

ANNUAL ACCOUNTS
OF THE BANCO DE ESPAÑA

2024

BANCO DE **ESPAÑA**
Eurosistema



ANNUAL ACCOUNTS OF THE BANCO DE ESPAÑA 2024

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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) (see Section 3.1 “Accounting policies”).

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 for Economic Affairs, Trade and Enterprise, 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. The figures for 2023 are presented solely for comparison with 2024. Due to rounding, the totals included in the balance sheet, profit and loss account and notes to the annual accounts may, on occasion, not equal the sum of the individual figures. This document presents the accounts for 2024. Section 2 includes the balance sheet as at 31 December 2024 and the 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 not arranged on 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 2024				
EUR m				
	Note number	2024	2023	Change
ASSETS				
1 Gold and gold receivables	1	22,734.59	16,910.85	5,823.74
2 Claims on non-euro area residents denominated in foreign currency		81,098.81	76,612.87	4,485.94
2.1 Receivables from the IMF	2	20,076.58	19,405.34	671.25
2.2 Balances with banks and security investments, external loans and other external assets	3	61,022.23	57,207.53	3,814.70
3 Claims on euro area residents denominated in foreign currency	4	1,544.91	596.65	948.27
4 Claims on non-euro area residents denominated in euro		1,242.30	1,103.31	138.99
4.1 Balances with banks, security investments and loans	5	1,242.30	1,103.31	138.99
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	17.50	22,776.52	-22,759.02
5.1 Main refinancing operations		—	320.00	-320.00
5.2 Longer-term refinancing operations		17.50	22,456.52	-22,439.02
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		0.86	47.92	-47.05
7 Securities of euro area residents denominated in euro	7	593,370.16	632,354.55	-38,984.40
7.1 Securities held for monetary policy purposes	7 a	566,411.61	605,535.67	-39,124.06
7.2 Other securities	7 b	26,958.55	26,818.88	139.67
8 Intra-Eurosystem balances	8	208,294.51	194,018.33	14,276.18
8.1 Participating interest in ECB	8 a	1,190.44	1,194.94	-4.50
8.2 Claims equivalent to the transfer of foreign reserves assets to the ECB	8 b	4,796.41	4,810.85	-14.44
8.3 Net claims related to the allocation of euro banknotes within the Eurosystem	8 c	199,341.20	184,849.92	14,491.28
8.4 Other claims within the Eurosystem (net)	8 d	2,966.47	3,162.64	-196.17
9 Items in course of settlement		2.82	5.83	-3.02
10 Other assets		8,457.63	9,621.63	-1,164.00
10.1 Tangible and intangible fixed assets and assets under construction	9	295.10	323.27	-28.17
10.2 Other financial assets	10	201.13	201.16	-0.03
10.3 Off-balance sheet instruments revaluation differences	11	192.85	—	192.85
10.4 Accruals and prepaid expenses	12	7,512.25	8,841.27	-1,329.02
10.5 Sundry	13	256.31	255.93	0.38
TOTAL ASSETS		916,764.09	954,048.46	-37,284.37

Balance sheet of the Banco de España as at 31 December 2024 (cont'd)

EUR m

	Note number	2024	2023	Change
LIABILITIES				
1 Banknotes in circulation	14	172,795.94	170,553.48	2,242.47
2 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	15	210,320.80	257,755.85	-47,435.05
2.1 Current accounts (covering the minimum reserve system)		17,356.72	16,792.87	563.85
2.2 Deposit facility		192,964.08	240,962.98	-47,998.90
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	174.99	994.67	-819.69
4 Liabilities to other euro area residents denominated in euro		11,725.53	54,157.50	-42,431.97
4.1 General government	17	6,895.86	50,815.39	-43,919.53
4.2 Other liabilities	18	4,829.68	3,342.11	1,487.57
5 Liabilities to non-euro area residents denominated in euro	19	5,347.27	6,494.11	-1,146.85
6 Liabilities to euro area residents denominated in foreign currency		0.98	2.14	-1.16
7 Liabilities to non-euro area residents denominated in foreign currency		27.60	17.33	10.27
7.1 Deposits, balances and other liabilities		27.60	17.33	10.27
7.2 Liabilities arising from the credit facility under ERM II		—	—	—
8 Counterpart of special drawing rights allocated by the IMF	20	15,011.28	14,548.17	463.11
9 Intra-Eurosystem balances	21	446,667.61	394,431.72	52,235.89
9.1 Liabilities related to TARGET		446,667.61	394,431.72	52,235.89
9.2 Net liabilities related to the allocation of euro banknotes within the Eurosystem		—	—	—
9.3 Other liabilities within the Eurosystem (net)		—	—	—
10 Items in course of settlement	22	44.32	1,060.09	-1,015.77
11 Other liabilities		1,759.99	2,460.90	-700.91
11.1 Off-balance-sheet instruments. Revaluation differences	23	—	76.53	-76.53
11.2 Accruals and income collected in advance	24	1,356.06	1,880.36	-524.30
11.3 Sundry	25	403.93	504.01	-100.08
12 Provisions	26	19,417.99	26,974.29	-7,556.30
12.1 Risk provisions		19,292.59	26,846.51	-7,553.92
12.2 Other provisions		125.40	127.78	-2.38
13 Revaluation accounts	27	31,587.34	22,715.75	8,871.59
14 Capital and reserves		1,882.45	1,882.45	—
14.1 Capital	28	1,000.00	1,000.00	—
14.2 Reserves	29	882.45	882.45	—
15 Profit for the year	30	—	—	—
TOTAL LIABILITIES		916,764.09	954,048.46	-37,284.37

Profit and loss account of the Banco de España for the year ending 31 December 2024

EUR m

	Note number	2024	2023	Change
1 Net interest income/expense		-9,428.53	-8,900.69	-527.84
1.1 Interest income	1	18,395.03	18,626.87	-231.84
1.2 Interest expense	2	-27,823.56	-27,527.56	-296.00
2 Net result of financial operations and write-downs		-425.26	-265.48	-159.78
2.1 Gains/losses arising from financial operations	3	10.07	-108.52	118.59
2.2 Write-downs on financial assets and positions	4	-435.33	-156.96	-278.36
3 Net result of pooling of monetary policy	5	2,960.73	3,146.75	-186.02
4 Net income from fees and commissions	6	22.83	9.17	13.66
5 Income from equity shares and participating interests	7	4.35	3.34	1.01
6 Other income/losses and provisions	8	-14.91	36.57	-51.48
7 Total operating expenses		-668.65	-641.59	-27.05
7.1 Staff costs	9	-352.94	-336.82	-16.12
7.2 Administrative expenses	10	-222.63	-203.64	-18.99
7.3 Depreciation of tangible and intangible fixed assets	11	-35.95	-30.69	-5.27
7.4 Banknote production services	12	-68.40	-74.08	5.68
7.5 Sundry		11.27	3.63	7.64
8 Profit/loss before the transfer to/from provision for financial risks		-7,549.43	-6,611.94	-937.49
9 Transfer to/from provision for financial risks	13	7,549.43	6,611.94	937.49
10 Profit/loss of the year	14	—	—	—

Countersigned by
The Governor,



JOSÉ LUIS ESCRIVÁ BELMONTE

The Comptroller,



JUAN RAMÓN SÁEZ GÓMEZ

3 Notes to the accounts

3.1 Accounting policies

The annual accounts of the Banco de España comprise the balance sheet, the profit and loss account and the notes thereto. 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 NCBs of the 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 the 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.

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 for forward transactions in foreign currencies, which are booked at the spot settlement date. If a year-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 as follows:

¹ Guideline of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) (recast).

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.

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 year-end 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 and sales of foreign currencies are recorded at the settlement date, and affect the foreign currency position from that date. Gains and losses on spot sales 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, and affect 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 year-end falls between the trade date and the spot settlement date, the transactions shall 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. When foreign currencies are bought and sold against other foreign currencies, the euro valuation is 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.

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.

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 in one currency against unrealised losses in another. 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 year-end 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 marketable investment 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:

- They are acquired for investment purposes only with no influence on the fund's day-to-day buy and sell decisions.
- The investment strategy and mandate of the fund have been determined before the acquisition is carried out.
- The performance of the investment is evaluated as a single investment in line with the investment strategy of the fund.
- The fund is a separate entity, irrespective of its legal form, 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 form part of the corresponding foreign currency position and are revalued monthly to market price. This revaluation is carried out without netting unrealised gains in one currency against unrealised losses in another.

Revaluations of investment fund shares because of changes in their net asset value and revaluations 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 year-end 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 initially recorded 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 the holding intention (for trading or 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

Trading portfolio securities are revalued monthly to market price. This revaluation is carried out without netting unrealised gains on one security code against unrealised losses on another. Unrealised gains and losses (except for unrealised losses at year-end) are reflected in adjustment

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 in the issuer's creditworthiness.

accounts and credited or debited, respectively, to revaluation and loss accounts. Unrealised losses existing at year-end 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 is 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 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, and they are recorded according to the valuation rules set forth in the preceding two paragraphs.

Automated securities lending contracts (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. Only the income obtained is recognised, in the profit and loss account. Transactions outstanding at year-end are recorded off-balance sheet.

Doubtful debtors

Where there is reasonable doubt about the recovery of an asset, it is recorded in a special separate account and the relevant provision 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 NCBs and the need to obtain adequate collateral for them. Also, 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 and the participating interest in the ECB are valued at acquisition cost.

The stake in Imprenta de Billetes, S.A., Medio Propio del Banco de España (IMBISA) 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 Banco de España 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 library collections 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 operate as intended, 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 building). 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 building) 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/Single Supervisory Mechanism 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 on a straight-line monthly basis over its useful life from the month following its recognition 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 2024 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
General library 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 book value exceeds the recoverable amount. In this case, 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, and 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 that each NCB actually puts into circulation gives rise to remunerated intra-Eurosystem balances. These balances, which accrue interest,⁶ are presented under "Net claims related to the allocation of euro banknotes within the Eurosystem" or "Net 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 determined 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 new Member States adopting the euro: the amount of the adjustment applicable to each of them is calculated under the aforementioned calculation method and 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.

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.

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 considered has a period of 24 months starting 30 months before the euro cash changeover date.

The interest income and expense on intra-Eurosystem balances relating to banknote allocation are settled through the accounts of the ECB and are 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 (CBPP3), the public sector purchase programme (PSPP) and the pandemic emergency purchase programme (PEPP), are allocated to the NCBs in the financial year in which they accrue.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 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 TARGET¹⁰ 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 result 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.

Intra-Eurosystem balances related to TARGET result from cross-border payments in the European Union (EU) that are settled in central bank money in euro. These transactions are for the most part initiated by private entities (i.e. credit institutions, corporations and individuals). Payments conducted by the ECB and NCBs also affect these accounts. All settlements are automatically aggregated to form part of a single position for each NCB vis-à-vis the ECB. The movements in TARGET accounts are reflected in the accounting records of the ECB and the NCBs on a daily basis.

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.

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.

The Banco de España's intra-Eurosystem balance vis-à-vis the ECB arising from TARGET is presented in the balance sheet as an asset or liability under "Claims related to TARGET" or "Liabilities related to TARGET".

Intra-Eurosystem balances arising from the allocation of euro banknotes within the Eurosystem are included, depending on their overall net amount, as a single net asset or liability under "Net claims related to the allocation of euro banknotes within the Eurosystem" or "Net liabilities related to the allocation of euro banknotes within the Eurosystem" (see "Banknotes in circulation" in this section).

