

Countercyclical capital buffer rate for exposures in Spain, in force from 2025 Q4, applicable from 1 October 2026

Decision

1 Background

Article 45 of Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions, which transposes Directive 2013/36/EU into Spanish law, provides that credit institutions authorised in Spain should maintain an institution-specific countercyclical buffer (CCyB).

This buffer is further regulated in Articles 60 and 61 of Royal Decree 84/2015 of 13 February 2015, implementing Law 10/2014, and in Rules 8 and 9 of Banco de España Circular 2/2016 of 2 February 2016 to credit institutions on supervision and solvency (hereafter, Circular 2/2016), which completes the adaptation of Spanish law to Directive 2013/36/EU and to Regulation (EU) No 575/2013. In accordance with Rule 9 of Circular 2/2016, the Banco de España sets the CCyB rate taking into account:

- a The buffer guidance, which should transparently reflect the credit cycle and the risk arising from any excessive credit growth in Spain, take due account of the specificities of the Spanish economy and be based on the credit-to-GDP gap (the deviation of the ratio of credit to gross domestic product from its long-term trend).
- b The recommendations of the European Systemic Risk Board (ESRB), in accordance with Article 131(1)(a), (c) and (d) of Directive 2013/36/EU.¹
- c Any other variables that the Banco de España may consider relevant.

In 2024 the Banco de España approved a change to the methodological framework for setting the CCyB rate for exposures in Spain.² This revision took into account the new evidence accumulated over the past few years, both nationally and internationally, on the identification of cyclical systemic risk and the use of macroprudential policy to mitigate it. Moreover, the revised framework is aligned with the Basel Committee on Banking Supervision's (BCBS) latest statements on the use of the CCyB³ and also follows the recommendation of promptly establishing a positive cycle-neutral CCyB rate, as included in the [2024 FSAP report on Spain](#).

¹ Recommendation of the European Systemic Risk Board of 18 July 2014 ([ESRB/2014/1](#)) on guidance for setting countercyclical buffer rates is particularly relevant.

² [Revision of the framework for setting the countercyclical capital buffer in Spain](#), October 2024.

³ [Newsletter on positive cycle-neutral countercyclical capital buffer rates](#), October 2022.

The key feature of the revised framework is the setting of a positive CCyB rate of 1% for exposures in Spain when cyclical systemic risk is found to stand at a standard level (an intermediate level between high and low risk). Likewise, the level of cyclical systemic risk is determined based on an integrated methodology which first analyses a set of key indicators for monitoring the credit cycle and then considers additional quantitative and qualitative information relevant to the monitoring of cyclical systemic risk.

Activating the CCyB when cyclical systemic risk is at a standard level will allow the CCyB to be built up early in the macro-financial cycle, enabling banks to more gradually accumulate a larger amount of releasable capital. Release of the CCyB by the authorities in cyclical downturns will enable credit institutions to better absorb the negative impact of those downturns. This will help to reduce the cyclical volatility in the Spanish financial system and the Spanish economy, ensuring the CCyB supports the macroeconomic stabilisation objective.

2 Assessment of the current level of cyclical systemic risk and CCyB rate in force from 2024 Q4

Credit-to-GDP gap

The adjusted credit-to-GDP gap estimated by the Banco de España stood at -4.6 (estimated value) percentage points (pp) in 2025 Q1, on the updated information available at that date, up slightly from the December 2024 figure (-5.9 pp). Thus, this indicator remains on a rising trajectory, albeit still in negative territory, and below the reference threshold for activating the CCyB (2 pp), according to the 2010 BCBS Guidance on the CCyB⁴ and ESRB Recommendation 2014/1. Meanwhile, the standard Basel credit-to-GDP gap has also widened compared with the previous quarter, albeit very moderately (-33.5 pp in March 2025 versus -35.1 pp in December 2024).⁵ Therefore, on data to March 2025, the CCyB guidance for setting the CCyB rate based on the credit-to-GDP gap, is still for a buffer rate of 0%, both according to the Banco de España adjusted credit-to-GDP gap and to the standard Basel gap.

Application of the revised framework for identifying cyclical systemic risk

Nevertheless, the guidance is, at its name suggests, just a guideline and does not trigger a predetermined CCyB decision. In particular, pursuant to Rule 9(b)(iii) in Circular 2/2016 and Article 136(3)(c) of Directive 2013/36/EU, the Banco de España may consider in its decision any other variables it may deem relevant for assessing cyclical systemic risk. In this respect, according to the Banco de España's analysis, the fact that both the adjusted

⁴ *Guidance for national authorities operating the countercyclical capital buffer*, December 2010.

