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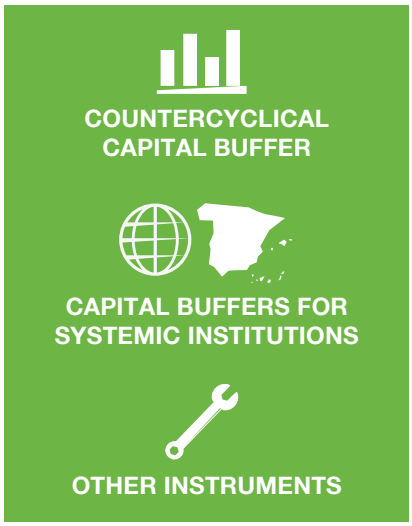
MACROPRUDENTIAL POLICY

Figure 6.1
Macroprudential policy



- A countercyclical capital buffer (CCyB) rate of 0.5% is required on exposures in Spain from 1 October 2025
- The CCyB rate was raised to 1.0% from 1 October 2025, enforceable from 1 October 2026

- Identification, for 2026, of four banks as other systemically important institutions (O-SIIs) and Banco Santander as a global systemically important institutions (G-SII)
- The list of banks and the capital buffers set have not changed compared to those in effect in 2025, except for BBVA's O-SII buffer

- Systemic risks continue to be monitored closely
- Progress is being made in the methodology to assess potential borrower-based measures (BBMs) (a)

SOURCE: Banco de España.

a BBMs are regulatory limits to lending standards for loans that can be arranged in a given jurisdiction, such as caps on loan maturity or limits on the LTI or LTV ratios.

6.1 The countercyclical capital buffer

The key indicators of the countercyclical capital buffer (CCyB) monitoring framework continued to show that cyclical systemic risk in Spain stood at an intermediate level in mid-2025 (Chart 6.1.a). The four sub-indicators into which the key indicators are categorised remained at an intermediate level in June 2025 (Chart 6.1.b).[1] The output gap (one of the key indicators in the macroeconomic block) remained positive. In the indicators comprising the macro-financial block, it is noteworthy that the credit-to-GDP gap, although still negative, did show an upward trend, while the bank credit-to-GDP gap was already at a positive level (Chart 6.1.c).

The intermediate level of cyclical systemic risks underpins the recent increase of the CCyB rate to 1.0%. The activation of the CCyB at 0.5%, approved on 1 October 2024, was applicable from 1 October 2025,[2] on which date the Banco de España, having taken

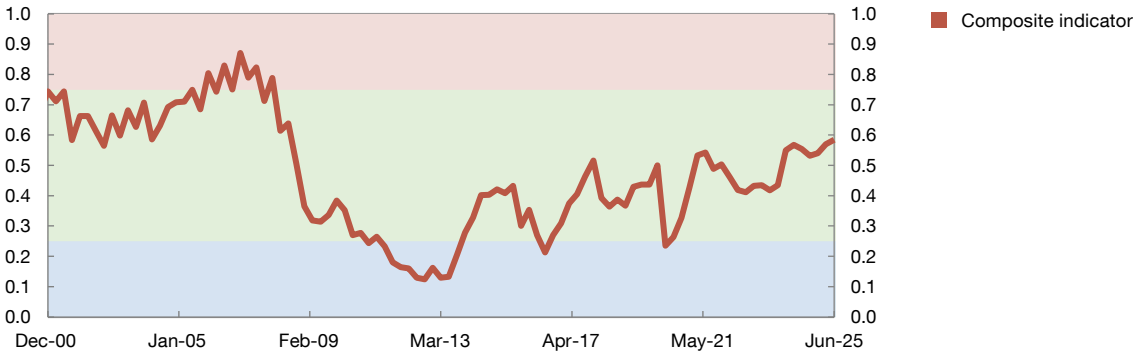
1 The key indicators can be divided into four blocks: (i) macroeconomic, (ii) macro-financial, (iii) Spanish financial markets and (iv) the Spanish banking system. The composite indicator combines information from all of them. See the Methodological framework for setting the CCyB rate in Spain for more details.

2 Failing to comply with the CCyB would entail restrictions on profit distribution, such as dividends, bonuses and share buybacks.

