

1 CORPORATE GOVERNANCE REPORT



Medallion carved in limestone on the façade of the Cibeles building.

1.1 FUNCTIONS OF THE BANCO DE ESPAÑA

The functions of the Banco de España are defined as those of a national central bank and supervisor of the Spanish banking system, together with the ECB.

The Banco de España is a public law entity with its own legal personality and full capacity to act publicly and privately, which acts with autonomy and independence from the central government, and does not accept instructions from the government or any other national or EU body. Notwithstanding, in the exercise of its functions as a member of the European System of Central Banks (ESCB), it must follow the guidelines and instructions of the European Central Bank (ECB).

Its functions are therefore determined by its status as the national central bank and supervisor of the Spanish banking system, together with the ECB, within the framework of the ESCB and the Single Supervisory Mechanism (SSM).

These functions are regulated under national law, mainly by Law 13/1994 of 1 June 1994 of Autonomy of the Banco de España (hereafter, the “Law of Autonomy”), which has gradually been amended to incorporate the various changes arising in the European context. Particularly noteworthy is the redefinition of the functions of national central banks (NCBs) of the euro area following the launch of stage three of Economic and Monetary Union (in January 1999) and the entry into operation of the SSM (on 4 November 2014), which established a single banking supervision system for the euro area.

The Law of Autonomy and, consequently, the functions of the Banco de España, are implemented through the Internal Rules of the Banco de España (IRBE), approved by the Banco de España’s Governing Council Resolution of 28 March 2000. These rules are the basic regulations with the highest priority governing the organisation and operations of the institution.



Main façade, looking onto Plaza de Cibeles.

It should also be noted that the Banco de España, as a member of the ESCB, is subject to the provisions of the Treaty establishing the European Community and the Statutes of the ESCB and the ECB.

The Banco de España is subject to the regulations of the ESCB and of the Eurosystem.

As mentioned above, the functions of the Banco de España derive from its membership of the ESCB and of the Eurosystem. The Banco de España is therefore subject to the Treaty of the Functioning of the European Union (TFEU), the Statutes of the ESCB and the ECB and Council Regulation (EU) 1024/2013 of 15 October 2013, which confers powers on the ECB relating to the supervision on a consolidated basis of credit institutions considered to be “significant”.

The Banco de España’s functions and action principles as a central bank and member of the ESCB and of Eurosystem, and as a banking supervisor within the SSM framework, are described in the sub-sections below.

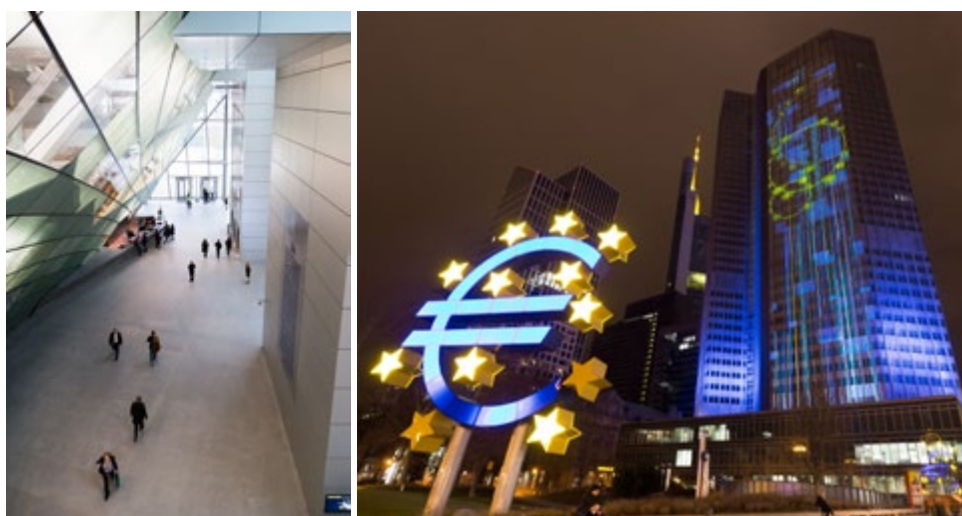
1.1.1 Functions as a member of the ESCB and as a national central bank

As a member of the ESCB and the Eurosystem, the Banco de España has been assigned various functions.

The ESCB, established pursuant to the Maastricht Treaty and the Statutes of the ESCB and of the ECB, comprises the ECB and the NCBs of the EU Member States, regardless of whether or not they have adopted the euro as the single currency.

The Eurosystem, which comprises the ECB and the NCBs of the nineteen EU Member States which have adopted the euro as their currency, has been assigned four core functions, namely: i) to implement the ECB’s monetary policy; ii) to carry out foreign exchange transactions; iii) to maintain and manage the official reserves of euro area countries, and iv) to promote the sound functioning of payment systems. The Eurosystem also contributes to financial supervision, by providing advice on legislation in this area and compiling financial and monetary statistics.