Other intra-Eurosystem balances (such as the ECB's interim profit distribution to NCBs, if any, the result of the pooling and allocation of monetary income among NCBs pending settlement, and the positions vis-à-vis the ECB owing to the deferral of sundry receipts and payments) are presented as a single net asset or liability position under "Other claims within the Eurosystem (net)" or "Other liabilities within the Eurosystem (net)", respectively.

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.

Unrealised losses are taken to the profit and loss account if they exceed previous revaluation gains recorded in the corresponding revaluation accounts, 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 a reduction or increase in 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

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

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 associated foreign exchange gains and losses, are shown in the balance sheet in item 10.3 on the asset side or item 11.1 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. 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 is 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 Note 7(a) to the balance sheet).

These estimates are based on the best information available at end-2024, 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.

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.

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 that do not affect the assets and liabilities at the reporting date do not give rise to adjustments, but, where material, they are disclosed in the notes to the accounts.

5 Changes to presentation in the financial statements

The new Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) introduced changes to the format of NCBs' balance sheet and profit and loss account, to foster transparency and increase the information value of the financial statements for readers.

These changes include presenting the Banco de España's liabilities vis-à-vis the ECB arising from TARGET separately under "Liabilities related to TARGET", rather than as part of "Other liabilities within the Eurosystem (net)". Moreover, the item "Provisions" is divided into "Risk provisions" and "Other provisions".

Changes in the profit and loss account essentially relate to the numbering and order of items.

The 2023 balance sheet and profit and loss account have been adapted according to the new layout, to allow for comparison with the current financial year.

The amounts published in the 2023 annual accounts and those for 2023 adapted to the new layout of the 2024 annual accounts are shown in the table below.

EUR m			
2023		2023 adapted	
Liability 10.4. - Other liabilities within the Eurosystem	391,269.08	Asset 8.4. - Other claims within the Eurosystem (net)	3,162.64
		Liability 9.1. - Liabilities related to TARGET	394,431.72
Balance sheet total	950,885.82	Balance sheet total	954,048.46

3.2 Notes to the balance sheet

1 Gold and gold receivables

The Banco de España's gold holdings at year-end amounted to €22,734.59 million, consisting of 9.054 million troy ounces¹³ of fine gold valued at a market price of €2,511.07 per ounce. These holdings did not change during the financial year. The value of these holdings is €5,823.74 million more than in 2023, as a result of the increase in the market price (at end-2023 the price per ounce was €1,867.83). This increase is 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

The breakdown of this item in 2024 and 2023 is as follows:

EUR m

Type of asset	2024	2023	Change
Reserve tranche position	2,892.98	3,106.46	-213.47
Special drawing rights (allocation)	15,578.61	15,033.09	545.52
Other claims on the IMF	1,604.99	1,265.79	339.20
TOTAL	20,076.58	19,405.34	671.25

The components of this item are detailed below:

- 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-2024 was €2,892.98 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.¹⁴
- b) Special drawing rights. These represent the euro equivalent of SDR holdings, resulting from the successive allocations by the IMF and their subsequent drawdown. The IMF allocates SDRs to member countries simply for being a member, and their balancing entry is recorded in item 8 on 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

¹³ One troy ounce is equal to 31.1035 grams.

¹⁴ In December 2023, the Board of Governors approved a quota increase of 50% under the 16th General Review of Quotas. For Spain, this represents an increase of SDR 4,767.75 million, bringing its quota to SDR 14,303.25 million (from SDR 9,535.50 million). This increase is pending final ratification by member countries.

payments resulting from positions vis-à-vis the IMF. The balance at end-2024 was €15,578.61 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,¹⁵ the RST¹⁶ and the NAB.¹⁷ For the PRGT, the Banco de España has made a commitment to contribute, through concessional lending to low-income countries, up to SDR 1,955 million. For the RST, the commitment to contribute is for an amount of SDR equivalent to €1,830 million (€1,525 million to the loan account of the Trust and the equivalent of the remaining €305 million to the deposit account). The NAB, concluded to support the IMF's ability to provide financial assistance to its members, entails a financial commitment of up to SDR 6,810.28 million.

These balances, corresponding to the amounts disbursed at end-2023 and end-2024, are shown below:¹⁸

EUR m

Type of asset	2024	2023	Change
PRGT loans	1,121.90	923.27	198.63
NAB loans	—	8.40	-8.40
RST loans and deposits	483.09	334.12	148.96
TOTAL	1,604.99	1,265.79	339.20

The SDRs in which claims on the IMF are denominated are valued at the year-end market rate of €1 = SDR 0.797194. 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 3.85% during 2024.

The overall amount of claims on the IMF increased by €671.25 million with respect to the balance at end-2023.

The decrease of €213.47 million in the reserve tranche position account was due to the overall effect of the following factors:

- A decrease of €302.73 million (SDR 249.01 million) due to the transfers ordered by the IMF to the balance of its account at the Banco de España from its accounts at other institutions.

15 Poverty Reduction and Growth Trust.

16 Resilience and Sustainability Trust.

17 New Arrangements to Borrow.

18 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.

-
- An increase of €89.25 million due to the change in the exchange rate of the SDR against the euro.

The special drawing rights account increased by €545.52 million due to the overall effect of various factors:

- A net increase of €64.91 million (SDR 53.39 million) due to SDR transactions (increases as a result of net SDR purchases from third countries, repayment of PRGT loans and interest collected on claims on the IMF, less the RST loans granted and interest paid on liabilities to the IMF).
- An increase of €480.61 million due to the change in the exchange rate of the SDR against the euro.

The “Other claims on the IMF” account, which includes loans granted under the NAB and under the PRGT and RST, increased by €339.20 million due to the overall effect of certain factors:

- A decrease of €8.40 million (SDR 6.91 million) in the NAB, due to repayments of the loans granted under these arrangements.
- An increase of €164.02 million (SDR 134.92 million) in PRGT lending due to the net effect of the new loans granted and the repayments of other loans.
- An increase of €134.06 million (SDR 110.27 million) in the RST owing to loans granted.
- An increase of €49.52 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 2024 was €61,022.23 million, with the following breakdown:

EUR m

Type of asset	2024	2023	Change
Deposits	7,995.57	4,417.04	3,578.53
Security investments (a)	52,876.56	52,649.97	226.59
Trading portfolio	37,670.01	38,684.36	-1,014.35
Held-to-maturity portfolio	15,206.55	13,965.61	1,240.94
Other	150.10	140.52	9.58
TOTAL	61,022.23	57,207.53	3,814.70

a As at 31 December 2024, repurchase agreements were constituted over part of the securities portfolio (market value of USD 8,674.70 million, CAD 0.1 million and GBP 0.14 million).

As at 31 December 2024, 71.9% of these assets were denominated in US dollars, 11.4% in Japanese yen,¹⁹ 8% in Canadian dollars, 7.7% in pounds sterling and 1.0% 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 1.0389, €1 = CAD 1.4948, €1 = YEN 163.06, €1 = GBP 0.82918 and €1 = CNY 7.5833). The market value of the held-to-maturity portfolio at end-2024 (which is not recorded on the balance sheet or in the profit and loss account but is provided for information purposes only) was €14,649.53 million. Consequently, there were net unrealised losses amounting to €557.02 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 €99.03 million, and margin deposits amounting to €50.46 million.

The increase in the balance of this item (€3,814.70 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	1,691.43
Change in market exchange rates as at 31 December	2,456.34
Change in securities' market prices as at 31 December	-599.74
Change in accrued interest receivable	266.75
Other	-0.08
TOTAL	3,814.70

¹⁹ The foreign exchange risk on yen-denominated investments is covered by swap transactions (mainly against the US dollar).

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 2024 was €1,544.91 million, with the following breakdown:

EUR m			
Type of asset	2024	2023	Change
Deposits	722.81	3.16	719.65
Security investments	822.11	593.49	228.62
Trading portfolio	822.11	593.49	228.62
Held-to-maturity portfolio	—	—	—
TOTAL	1,544.91	596.65	948.27

As at 31 December 2024, 72.6% of these assets were denominated in US dollars, 27.1% in pounds sterling and 0.2% in Canadian dollars.

The increase in “Deposits” was attributable to fixed-term deposits in US dollars, while that in the trading portfolio was due to the purchase of debt securities issued by general government, mainly in US dollars.

The increase in the balance of this item (€948.27 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	872.35
Change in market exchange rates as at 31 December	86.22
Change in securities' market prices as at 31 December	-18.24
Change in accrued interest receivable	7.94
TOTAL	948.27

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

This balance sheet item includes current accounts, balances with banks, securities issued by non-euro area residents and investment funds.

As at 31 December 2024, this item had a balance of €1,242.30 million, with the following breakdown:

EUR m

Type of asset	2024	2023	Change
Deposits	0.12	15.46	-15.33
Security investments	867.84	722.02	145.82
Trading portfolio	482.59	340.17	142.42
Held-to-maturity portfolio	385.25	381.85	3.40
Investment funds	374.34	365.84	8.51
TOTAL	1,242.30	1,103.31	138.99

Debt securities make up the bulk of this item, and amount to €867.84 million (€482.59 million classified in the trading portfolio and €385.25 million in the held-to-maturity portfolio). The market value of the held-to-maturity portfolio at end-2024 (which is not recorded on the balance sheet or in the profit and loss account but is provided for information purposes only) was €395.62 million. Consequently, there were net unrealised gains amounting to €10.38 million.

This item also includes holdings in a green investment fund set up and managed by the Bank for International Settlements, with a market value of €374.34 million.

The increase in the balance of this item (€138.99 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	128.29
Net unrealised gains at year-end	5.96
Unrealised losses at year-end	-0.29
Accrued implicit interest	5.03
TOTAL	138.99

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 €34,173 million, of which €17.50 million is 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 materialises in monetary policy operations must be shared by

all Eurosystem NCBs in proportion to their share in 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.²⁰

The breakdown by type of operation is as follows:

EUR m			
Type of operation	2024	2023	Change
Main refinancing operations	—	320.00	-320.00
Longer-term refinancing operations	17.50	22,456.52	-22,439.02
Fine-tuning reverse operations	—	—	—
Structural reverse operations	—	—	—
Marginal lending facility	—	—	—
Credits related to margin calls	—	—	—
TOTAL	17.50	22,776.52	-22,759.02

As at 31 December 2024, the balance of this item was down by 99.92% (€22,759.02 million) on end-2023. The average daily balance of the financing granted during the year decreased by 92% (€6,014 million in 2024, against €70,919 million in 2023).

a) *Main refinancing operations*

They 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, continuing the trend of previous years, very little use was made of them in 2024.

The balance of this item as at 31 December 2024 was zero (€320 million as at 31 December 2023).

b) *Longer-term refinancing operations*

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

The balance of these operations, which at end-2024 was €17.50 million (€22,456.52 million as at 31 December 2023), relates to a three-month longer-term refinancing operation (LTRO).

²⁰ The total collateral provided by institutions, valued according to Eurosystem rules and applying the related haircuts, amounted to €187,223 million at end-2024. Of this amount, €1,844 million related to collateral excluded from risk sharing.

The amounts under the third series of targeted longer-term refinancing operations (TLTRO III) still outstanding were repaid over the course of 2024 (balance of €22,440.52 million at end-2023).

The TLTRO III programme was conducted through ten quarterly tenders from September 2019 to December 2021. As these operations had a maturity of three years, the last of them matured in 2024.