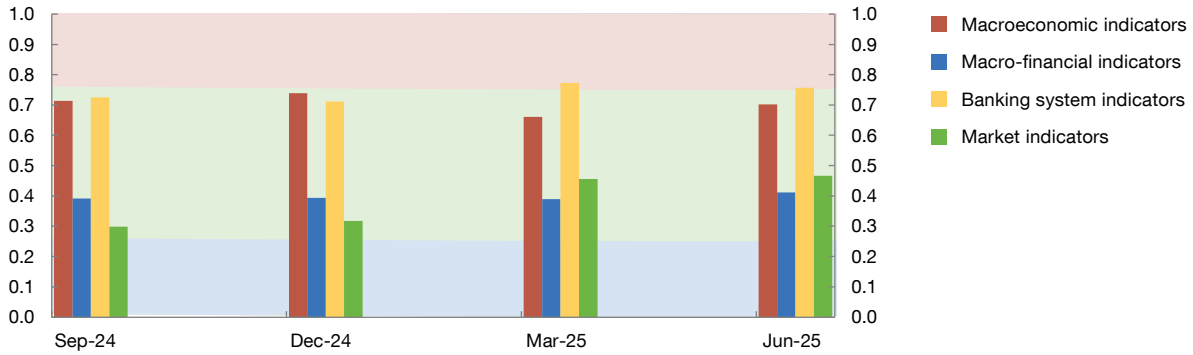
Chart 6.1

Cyclical systemic risks in Spain remained at an intermediate level in 2025 H1. The output gap remained positive and the credit-to-GDP gap continued to grow

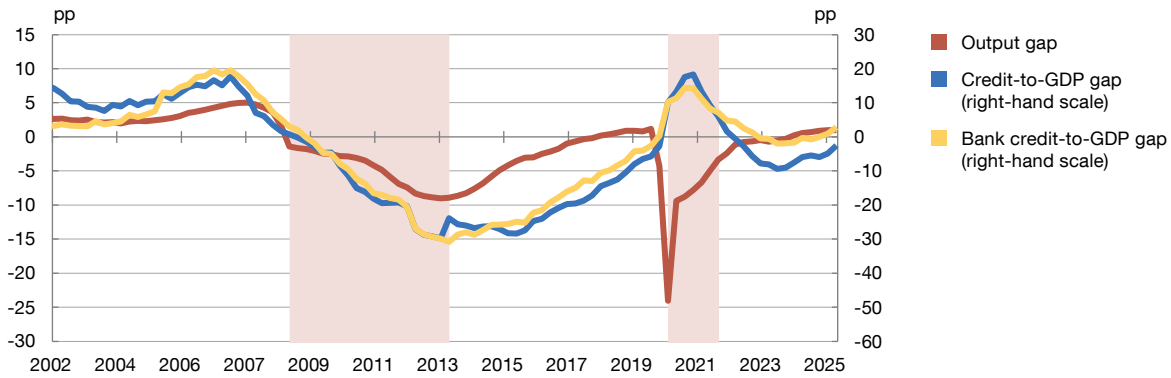
6.1.a Overall composite indicator (a)



6.1.b Composite indicators by risk category (a)



6.1.c Credit-to-GDP gap and output gap (b)



SOURCES: Banco de España, INE and Datastream. Latest observation: June 2025.

a The indicators are defined on a scale of 0 to 1 based on the percentile at which various metrics stand relative to their historical distribution. The blue-green-red range indicates a low-standard-high level signal of cyclical systemic risks.
b Note A2.6.1.1 in Annex 2.

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the required steps,[3] raised it to 1.0%.[4] This new requirement will be applicable from 1 October 2026.

6.2 Capital buffers for systemic institutions

At end-July 2025 the Banco de España designated four banks as other systemically important institutions (O-SIIs) for 2026.[5] O-SIIs are designated depending on their systemic importance for the Spanish economy. The Banco de España can also designate global systemically important institutions (G-SIIs). The primary distinction between these and O-SIIs is that the former are of systemic importance on a global scale, rather than solely at the domestic level. BBVA, CaixaBank, Banco Sabadell and Banco Santander are identified as O-SIIs for 2026, the same as for 2025. In addition, Banco Santander had already been designated (in 2024) a G-SII for 2026.[6]

The capital buffers for O-SIIs will remain unchanged in 2026 for Banco Santander, CaixaBank and Banco Sabadell, but will fall for BBVA. BBVA's systemic importance score fell below the threshold corresponding to the 1.0% buffer rate applied to it in previous years.[7] As a result, its buffer rate will decrease by 25 basis points to 0.75%.

