

# What the Bank of Spain (and the CNMV) are Hiding

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In the last two years, we have published several articles reporting how much banks are earning from their deposits at the Bank of Spain (BdE), requesting that exact figures per entity be disclosed and the reasons for these large payments explained. We also asked the CNMV to require banks to clearly break this down in their financial statements, as it is relevant information for investors. This has not yet been achieved.

In 2024, deputies from Sumar asked then-Governor Hernández de Cos for this information in Parliament. He surprisingly refused, claiming it was secret information for monetary policy reasons (sic), and the matter ended up before the Supreme Court with the support of the Public Prosecutor.

In 2023, we warned that given the excess liquidity in the banking system (non-mandatory deposits at the central bank) and the persistence of high interest rates, banks would continue to benefit from extraordinary transfers from central banks, which would incur significant losses and States would keep losing revenue. This also happened in 2024.

In the table, which refers only to listed banks, the figures can be seen. We estimate them as best we can, since they are not easy to obtain. Only Bankinter, Unicaja, and Sabadell clearly state this figure in their reports. For the rest, we had to estimate.

Listed Bank	Avg. Daily Balance	Gross Interest	Net Profit (Consolidated)	Net Profit (Spain)	% FdD / Consolidated	% FdD / Spain
Santander	90,000	3,200	13,744	3,763	23%	85%
BBVA	32,000	1,300	10,054	3,784	13%	34%

## What the Bank of Spain (and the CNMV) are Hiding

CaixaBank	38,000	1,600	5,795	5,543	28%	29%
Sabadell	20,000	797	1,829	1,517	44%	53%
Bankinter	8,000	288	829	829	35%	35%
Unicaja	7,000	221	479	479	46%	46%
Total	195,000	7,406	32,791	15,915	23%	47%

### These figures are telling:

- The Bank of Spain paid Spanish banks about €8 billion in 2024 for the nearly €200 billion they held in the so-called “deposit facility.”
- The average daily rate for these accounts was 3.7%, higher than the 3.3% in 2023. This “deposit facility” is essentially a current account for banks at the BdE, very different in terms of security and remuneration than the accounts households and businesses can have at private banks.
- Listed banks earned about €16 billion in net profits in Spain last year—a 33% increase over 2023—even with the much-criticized bank tax.
- To put it in context, interest received from the BdE accounts for nearly 50% of banks’ net profits in Spain. Impressive and concerning.

Their profits, share prices, stock buybacks, and executive bonuses increased, but not their solvency, which remains the lowest in Europe. Yet, the interest received from the BdE remains hidden.

We have not calculated figures for other European banks due to the complexity (which the ECB should simplify), but they are likely similar.

Furthermore, the BdE’s operating losses in 2024, before provisions, reached €7.549

## **What the Bank of Spain (and the CNMV) are Hiding**

billion—higher than the €6.612 billion in 2023. These operating losses closely match what was paid in interest to banks. The BdE's provisions are past profits not distributed to its sole shareholder, the Treasury. By using them, it declared zero net income in 2023 and 2024—deceptively. This again weakens its capital and results in revenue losses for the Treasury, missing out on billions.

This is happening across the Eurosystem. For example, the Bundesbank also had losses in 2023, and in 2024 it registered approximately €19.2 billion in losses—the largest in its history (considering the German economy is nearly three times the size of Spain's). These losses are also mainly attributed to increased interest payments by the Bundesbank to German banks.

### **In this ongoing situation, two key questions need answers from the authorities:**

1. Why is there so little transparency about this issue? The scale of these figures and their impact on public accounts do not justify silence from the authorities and the banks. Lack of transparency won't build trust among households and businesses in the banking system. Transparency generates confidence and is key to the central banks' stated goal of financial stability.

2. What are the monetary policy reasons for these payments? Injecting billions into banks' current accounts at the central bank hardly seems anti-inflationary. Nor is it clear that such large payments are necessary for so-called financial stability. If that is the case, it must be clearly explained.

There are solutions, as we have discussed in other articles. Monetary policy should not be a dilemma between public losses and private profits. Supervisors and the government must be more transparent.

A final thought. Paul de Grauwe estimated the Eurosystem (ECB and national central banks) is

## **What the Bank of Spain (and the CNMV) are Hiding**

spending about €130 billion annually to remunerate bank accounts. Given Europe's pressing challenges in security and autonomy—also in the monetary and financial spheres—it's worth asking whether part of the funds needed to address them could come from this strange and enormous remuneration of banks by central banks.