⁵ The standard Basel credit-to-GDP gap was -35.1 pp in December 2024.

and the Basel credit-to-GDP gaps are negative does not imply an absence of cyclical systemic risk, although in the present circumstances it does suggest that this risk is not high. Specifically, according to the analyses conducted under the CCyB-setting framework, the Banco de España considers that, at the current juncture, cyclical systemic risk in Spain is at a standard level, intermediate between high and low risk.

Under this framework, in a first quantitative stage 16 key indicators are assessed, grouped into four blocks – macroeconomic, macro-financial, financial market and banking system – that represent the risk analysis dimensions that are considered relevant (see Annex 1 for more details on the definitions of each indicator).

These indicators enable a comprehensive assessment of the cyclical systemic risk situation in Spain. In most cases they currently show intermediate values in terms of their historical distribution (Table 1), consistent with the standard level of cyclical systemic risk mentioned above.

The macroeconomic indicators analysed include the output gap, which is currently in positive territory, slightly above equilibrium and the 65th percentile in terms of its historical distribution, i.e. between the 25th and 75th percentiles which define the standard risk situation under the revised framework. GDP growth also stands at intermediate values from a historical standpoint, although it declined slightly in March 2025. In March 2025 the unemployment rate fell from high to intermediate risk territory, as its moderate increase suggests the economy is showing fewer signs of overheating. This group of indicators was therefore at an intermediate risk level in March 2025, slightly below the level at end-2024.

Of all the indicators analysed, the macro-financial ones stand at the lowest level, with credit intensity relative to GDP and the growth rate of credit to households and non-financial corporations reflecting a relatively weak credit cycle position. In fact, the level of these indicators decreased slightly in 2025 Q1. However, the most recent credit stock developments are not contractionary and the flow of new bank loans is relatively stable, relative to both GDP and the existing credit stock, thereby softening the signal suggested by the weaker position of some indicators. In any event, it is important to note that cyclical systemic risk encompasses more than credit risk, which is just one of the factors included in the two stages of cyclical systemic risk assessment. For example, among the macro-financial indicator group, both the credit-to-GDP gap and the real estate price imbalance indicators are at a standard level, with the latter showing a slight overvaluation of the residential real estate segment.

Additionally, the systemic risk indicator (SRI), which assesses financial market stress, stands at an intermediate level within its historical distribution, far from loss realisation levels, despite the higher volatility due to the tariff tensions.



Table 1. Key indicators for monitoring cyclical risk

		March 2025	December 2024	September 2024	December 2025 projection
Macroeconomic indicators	Output gap	1.00	0.93	0.73	0.99
	Annual change in real GDP	2.84	3.31	3.33	2.14
	Unemployment rate	11.36	10.61	11.21	
Macro-financial indicators	Adjusted credit-to-GDP gap	-4.63	-5.90	-5.36	-0.19
	Credit intensity	1.02	1.44	2.81	3.27
	Debt service ratio	17.53	17.95	18.33	17.12
	Rate of change, credit to households and firms	0.82	1.15	2.22	2.71
	Econometric models of credit imbalance	[-9.8 - 3.3]	[-9.1 - 3.5]	[-9.7 - 3.3]	[-10.4 - 3.5]
	Rate of change, house prices	12.24	11.26	8.15	6.17
	Indicators of price imbalances, real estate sector	6.55	5.23	3.67	6.63
Market indicators	Systemic risk indicator (SRI)	0.09	0.12	0.14	
Banking system indicators	ROE	14.54	14.10	14.32	
	NPL ratio	3.21	3.32	3.43	
	Net interest income to total assets	2.36	2.47	2.48	
	Price-to-book value	1.12	0.82	0.84	
	ROE Spain	17.77	14.53	14.37	
Memorandum items	CET1 ratio	13.51	13.51	13.34	
	LCR	171.33	178.09	181.36	
	Cost-to-income ratio	0.42	0.42	0.42	
	Cost of bank liabilities	3.00	3.32	3.32	

SOURCES: INE and Banco de España.

Note: The March 2025 figure is provisional. For the indicators that are negatively correlated with the macro-financial cycle (the unemployment rate and the systemic risk indicator), the position of the high and low risk levels would be the opposite of that described in the colour code. The one-tail indicators are the debt service ratio and the non-performing loan (NPL) ratio. See Annex 1 for full definitions of the indicators. In the second column, the indicators that were already included in the cyclical systemic risk monitoring framework previously in force are highlighted in bold.