Table 6.1
Systemically important institutions and associated capital buffers

Legal Entity Identifier	Institution	Designation (a)	Capital buffer rate in 2025 (%)	Capital buffer rate in 2026 (%)
5493006QMFDDMYWIAM13	Banco Santander, SA (b)	G-SII and O-SII	1.25	1.25
K8MS7FD7N5Z2WQ51AZ71	Banco Bilbao Vizcaya Argentaria, SA	O-SII	1.00	0.75
7CUNS533WID6K7DGFI87	CaixaBank, SA	O-SII	0.50	0.50
SI5RG2MOWQQLZCXKRM20	Banco de Sabadell, SA	O-SII	0.25	0.25

SOURCE: Banco de España.

a G-SII stands for "global systemically important institution" and O-SII for "other systemically important institution".
b The effective requirement applicable to Banco Santander, SA as a systemically important institution is the higher of the G-SII rate (1.0%) and the O-SII rate (1.25%).

3 A public notice procedure took place during July 2025 and the European Central Bank and the Spanish macroprudential authority (AMCESFI) were given advance warning of the proposal. See the press release of 8 July 2025, "The Banco de España launches the public notice procedure to increase the countercyclical capital buffer rate to 1.0% from 2025 Q4".

4 See the press release of 1 October 2025 "The Banco de España resolves to increase the countercyclical capital buffer (CCyB) rate to 1%".

5 See the press release of 30 July 2025 "The Banco de España updates the list of other systemically important institutions and sets their macroprudential capital buffer rates for 2026".

6 See the press release of 5 December 2024 "The Banco de España designates a Global Systemically Important Institution and sets its macroprudential capital buffer rate for 2026".

7 See the details on the buffer calibration frameworks for O-SIIs in the press release of 30 July 2025 "The Banco de España updates the list of other systemically important institutions and sets their macroprudential capital buffer rates for 2026".

6.3 Other macroprudential tools

As explained in previous Financial Stability Reports (FSRs), the Banco de España may establish borrower-based measures (BBMs). These limits can be set on new lending to both households and non-financial corporations. The International Monetary Fund (IMF) recently recommended that the Banco de España consider the preventive introduction of these limits on mortgages should there be signs of easing in growth or the standards associated with such lending.[8] This new recommendation comes in addition to that of the European Systemic Risk Board (ESRB) noted in the Spring 2025 FSR.[9]

Spain is one of three euro area countries that have not yet put this type of measure in place (Table 6.2). Among countries that have imposed such limits, some authorities have made use of recommendations (i.e. not mandatory), although binding measures are generally more widespread.[10]

There is a moderate degree of cross-country heterogeneity in terms of the type of measures taken. All countries that have implemented any of these measures, with the exception of France, have introduced a cap on the loan-to-value ratio (LTV). Likewise, all of these countries, except for Ireland and Luxembourg, have established a limit on either the loan service-to-income ratio (LSTI) or the debt service-to-income ratio (DSTI). Maturity limits have been introduced in most, but not all, countries that have also placed limits on the LSTI/DSTI ratio.[11] Lastly, three euro area countries have supplemented their BBMs with a sectoral systemic risk buffer relating to mortgage exposures (sSyRB). Germany has opted to use this buffer alone to cover such exposures and has adopted no mortgage BBMs.

The Banco de España is closely examining the outcome of applying this kind of measure elsewhere around the world. In particular, other European countries' experience of BBMs is proving very useful in assessing their potential application in Spain. To this end, the Banco de España staff has engaged with authorities from several countries to gain a better understanding of their experiences in the implementation of BBMs. Some of these countries have used them to curb growing vulnerabilities in their real estate markets, while others have acted pre-emptively, before lending standards loosened significantly. In the latter case, the authorities have introduced BBMs in a structural manner.