According to the initial decisions taken by the Governing Council, the final interest rate applicable to each TLTRO III operation could be as low as the average deposit facility rate prevailing over the life of the operation, depending on each institution's lending to non-financial corporations and households (excluding mortgage lending). Furthermore, and in response to the COVID-19 crisis, the Governing Council decided that for the period from 24 June 2020 to 23 June 2022, the interest rate on these operations could be as low as 50 basis points (bp) below the average deposit facility rate, and in any case not higher than -1%.²¹

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 to 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.²²

A total of €20,622.12 million, corresponding to TLTRO III.7, TLTRO III.8, TLTRO III.9 and TLTRO III.10, matured in 2024, and early repayments were made for an amount of €1,818.40 million.

As regards their remuneration, the interest accrued in 2023 and 2024 on the loans granted to Spanish institutions was indexed to the average deposit facility rate during the year (or until their repayment date).

c) Fine-tuning reverse operations

The purpose of these operations is to manage the liquidity situation in the market and to steer interest rates, particularly to smooth the effects on interest rates caused by unexpected market fluctuations. Owing to their nature, their frequency is not standardised.

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 additional voluntary repayment dates were 23 November 2022, 25 January 2023 and 22 February 2023.

Their year-end balance was zero, the same as a year earlier. No fine-tuning reverse operations took place in the Eurosystem in 2024.

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 collateral. This interest rate is penalised with respect to the intervention rate set in the weekly tenders or in main refinancing operations.

The end-2024 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, the CBPP3, the PSPP, the corporate sector purchase programme (CSPP) and the PEPP. These securities are recorded at amortised cost (see “Securities” in Section 3.1 “Accounting policies”) and are subject to a yearly impairment test.

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

	Start date	End date (a)	Decision	Universe of eligible securities (b)
Securities Markets Programme (SMP)				
SMP	May 2010	September 2012	ECB/2010/5	Private and public debt securities issued in the euro area (c)
Asset purchase programme (APP)				
CBPP3	October 2014	June 2023	ECB/2020/8, as amended	Covered bonds issued by euro area residents
ABSPP	November 2014	June 2023	ECB/2014/45, as amended	Senior and guaranteed mezzanine tranches of asset-backed securities of euro area residents
PSPP	March 2015	June 2023	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	June 2023	ECB/2016/16, as amended	Bonds and commercial paper issued by non-bank corporations established in the euro area
Pandemic emergency purchase programme (PEPP)				
PEPP	March 2020	December 2024	ECB/2020/17, as amended	All asset categories eligible under the APP

a For SMP, "End date" refers to the termination date of the programme, while for APP and PEPP it denotes the final date of purchases.

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

c Only public debt securities issued by five euro area countries were purchased.

The balance of this item as at 31 December 2024 was €566,411.61 million.²³ The breakdown, including the market value²⁴ (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:

EUR m	2024		2023		Change	
	Amortised cost	Market value	Amortised cost	Market value	Amortised cost	Market value
Securities held for monetary policy purposes						
SMP	286.73	299.74	644.26	673.49	-357.53	-373.75
APP						
CBPP3	26,743.33	25,407.65	28,884.80	26,873.88	-2,141.46	-1,466.23
PSPP - government securities	227,550.29	211,779.21	252,671.51	233,549.36	-25,121.22	-21,770.15
PSPP - supranational securities	64,905.20	56,216.60	70,426.49	60,940.89	-5,521.29	-4,724.28
CSPP	25,899.79	24,754.65	28,385.92	26,593.04	-2,486.13	-1,838.39
Total APP	345,098.61	318,158.11	380,368.71	347,957.16	-35,270.10	-29,799.05
PEPP						
PEPP - covered bonds	347.35	322.74	347.03	312.05	0.32	10.69
PEPP - government securities	160,428.92	144,668.67	165,977.47	146,648.90	-5,548.55	-1,980.23
PEPP - supranational securities	54,827.57	46,097.43	52,492.62	43,223.89	2,334.95	2,873.54
PEPP - corporate sector securities	5,422.42	5,125.95	5,705.58	5,264.55	-283.16	-138.60
Total PEPP	221,026.26	196,214.79	224,522.70	195,449.38	-3,496.44	765.40
TOTAL	566,411.61	514,672.63	605,535.67	544,080.03	-39,124.06	-29,407.40

23 As at 31 December 2024, repurchase agreements had been constituted over part of the euro-denominated securities portfolio with a market value of €1,064.74 million.

24 Market values are indicative and calculated on the basis of market quotes. When market quotes are not available, market prices are estimated using internal Eurosystem models.

The decrease in the balances of the SMP portfolio in 2024 was due to the redemption of securities throughout the year.

In 2024, the APP portfolio continued to shrink, as the Eurosystem stopped reinvesting principal payments from maturing securities as of July 2023.

As regards the PEPP portfolio, following the Governing Council's decision in December 2023, the Eurosystem continued reinvesting principal payments from maturing securities in full during the first half of 2024 and partially over the second half of the year, reducing the PEPP portfolio at Eurosystem level by €7.5 billion per month on average in that period. Reinvestments were discontinued at the end of 2024.

Movement in the amortised cost of the securities held by the Banco de España in the monetary policy portfolios during the year was as follows:

EUR m	Amortised cost as at 31 December 2023	Net purchases (a)	Redemptions	Premiums (-) / Discounts (+)	Amortised cost as at 31 December 2024
CBPP3	28,884.80	—	1,827.50	-313.96	26,743.33
SMP	644.26	—	366.50	8.97	286.73
PSPP - government securities	252,671.51	—	23,530.55	-1,590.67	227,550.29
PSPP - supranational securities	70,426.49	—	5,129.71	-391.58	64,905.20
CSPP	28,385.92	-476.43	1,950.00	-59.70	25,899.79
PEPP - covered bonds	347.03	13.75	10.50	-2.93	347.35
PEPP - government securities	165,977.47	11,916.10	15,629.51	-1,835.14	160,428.92
PEPP - supranational securities	52,492.62	3,446.69	998.80	-112.94	54,827.57
PEPP - corporate sector securities	5,705.58	89.33	354.20	-18.29	5,422.42
TOTAL	605,535.67	15,730.53	50,552.06	-4,302.53	566,411.61

a Includes sales from the CSPP and PEPP-corporate sector securities portfolios in 2024 in the context of the Banco de España's participation in a tender offer made by an issuer.

The Governing Council of the ECB 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 sector securities shall be shared by all Eurosystem NCBs in proportion to their share in the subscribed capital of the ECB according to the capital keys in force. The amortised cost²⁵ of the securities acquired by all Eurosystem NCBs under these programmes is shown in the following table:²⁶

25 Except for the shares received by a Eurosystem NCB in 2024 as a result of a corporate restructuring process, which are valued at market price.

26 The Eurosystem figures are provisional and may be revised.

EUR m

Total holdings of the Eurosystem NCBs in the risk-sharing programmes	2024	2023	Change
SMP	1,050	1,901	-851
APP			
CBPP3	232,571	262,090	-29,519
PSPP - supranational securities	227,808	255,261	-27,453
CSPP	288,377	323,921	-35,544
Total APP	748,757	841,273	-92,516
PEPP			
PEPP - covered bonds	5,097	5,197	-100
PEPP - supranational securities	158,931	154,332	4,599
PEPP - corporate sector securities	45,105	45,989	-884
Total PEPP	209,133	205,518	3,615
TOTAL	958,940	1,048,693	-89,752

The impairment tests conducted at 31 December 2024 on the securities purchased under all the aforementioned programmes concluded that there was no evidence of impairment at year-end.

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 made in the secondary market, none being direct subscriptions of security issues.

The breakdown of this item is as follows:

EUR m

Security investments	2024	2023	Change
Trading portfolio	6,457.02	4,318.26	2,138.76
Held-to-maturity portfolio	20,501.53	22,500.63	-1,999.10
TOTAL	26,958.55	26,818.88	139.67

The balance of this item as at 31 December 2024 was €26,958.55 million,²⁷ of which trading portfolio securities accounted for 24% and held-to-maturity securities for 76%. The market

²⁷ As at 31 December 2024, there was €4.47 million in repurchase agreements under automated securities lending contracts.

value of the held-to-maturity portfolio at end-2024 (which is provided for information purposes, since it is not reflected on the balance sheet or in the profit and loss account) was €19,124.61 million (€1,376.91 million less 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 increase of €139.67 million in 2024, as a result of an increase of €2,138.76 million in the trading portfolio and a decrease of €1,999.10 million in the held-to-maturity portfolio.

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

Reason for change	Trading portfolio	Held-to-maturity portfolio	Total
Net purchase/redemption of securities	2,090.38	-2,239.47	-149.09
Unrealised gains at year-end (a)	-0.30	—	-0.30
Losses at year-end (a)	-0.09	—	-0.09
Accrued implicit interest	48.78	240.37	289.15
TOTAL	2,138.76	-1,999.10	139.67

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

In 2024 held-to-maturity securities amounting to €17 million were sold, owing to adjustments arising from application of the general framework on limits in the Eurosystem.

8 Intra-Eurosystem claims

This heading includes the amounts of the following items:

Type of asset	2024	2023	Variation
Participating interest in the ECB	1,190.44	1,194.94	-4.50
Claims equivalent to the transfer of foreign reserve assets to the ECB	4,796.41	4,810.85	-14.44
Net claims related to the allocation of euro banknotes within the Eurosystem	199,341.20	184,849.92	14,491.28
Other claims within the Eurosystem (net)	2,966.47	3,162.64	-196.70
TOTAL	208,294.51	194,018.34	14,276.18

As indicated in Section 3.1 “Accounting policies”, in sub-section 5 “Changes to presentation in the financial statements”, the figures for 2023 have been adapted to the new layout, to allow for comparison with the current financial year.²⁸

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 countries join or leave the European Union, that is, when their NCBs join, or cease to form part of, the ESCB. The fifth such adjustment following the establishment of the ECB was made on 1 January 2024.

This balance sheet item includes: i) the share in the subscribed capital of the ECB, and ii) the participating interest in the ECB’s other net equity.

Following the five-yearly review of capital keys, on 1 January 2024, the Banco de España’s key for subscription of ECB capital (€10,825 million) was reduced from 9.6981% to 9.6690%. Consequently, the Banco de España’s share of the ECB’s subscribed capital decreased from €1,049.82 million to €1,046.67 million.

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

²⁸ The Guideline of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) (recast) introduced changes to how intra-Eurosystem balances are presented. In 2023, under the previous Guideline, the balance of the items included in “Other claims within the Eurosystem (net)” was presented together with the TARGET balances, and the aggregate liability balance was shown on the liability side. The new Guideline presents TARGET balances under a separate item, such that the balance of “Other claims within the Eurosystem (net)” or “Other liabilities within the Eurosystem (net)” is shown on the asset or liability side of the balance sheet, depending on whether the combined net balance is a debit or a credit balance, respectively.