COLOUR CODES

One-tail risk indicators

Standard level	High risk
Value < 75th percentile	Value > 75th percentile

Two-tail risk indicators

Materialisation of risks	Standard level	High risk
Value < 25th percentile	25th percentile < Value < 75th percentile	Value > 75th percentile

BANKING SYSTEM COLOUR CODES

One-tail risk indicators

Standard capacity to generate capital	Low capacity to generate capital
Value < 75th percentile	Value > 75th percentile

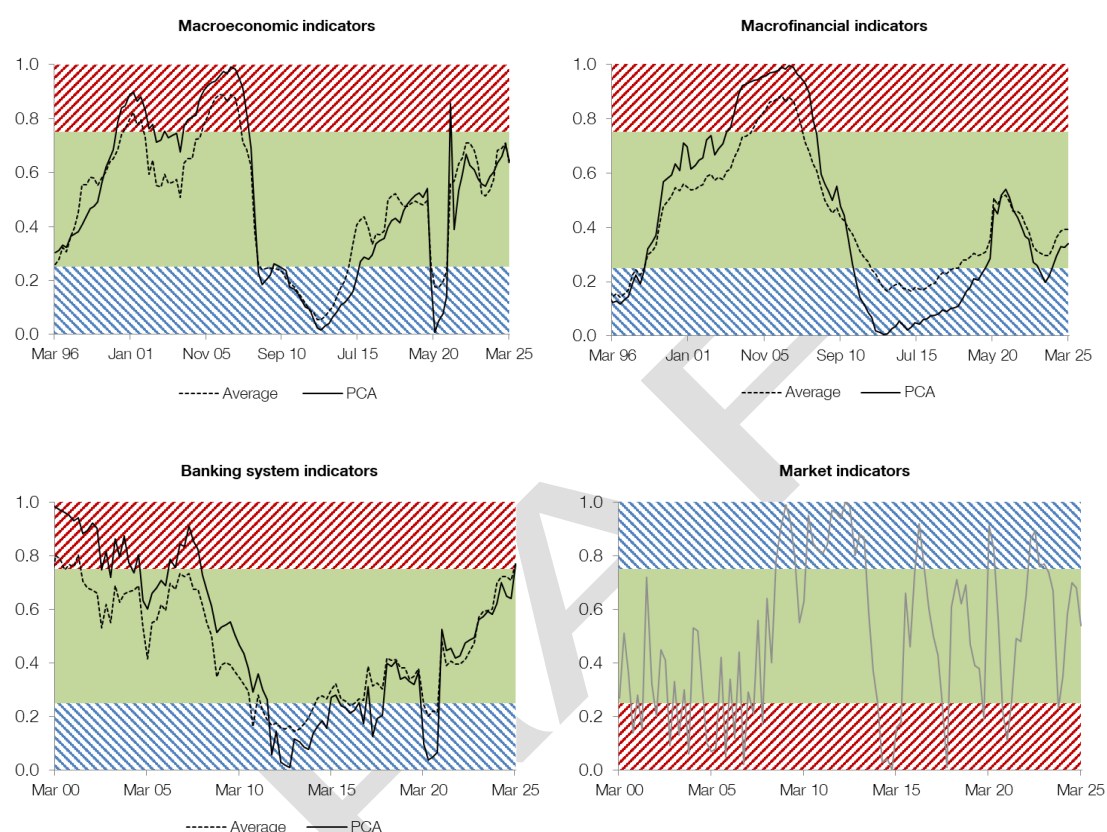
Two-tail risk indicators

Low capacity to generate capital	Standard capacity to generate capital	High capacity to generate capital
Value < 25th percentile	25th percentile < Value < 75th percentile	Value > 75th percentile

Lastly, the indicators of the banking system's financial situation are in a favourable position in terms of profitability, on both a consolidated and an individual basis, and a contained NPL ratio. Broadly speaking, most of the banking system indicators are at an intermediate level, consistent with banks having significant capital-generating capacity. However, the higher ROE for business in Spain and price-to-book value nudge this dimension into the high-risk zone, on data to March 2025.

These indicators are aggregated at the level of each cyclical systemic risk dimension to obtain four composite indicators (Chart 1), which in turn can be combined to give an overall composite indicator (Chart 2).