Theoretical and empirical evidence demonstrates the effectiveness of these measures under certain circumstances. An exhaustive compilation of the findings of the academic literature on the theoretical and empirical evidence of the costs and benefits of activating

8 See "Spain: 2025 Article IV Consultation-Press Release; and Staff Report", 6 June 2025.

9 See European Systemic Risk Board (2024), "Follow-up report on vulnerabilities in the residential real estate sectors of the EEA countries".

10 For instance, Belgium and Portugal have introduced their mortgage BBMs via recommendations.

11 Maturity limits are intended to disincentivise mortgage terms being lengthened excessively in an effort to comply with the limit on the DSTI ratio. For a given mortgage amount, extending the term can reduce the annual debt service. In consequence, setting a maximum limit on the term avoids there being a loophole to escape the DSTI ratio cap.

Table 6.2
Mortgage BBMs and sectoral buffers applicable to mortgages. Active measures in the euro area

Country	LTV (a)	LTI/DTI (a)	LSTI/DSTI (a)	Maturity	sSyRB (b)
Germany					✓
Austria	✓		✓	✓	
Belgium	✓	✓	✓		
Bulgaria	✓		✓	✓	
Croatia	✓		✓	✓	
Cyprus	✓		✓		
Slovakia	✓	✓	✓	✓	
Slovenia	✓		✓		
Spain					
Estonia	✓		✓	✓	
Finland	✓		✓	✓	
France			✓	✓	
Greece	✓		✓		
Ireland	✓	✓			
Italy					
Latvia	✓	✓	✓	✓	
Lithuania	✓		✓	✓	✓
Luxembourg	✓				✓
Malta	✓		✓	✓	
Netherlands	✓		✓	✓	
Portugal	✓		✓	✓	✓

SOURCE: ESRB.

a LTV = loan-to-value ratio. LTI = loan-to-income ratio. LSTI = loan service-to-income ratio. The DTI and DSTI ratios are equivalent to the LTI and LSTI ratios, respectively, but the numerator includes all of the mortgage applicant's existing debt.
b sSyRB = sectoral systemic risk buffer. A tick in this column indicates its activation for mortgage exposures.

these measures confirms their efficacy in mitigating systemic risks arising from household over-indebtedness and imbalances in the real estate market (see Box 6.1). Nevertheless, no integrated and generally accepted framework for comprehensively assessing their benefits and costs, including their general equilibrium consequences (e.g. shifts between the homeownership and rental markets, potential sectoral redistribution of income and activity and impact on consumption), has yet been identified.[12]

The Banco de España is conducting both theoretical and empirical studies to allow a detailed assessment of the implications for the Spanish economy of potentially implementing these measures. This endeavour is driven by the aforementioned absence of a comprehensive methodological framework, as well as the need for a framework specifically tailored to the Spanish economy.

12 For example, the evidence set out in Box 2.1 indicates that setting limits on mortgage lending could cut the risk of overindebtedness and encourage more stable consumption by those who finance their main residence with a mortgage. Nonetheless, such measures can also have less favourable effects, such as pushing some households towards renting their main residence under potentially stressed economic conditions, especially in environments with a tight rental market. This, in turn, could limit such households' capacity for consumption.

Quantitative theoretical models are particularly useful for this type of analysis. Once calibrated, they enable the impact of mortgage BBMs to be simulated in countries like Spain, where they have never been implemented. In addition, such approximations are especially valuable for analysing general equilibrium implications, generating metrics that assess the impact of measures on various areas, such as housing prices and affordability, household consumption and welfare, and systemic risk and financial stability.

Empirical analyses are also necessary to calibrate these instruments to the specific characteristics of each economy. These methods do not require the economy's functioning to be specified (in a simplified manner, at least), which is the main limitation of theoretical general equilibrium models. The empirical approach faces the challenge in Spain of finding events that are informative with regard to the introduction of BBMs, given that they have not been implemented nationally. For this reason, the empirical literature on the experience in other countries, as previously mentioned, can be particularly useful. Nonetheless, the Banco de España has highly detailed granular information available on the Spanish mortgage market, allowing for the assessment of aspects such as the percentage of credit and borrowers that would need to adjust their mortgage conditions under different BBM calibrations.