	ECB's capital key (%)	
	From 1 January 2024	As at 31 December 2023
Nationale Bank van België/Banque Nationale de Belgique (Belgium)	3.0005	2.9630
Deutsche Bundesbank (Germany)	21.7749	21.4394
Eesti Pank (Estonia)	0.2437	0.2291
Central Bank and Financial Services Authority of Ireland (Ireland)	1.7811	1.3772
Bank of Greece (Greece)	1.8474	2.0117
Banco de España (Spain)	9.6690	9.6981
Banque de France (France)	16.3575	16.6108
Hrvatska narodna banka (Croatia)	0.6329	0.6595
Banca d'Italia (Italy)	13.0993	13.8165
Central Bank of Cyprus (Cyprus)	0.1802	0.1750
Latvijas Banka (Latvia)	0.3169	0.3169
Lietuvos bankas (Lithuania)	0.4826	0.4707
Banque centrale du Luxembourg (Luxembourg)	0.2976	0.2679
Central Bank of Malta (Malta)	0.1053	0.0853
De Nederlandsche Bank (The Netherlands)	4.8306	4.7662
Oesterreichische Nationalbank (Austria)	2.4175	2.3804
Banco de Portugal (Portugal)	1.9014	1.9035
Banka Slovenije (Slovenia)	0.4041	0.3916
Národná banka Slovenska (Slovakia)	0.9403	0.9314
Suomen Pankki – Finlands Bank (Finland)	1.4853	1.4939
Subtotal for euro area NCBs	81.7681	81.9881
Българска народна банка (Bulgarian National Bank) (Bulgaria)	0.9783	0.9832
Česká národní banka (Czech Republic)	1.9623	1.8794
Danmarks Nationalbank (Denmark)	1.7797	1.7591
Magyar Nemzeti Bank (Hungary)	1.5819	1.5488
Narodowy Bank Polski (Poland)	6.0968	6.0335
Banca Națională a României (Romania)	2.8888	2.8289
Sveriges Riksbank (Sweden)	2.9441	2.9790
Subtotal for non-euro area NCBs	18.2319	18.0119
TOTAL (a)	100.0000	100.0000

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

The participating interest in the ECB's other net equity amounted to €143.77 million as at 31 December 2024, down €1.35 million from the previous year as a result of the aforementioned reduction in the capital key.

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 was €4,796.41 million, down €14.44 million from the previous year following the reduction in the Banco de España's capital key as a result of the aforementioned five-yearly review.

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

This item, the balance of which amounted to €199,341.20 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 it has a net asset position (see “Banknotes in circulation” and “Intra-Eurosystem balances” in Section 3.1 “Accounting policies”).

The increase of €14,491.28 million with respect to 2023 is attributable to the net effect of two factors: i) the reduction in the banknotes put into circulation by the Banco de España in 2024 (negative net issuance of €12,248.81 million) compared with its share, on the basis of its banknote allocation key, of the increase in the overall volume of banknotes put into circulation by the Eurosystem (€2,297.32 million), and ii) conversely, the decrease in the banknote allocation key on 1 January 2024, as a result of the five-yearly review (-€54.85 million).

d) Other claims within the Eurosystem (net)

The balance of €2,966.47 million as at 31 December 2024 represents the sum of three components: 1) the position vis-à-vis the ECB in respect of the pooling and allocation of monetary income within the Eurosystem pending settlement; 2) the position of the Banco de España vis-à-vis the ECB in respect of the interim distribution of any dividends receivable at year-end; and 3) the net position of the Banco de España vis-à-vis the Eurosystem for other types of operations.

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

EUR m

Type of asset	2024	2023	Change
Position vis-à-vis the ECB due to pooling and allocation of monetary income	2,955.66	3,151.83	-196.17
Dividends receivable from the ECB's interim profit distribution	—	—	—
Other claims vis-à-vis the Eurosystem	10.81	10.81	—
TOTAL	2,966.47	3,162.64	-196.17

The first 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

€2,955.66 million at year-end (see “Net result of pooling of monetary income” in Note 5 to the profit and loss account).

As for the second component, due to the losses recorded in 2024, on 21 January 2025, the Governing Council of the ECB decided that there would be no interim profit distribution. Its balance as at end-2024 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 claims vis-à-vis the Eurosystem” at end-2024 (€10.81 million) relates to the management of funds stemming from the repayment by the Spanish State of loans from the European Union.

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

The balance of this item amounted to €295.10 million at end-2024, of which €1,049.86 million related to cost and €754.76 million to accumulated depreciation or amortisation.

The breakdown of this item by component, together with the related accumulated depreciation or amortisation, is as follows:

EUR m	2024	2023	Change
Tangible fixed assets	647.16	613.14	34.02
Land and unbuilt plots	5.35	5.35	0.00
Buildings, structures and renovation work	129.77	118.88	10.89
Plant in building	248.42	228.63	19.79
Furniture and fittings	46.88	45.81	1.07
Office machines other than computer hardware	43.92	43.48	0.43
Computer hardware	111.94	110.56	1.37
Transport equipment	11.18	11.23	-0.05
Library collections	1.63	1.62	0.01
Art collection	41.68	41.30	0.38
Other tangible fixed assets	6.40	6.27	0.13
Intangible fixed assets	312.84	249.30	63.54
Computer software	312.79	249.24	63.54
Industrial property	0.06	0.06	—
Assets under construction	89.86	140.97	-51.11
Buildings, plant in building and other structures	27.59	49.78	-22.19
Computer software of the Banco de España	35.41	71.10	-35.69
Computer software of the Eurosystem	23.16	17.85	5.31
Other assets under construction	3.70	2.24	1.46
TOTAL	1,049.86	1,003.40	46.46

EUR m

Accumulated depreciation or amortisation	2024	2023	Change
Tangible fixed assets	-483.19	-464.19	-19.00
Buildings, structures and renovation work	-72.04	-68.36	-3.68
Plant in building	-222.63	-214.97	-7.66
Furniture and fittings	-42.24	-41.38	-0.86
Office machines other than computer hardware	-31.97	-29.34	-2.63
Computer hardware	-98.18	-94.45	-3.74
Transport equipment	-9.40	-9.07	-0.34
Library collections	-0.82	-0.89	0.07
Other tangible fixed assets	-5.91	-5.73	-0.18
Intangible fixed assets	-271.57	-215.95	-55.63
Computer software	-271.52	-215.89	-55.63
Industrial property	-0.06	-0.06	—
TOTAL	-754.76	-680.14	-74.63

Overall, fixed assets net of depreciation decreased with respect to the previous year by €28.17 million. The increase in tangible fixed assets, in the “Buildings, structures and renovation work” and “Plant in building” items owed mainly to the addition of the new data processing centre and to other minor works at the buildings in Madrid and at several branch offices, with the resultant decrease in assets under construction. The increase in intangible fixed assets owed to the transfer of various projects and computer software from assets under construction (some of this software was already semi-operational, and the amortisation accumulated in previous periods was recorded in 2024).

10 Other assets. Other financial assets

This item includes €201.13 million of financial investments comprising mainly the Banco de España’s participating interests 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-2024.

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

This item includes the amount of the net asset position arising from foreign-exchange forward and swap transactions valued at the exchange rates prevailing at the end of the year. When it has a net liability position, as in 2023, it is recorded under the same heading in liability item 11.1. Its asset balance of €192.85 million as at end-2024 reflected the net value of the swap transactions outstanding at that date, listed below:

Operation	Position	Currency	2024			2023
			Currency amount (million)	Market exchange rate	Equivalent (EUR m)	Equivalent (EUR m)
Swaps	Asset	GBP	431.45	0.82918	520.33	694.83
		CAD	1,072.38	1.49480	717.40	87.01
		USD	6,168.16	1.03890	5,937.20	3,108.88
	Liability	JPY	1,138,500.00	163.06000	6,982.09	3,967.25
Net position				192.85	-76.53	

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

12 Other assets. Accruals and prepaid expenses

The main components of this item, the balance of which amounts to €7,512.25 million, are as follows:

EUR m	2024	2023	Change
Accrued interest arising from securities acquisitions and accrued coupon interest receivable	5,400.61	5,876.09	-475.48
Trading portfolio	375.70	283.52	92.17
Denominated in foreign currency	302.52	234.32	68.20
Denominated in euro	73.18	49.20	23.97
Held-to-maturity portfolio	167.92	198.76	-30.85
Denominated in foreign currency	78.78	68.57	10.21
Denominated in euro	89.14	130.19	-41.06
Held for monetary policy purposes	4,857.00	5,393.81	-536.81
Other accrued interest receivable	2,095.10	2,955.84	-860.74
On monetary policy operations	0.02	493.70	-493.68
On intra-Eurosystem claims arising from banknote adjustments	1,726.37	2,119.94	-393.57
On claims equivalent to the transfer of foreign reserves to the ECB	171.26	157.86	13.40
On foreign currency deposits	4.84	—	4.84
On swap operations	81.12	49.54	31.58
On claims on the IMF	111.19	134.38	-23.19
Other	0.30	0.42	-0.12
Accrued commissions receivable and prepaid expenses	16.54	9.34	7.20
TOTAL	7,512.25	8,841.27	-1,329.02

As can be seen in the above table, the most significant items are the accrued interest arising from securities acquisitions and accrued coupon interest receivable arising from the monetary

policy portfolio (€4,857.00 million), from the trading portfolio (€375.70 million), from the held-to-maturity portfolio (€167.92 million) and other accrued interest receivable on intra-Eurosystem claims arising from banknote adjustments (€1,726.37 million, corresponding to the remuneration in the last quarter).

13 Other assets. Sundry

The most significant component of this item, which totals €256.31 million, is the loans granted to Bank employees, the balance of which is €242.69 million, up by €14.10 million from 2023. As in 2023, the usual advance payment to the Treasury, which is made in December of each year based on the profits recorded to September, was not made in 2024, owing to the absence of profits (see Note 14 to the profit and loss account).

14 Banknotes in circulation

The balance of banknotes in circulation (€172,795.94 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 (10.8790% since 1 January 2024).²⁹ This key is determined as 92% of the Eurosystem capital key (11.8249%), i.e. deducting the 8% corresponding to the ECB.

This balance was €2,242.47 million higher than in the previous year because of the greater volume of euro banknotes put into circulation by the Eurosystem (1.3%). The difference between the balance of the banknotes allocated as per the balance sheet (€172,795.94 million) and those put into circulation in net terms by the Banco de España (-€26,545.25 million) is recorded in an adjustment account under this heading, with a balancing entry in item 8.3 on the asset side of the balance sheet (for €199,341.20 million).

The composition of the banknotes put into circulation in net terms by the Banco de España as at end-2024 is as follows:

²⁹ At end-2023, the banknote allocation key was 10.8825%. The reduction in this key was the result of the changes in the ECB's capital key on 1 January 2024, arising from the five-yearly review.

EUR m

Series	2024	2023	Change
€500 (a)	3,395.86	4,543.35	-1,147.79
€200	-3,342.09	-2,089.35	-1,252.74
€100	-23,924.41	-19,773.48	-4,150.93
€50	71,114.46	72,139.18	-1,024.72
€20	-53,601.05	-50,249.47	-3,351.58
€10	-18,883.83	-17,679.84	-1,203.99
€5	-1,304.19	-1,186.83	-117.36
Euro banknotes put into circulation by Banco de España	-26,545.25	-14,296.44	-12,248.81
Adjustment as per banknote allocation key	199,341.20	184,849.92	14,491.28
Banknotes in circulation	172,795.94	170,553.48	2,242.47

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 €210,320.80 million at end-2024, €47,435.05 million less than in the previous year.

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

EUR m

Type of liability	2024	2023	Change
Current accounts (covering the minimum reserve system)	17,356.72	16,792.87	563.85
Deposit facility	192,964.08	240,962.98	-47,998.90
Fixed-term deposits	—	—	—
Fine-tuning reverse operations	—	—	—
Deposits related to margin calls	—	—	—
TOTAL	210,320.80	257,755.85	-47,435.05

In 2024 the overall balance of this heading decreased by €47,435.05 million (18.4%). Similarly, the average overall balance of this heading decreased from €250,463 million in 2023 to €228,974 million in 2024, mainly due to the reduction in the average balance of the deposit facility on account of the lower liquidity surpluses held by institutions.