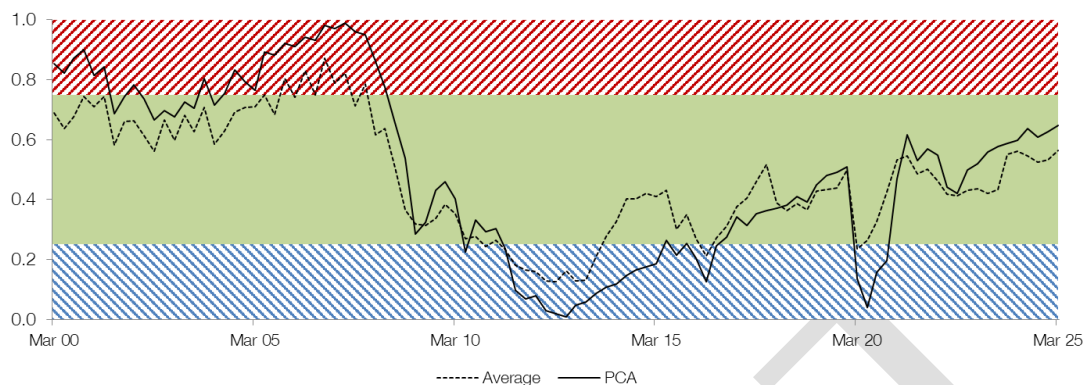
Chart 1. Composite indicators by dimension (a)



SOURCES: Datastream, INE, Banco de España and own calculations.

a. Data updated as of December 2024 (provisional data for March 2025). The dashed lines depict aggregation using simple averages and the solid lines aggregation based on principal component analysis (PCA). The SRI aggregates 12 financial market variables based on the methodology described in [Box 1.1 of the May 2013 Financial Stability Report](#). Each indicator is defined, on a scale between 0 and 1, based on its percentile relative to its historical distribution. The blue (green) [red] shaded area corresponds to a low (standard) [high] cyclical systemic risk level or, in the case of banking system indicators, capital generation capacity by the banking system.

Chart 2. Overall composite indicator (a)



SOURCES: Banco de España, Datastream, INE and own calculations.

a. Data updated as of December 2024 (provisional data for March 2025). The dashed lines depict aggregation through simple averages and the solid lines an aggregation based on principal component analysis (PCA). Each indicator is defined, on a scale between 0 and 1, based on its percentile relative to its historical distribution. The blue (green) [red] shaded area corresponds to a signal of a low (standard) [high] level of cyclical systemic risk.

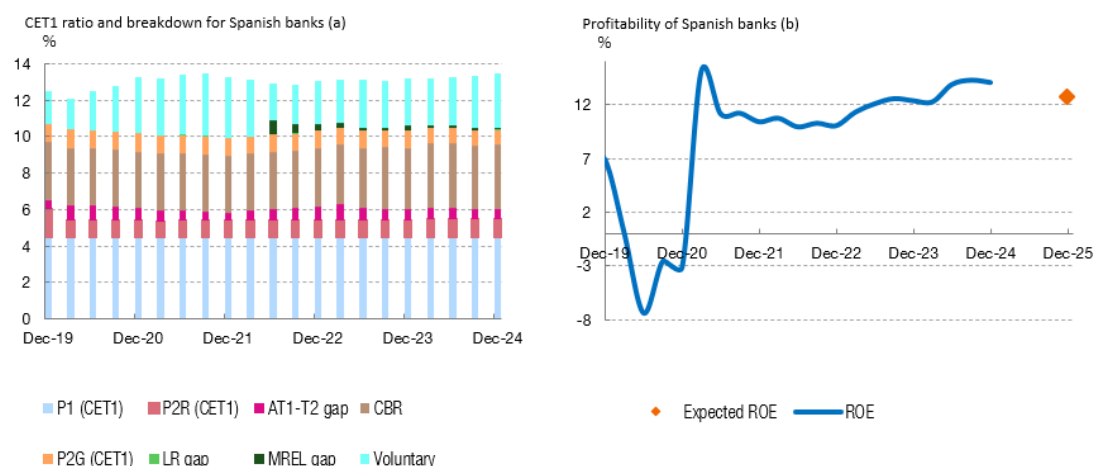
On the latest information available, this set of indicators meets the conditions established in the Banco de España's revised framework for identifying a standard level of cyclical systemic risk. Specifically, in the published decision (i) the overall indicator is at a standard level, (ii) at least two of the composite indicators (the macroeconomic and the macro-financial ones) for two of the risk dimensions are also at a standard level, and (iii) the banking system indicators do not point to low capital generation capacity (indeed, this risk dimension stands at a high level, albeit by a small margin).

