of the Governing Council receive a gross annual wage of €59,418.71; if they sit on the Executive Commission, the gross annual wage is €74,568.21.

In addition to the foregoing, the members of the governing bodies received equal amounts of fees for attending meetings of the body to which they belonged, set at €1,177.92 per meeting of the Governing Council and €564.94 per meeting of the Executive Commission.

11 Administrative expenses

This item includes expenses arising from the purchase of current assets and of diverse services received during the year, as follows:

| EUR m and % | | | | |
|-------------------------------------|---------------|---------------|--------------|------------|
| Description | 2022 | 2021 | Change | % |
| Rental and maintenance | 46.78 | 42.77 | 4.01 | 9.4 |
| Material and supply | 12.29 | 9.99 | 2.30 | 23.0 |
| External services | 110.73 | 103.34 | 7.39 | 7.2 |
| Training, promotion and recruitment | 2.34 | 1.99 | 0.35 | 17.7 |
| Sundry operating expenses | 15.34 | 13.02 | 2.32 | 17.8 |
| TOTAL | 187.48 | 171.11 | 16.36 | 9.6 |

The above table shows that, as in 2021, in 2022 the most significant administrative expenses were "External services" (€110.73 million), mainly IT services (€50.85 million) and operating expenses relating to Eurosystem applications (€23.48 million); and "Rental and maintenance" (€46.78 million), composed mainly of hardware and software rental and maintenance (€27.39 million) and property rental and maintenance (€14.39 million).

41 Includes Banco de España employees at Sepblac.

42 The increase in the gross salaries of the Governor and Deputy Governor as compared with the amounts published in 2021 include both the wage increase agreed for 2022 and a portion of the wage increase for 2021 (0.9%) that was to remain outstanding until the collective agreement was signed, which ultimately happened in 2022.

In 2022 administrative expenses increased overall by €16.36 million (9.6%), mainly in “External Services” (€7.39 million; 7.2%), as a result of the higher amount of IT services billed to the Bank and higher expenses relating to professional services. The increase in “Rental and maintenance” (€4.01 million; 9.4%) owed mainly to higher IT equipment rental and maintenance costs. The increase in the “Material and supply” item (€2.30 million; 23%) owes mainly to increased electricity costs resulting from higher market prices. The “Sundry operational expenses” item was up by €2.32 million (17.8%) essentially due to secondment expenses.

“External services” includes the expenses relating to external audits. The audit of the Banco de España’s annual accounts for 2022 and of certain aspects of its management of ECB reserves was performed by Mazars, whose fees amounted to €119,669. This was the only service provided by the auditor to the Bank. No services were received from and, consequently, no amounts were paid to, other firms related to the auditor during the year.⁴³

12 Depreciation of tangible and intangible fixed assets

Included here is the expense of the estimated depreciation of the Bank’s fixed assets, which breaks down as follows:

| EUR m and % | 2022 | 2021 | Change | % |
|--|--------------|--------------|--------------|-------------|
| Depreciation of buildings, structures and renovation work | 2.81 | 2.77 | 0.04 | 1.6 |
| Depreciation of plant in buildings | 4.93 | 4.98 | -0.05 | -1.1 |
| Depreciation of furniture and fittings | 1.06 | 1.06 | -0.01 | -0.7 |
| Depreciation of office machines other than computer hardware | 2.80 | 2.47 | 0.33 | 13.3 |
| Depreciation of computer hardware | 7.39 | 6.84 | 0.56 | 8.1 |
| Depreciation of transport equipment | 0.45 | 0.61 | -0.16 | -26.2 |
| Depreciation of general library collection | 0.14 | 0.16 | -0.02 | -12.2 |
| Depreciation of other tangible fixed assets | 0.21 | 0.19 | 0.01 | 7.3 |
| Amortisation of computer software | 12.41 | 13.80 | -1.39 | -10.1 |
| TOTAL | 32.19 | 32.88 | -0.68 | -2.1 |

Compared with 2021, depreciation expenses decreased by €0.68 million, owing mainly to the lower amortisation of computer software.

⁴³ Mazars Auditores S.L.P. audited the 2022 annual accounts of Imprenta de billetes, S.A., a vehicle of the Banco de España, for which it received a fee of €24.500. It did not invoice the company for any other service during the year.

