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Closing remarks*

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* English translation from the original in Spanish

Good morning,

It is a pleasure to be taking part in this edition of the Forbes Economic Summit. The topics being discussed here are central to any analysis of current affairs: geopolitics, technology, artificial intelligence, financing, talent, and so on.

For this reason, today I would like to share with you the Banco de España's view of the economic situation and financial stability, which is one of our main functions and contributions to society.

We cannot properly analyse today's economic situation without considering geopolitical aspects. This has been the case for some years now, especially since Russia's invasion of Ukraine in 2022, which triggered an inflationary spiral in an environment already marked by the supply chain disruptions caused by the COVID-19 crisis.

With this in mind, I will begin by briefly outlining the latest geopolitical developments and how they are affecting global trade and the world economy.

Although they have eased slightly, **trade risks still persist**. For example, while the euro area's effective tariff rate is down by 0.5 percentage points, in the current context of uncertainty the possibility of further tariffs cannot be ruled out, despite the EU-US trade deal in force. Meanwhile, tensions between the United States and Canada are, for now, affecting only a limited share of trade.

In addition, the war is increasingly damaging Russian infrastructure, with this year seeing around 200 attacks targeting hard-to-replace equipment. This has led to Russian oil refining falling in July to its lowest level since 2002.

And all this is compounded by the entrenched conflict in the Middle East and, specifically, the tightening of US sanctions on Tehran, under which Iran's trading partners risk losing access to the US market, including the financial system, as happened in 2018.

All these factors have a major impact on the **energy markets**, which continue to be marked by heightened volatility and uncertainty. They are also affecting the oil market (particularly as regards oil products such as diesel, which plays a key role in transportation) and especially the gas markets, where prices are at historical highs. And this situation is unfolding while gas and oil inventories are at record-low levels. In August, for example, Europe's gas storage levels were 65% full, well below the target of 90% and the average of recent years.

Despite these shocks, the economy has proven resilient, with broad-based growth across the euro area countries in Q2 that the data released in the last few weeks suggest has continued in Q3. As the European Central Bank has recently stated, the manufacturing sector has once again performed strongly on account of the higher public spending on defence and infrastructure. Consumer confidence has rebounded from low levels, helping services to recover from the initial energy shock. Moreover, the increase in artificial intelligence-related activity is evident in digital services, business investment and exports.

Inflation in the euro area quickened to 3.3% in August owing mainly to the energy component, with energy prices rising by 14.3% while food inflation stood at 1.2%. The conflict in the Middle East and the war in Ukraine alike have put additional upward pressure on the path of energy prices, meaning that headline inflation will likely stay well above target in the coming quarters.

Meanwhile, the labour market has remained robust, and the euro area unemployment rate held unchanged at 6.4% in July.

Looking ahead, the short-term growth outlook has improved since the latest projections, due in particular to the resilience of private consumption and public spending.

Having briefly touched on the economic situation and the geopolitical context, I would now like to turn to Spain's financial situation, which at the moment is favourable but not free from risks. The updated economic projections for Spain will be published in a few weeks' time; for now, however, I will focus on financial stability, starting with the situation of **households**, whose indebtedness and debt burdens are at historically low levels. Notably, the rate of household indebtedness in Spain is 14 percentage points below the euro area average. Meanwhile, lending to households is growing in real terms and non-performing loans continue to decline.

One of the main areas of focus is the **housing market**. In a detailed analysis in our latest Annual Report, we noted that real house prices have accelerated since 2024, reaching levels comparable to those seen in 2005. The problem is largely the result of insufficient supply: an estimated shortfall of some 755,000 housing units has accumulated since 2021, which could increase by a further 300,000 between 2026 and 2028. This makes housing less affordable, especially for young people and new residents, as the cost burden of purchasing a home is rising faster than household income. Since 1980 households' real disposable income has increased by a factor of 1.8 in Spain (1.6 in the euro area), but real house prices have risen by a factor of 3.5 (1.8 in the euro area).

Fortunately, mortgage lending standards remain prudent and are far from their previous peaks. We are not facing the same configuration of risks that preceded the global financial crisis. However, the rapid escalation in house prices calls for monitoring, effective supply-side policies and the continuation of responsible lending standards.

As regards **firms**, developments are also favourable. Indebtedness and debt burdens have declined, while real lending to firms stood at a year-on-year rate of virtually zero, leaving behind the contraction observed in recent years. Loan quality is also improving, with non-performing loan ratios decreasing.