In the second stage of the revised framework, the complementary information available, including qualitative information, was analysed, confirming the results obtained in the first stage.

On aggregate, banks' voluntary buffers, with a weighted average of around 3% at December 2024 (Chart 3, left-hand panel), appear to comfortably cover the higher requirement arising from setting the CCyB at 1% for exposures in Spain, which would result in an increase in the CCyB requirement at consolidated level of roughly 0.5 pp for the banking sector overall.

Bank profitability at December 2024 and the favourable outlook for this metric (Chart 3, right-hand panel) also point to a notable capacity to absorb the impact of the higher CCyB requirement through retained earnings.

Chart 3. Composition of CET1 ratio and profitability of Spanish credit institutions (a)



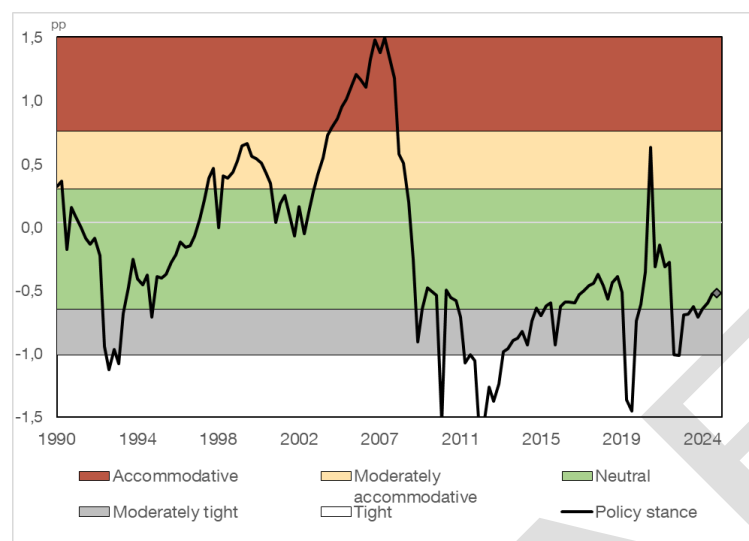
SOURCES: Banco de España and Refinitiv.

a. All the capital requirements shown are in terms of CET1 capital. P1: minimum capital requirements (Pillar 1). P2R: additional own funds requirements (Pillar 2 requirements). AT1-T2 gap: CET1 capital that needs to be used to meet P1 or P2 T1 or total capital requirements in the absence of sufficient AT1 or T2 capital. CBR: combined buffer requirements (capital conservation, systemic risk, countercyclical and G-SIB or others). P2G: Pillar 2 guidance. LR gap: leverage ratio requirements (that must be met with CET1 capital in the absence of sufficient AT1 capital) above the aforesaid prudential requirements. MREL gap: minimum requirement for own funds and eligible liabilities (that must be met with CET1 capital in the absence of sufficient eligible liabilities or AT1 or T2 capital) above the aforesaid requirements. Voluntary: CET1 capital above the capital requirements and P2 guidance.

b. The ROE forecasts for 2025 are the average of the IBES forecasts (obtained through Refinitiv) for the main listed Spanish credit institutions, at December 2024, weighted by carrying amount.

Moreover, the macroprudential policy stance indicator (difference between median GDP growth and growth in the left tail of its distribution, i.e. the more adverse values) stands at a neutral position for Spain according to the latest available data, supporting the assessment of a standard level of cyclical systemic risk (Chart 4).

Chart 4. Macroprudential policy stance in Spain (a)

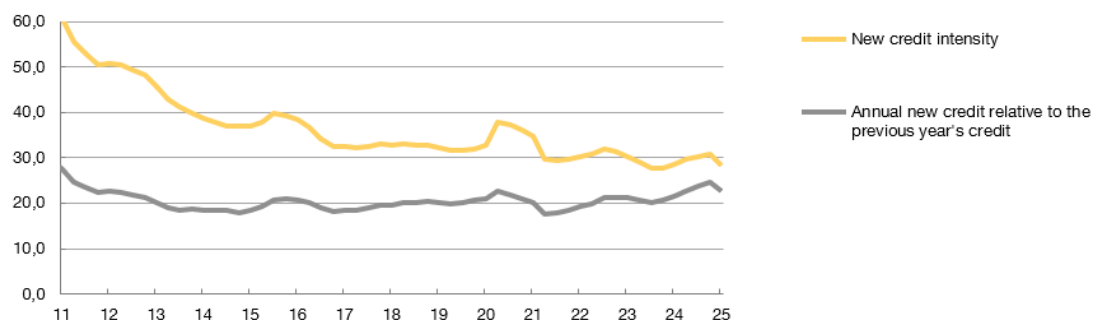


SOURCE: Banco de España.