13 Banknote production services

The cost of these services amounted to €62.04 million in 2022 (€65.79 million in 2021) and corresponds to payments made by the Banco de España to purchase banknotes from IMBISA, a vehicle of the Banco de España. This company, whose corporate purpose is the production of euro banknotes, was incorporated in November 2015 and is 80% owned by the Banco de España.

The cost of producing banknotes declined by €3.75 million (5.7%) owing to a lower volume of banknotes produced (down by 18%), as the average cost rose by 15% (due to increased production of the denomination with the highest average cost).

| Denomination (€) | Banknotes charged (millions of banknotes) | |
|------------------|---|--------------|
| | 2022 | 2021 |
| 50 | 564.0 | 434.0 |
| 10 | — | 113.2 |
| 5 | 86.1 | 244.0 |
| Samples | 0.2 | 0.1 |
| TOTAL | 650.2 | 791.3 |

14 Transfers to/from other funds and provisions

Included here are sundry amounts provisioned for varying reasons, the provisions used and the additions to the Beneficent-Social Fund.

The net transfers to these funds were as follows:

| EUR m | 2022 | 2021 | Change |
|---|---------------|--------------|---------------|
| Provision for operational risk | -4.28 | 15.06 | -19.35 |
| Provision for death and retirement assistance | -16.36 | 11.22 | -27.57 |
| Provision for early and regular retirement | -0.91 | -0.95 | 0.04 |
| Provision for ongoing lawsuits | -0.21 | 6.88 | -7.09 |
| Country risk | — | — | — |
| Withdrawn banknotes | — | -0.03 | 0.03 |
| Other | -0.05 | 1.79 | -1.84 |
| Beneficent-Social Fund | 7.23 | 5.37 | 1.86 |
| TOTAL | -14.58 | 39.35 | -53.92 |

In 2022, there was a net charge of €14.58 million, compared with the net allocation of €39.35 million in 2021. Of note are the net charge to the provision for death and

retirement assistance (€16.36 million) due to a higher interest rate used in its calculation (up from 0.73% in 2021 to 3.13% in 2022) and the net charge to the provision for operational risk (€4.28 million: €0.07 million charged to cover loss events in the year and €4.22 million to maintain coverage of 100% of the risk calculated). As regards the provision for lawsuits, an excess provision of €0.21 million was recorded in 2022.

The addition to the Beneficent-Social Fund amounted to €7.23 million in 2022.

The Banco de España is currently working on measures to improve its environmental sustainability. At year-end, there were no environmental management-related contingencies or liabilities, or environmental risks stemming from the Bank's activity that may be significant relative to its net assets, financial position or profit and loss. Therefore, it was not considered necessary to record any provision for environmental liabilities and charges.

15 Profit for the year

Pursuant to Article 1(1)(b) of Royal Decree 2059/2008 of 12 December 2008, the Banco de España must pay into the Treasury, on the first working day of March, 90% of the profits earned and recorded up to 31 December of the previous year, less the amount paid on the first working day of December of the previous year.

On 1 December 2022, the Banco de España made an advance payment into the Treasury of €793.43 million.⁴⁴

Given that the profit for the year amounted to €2,402.60 million, €1,368.91 million were paid into the Treasury on 1 March 2023 to complete the distribution of 90% of profits (€2,162.34 million).

The payments to the Treasury of 2022 profits are as follows:

| EUR m | |
|---|----------|
| 1 Total profit for 2022 | 2,402.60 |
| 2 Payments to the Treasury | 2,162.34 |
| On 1 December 2022 | 793.43 |
| On 1 March 2023. Difference between the above amount and 90% of profit as at 31 December 2022 | 1,368.91 |
| 3 Profit payable to the Treasury (at date of approval of the 2022 annual accounts) | 240.26 |

44 Pursuant to Article 1(1)(a) of Royal Decree 2059/2008 of 12 December 2008, the Banco de España must pay into the Treasury, on the first working day of December, 70% of the profits recorded up to 30 September, taking into consideration the foreseeable performance of profits up to the end of the year. In 2022, in view of the negative financial results expected for the Bank in the final quarter of the year, the advance payment was lower than the provisional profit recorded up to September.