As regards the components of this item, the current accounts include the funds of credit institutions that are freely disposable, with which they must cover the minimum reserve

requirements. The funds of credit institutions that are not freely disposable are excluded from this heading and presented under item 3 on the liability side of the balance sheet “Other liabilities to euro area credit institutions denominated in euro”.

Up to 20 December 2022 the funds held to meet the minimum reserve requirements were remunerated at the rate on the main refinancing operations (MRO rate). Between 21 December 2022 and 19 September 2023, they were remunerated at the Eurosystem’s deposit facility rate (DFR). The Governing Council decided on 27 July 2023 to set their remuneration at 0%, as of 20 September 2023.

The deposit facility is used to make overnight deposits, which are remunerated at a predetermined interest rate (the DFR) that is lower than the MRO rate.³⁰ This rate, which was 4% in early 2024, was cut on several occasions, to stand at 3% at year-end.

The other headings in this item reflect fixed-term deposits and fine-tuning reverse operations for liquidity absorption 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 €174.99 million. It includes the deposits held by credit institutions at the Banco de España which are not freely disposable, with a year-end balance of €1.45 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 amounted to €173.54 million (€992.80 million in 2023).

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 balance at year-end was €6,895.86 million, which breaks down as follows:

EUR m

	2024	2023	Change
Central government	3,651.62	43,537.66	-39,886.04
Territorial government	1,985.06	511.57	1,473.49
Social security funds	1,259.17	6,766.16	-5,506.98
TOTAL	6,895.86	50,815.39	-43,919.53

³⁰ As part of the changes to the operational framework for implementing monetary policy announced on 13 March 2024, the ECB’s Governing Council decided that the spread between the MRO rate and the DFR would be reduced from 50 bp to 15 bp, as of 18 September 2024.

The substantial decrease of €43,919.53 million (-86.4%) in this item was due mainly to the decline in the balances held by central government (from €43,537.66 million in 2023 to €3,651.62 million in 2024).

The balances held by social security funds also decreased notably, to €1,259.17 million at year-end (€6,766.16 million in 2023), while those held by territorial governments increased (from €511.57 million in 2023 to €1,985.06 million in 2024).

The decline in the balances held by central government is related to the reactivation in 2024 of Treasury's end-of-day transfers of part of its balances to credit institutions. The purpose of this transfer, which is carried out through auctions, is to obtain yield on its liquidity surpluses. The balances shown in the balance sheet are the amounts that were not transferred.

The ECB Governing Council set the ceiling for the remuneration of general government deposits at the €STR minus 20 bp, as of 30 April 2023.

As regards average balances, there was a decrease in those held by central government (€17,878 million in 2024, down from €67,037 million in the previous year), by social security funds (€3,914 million in 2024, down from €6,681 million in 2023) and by territorial governments (€525 million in 2024, down from €925 million in 2023).

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

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

At 2024 year-end, the balance of this heading was €4,829.68 million, up by €1,487.57 million from 2023 year-end, mainly because of the increase in the amounts deposited as collateral by clearing and settlement entities (from €2,706.04 million at end-2023 to €3,408.91 million at end-2024). The balances held by the guarantee funds of financial auxiliaries that manage payment infrastructures also increased (from €214.43 million in 2023 to €630.77 million at end-2024), as did the margin deposits for derivatives contracts (from €20.99 million at end-2023 to €213.31 million at end-2024).

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, the cash

collateral received for monetary policy portfolio securities lending transactions with non-euro area residents (through a specialised agency) and the margin deposits for derivatives contracts.

The balance of this heading in 2024 (€5,347.27 million) was down €1,146.85 million from 2023, due mainly to lower cash balances held by the Single Resolution Board with the Banco de España (-€701.23 million) and to the decrease in the cash balances from securities lending transactions conducted via an agent (-€437.63 million).

20 Counterpart of special drawing rights allocated by the IMF

This item, amounting to €15,011.28 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 €463.11 million with respect to the previous year, due to the change in the exchange rate of the SDR against the euro.

21 Intra-Eurosystem liabilities³¹

This item, which as at 31 December 2024 had a balance of €446,667.61 million, comprises the following two sub-items:

a) *Liabilities related to TARGET*

The balance of this sub-item as at 31 December 2024 reflects the position of the Banco de España vis-à-vis the ECB in respect of the transfers issued and received through TARGET by the ESCB NCBS, including the ECB itself.

The year-end transfers via TARGET had a liability balance of €446,667.61 million, having increased by €52,235.89 million in the year. The remuneration of this position is calculated daily at the marginal interest rate of the Eurosystem's main refinancing operations (4.50% in early 2024, which had decreased to 3.15% at end-2024). Its average balance also increased during the year, albeit to lesser degree, from €423,879 million in 2023 to €430,035 million in 2024.

b) *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 position, this information is presented on the asset side of the balance sheet (see Note 8(c) to the balance sheet).

³¹ As mentioned in Note 8 to the balance sheet, the Guideline of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) (recast) introduced changes to how intra-Eurosystem balances are recorded in the balance sheet, presenting TARGET balances under a separate item. The figures for 2023 have been adapted to the new layout, for comparison purposes.

c) *Other liabilities within the Eurosystem (net)*

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

22 *Items in course of settlement*

Included here are various accounts which as at 31 December 2024 were in the course of settlement, such as transfer instructions pending execution.

The balance of this item at year-end (€44.32 million) mainly reflected the amount of the cash transfer orders pending execution, received from TARGET (€29.42 million).

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

This item includes the amount of the net liability position arising from foreign exchange forward and swap transactions valued at the exchange rates prevailing at the end of the year. When it has a net asset position, it is recorded under the same heading in item 10.3 on the asset side (see Note 11 to the balance sheet).

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 2024, its balance amounted to €1,356.06 million, most of which (€1,231.78 million) was interest accrued in December on the intra-Eurosystem liabilities arising from the TARGET balances payable at the end of the year (remunerated at the marginal rate on the Eurosystem's main refinancing operations).

The balance of this item decreased by €524.30 million, mainly because of the lower interest payable at year-end on the intra-Eurosystem liabilities arising from TARGET balances (-€247.32 million) and in respect of the remuneration of the balances held by the Treasury (-€143.94 million).

25 *Other liabilities. Sundry*

This includes other liabilities not classifiable above.

As at 31 December 2024, the balance of this item was €403.93 million (€504.01 million in 2023). Its main sub-items are the amounts received on account in government debt subscription

applications (€243.39 million; €336.40 million in 2023), the accounts payable relating to accrued operating expenses (€57.17 million; €53.29 million in 2023) 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 of the value of the assets concerned, provisions are recorded under this item, with the following breakdown:

EUR m	2024	2023	Change
Risk provisions	19,292.59	26,846.51	-7,553.92
For financial risks	18,825.81	26,375.24	-7,549.43
For operational risk	466.77	471.27	-4.49
Other provisions	125.40	127.78	-2.38
For monetary policy portfolio impairment	—	5.08	-5.08
For the collective agreement 2011-2014	11.00	10.36	0.64
For death and retirement assistance	107.18	104.08	3.10
For early and regular retirement	2.53	3.34	-0.81
For sundry liabilities and charges	1.44	1.37	0.07
For ongoing lawsuits	3.25	3.55	-0.29
TOTAL	19,417.99	26,974.29	-7,556.30

Risk provisions

Provision for financial risks

This is the most important provision. It encompasses the provisions for foreign exchange and interest rate risks, credit risks relating to the Banco de España's financial positions and structural balance sheet risk. 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.

At end-2024, following approval by the Executive Commission, €7,549.43 million of the provision was released to offset the losses stemming from the covered risks, with the following breakdown: €435.33 million to cover unrealised interest rate and foreign exchange losses, and €7,114.10 million to cover part of the structural risk materialised, resulting in profit for the year of zero (see Note 13 to the profit and loss account).

Provision for operational risk

Operational risk exposure is quantified on the basis of one-year Value at Risk (VaR) with a confidence level of 99.9%. As in previous years, operational risk was covered in full in 2024.

This provision was used to cover the operational loss events arising during the year for a net amount of €0.18 million and was reduced by €4.31 million owing to a decrease in the assessed risk at year-end (see Note 8 to the profit and loss account). Its balance at 2024 year-end was therefore €466.77 million.

Other provisions

Provision for the impairment of the risk-sharing monetary policy portfolios of the Eurosystem

At end-2024 no impairment losses were recognised on the securities held in the monetary policy portfolios. The provision of €5.08 million recorded in 2023 for the impairment of securities held in the PEPP – corporate sector securities risk-sharing monetary policy portfolio, was used to cover part of the loss incurred on the sale of these securities in 2024. This loss amounted to €53.98 million, of which €6.39 million was to be recognised by the Banco de España, according to its capital key prevailing in 2023 (see Note 5 to the profit and loss account).

Other provisions

In 2024, there was an increase of €3.10 million in the provision for death and retirement assistance, due to the net effect of: i) changes in the year (monthly recognition of the service cost and the interest cost, less the amounts paid out of the provision), and ii) the revision at year-end of the variables used to calculate the provision, such as wage growth and the discount rate used for calculating it (3.05% in 2024; 3.65 % in 2023).

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. The breakdown is as follows:

EUR m

	2024	2023	Change
Gold	21,884.16	16,060.42	5,823.74
Foreign currency	9,292.33	6,068.97	3,223.36
Securities (trading portfolio)	372.52	559.13	-186.61
Issued in foreign currency	118.06	301.82	-183.76
Issued in euro	254.46	257.31	-2.85
Other	38.33	27.23	11.10
TOTAL	31,587.34	22,715.75	8,871.59

The balance of revaluation accounts at end-2024 was €31,587.34 million, up €8,871.59 million on 2023. The most significant change was in the gold revaluation accounts, which increased by €5,823.74 million, due to the rise in its market price (from €1,867.83 per ounce at end-2023 to €2,511.07 per ounce at end-2024).

The revaluation accounts for foreign currency increased by €3,223.36 million, basically due to the appreciation of the US dollar against the euro.

Revaluation accounts for held-for-trading securities decreased by €186.61 million (€183.76 million in foreign currency-denominated securities and €2.85 million in euro-denominated securities), as a result of changes in their market prices in the year.

The increase in “Other” is mainly due to the higher unrealised gains in investment funds, in both euro and US dollars.

28 Capital

As at 31 December 2024, the capital of the Banco de España amounted to €1 billion, with no change in the year. Of this amount, €1.37 million was 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 2024, the reserves of the Banco de España amounted to €882.45 million, unchanged from 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 integrated into the Banco de España (€3.17 million) and, second, the portion of 2005 and 2006 profit taken to reserves, as authorised by the Council of Ministers on 28 July 2006 and 29 June 2007, respectively (€379.28 million and €500 million).

30 Profit for the year

Profit for 2024, after releasing the provision for financial risks, was zero (as in 2023).

The losses before releasing the provision amounted to €7,549.43 million (€6,611.94 million in 2023). The losses in both reporting years were mainly the result of the materialisation of structural balance sheet risk: the increase in policy interest rates in 2022 and 2023 had an immediate effect on the cost of liabilities as they were mostly sight liabilities, whereas the yields on assets (mostly made up of securities with long maturities) did not increase to the same extent. The negative net interest gap meant that 2023 was the first year in which losses were recorded. The mismatch between the yield on assets and the cost of liabilities remained in 2024, and even grew slightly, given that the average cost of liabilities was higher than in the previous year (the interest rate cuts began in mid-2024) and the yield on assets remained at similar levels. In view of these losses, at end-2024, the Executive Commission approved the release of the provision for financial risks to cover part of the losses stemming from the materialisation of the risks covered (structural risk and market risk) for the aforementioned amount of €7,549.43 million, resulting in profit for the year of zero.