a. The bands are delimited by the 10th, 25th, 75th and 90th percentiles of the distribution of the distance between the median and growth-at-risk (5th percentile) of the distribution of GDP growth in Spain estimated over an eight-quarter horizon using a growth-at-risk model. The diamond depicts the latest observation (2024 Q4) estimated with preliminary data.

This information also includes the ratio of new lending to GDP (credit intensity) and new credit accumulated over the year relative to the outstanding stock of lending in the previous year. While these indicators have decreased on provisional data at March 2025 (Chart 5), they are generally holding relatively stable around the values observed since the end of the global financial crisis, moderating the negative signals from the first-stage credit indicators and strengthening the grounds for identifying a standard level of cyclical systemic risk. Indeed, household and business lending in Spain has maintained positive growth rates in the early months of 2025 (Chart 6).

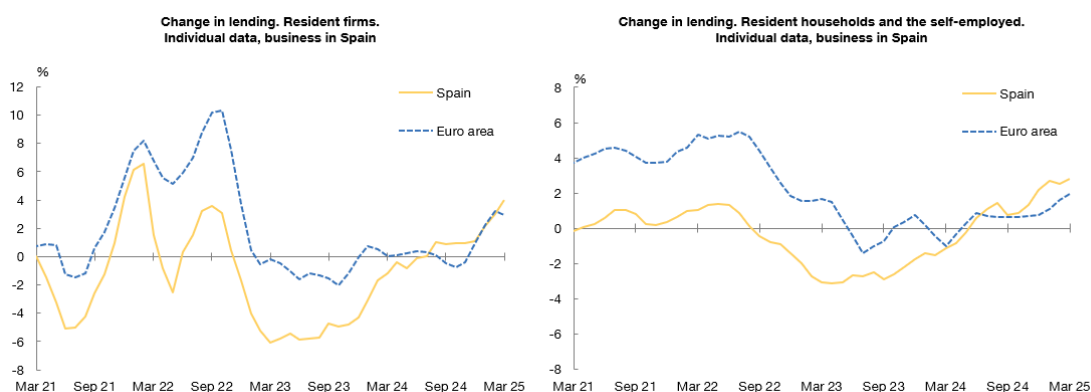
Chart 5. New credit indicators (a)



SOURCES: INE, Banco de España and own calculations.

a. Data updated as of December 2024 (provisional data for March 2025). New credit intensity is calculated as the ratio between the cumulative four-quarter flow of new credit to the non-financial private sector and cumulative GDP of the last four quarters. The ratio of annual new credit to the previous year's credit uses the same numerator as before, while the denominator is the total stock of credit to the non-financial private sector four quarters earlier.

Chart 6. Indicator of change in lending (a)



SOURCE: ECB.

a. Data at March 2025. The change in lending indicator shows the quarter-on-quarter rate of change of the three-month moving average of the seasonally adjusted outstanding stock, in annualised terms (assuming that the rate of change of the last three months holds steady over a 12-month period).