3.4 Changes in capital, reserves, provisions and revaluation accounts

The following table shows the changes in the reporting year, which, in addition to the accounting profit, include the net gains not recognised as income in the profit and loss account, the change in general provisions and the effect on the balance sheet of the distribution of profit for the year.

| EUR m | | | | | | |
|---|-----------------|---------------|----------------------|----------------------|--------------------|------------------|
| | Capital | Reserves | Revaluation accounts | Undistributed profit | General provisions | Total |
| A) 2022 opening balance | 1,000.00 | 882.45 | 19,993.22 | 859.41 | 31,865.43 | 54,600.51 |
| 1 Net gains not recognised in profit and loss | | | 2,862.13 | | | 2,862.13 |
| In gold | | | 874.52 | | | 874.52 |
| In foreign currency | | | 2,409.49 | | | 2,409.49 |
| In securities | | | -416.86 | | | -416.86 |
| Other | | | -5.02 | | | -5.02 |
| 2 Change in provisions | | — | | | 1,602.53 | 1,602.53 |
| 3 2022 profit | | | | 2,402.60 | | 2,402.60 |
| 4 Distribution of profit | | | | -1,652.84 | | -1,652.84 |
| Payment to the Treasury of 2021 profit | | | | -859.41 | | -859.41 |
| Payment to the Treasury of 2022 profit | | | | -793.43 | | -793.43 |
| B) Changes in the year B = 1+2+3+4 | | — | 2,862.13 | 749.76 | 1,602.53 | 5,214.42 |
| C) 2022 closing balance C = A + B | 1,000.00 | 882.45 | 22,855.35 | 1,609.17 | 33,467.96 | 59,814.93 |

The changes reflected in this table have been explained above in the explanatory notes to the balance sheet and profit and loss account that refer to provisions (Note 26 to the balance sheet), revaluation accounts (Note 27 to the balance sheet), capital (Note 28 to the balance sheet), reserves (Note 29 to the balance sheet) and profit for the year (Note 30 to the balance sheet and Note 15 to the profit and loss account).

Equity increased by €5,214.42 million in 2022, due mainly to the higher unrealised gains (€2,862.13 million) and the higher general provisions (€1,602.53 million).

3.5 Post-balance sheet events

Entry of Croatia into the Eurosystem

Pursuant to Council Decision (EU) 2022/1211, in accordance with Article 140(2) of the Treaty on the Functioning of the European Union (TFEU), Croatia adopted the single currency on 1 January 2023. Pursuant to Article 48.1 of the Statute of the ESCB and

the legal acts adopted by the Governing Council on 30 December 2022, the Hrvatska Narodna Banka (Croatian National Bank) paid up an amount of €69 million, effective on 1 January 2023, representing the remainder of its subscription to the capital of the ECB. Pursuant to Article 48.1 of the Statute of the ESCB, in accordance with Article 30.1, the Hrvatska Narodna Banka transferred foreign reserve assets to the ECB for an amount equivalent to €640 million.

As a result of the change in the capital key, following the Hrvatska Narodna Banka's entry into the Eurosystem, the Banco de España's share in the Eurosystem's capital fell from 11.9246% to 11.8287%. The Banco de España's key for subscription to the ECB's capital remains unchanged at 9.6981%.

Early repayments of TLTRO III

As at the date of preparation of these annual accounts by the Governing Council, €20,871.55 million of the operations outstanding as at 31 December have been repaid early (€99,344.55 in the Eurosystem) (see Note 6 to the balance sheet).

3.6 Risk management

As a result of its activity, the Banco de España is exposed to financial and operational risks which could have a financial and reputational impact and affect the Bank's ability to meet its objectives.

The risk policy of the Banco de España aims to maintain a low and predictable overall risk level to preserve its reputation and solvency, without detriment to the priority compliance with the statutory tasks under the Law of Autonomy of the Banco de España, or to the fulfilment of its objectives.

1 Risk management system

The Banco de España manages all its risks taking into account their differing nature. For the management of these risks, it applies a framework consisting of a set of basic principles, a model for risk management and control, and governance.