With regard to the payment of profit to the Treasury, 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 December, 70% of the profits recorded up to 30 September, taking into consideration the possible changes in profit up to the end of the year. In addition, on the first working day of March it must pay in 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.

No payments were made to the Treasury in 2024, since profit for 2024 and 2023 was zero.

The details of the various components of the profit for 2024 and the reasons for the changes therein with respect to 2023 are given in Section 3.3 below on the profit and loss account.

3.3 Notes to the profit and loss account

As indicated in Section 3.1 (“Accounting policies”), sub-section 5 (“Changes to presentation in the financial statements”), in 2024 changes were made to the layout of the Banco de España’s profit and loss account, in line with the changes introduced by the Guideline of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) (recast). The changes essentially relate to the numbering and order of items. The figures for 2023 have been adapted to this new layout, to allow for comparison with the current financial year.

1 Interest income

This item includes interest income earned on the assets of the Banco de España. The breakdown in 2024 and 2023 is as follows:

EUR m and %	Interest income			Average investment		Average yield	
	2024	2023	Change	2024	2023	2024	2023
Foreign currency	3,176.15	2,871.48	304.67	72,939	69,286	4.28	4.09
Securities	2,070.79	1,841.48	229.31	47,274	44,727	4.31	4.06
IMF and deposits	849.43	852.21	-2.78	25,665	24,559	3.26	3.42
Swaps, forwards and others	255.94	177.79	78.14				
Euro	15,218.88	15,755.39	-536.52	823,053	904,501	1.82	1.72
Own funds portfolio securities	470.76	401.37	69.39	27,687	26,488	1.67	1.49
Trading portfolio	202.18	150.16	52.02	5,702	4,050	3.49	3.66
Held-to-maturity portfolio	268.59	251.21	17.38	21,986	22,438	1.20	1.10
Securities held for monetary policy purposes	6,287.29	6,104.49	182.80	592,720	623,194	1.04	0.97
SMP	28.39	57.36	-28.97	374	751	7.47	7.53
CBPP	303.01	309.76	-6.75	27,954	30,293	1.07	1.01
PSPP government securities	3,636.28	3,979.10	-342.82	243,587	264,478	1.47	1.48
PSPP supranational securities	378.30	372.39	5.91	67,133	72,952	0.55	0.50
CSPP	354.97	362.61	-7.64	27,248	28,966	1.28	1.23
PEPP	1,586.34	1,023.26	563.08	226,425	225,754	0.69	0.45
Monetary policy operations	243.90	2,147.45	-1,903.55	6,014	70,919	3.99	2.99
Main refinancing operations	2.00	18.95	-16.95	44	446	4.46	4.19
Longer-term refinancing operations	241.90	2,128.50	-1,886.60	5,969	70,473	3.99	2.98
Marginal lending facility	—	—	—	—	—	4.75	3.35
Intra-Eurosystem claims	8,212.32	7,093.80	1,118.52	196,632	183,900	4.11	3.80
Claims equivalent to the transfer of foreign reserves to the ECB	171.26	157.86	13.40	4,796	4,811	3.51	3.24
Claims related to allocation of euro banknotes within the Eurosystem	8,029.22	6,933.13	1,096.09	191,569	178,952	4.12	3.82
Other claims within the Eurosystem (net)	11.83	2.81	9.03	266	137	4.37	2.02
Other assets	4.60	8.28	-3.68				
TOTAL	18,395.03	18,626.87	-231.84	895,992	973,787	2.02	1.89

In 2024 interest income amounted to €18,395.03 million, of which €3,176.15 million was denominated in foreign currencies and €15,218.88 million was interest denominated in euro.

The foreign currency-denominated interest income mainly arose from debt securities (€1,668.66 million in US dollars; €203.40 million in pounds sterling; €183.71 million in Canadian dollars; and €15.02 million in Chinese renminbi), positions vis-à-vis the IMF (€754.57 million) and sight deposits in foreign currencies (mainly in US dollars), which generated income of €94.85 million. Currency swaps gave rise to interest income of €250.30 million, essentially from operations in Japanese yen against US dollars and, to a lesser extent, against Canadian dollars and pounds sterling.

As regards euro-denominated interest income, €8,212.32 million arose from intra-Eurosystem claims, of which €8,029.22 million was generated on claims related to the allocation of banknotes and €171.26 million on claims equivalent to reserves transferred to the ECB. These claims are remunerated at the MRO rate.

Interest earned on the monetary policy portfolio totalled €6,287.29 million, with an average yield of 1.04%, and that earned on the own funds portfolio came to €470.76 million, with an average yield of 1.67%.

Meanwhile, monetary policy operations (loans) generated interest amounting to €243.90 million, virtually all of which corresponds to targeted longer-term refinancing operations (TLTRO III). In 2024 the average yield on these monetary policy operations was 3.99%.

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 item 1 of the profit and loss account (arising from monetary policy assets and liabilities held on the Banco de España's balance sheet); and ii) the pooling of monetary income (item 3), whereby the net income from monetary policy operations in the Eurosystem is distributed to the NCBs in proportion to their shares in the ECB's subscribed capital (see Note 5 to the profit and loss account).

Overall interest income decreased by €231.84 million (-1.2%) compared with 2023, owing to lower interest on euro-denominated investments (€536.52 million, -3.4%), partly offset by the higher interest on those denominated in foreign currencies (€304.67 million, 10.6%).

Interest income denominated in foreign currencies (€304.67 million) increased due to both the higher average yield obtained (4.28% in 2024, compared with 4.09% in 2023), in line with developments in the main foreign currency interest rates, and to the average balance. Interest income increased in the debt securities portfolio (€229.31 million), in swaps, forwards and other transactions (€78.14 million) and vis-à-vis the IMF (€7.29 million), but fell for deposits (-€10.07 million).

The decrease of €536.52 million in euro-denominated interest income owed to the net effect of the following:

- Lower interest earned on monetary policy loans (€243.90 million in 2024, with an average yield of 3.99%, compared with €2,147.45 million in 2023, with an average yield of 2.99%). Operations 7, 8, 9 and 10 of TLTRO III matured in 2024.
- Higher interest earned on intra-Eurosystem claims remunerated at the MRO rate (€8,212.32 million in 2024, compared with €7,093.80 million in 2023), due to changes in the average rate applied (4.11% in 2024; 3.80% in 2023).
- Increase in income from monetary policy portfolios (€182.80 million; 3%), mainly as a result of higher income from the PEPP portfolio, due to the increase in its yield (0.69%

in 2024; 0.45% in 2023), as a result of reinvestments at higher rates during the year (total and partial reinvestments concluded in June and December 2024, respectively). This increase was partly offset by the fall in income on the SMP and APP portfolios, due to the redemptions of securities and, to a lesser extent, to lower earnings from inflation-linked bonds. The average yield on the total monetary policy portfolio was 1.04% in 2024, compared with 0.97% in 2023.

- Higher interest on euro-denominated own funds portfolio securities (€69.39 million; 17%) as a result of the higher average investment (€27,687 million in 2024, compared with €26,488 million in 2023). In 2024, the average yield also increased (1.67% in 2024; 1.49% in 2023).

2 Interest expense

This item includes interest expenditure on the liabilities listed below, as follows:

EUR m and %

	Interest expense			Average financing		Average cost	
	2024	2023	Change	2024	2023	2024	2023
Foreign currency	566.30	565.12	1.18	14,477	14,456	3.85	3.86
SDRs allocated by the IMF	565.88	564.09	1.80	14,477	14,456	3.84	3.85
Swaps, forwards and others	0.42	1.04	-0.62				
Euro	27,257.25	26,962.44	294.82	686,770	754,102	3.90	3.53
Monetary policy operations	8,036.23	8,160.04	-123.80	228,974	250,463	3.45	3.21
Current accounts (covering the minimum reserves system)	—	354.43	-354.43	16,757	16,931	—	2.06
Deposit facility	8,036.23	7,805.61	230.62	212,217	233,532	3.72	3.30
General government deposits	996.17	2,490.40	-1,494.22	27,762	79,759	3.59	3.12
Other liabilities within the Eurosystem (net)	18,056.58	16,146.28	1,910.30	430,035	423,879	4.13	3.76
Other liabilities denominated in euro	168.27	165.72	2.55				
TOTAL	27,823.56	27,527.56	296.00	701,247	768,557	3.90	3.53

Interest expense denominated in foreign currencies (€566.30 million) basically comprised the interest accrued on the SDRs allocated by the IMF (€565.88 million) and, residually, the interest expense arising from margin deposits for derivatives and reverse repo transactions. In 2024, the interest expense was very similar to that of 2023, with a slight increase in the expense incurred on SDRs (€1.80 million).

The interest expense denominated in euro (€27,257.25 million) mainly comprised interest on TARGET balances (€18,056.58 million), deposits from credit institutions (€8,036.23 million attributable entirely to the deposit facility, as minimum reserves ceased to be remunerated in

October 2023) and general government deposits (€996.17 million). However, as indicated in the previous note, the final impact of these operations on the Banco de España's results is affected by the pooling and allocation of monetary income among NCBs.

Compared with the previous year, the euro-denominated interest expense increased by €294.82 million, due to the effect of the following:

- Interest expense on intra-Eurosystem liabilities corresponding to TARGET balances increased considerably (by €1,910.30 million); their average cost in 2024 was 4.13%, compared with 3.76% in 2023, in line with the increase in the average MRO rate at which they are remunerated.
- The interest expense incurred on deposits from credit institutions decreased by €123.80 million, as minimum reserves, which represented an expense of €354.43 million in the previous year, ceased to be remunerated in October 2023. The interest expense incurred on the deposit facility increased by €230.62 million, due to changes in its average cost (3.72% in 2024, compared with 3.30% in 2023), partly offset by the lower average balance held by credit institutions.
- Lower interest expense incurred on general government deposits (€1,494.22 million), owing to the significant reduction in the average balances held, despite the increase in the applicable interest rate³² (3.59% in 2024, compared with 3.12% in 2023).

3 Realised gains/losses arising from financial operations

This item includes the gains and losses arising from the sale of financial assets. In 2024 the net gains in this connection amounted to €10.07 million (2023: losses of €108.52 million). The breakdown is as follows:

EUR m	2024	2023	Change
Foreign currency	26.95	-99.05	126.00
Sale of gold	—	—	—
Sale of foreign currency (exchange rate)	144.49	174.65	-30.16
Sale of securities (price)	20.69	-172.43	193.12
Interest rate futures	-138.22	-101.26	-36.96
Euro	-16.88	-9.47	-7.41
Sale of securities	-16.88	-9.47	-7.41
Investment funds	—	—	—
TOTAL	10.07	-108.52	118.59

³² 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. Subsequently, in February 2023, the Governing Council set a new ceiling at the €STR minus 20 bp, applicable from 1 May 2023.

In 2024, gains were generated on the sale of foreign currency-denominated securities (€20.69 million) and losses incurred on those denominated in euro (€16.88 million). The net gains on the sale of securities denominated in foreign currency stemmed from securities denominated in Canadian dollars (€26.59 million) and pounds sterling (€12.54 million), which were offset in part by the losses incurred on the sale of securities denominated in US dollars (€18.44 million). The losses in euro mainly stemmed from the sale of securities in the CSPP and PEPP - corporate sector securities monetary policy portfolios.³³

Meanwhile, the gains on the sale of foreign currency (€144.49 million) were almost entirely due to the sale of US dollars (€133.62 million) and, to a lesser extent, SDRs (€8.20 million) and pounds sterling (€2.16 million). The gains were slightly higher in 2023 (€174.65 million), and were likewise attributable to sales of US dollars (€100.59 million).