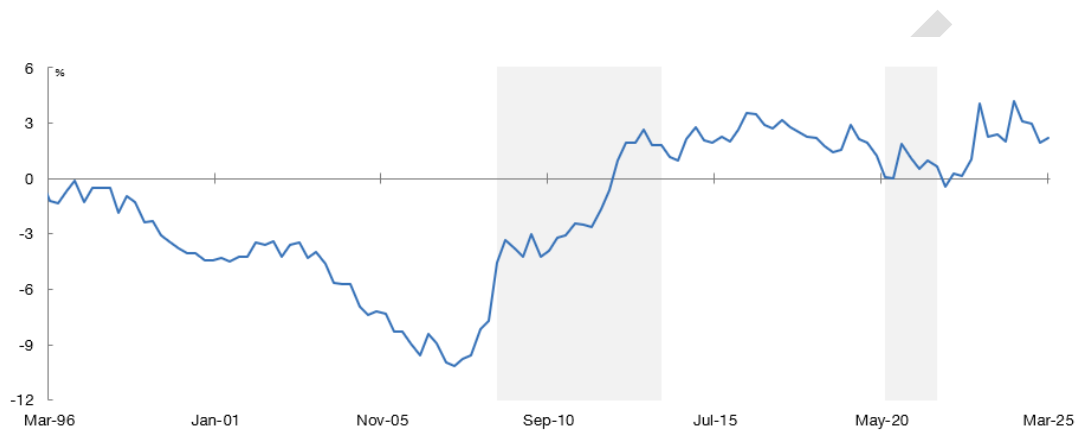
In addition, in 2024 H2 and 2025 Q1 there was greater demand for bank credit from households and firms and credit standards for new lending in both segments eased somewhat.⁶ All of these considerations further qualify the signs of cyclical weakness in lending from the macro-financial indicators (Table 1).

⁶ Banco de España press release of 28 January 2025 (available only in Spanish) on the results of the 2024 Q4 BLS and Banco de España press release of 15 April 2025 (available only in Spanish) on the results of the 2025 Q1 BLS.

The qualitative assessment of the main risks to financial stability, in particular those associated with geopolitical tensions, and of inflation and activity developments is also consistent with an intermediate or standard level of cyclical systemic risk in Spain.

Lastly, the current account balance continues to perform favourably and shows no signs of external imbalances (Chart 7).⁷

Chart 7. Current account balance (a)



SOURCES: INE, Banco de España and own calculations.

a. Data updated as of March 2025.

In short, it can be concluded from the analysis of the current situation shown in the key indicators table that cyclical systemic risk in Spain is at an intermediate or standard level. The complementary information analysed, in particular the macroprudential policy stance, is consistent with this assessment.

CCyB rate from 2025 Q4

In view of all the above, the Banco de España considers it appropriate to raise the buffer rate applicable to exposures located in Spain to the benchmark level of 1% established in the Banco de España's revised framework for setting the CCyB when cyclical systemic risk is at a standard level (an intermediate level between high and low risk).

⁷ For statistical information on the current account balance, see Table 17.1 of the Banco de España's Statistical Bulletin.

3 Opinions and submissions received

The Spanish macroprudential authority (AMCESFI) and the European Central Bank have been notified of the Banco de España's proposal for the CCyB from 2025 Q4. Their opinions and comments shall be taken into account for the purposes of this decision.

Any submissions and comments received during the public notice period will be analysed and assessed in order to determine whether it is appropriate to make amendments to this decision. The review and assessment of these submissions and comments will be published together with the final version of this decision, most likely in October.

4 Decision

In view of the above, pursuant to Article 45 of Law 10/2014, Articles 60 and 61 of Royal Decree 84/2015 and Rules 8 and 9 of Circular 2/2016, and following the expiry of the deadline for submissions to the proposed decision, in accordance with the provisions of Article 83 of Law 39/2015 of 1 October 2015 on the Common Administrative Procedure for General Government, the Executive Commission, in the exercise of the powers conferred by Article 23(1)(f) of Law 13/1994 of 1 June 1994 of Autonomy of the Banco de España, resolves:

- To set the countercyclical capital buffer rate for exposures located in Spain at 1.0% from 2025 Q4, to be applicable from 1 October 2026.

An administrative appeal may be filed against this decision with the Ministry of Economic Affairs, Trade and Enterprise within one month of the date hereof, in accordance with the provisions of Articles 121 and 122 of Law 39/2015 of 1 October 2015 on the Common Administrative Procedure for General Government.

Madrid, [...] 2025



Annex 1. Detailed definitions of indicators

Output gap

The output gap is the difference between the observed level of gross domestic product (GDP) and its potential level. The methodology used at the Banco de España to estimate potential output is based on the production function. See in this respect, see Pilar Cuadrado and Enrique Moral-Benito. (2016). *“Potential growth of the Spanish economy”*. Documentos Ocasionales, 1603, Banco de España.

Annual change in real GDP

Year-on-year rate of change in GDP in real terms.

Unemployment rate

The number of people unemployed as a percentage of the total workforce. Non-seasonally adjusted data.