1.1 Principles

The Banco de España's risk management system is underpinned by the following basic principles:

- A risk culture, integrated throughout the organisation and developed through the involvement of the governing bodies in all the management and decision-making processes relating to risks.
- Clear assignment of functions relating to risk management, ensuring that the aims pursued are met and optimising the use of technical and human resources, avoiding redundant activities.
- Adequate separation between the units generating risk and the units tasked with risk control, enabling communication with the bodies responsible for setting risk policies.
- The existence of information channels which ensure that the competent bodies regularly receive reliable and timely information on risks.
- The use of objective and uniform criteria for the management of all risks, applying a different treatment in each case depending on their nature.
- The existence of the necessary mechanisms to ensure that the management framework functions properly and is periodically assessed.

1.2 Risk management and control model

The risk management and control model guarantees the effectiveness and efficiency of the risk management system, through its components.

First, the risk management and control model used by the Banco de España includes a comprehensive risk map that covers the main categories of risk to which it is exposed. At the first level, the map distinguishes between financial and operational risks. At the second level, under financial risks, the following sub-categories are considered: credit risk, market risk and structural balance sheet risk.

Second, the model is based on a risk management cycle that comprises five universally applicable stages: identification, assessment, response, monitoring and reporting for each risk.

Third and last, the model includes the definition of limits for all the risks assumed by the Bank, defined according to the methodology adopted for each type of risk and expressed in quantitative and qualitative terms. These limits are reviewed periodically in an ongoing process of improvement and adaptation to the Bank's objectives and needs.

1.3 Governance

The governance of the risk management system of the Banco de España has been designed on the basis of a “Three Lines Model” to address risk.

The first line is formed by the units of the Bank which, as part of their activities, generate exposure to risk. The second line consists of the units that are responsible for risk control and oversight, and also provide information and support to the first line. The Internal Audit Department, as the third line, periodically verifies risk management and control policies, methods and procedures to ensure they are adequate and verifies that they are being implemented effectively.

The three lines, although independent, act in a coordinated manner, so as to maximise their efficiency and effectiveness.

The Banco de España’s Executive Commission has ultimate authority over the risk management system. It is responsible for establishing the general principles that define the risk level and for oversight of risk management and control at the Bank. The Risk Management and Continuity Committee, which has been created to assist it in the performance of these functions, is responsible for proposing to the Executive Commission the adoption of the necessary risk management measures, providing an overarching view of such risks.

2 Financial risks

The financial risks assumed by the Banco de España arise from the financial transactions conducted to perform the functions and fulfil the objectives entrusted to it by law. They essentially comprise the following:

- Credit risk: the risk of incurring losses as a result of total or partial non-compliance with their contractual obligations by the issuers, counterparties or depositaries of its financial assets.
- Market risk: the risk of incurring losses as a result of fluctuations in the price of financial assets (including exchange rates and interest rates) and gold prices.

These risks are quantified by the 99% Expected Shortfall metric, calculating the average loss observed that may arise from changes in the risk factors in the worst 1% of the simulated scenarios and with a one-year time horizon. The resulting figure is used as a benchmark to assess the financial risk provisioning needs.

Also monitored is structural balance sheet risk stemming from adverse variations in the Bank’s profits as a result of a potential mismatch in the sensitivity of its assets and liabilities to interest rate changes.

In the area of monetary policy, the financial risks assumed by the Banco de España arise both from lending transactions and from securities purchase programmes.

Other financial investments of the Banco de España materialise in different portfolios, which may be denominated in euro or foreign currency, and in a gold portfolio. Every year, the number of these portfolios is determined, as are the desired net variations and the asset distribution targets depending on the currency denomination. In the case of held-to-maturity portfolios, an average maturity target is established. As regards the trading portfolio, strategic benchmark portfolios are created.

In addition, the currencies in which investments may materialise, the financial assets and eligible operations, eligible issuers, guarantors and counterparties, and the possible limitations on any of these on the grounds of prudence, are regularly reviewed.

Lastly, like other Eurosystem central banks, the Banco de España is working to incorporate climate-related risk into monetary policy implementation, and to include sustainable and responsible investment principles in respect of the Bank's own investment portfolios.