I would now like to talk about **private credit**, which supplements bank lending and primarily finances projects in information technology, professional services and manufacturing. Our analysis shows that firms with access to private credit also borrow from banks and do not have a higher risk profile than those resorting only to bank credit. One feature of private credit is that it is provided at longer maturities. This suggests it plays an important role in supporting investment projects. There are two further points to consider: much of this credit

comes from outside the euro area, and it is concentrated among a small number of major lenders.

While this diversification of funding sources is positive because it broadens financing possibilities, it also poses new risks. We therefore need to do three things: understand these channels better, improve their transparency and ensure that the risks do not fall outside the scope of banking supervision and escape proper oversight.

This brings me to the **Spanish banking sector**, which, according to the latest data available to us, is well placed to face the current uncertainty. As at June 2026, return on equity stood at 16.2%, the CET1 ratio at 14.1% and liquidity coverage was well above the minimum regulatory requirement. Together, these indicators point to a profitable, well-capitalised and resilient banking system.

But this strength should not lead to complacency.

In particular, managing geopolitical risk must be a top priority for banks. Its ramifications can spread rapidly through multiple channels: financial market volatility, fluctuations in energy and commodity prices, supply chain disruptions, increased credit risk in certain sectors and regions, or operational and compliance risks associated with international sanctions and restrictions. Therefore, integrating these risks into strategic planning, stress testing and risk appetite frameworks is not only a prudential requirement, but also a necessary condition for preserving banks' ability to lend to the real economy in periods of heightened uncertainty.

Here I would like to emphasise one fundamental point: **the financial sector is not an end in itself; its core function is to channel savings into productive investment and to finance the real economy.**

A modern economy needs banks and markets capable of supporting households, the self-employed and firms. It needs financing to create jobs, innovate, expand internationally and increase productivity. But this function is even more important at a time of profound transformations.

One of the principal challenges facing the Spanish economy is the **energy transition**, which requires substantial investment in the renewal of industrial processes, energy efficiency, electrification, infrastructure, sustainable mobility and the adaptation of the most energy-intensive sectors. The financial system will need to identify viable projects, distribute risks and provide long-term financing, without compromising its solvency.

In addition, the scenarios we have analysed at the Banco de España show that an extreme energy shock could have an adverse impact on activity, employment, credit quality and bank profitability. The current scenario of very sharp and prolonged increases in oil prices is expected to undermine bank profitability because of higher impairment losses resulting from a deterioration in credit quality. However, the stress tests conducted indicate that the effect on solvency would be relatively moderate. This resilience is good news, but it also confirms that speeding up the energy transition is a strategic investment to reduce future vulnerabilities.

The second major challenge is **technological adaptation**, especially as artificial intelligence continues to advance. Digitalisation and AI can raise productivity, improve risk management and transform financial services. But they will also require substantial business investment in technology, data, talent, cyber security and data centres.

The financial sector must be able to distinguish between innovation and speculation; between projects with genuine productive potential and those based on unrealistic expectations. It must finance technological transformation, but it must do so rigorously, using sectoral knowledge and assessing risk appropriately.

Another matter is the growth of neobanks and new forms of intermediation, which requires us to consider how savings are channelled. Deposit-taking is significant and growing rapidly, but it does not always result in lending for the Spanish economy. Innovation and competition are positive, but we must ensure that the financial system continues to fulfil its essential economic function of converting savings into productive investment.

Spain therefore has a sound financial base. Households and firms are less vulnerable, credit continues to perform well and the banking system has sufficient profitability, capital and liquidity. At the same time, real estate, energy, geopolitical and technological risks persist and need to be monitored.

The best response is not to curb financing, but to channel it appropriately. We need a solvent, competitive and diversified financial sector; one that can take risks, but also assess them correctly; one that is open to innovation, but committed to stability.

Because financing the energy transition, artificial intelligence, industrial modernisation and business growth is not merely an opportunity for the financial sector. It is a responsibility to the economy as a whole.

In this respect, as regulators and authorities, we must also help drive Spain's economic growth through stable, robust and simplified regulatory frameworks. In order to modernise and simplify legislation without undermining financial stability, the proposals now under discussion must lead to decisive action so as to strengthen a sound and competitive financial system.

In short, financial soundness should be a lever for change. The true measure of our financial system's success will be its contribution to a more productive, sustainable, innovative and resilient Spanish economy.

Thank you.