Adjusted credit-to-GDP gap

The adjusted credit-to-GDP gap uses a different calibration from that proposed by the BCBS⁸ and the ESRB.⁹ Specifically, the modified statistical filter uses a smoothing parameter (lambda) of 25,000 (instead of 400,000), to better reflect the average duration of the credit cycle in Spain over the last 140 years.¹⁰

Credit intensity

Calculated as the change in lending to the non-financial private sector relative to four quarters earlier divided by cumulative GDP over the last four quarters.

Debt service ratio

This indicator aims to capture leverage in the non-financial private sector and is the ratio of payments of interest and principal to aggregate disposable income. Accordingly, it measures the proportion of disposable income used to service debts. It is constructed on the basis of a standard formula for calculating the present value of a term loan (using the aggregate credit stock together with an average interest rate and maturity), divided by disposable income plus the aggregate credit stock multiplied by the interest rate.¹¹

⁸ *Guidance for national authorities operating the countercyclical capital buffer*, December 2010.

⁹ *Recommendation ESRB/2014/1* of 18 June 2014 on guidance for setting countercyclical buffer rates.

¹⁰ For more details, see Jorge E. Galán. (2019). *“Measuring credit-to-GDP gaps. The Hodrick-Prescott filter revisited”*. Documentos Ocasionales, 1906, Banco de España.

¹¹ The indicator used here was first proposed in the context of early warning indicators for financial crises in Christian Castro, Ángel Estrada and Jorge Martínez. (2014). *“The countercyclical capital buffer in Spain: an exploratory analysis of key guiding indicators”*. *Financial Stability Review - Banco de España*, November, and is currently considered one of the main reference indicators together with the credit-to-GDP gap.

Rate of change of credit to households and firms

Year-on-year rate of change of nominal credit to the non-financial private sector.

Econometric models of credit imbalance

These are (semi-)structural unobserved component models (UCMs) and vector error correction (VEC) models for quantification of credit imbalances drawing on macro-financial variables (GDP, interest rates and house prices).¹²

Rate of change of house prices

Year-on-year rate of change in nominal house prices.

Indicators of price imbalances in the real estate sector

Four indicators are assessed that seek to capture deviations in residential real estate prices from their long-term level: (i) real house price gap; (ii) house price-to-disposable income gap; (iii) house price imbalance vis-à-vis the level implied by long-term disposable income and mortgage rate trends; and (iv) long-term house price imbalance vis-à-vis the level implied by prices in previous periods, disposable income, new mortgage rates and tax variables. The first three indicators calculate the gaps vis-à-vis long-term trends using the same statistical filter as that used for the credit-to-GDP gap. The fourth indicator is derived from econometric model estimations.

Systemic risk indicator (SRI)

The SRI aggregates 12 individual stress indicators (including volatilities, interest rate spreads, maximum historical losses) of four segments of the Spanish financial system (money market, government debt market, equity market and financial intermediaries). The effect of cross-correlations is taken into account to calculate the SRI, such that it registers higher values when the correlation between the four markets is high (when there is a high – or low – level of stress in all four markets at the same time) and lower values when the correlation is low or negative (when stress is high in some markets and low in others). As it is a contemporaneous indicator, the SRI may be particularly useful for guiding deactivation of the CCyB.

Return on equity (ROE)

Annualised net income in the year to date divided by average equity, in accordance with the EBA definition (average of the previous year-end value and the year-to-date value). Consolidated data.

¹² For more information, see Jorge E. Galán and Javier Mencía. (2021). “Model-based indicators for the identification of cyclical systemic risk”, *Empirical Economics*, 61, pp. 3179-3211, and Box 3.1 of the Banco de España’s November 2018 *Financial Stability Report*.

ROE Spain

Annualised net income in the year to date divided by average equity, in accordance with the EBA definition (average of the previous year-end value and the year-to-date value), taking into account only business in Spain.

NPL ratio

Ratio of non-performing loans to total loans with counterparty in other resident sectors in business in Spain.

Net interest income to total assets

Net interest income in the year to date divided by average total assets, in accordance with the EBA definition (average of the previous year-end value and the year-to-date value). Consolidated data.

Price-to-book value

Ratio of stock price to book value in the banking sector market index.

CET1 ratio

Ratio of Common Equity Tier 1 (CET1) capital to risk-weighted assets. Consolidated data.

Liquidity coverage ratio (LCR)

Ratio of high quality liquid assets to net expected cash outflows under a liquidity shock over a 30-day period. Consolidated data.

Cost-to-income ratio

Ratio of operating expenses to gross income. Consolidated data.

Cost of bank liabilities

Ratio of financial costs to average financial liabilities. Consolidated data.