3 Operational risk and continuity management

In recent years, exceptional circumstances and the increasingly complex environment have made it necessary to adopt complementary approaches in order to obtain a global and comprehensive overview of the operational risks faced by the Banco de España. Thus, operational risk management combines the traditional bottom-up approach (risks identified in the processes) with a top-down approach (based on the concerns of senior management) and a horizontal vision on the part of the Bank's specialised areas.

The Banco de España defines operational risk as the risk of incurring losses due to the inadequacy or failure of internal processes, personnel and systems, or due to external events. These losses are determined by how strongly the Bank's balance sheet, reputation or objectives are impacted by the materialisation of a risk event.

In the bottom-up approach, operational risk management takes as its starting point an inventory of the functions, processes and activities of each organisational area of the Bank, which make up the Process Map. Operational risk identification and assessment is based on an analysis of (i) possible situations which may affect the Bank's functioning, (ii) the specific measures taken to prevent them from occurring and to reduce damage if they do occur, and (iii) the effectiveness of the existing control environment.

The risk tolerance policy provides guidance with respect to response and risk acceptance strategies. It is linked to a matrix that assesses the impact and frequency of each identified risk using qualitative and quantitative criteria, taking into account the existing control environment. The business areas inform the Risk Management and Continuity Committee of the most relevant risks, together with the proposed response.

The level of operational risk (impact on equity) is quantified using the VaR methodology with a 99.9% confidence level and a one-year time horizon.

Finally, the Banco de España seeks to maintain a high level of resilience. To this end, among other issues, it specifically manages the operational risk of business interruption or “discontinuity risk”. The aim is to ensure that the probability of the Bank interrupting its activity, whatever the cause, is kept at a reasonably low level and that, in the event of interruption, the impacts are limited through appropriate mitigation measures. To this end, the Banco de España has a new business continuity management framework, currently being implemented, whose scope of application extends to all processes with identified operational risk.

4 Specific information required by Article 4(2) of the Law of Autonomy of the Banco de España of 1 June 1994

4.1 Loss of profit

The loss of profit for the year is estimated, pursuant to the provisions of Article 4(2) of Law 13/1994 of 1 June 1994 of Autonomy of the Banco de España, based on the loans outstanding in the year with interest rates below the daily average of the marginal interest rate on main refinancing operations.

The following table shows the outstanding loans in 2022 with interest rates lower than the reference rate.

| EUR m | Average balance in 2022 | Interest rate charged (%) | Reference interest rate (%) | Loss of profit |
|--|----------------------------|------------------------------|-----------------------------------|----------------|
| Home loans and repayable advances to employees | 202.64 | 0.31 | 0.58 | 0.55 |
| Home loans | 145.89 | 0.36 | 0.58 | 0.32 |
| Repayable advances | 37.44 | — | 0.58 | 0.22 |
| Social loans | 19.31 | 0.50 | 0.58 | 0.02 |
| TOTAL | 202.64 | 0.31 | 0.58 | 0.55 |

Other loans with lower interest rates have been those under the TLTRO III and the PELTRO Eurosystem programmes, provided for in Article 9 of the aforementioned Law of Autonomy, which have been reported on in Note 2 to the profit and loss account and Note 6(b) to the balance sheet.

1 Report of the Banco de España Audit Committee

We the undersigned, Carles Manera Erbina and Luis Servén Díez, are members of the Governing Council of the Banco de España and of its Audit Committee appointed by the Governing Council. In accordance with Articles 29 and 32 of the Internal Rules of the Banco de España, we were given the task of reviewing the accounts of the institution for the year 2022.

As required by the aforementioned precepts, the Audit Committee has analysed the operations of the Banco de España. This examination basically involved: 1) studying the annual accounts of the Banco de España for the year 2022, prepared by the Directorate General Services of the Banco de España; 2) studying the audit of the balance sheet and profit and loss account of the Banco de España for 2022, conducted by the Internal Audit Department; 3) studying the documentation requested by the members of this Committee from the independent external auditors; 4) interviewing the persons responsible for the independent external audit, for the Internal Audit Department and for the Control, Budget and Accounting Department; and 5) making proposals for the modification, correction or clarification of various matters, all of which have been satisfactorily incorporated into the annual accounts by the Control, Budget and Accounting Department.