In 2024 losses of €138.22 million were incurred on interest rate futures (comprising losses of €130.44 million relating to US dollars and €12.71 million to pounds sterling and gains of €4.93 million relating to Canadian dollars), due to a sharper than expected rise in the yields during the year, which prompted falls in the assets' value.

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 2024 and 2023 is as follows:

EUR m	2024	2023	Change
Foreign currency (exchange rate)	0.10	0.01	0.08
Foreign currency-denominated securities (price)	434.85	156.70	278.15
Euro-denominated securities (price)	0.38	0.24	0.13
Investment funds (price)	—	—	—
TOTAL	435.33	156.96	278.36

Write-downs in 2024 amounted to €435.33 million, virtually all of which (€434.85 million) related to foreign currency-denominated debt securities (€403.30 million in US dollars, €29.46 million in pounds sterling and €2.09 million in Canadian dollars).

No significant unrealised exchange rate losses were recognised on any of the main foreign currencies or investment funds.

³³ The sales took place in the context of the Banco de España's participation in a tender offer made by an issuer. These losses amounted to €18.85 million.

5 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, and their remuneration, are as follows:

Earmarkable assets	Remuneration rate (pooled income)	Liability base	Remuneration rate (deductible expenses)
Part of gold holdings that correspond 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 TARGET transactions (a)	Main refinancing operations rate
PSPP-government securities and PEPP-government securities	Main refinancing operations rate	Accrued interest at quarter-end on monetary policy liabilities the maturity of which is one year or longer	N/A
SMP, CBPP3, PSPP-supranational, CSPP and PEPP (excluding PEPP-government securities)	Effective interest rate		
Claims on non-Eurosystem NCBs that relate to liquidity-providing operations in euro	Actual 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 on monetary policy assets the maturity of which is one year or longer	N/A		
Defaulted securities reclassified to item 11.6 on the asset side of the balance sheet	N/A		

(a) Depending on the NCB, these components may be earmarkable assets or form part of the liability base.

If the value of an NCB's earmarkable assets exceeds or falls short of the value of its liability base, the difference (referred to as "GAP") shall be offset by applying to the value of the difference the prevailing interest rate on main refinancing operations.

The breakdown of this income in 2024 and 2023 is as follows:

EUR m

	2024	2023	Change
Net result of pooling of monetary income	2,963.27	3,152.83	-189.56
Monetary income pooled	-2,362.03	-1,668.48	-693.55
Monetary income allocated	5,325.30	4,821.31	503.99
Correction of prior years	-7.62	-1.01	-6.61
Transfer to/from the provision for monetary policy operations and ECB losses	5.08	-5.08	10.15
TOTAL	2,960.73	3,146.75	-186.02

The monetary income pooled by the Eurosystem's NCBs is to be allocated among these same NCBs in accordance with their subscribed ECB capital key. In 2024 the difference between the monetary income pooled by the Banco de España, amounting to €2,362.03 million, and that reallocated to it, amounting to €5,325.30 million, is equivalent to a net allocation (income) of €2,963.27 million.

The following table shows the breakdown of the pooling of monetary income for 2024 by its different items, along with the related impact on the Banco de España's net interest income for the year:

EUR m

	Local P&L (a)	Reallocation of monetary income (b)	P&L according to the Eurosystem capital key (a) + (b)
Lending related to monetary policy operations	243.90	549.49	793.39
Monetary policy portfolios - shared income	1,422.05	-452.14	969.91
Claims related to banknote issuance	8,029.22	-8,647.88	-618.66
Claims equivalent to the transfer of foreign reserves to the ECB	171.26	—	171.26
Liabilities to credit institutions	-8,036.23	-6,253.79	-14,290.03
Intra-Eurosystem TARGET balances with the ECB	-18,056.58	19,902.25	1,845.67
Non-earmarkable assets (non-shared mon. pol. portfolios + GAP)	-16,226.38	2,963.27	-13,263.11
Foreign currency investments (net)	2,609.85		2,609.85
Euro-denominated own funds portfolio	470.76		470.76
Non-shared monetary policy portfolios	4,846.40		4,846.40
General government deposits	-996.17		-996.17
Other claims/liabilities	-151.83		-151.83
TOTAL NET INTEREST INCOME (*)	-9,447.37		-6,484.10

(*) The difference compared with net interest income (-€9,428.53 million) (item 1 of the profit and loss account) owes to the inclusion in this table of losses arising from the sale of the CSPP and PEPP-corporate sector securities portfolios (included in item 2.1 on the profit and loss account), which are shared as part of the pooling of monetary income.

Monetary income in 2024 includes the Banco de España's share in the losses incurred in the debt restructuring process of an issuer, whose securities were recorded by a central bank on behalf of the Eurosystem in its CSPP and PEPP - corporate sector securities portfolios.

In addition to this ordinary pooling, the revision of the monetary income obtained in previous years resulted in a reduction of €7.62 million in the Bank's income. This amount includes the changes in the figures reported by several central banks and the Banco de España's share of the losses on the sale in 2024 of securities held by an NCB on behalf of the Eurosystem in the PEPP – corporate sector securities risk-sharing monetary policy portfolio, for which impairment had been recorded at end-2023. In addition, following the sale of these securities, the provision of €5.08 million recorded in this connection at end-2023 was released (see Note 26 of the balance sheet).

Consequently, the positive net result for the year under this item was €2,960.73 million.

6 Net income from fees and commissions

This basically includes income and expenses arising from fees and commissions for banking services and the like (TARGET, custody and administration of securities denominated in euro and in foreign currencies, etc.). The breakdown is as follows:

EUR m

	2024	2023	Change
1 Income from fees and commissions	42.23	29.58	12.65
Foreign operations	0.03	0.07	-0.03
Domestic operations	42.20	29.51	12.69
2 Expenses relating to fees and commissions	-19.40	-20.41	1.01
Foreign operations	-7.02	-7.08	0.06
Domestic operations	-12.38	-13.33	0.95
Net income from fees and commissions (1+2)	22.83	9.17	13.66

Net fee and commission income in 2024 amounted to €22.83 million. This income arose basically from the pooling and allocation among NCBs of fees and commissions charged to participants in TARGET (€19.63 million), and from the fees and commissions charged to the holders of direct accounts (€9.27 million), to the Treasury for debt servicing (€6.66 million) and to other NCBs and entities for securities operations as part of the correspondent banking service (€2.85 million). Expenses notably include the fees and commissions paid to Iberclear (central securities depository) for the maintenance of securities accounts (€8.03 million) and the expenses relating to the custody of securities denominated in foreign currency (€5.56 million).

7 Income from equity shares and participating interests

This item includes the Banco de España's share of the ECB's profits and the dividends on other shares and participating interests.

EUR m	2024	2023	Change
ECB	–	–	–
Ordinary dividend	–	–	–
Dividend from banknote seigniorage and SMP, CBPP3, ABSPP, PSPP and PEPP income	–	–	–
Other	4.35	3.34	1.01
TOTAL	4.35	3.34	1.01

In 2024 dividends amounting to €4.35 million were received for shares in the Bank for International Settlements (€1.01 million more than in 2023).

In 2024 the ECB did not distribute an ordinary dividend for 2023, just as it did not distribute an ordinary dividend for 2022, as a result of its losses in both years.

Regarding ECB dividends from seigniorage income and from the SMP, CBPP3, ABSPP, PSPP and PEPP monetary policy portfolios, as the ECB recognised a loss for 2024, on 21 January 2025 the ECB Governing Council confirmed that there would be no profit distribution to NCBs.³⁴

8 Other income/losses and provisions

This includes sundry income and losses of an exceptional nature, along with transfers to/from other funds and provisions. The breakdown in 2024 and 2023 is as follows:

EUR m	2024	2023	Change
Other income/losses	-21.24	19.14	-40.39
Extraordinary income/losses	-39.40	2.42	-41.82
Sundry	18.16	16.72	1.43
Transfers to/from other funds and provisions	6.33	17.42	-11.09
TOTAL	-14.91	36.57	-51.48

Other income/losses

“Extraordinary income/loss” essentially includes losses on operations involving fixed assets related to the retrospective depreciation or amortisation of sundry fixed assets, once projects were finalised and definitively recorded as assets during the year.

³⁴ The ECB losses in 2024 amounted to €7,944 million.

“Sundry” mainly includes the reimbursement of expenses incurred in the development and performance of services and projects of the Eurosystem and similar bodies in which the Banco de España participates as a provider (€15.51 million), the recovery of indirect costs allocated to Sepblac (€4.57 million) and the recovery of expenses relating to international remittances (€1.58 million).

Transfers to/from other funds and provisions

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

The net transfers to these funds were as follows:

EUR m	2024	2023	Change
Provision for operational risk	4.49	9.51	-5.01
Provision for death and retirement assistance	1.54	4.15	-2.61
Provision for early and regular retirement	0.01	0.30	-0.29
Provision for ongoing lawsuits	0.29	3.47	-3.18
Others	—	—	—
Beneficent-Social fund	—	—	—
TOTAL	6.33	17.42	-11.09

In 2024 there was a net release of €6.33 million, compared with €17.42 million in 2023. Of note are the transfer from the provision for operational risk (€4.49 million), and the excess provision for death and retirement assistance (€1.54 million), due to the revision of the assumptions used for the calculation (including the wage growth assumption) and the lower discount rate used (3.05% in 2024, compared with 3.65% in 2023). An excess provision of €0.29 million for ongoing lawsuits was recognised in 2024, due to a decrease in the estimate of the risks stemming from ongoing litigation.

Given that the Bank’s profit amounted to zero (as in 2023), no transfer to the Beneficent-Social Fund was made.

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.

9 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 %	2024	2023	Change	%
Wages and salaries	255.83	245.03	10.80	4.4
Social insurance payments	58.93	55.66	3.27	5.9
Staff welfare expenses	23.10	21.73	1.37	6.3
Pension scheme	15.08	14.40	0.68	4.7
TOTAL	352.94	336.82	16.12	4.8

Its balance increased from €336.82 million in 2023 to €352.94 million in 2024, a rise of €16.12 million (4.8%). This increase mainly stemmed from the 2.5% wage rise laid down in Royal Decree-Law 4/2024 of 26 June 2024 (a fixed 2% and an additional 0.5% linked to the harmonised CPI of the last three years).³⁵ The higher average headcount and the increase in the social security contribution bases also played a part.

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

	2024	2023	Change	%
Average number of employees (a)	3,368	3,321	47	1.4
Managerial staff	2,542	2,479	63	2.5
Administrative staff	699	712	-13	-1.8
Other	126	130	-3	-2.5

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

As at 31 December 2024, the Bank's total staff numbered 3,587 employees,³⁶ 114 more than at the same date a year earlier. Regarding the staff composition by gender, at 31 December 2024 women accounted for 51% of the Bank's total workforce.

³⁵ The additional increase was provisioned at end-2024 given the likelihood of the requirements being met (that the cumulative change in the harmonised CPI between 2022 and 2024 – which was 14.6% – exceeded the fixed increase in wages for that period, which was 8%).

³⁶ Includes Banco de España employees at Sepblac.

