Chapter 9

Internal Audit Report provided for in Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions

Banco de España
Supervision Report 2025

1. Introduction

Article 55 bis of Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions (Law 10/2014)[1] establishes that "the Banco de España shall prepare an annual report on its supervisory function in relation to its actions and procedures carried out in this area and from which information on the effectiveness and efficiency of such procedures and actions can be deduced". It also provides that this annual report must include a report by the internal control body on the compliance of the decisions taken by the governing bodies of the Banco de España with the applicable procedural rules. This annual report shall be approved by the Governing Council of the Banco de España and submitted to the Spanish Parliament and Government.

The Banco de España's 2026 Annual Internal Audit Plan includes the drafting of the report provided for in Law 10/2014, so that it may be included in the Banco de España's above-mentioned annual report on its supervisory function.

2. Purpose, scope and methodology of the report

This report falls within the bounds of the legal mandate contained in Article 55 bis(2) of Law 10/2014, which, as indicated above, defines the scope of the report, by reference to three basic elements:

1) The supervisory function of the Banco de España.
2) The decisions taken by the governing bodies in the exercise of the supervisory function.
3) The conformity of these decisions with the applicable procedural rules.

As regards the reporting period, the report covers the decisions taken by the Executive Commission in 2025, or submitted to the Governing Council for approval, and the decisions adopted by delegation of powers and notified to the Executive Commission in 2025.

The subject matter of the report relates to the decisions taken, in the exercise of the supervisory function, by the Banco de España's governing bodies within the remits of the Directorate General Banking Supervision; the Directorate General Financial Stability, Regulation and Resolution; the Directorate General Operations, Markets and Payment Systems; the Directorate General Financial Conduct and Banknotes; the Directorate General Strategy, People and Data; and the General Secretariat.

Regarding the applicable legislation, the report takes into account the supervisory powers and procedures set out in Law 13/1994 of 1 June 1994 of Autonomy of the Banco de España and in the Internal Rules of the Banco de España, together with those established by the Single Supervisory Mechanism regulations, primarily Council Regulation (EU) No 1024/2013 of 15 October 2013 and Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014.

[1] The obligation to prepare an annual report on its supervisory function detailing the related actions and procedures is provided for in Law 10/2014 because of the dual amendment introduced by Law 6/2023 of 17 March 2023 on Securities Markets and Investment Services.

On 2 November 2012, procedural rules were laid down governing the reporting of matters to the Executive Commission, applicable across all the Banco de España's Directorates General. These rules are supplemented by other specific rules of certain Directorates General which were also approved by the Executive Commission of the Banco de España.

Furthermore, by Resolution of 5 December 2024, the Executive Commission approved the regime governing the delegation of powers, which was published in the Official State Gazette No 303 of 17 December 2024 and provides for the delegation of signature and callback of delegated powers.

To review the decisions adopted by the Executive Commission and the decisions adopted by delegation of powers, random sampling was performed by directorate general.[2]

The work was conducted in accordance with the principles, standards and procedures established in the Internal Audit Manual and the Global Internal Audit Standards of the Institute of Internal Auditors.

3. Opinion

In our opinion, the decisions adopted by the governing bodies of the Banco de España in 2025, in the exercise of its supervisory function, were taken by bodies with sufficient own or delegated powers in accordance with the Internal Rules of the Banco de España and the provisions laid down by its Executive Commission, and complied, in all material respects, with the applicable procedural rules in each case.

Madrid, 3 March 2026
Director of the Internal Audit Department

Firmado por [F] LUIS ENRIQUE PARDO MERINO el día 03/03/2026 con un certificado emitido por BANCO DE ESPAÑA-AC CORPORATIVA V2

Luis E. Pardo Merino

GOVERNOR OF THE BANCO DE ESPAÑA
DEPUTY GOVERNOR OF THE BANCO DE ESPAÑA

[2] The random sampling was performed by establishing two groups for each directorate general: one for resolutions adopted directly by the Executive Commission and another for decisions adopted by delegation of powers.