The basic conclusion of our report is that from the analysis carried out, the examination of the accounting procedures, the accounting records and the internal controls in place, it can be inferred that the annual accounts for the year 2022 give a true and fair view of the net worth and financial position of the Banco de España.

Madrid, 2 March 2023



CARLES MANERA ERBINA



LUIS SERVÉN DíEZ

2 Report of the external auditors

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Free translation of the auditors' report originally issued in Spanish based on our work performed in accordance with International Standards on Auditing (ISAs) and of annual accounts originally issued in Spanish and prepared in accordance with the internal rules and accounting principles of the Banco de España based on the accounting regulations established for National Central Banks of the European System of Central Banks (see note 3.1 to the accompanying annual accounts). In the event of a discrepancy, the Spanish-language version prevails.

BANCO DE ESPAÑA

**Independent Auditor's Report in
accordance with International
Standards on Auditing**

Year ended at 31 December 2022

Offices in: Alicante, Barcelona, Bilbao, Madrid, Malaga, Valencia, Vigo.

MAZARS Auditores, S.L.P. Corporate address: Calle Diputació, 260 - 08007 Barcelona
Mercantile Registry of Barcelona, Book 30.734, Folio 212, Page B-180111, Inscription 1, VAT no. B-61622262
Inscribed under number S1189 on the Spanish Accounting Auditors Official Registry (ROAC)

Independent Auditor's Report in accordance with International Standards on Auditing

To the Honourable Governor of the Banco de España

Opinion

We have audited the annual accounts of the Banco de España (the Entity) which, in accordance with article 29.1 of its Internal Rules, comprise the balance sheet as at December 31, 2022, the income statement for the year then ended, and the explanatory notes to the annual accounts, which include a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the financial position of the Banco de España at December 31, 2022, and of its financial performance for the year then ended, in accordance with the internal rules and accounting principles of the Banco de España, specified in note 3.1 of the accompanying explanatory notes, based on the accounting regulations established for national banks of the European System of Central Banks.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities, under those standards, are further described in the *Auditor's Responsibilities for the Audit of the Annual Accounts* section of our report.

We are independent of the Entity, in accordance with the IESBA (International Ethics Standards Board for Accountants) Code of Ethics, and we comply with other ethical requirements pursuant to the IESBA Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Responsibility for the Annual Accounts

The Executive Commission of the Banco de España is responsible for organising the Bank and appointing its general managers. Under the Internal Rules of the Banco de España, the Directorate General Services is responsible for preparing the annual accounts in accordance with the internal rules and accounting principles of the Banco de España, specified in note 3.1 of the accompanying explanatory notes, based on the accounting regulations established for national central banks of the European System of Central Banks. This responsibility, which is exercised through the Control, Budget and Accounting department, includes the audit of operations and, therefore, the design, implementation and maintenance of the relevant internal controls required for the preparation and appropriate presentation of annual accounts that are free from material misstatement, whether due to fraud or error, selecting and applying the pertinent accounting principles and making such estimates as deemed reasonable in the circumstances (see note 3.1.3 of the accompanying explanatory notes).

Pursuant to article 21.G) of Law 13/1994 of 1 June 1994 on the autonomy of the Banco de España, the annual accounts are prepared by the Governing Council of the Banco de España.

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounts.

As part of an audit, in accordance with ISAs, we exercise our professional judgement and maintain professional scepticism throughout of the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Entity.
- Conclude on the appropriateness of the Entity management's use of the going-concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure, and content of the annual accounts, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the governing bodies of Banco de España regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Madrid, 22th March 2023

MAZARS AUDITORES, S.L.P.

MAZARS, S.A.



Carlos Marcos Corral



Breogán Porta Macía



Jean Latorzeff

BANCO DE ESPAÑA PUBLICATIONS

The Banco de España publishes various types of documents providing information on its activity (economic reports, statistics, research papers, etc.), which can be consulted in the Institutional Repository at <https://repositorio.bde.es/>.

Most of these documents are available in pdf format and can be downloaded free of charge from the Banco de España website at <http://www.bde.es/webbde/en/secciones/informes/>.

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