The compensation of members of the governing bodies is set by the Minister for Economic Affairs, Trade and Enterprise, in accordance with the provisions of the Law of Autonomy of the Banco de España. A new Governor and Deputy Governor were appointed in June and September 2024, respectively, and the salaries of the present and former governors and deputy governors are therefore detailed separately. In 2024, the former Governor (from 1 January 2024 to 10 June 2024) received a gross annual salary of €92,269.58, with supplementary salary items amounting to €13,468.83.³⁷ The gross annual salary of the former Deputy Governor (from 1 January 2024 to 10 September 2024) was €136,325.79, with supplementary salary items amounting to €25,028.58. The gross annual salary of the Governor (from 6 September 2024 to 31 December 2024) was €66,730.68, with supplementary salary items amounting to €7,832.07. The Deputy Governor received (from 11 September 2024 to year-end) a gross annual salary of €60,762.36 and supplementary salary items amounting to €11,087.26.

The elected members of the Governing Council receive a gross annual wage of €61,498.32; if they sit on the Executive Commission, the gross annual wage is €77,178.06.

In addition to the foregoing, the members of the governing bodies receive equal amounts of fees for attending meetings, set at €1,219.15 per meeting of the Governing Council and €584.71 per meeting of the Executive Commission.

10 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	2024	2023	Change	%
Rental and maintenance	58.26	52.00	6.26	12.0
Materials and utilities	11.00	9.95	1.05	10.5
External services	130.54	120.64	9.90	8.2
Training, promotion and recruitment	2.80	2.48	0.32	12.8
Sundry operating expenses	20.04	18.57	1.46	7.9
TOTAL	222.63	203.64	18.99	9.3

The above table shows that, as in 2023, in 2024 the most significant administrative expenses were “External services” (€130.54 million), mainly IT services (€66.04 million) and operating expenses relating to Eurosystem applications (€23.84 million); and “Rental and maintenance” (€58.26 million), composed mainly of computer hardware and software rental and maintenance (€33.13 million) and property rental and maintenance (€19.79 million).

³⁷ These amounts do not include the payment of arrears relating to the previous year (0.5% paid in 2024).

In 2024 administrative expenses increased overall by €18.99 million (9.3%), mainly in “External Services” (€9.90 million; 8.2%), 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” (€6.26 million; 12.0%) owed mainly to higher property and IT equipment rental and maintenance costs. The increase in “Materials and utilities” (€1.05 million; 10.5%) was essentially due to the higher costs of postal services and office supplies.

“External services” includes the expenses relating to the external audits. The audit of the Banco de España’s annual accounts for 2024 and of certain aspects of its management of ECB reserves was performed by KPMG Auditores, S.L., whose annual fees amounted to €193,600 (including VAT), as in 2023. This was the only service provided by the auditor to the Bank. In 2024 no services were received from and, consequently, no amounts were paid to, other firms related to the auditor.

11 Depreciation of tangible and intangible fixed assets

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

EUR m and %	2024	2023	Change	%
Depreciation of buildings, structures and renovation work	3.23	2.84	0.39	13.7
Depreciation of plant in building	5.66	4.10	1.55	37.9
Depreciation of furniture and fittings	1.00	1.01	-0.01	-1.0
Depreciation of office machines other than computer hardware	2.83	3.08	-0.25	-8.0
Depreciation of computer hardware	7.68	7.58	0.10	1.4
Depreciation of transport equipment	0.40	0.66	-0.26	-39.5
Depreciation of general library collection	0.11	0.12	-0.01	-9.5
Depreciation of other tangible fixed assets	0.19	0.25	-0.07	-25.6
Amortisation of computer software	14.86	11.04	3.81	34.6
TOTAL	35.95	30.69	5.27	17.2

Compared with 2024, depreciation expenses increased by €5.27 million, owing mainly to the higher amortisation of computer software.

12 Banknote production services

The cost of these services amounted to €68.40 million in 2024 (€74.08 million in 2023) 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.

Despite the production of a larger volume than in 2023, the cost of banknote production decreased by €5.68 million (-7.7%), owing to the lower average price of the banknotes produced, as they were of lower denomination.

Denomination (€)	Banknotes charged (millions of banknotes)	
	2024	2023
50	—	487.0
10	430,3	—
5	180,0	—
Samples	0.1	0.1
TOTAL	610.4	487.1

13 Transfer to/from provisions for financial risks

The breakdown in 2024 and 2023 is as follows:

EUR m	2024	2023	Change
Transfer to provisions	—	—	—
Transfer from/release of provisions	7,549.43	6,611.94	937.49
TOTAL	7,549.43	6,611.94	937.49

In 2024 the release of €7,549.43 million of the provision for financial risks covers the following amounts:

- The write-downs amounting to €435.33 million at end-2024, arising from the measurement of financial assets, liabilities and positions at market values (see Note 4 to the profit and loss account).
- The remaining losses for the year, amounting to €7,114.10 million, are the result of the materialisation of structural balance sheet risk.

14 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 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 addition, on the first working day of March it must pay in 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. Lastly, the remaining profit is paid once the balance sheet and profit and loss account for that year have been approved by the Council of Ministers.

On 1 December 2024 no interim amount was paid into the Treasury given that the Bank presented a loss at 30 September 2024 and this situation was unlikely to change by year-end.

This loss was confirmed at year-end. To cover it, the Executive Commission resolved to release the provision for financial risks, as these were the risks that had materialised. Consequently, the Banco de España's profit for the year amounted to zero.

As a result, given the lack of profit for 2024, no interim payment has been made to the Treasury.

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) 2024 opening balance	1,000.00	882.45	22,715.75	—	26,846.51	51,444.71
1 Net gains/losses not recognised in profit and loss			8,871.59			8,871.59
In gold			5,823.74			5,823.74
In foreign currency			3,223.36			3,223.36
In securities			-186.61			-186.61
Other			11.10			11.10
2 Change in provisions					-7,553.92	-7,553.92
3 2024 profit				—		—
4 Distribution of profit				—		—
Payment to the Treasury of 2023 profit				—		—
Payment to the Treasury of 2024 profit				—		—
B) Changes in the year (1+2+3+4)	—	—	8,871.59	—	-7,553.92	1,317.66
C) 2024 closing balance (A + B)	1,000.00	882.45	31,587.34	—	19,292.59	52,762.37

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 14 to the profit and loss account).

In 2024 equity increased by €1,317.66 million, due to the net effect of the change in unrealised gains (€8,871.59 million) and in general provisions (-€7,553.92 million).

3.5 Post-balance sheet events

Change in the interest rate used to remunerate intra-Eurosystem balances

On 13 March 2024, the ECB Governing Council agreed on a set of principles that would guide monetary policy implementation in the future and decided that, among other key parameters, it would continue to steer the monetary policy stance through the deposit facility rate. In this context, the Governing Council also decided that, as of 1 January 2025, the deposit facility rate would become the basis for the remuneration of i) TARGET balances, ii) claims/liabilities related to the allocation of euro banknotes within the Eurosystem, and iii) claims equivalent to the transfer of foreign reserves to the ECB.

The deposit facility rate will also be used for the remuneration of the difference between the value of earmarkable assets and the liability base, and will be the (notional) rate applied for remunerating the holdings of certain monetary policy securities as part of the pooling of monetary income.

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 business 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 by involving 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 risk-generating units and those tasked with risk control that allows for communication with the bodies responsible for setting risk policies.
- The existence of reporting lines 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 lastly, 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 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 was 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 are the following:

- Credit risk: losses due to non-compliance with contractual obligations by the issuers, counterparties or depositaries of its financial assets.
- Market risk: losses due to fluctuations in the price of financial assets, exchange rates, interest rates and gold prices.
- Structural balance sheet risk: losses due to the potential mismatch between the sensitivity of assets and liabilities to changes in interest rates.

These risks are measured by the 99% expected shortfall metric, which calculates the average loss in the worst 1% of the simulated scenarios for one year. The resulting figure helps assess the financial risk provisioning needs.

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

Other financial investments of the Banco de España materialise in 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 their net variations and the asset distribution depending on the currency. In addition, the currencies, financial assets and eligible issuers, guarantors and counterparties are regularly reviewed and limitations are established for prudential reasons.

The Banco de España also incorporates climate-related risk into monetary policy conduct and applies sustainable and responsible investment criteria in the management of its portfolios. It is working to include sustainability metrics, in addition to profitability and risk metrics, to decide on asset allocation.

3 Operational risk and continuity management

In order to have a comprehensive overview of the non-financial risks faced by the Banco de España, 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 cross-cutting view of the risks.

The Banco de España defines operational risk as the risk of incurring losses due to failures in processes, personnel and internal systems, or due to external events. These losses have an impact on the Bank's financial assets, reputation and objectives.

In the bottom-up approach, operational risk management begins with an inventory of the processes of each organisational area of the Bank, known as the Process Map. Operational risk identification and assessment are based on an analysis of possible situations that could affect the implementation of these processes, the effectiveness of the existing control environment and the specific measures taken to prevent such situations and reduce damage if they were to occur.

The risk tolerance policy provides guidance with respect to risk acceptance and response strategies. It is linked to a matrix that assesses the impact and frequency of each 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 (financial impact) is quantified using the VaR methodology with a 99.9% confidence level and a one-year time horizon.

The Banco de España seeks to maintain a high level of resilience. It manages the operational risk of business interruption or "discontinuity risk" to ensure that the probability of an interruption to its activity is low and that the impacts are limited through appropriate mitigation measures. In 2024, the Bank implemented new business continuity measures that have strengthened its resilience.

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 rate on the main refinancing operations, all relating to home loans and repayable advances to employees.

The following table shows the outstanding loans in 2024 with interest rates below the reference rate.

EUR m

	Average balances in 2024	Interest rate charged (%)	Reference interest rate (%)	Loss of profit
Home loans	163.53	0.36	4.13	6.17
Repayable advances	48.92	—	4.13	2.02
Social loans	24.07	0.50	4.13	0.87
TOTAL	236.52	0.30	4.13	9.06

Other loans with lower interest rates were those under the Eurosystem's TLTRO III programme, provided for in Article 9 of the aforementioned Law of Autonomy, which have been reported on in Note 1 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, Luis Servén Díez and Judith Arnal Martínez, 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 have been tasked with reviewing the accounts of the institution for 2024.

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 2024, 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 2024, conducted by its 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 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 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 2024 give a true and fair view of the net worth and financial position of the Banco de España.

Madrid, 17 March 2025



CARLES MANERA ERBINA



LUIS SERVÉN DíEZ



JUDITH ARNAL MARTÍNEZ

2 Report of the external auditors



KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

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

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Honourable Governor of Banco de España

Opinion

We have audited the annual accounts of Banco de España (the "Bank"), which comprise the balance sheet at 31 December 2024, 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 Bank at 31 December 2024, and of its financial performance for the year then ended, in accordance with the internal rules and accounting principles of the Bank, specified in explanatory note 3.1 to the accompanying annual accounts, based on the accounting regulations established for national central banks of the European System of Central Banks.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Bank in accordance with the International Code of Ethics for Professional Accountants (including international independence standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Other Matter

These annual accounts have been audited under International Standards on Auditing. Under no circumstances may this report be considered an auditor's report in the terms provided in legislation regulating the audit of accounts in Spain.

Responsibility for the Annual Accounts

The Executive Commission of the Bank is responsible for organising the Bank and appointing its general managers. Under the Internal Rules of the Bank, the Deputy Directorate General Services and Control and Accounting is responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view in accordance with the internal rules and accounting principles of the Bank, specified in explanatory note 3.1 to the accompanying annual accounts, 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 such internal control as this department determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Deputy Directorate General Services and Control and Accounting is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout 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, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank'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. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance 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.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with N.º S0702

(Signed on original in Spanish)

Pedro González Millán

On the Spanish Official Register of Auditors 20.175 ("ROAC") with N.º 20,175

31 March 2025

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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