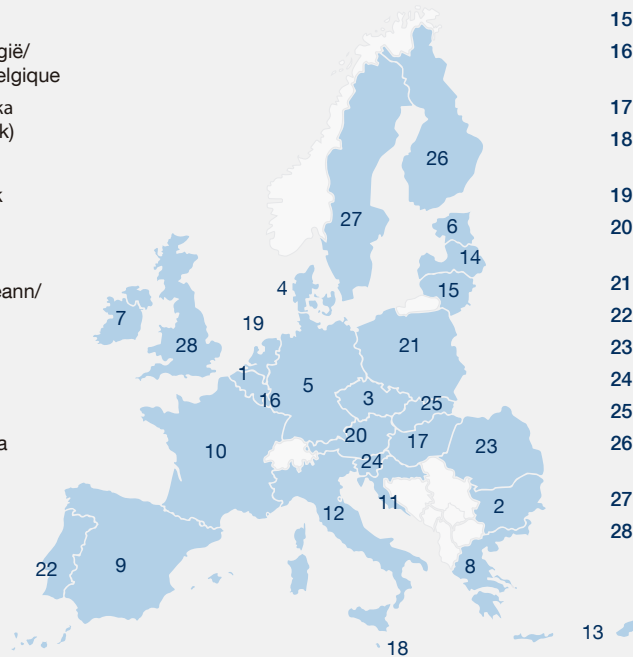
In this context, as a national central bank, the Banco de España performs certain basic functions attributed to the ESCB and, as part of the Eurosystem, it participates in the implementation of the euro area’s single monetary policy and performs monetary policy operations, such as liquidity provision to credit institutions, and manages the settlement of national and cross-border payments through the TARGET2 system.



The European Central Bank building (left). The euro symbol at the foot of the Eurotower (right).

EUROPEAN SYSTEM OF CENTRAL BANKS: THE ECB AND THE 28 NATIONAL CENTRAL BANKS OF THE EU

- € European Central Bank
- 1 Nationale Bank van België/
Banque Nationale de Belgique
- 2 Българска народна банка
(Bulgarian National Bank)
- 3 Česká národní banka
- 4 Danmarks Nationalbank
- 5 Deutsche Bundesbank
- 6 Eesti Pank
- 7 Banc Ceannais na hÉireann/
Central Bank of Ireland
- 8 Bank of Greece
- 9 Banco de España
- 10 Banque de France
- 11 Hrvatska narodna banka
- 12 Banca d'Italia
- 13 Central Bank of Cyprus
- 14 Latvijas Banka



- 15 Lietuvos bankas
- 16 Banque centrale du
Luxembourg
- 17 Magyar Nemzeti Bank
- 18 Bank Ċentrali ta' Malta/
Central Bank of Malta
- 19 De Nederlandsche Bank
- 20 Oesterreichische
Nationalbank
- 21 Narodowy Bank Polski
- 22 Banco de Portugal
- 23 Banca Națională a României
- 24 Banka Slovenije
- 25 Národná banka Slovenska
- 26 Suomen Pankki/
Bank of Finland
- 27 Sveriges Riksbank
- 28 Bank of England

THE EUROSISTEM: THE ECB AND THE 19 NATIONAL CENTRAL BANKS IN THE EURO AREA



In addition, the Banco de España manages foreign currency reserves through its own system, as an agent for the ECB, and carries out most of the tasks relating to the compilation of statistical information and the issuing and processing of banknotes in Spain.

The Banco de España also performs other functions conferred on it by the Law of Autonomy.

Lastly, it is worth noting that, in addition to the aforementioned functions, the Banco de España, in its capacity as a national central bank, performs other functions directly assigned to it by the Law of Autonomy.

There functions include: i) placing coins into circulation; ii) providing treasury and financial agent services for government debt, and iii) granting emergency liquidity assistance to institutions as part of the task of promoting the sound working and stability of the financial system and of national payment systems.

1.1.2 Functions as a supervisory authority

The Banco de España performs supervisory functions within the framework of the SSM.

Since the entry into operation of the SSM on 4 November 2014, financial supervision in the European framework is carried out through an integrated system in which the ECB leads the supervisory function, supported by the national competent authorities (NCAs) of the euro area countries and other EU Member States who wish to join it. The Spanish national competent authority is the Banco de España.

Accordingly, the ECB is responsible for the effective and consistent functioning of the SSM, with a view to carrying out intrusive and effective banking supervision, contributing to the safety and soundness of the banking system and the stability of the financial system, in close cooperation with the NCAs. It is also responsible for granting authorisation for new credit institutions in a common procedure involving national supervisors.

To guarantee effective supervision of the European banking system, credit institutions are classified as “significant” and “less significant.”

The ECB directly supervises significant institutions, assisted by the NCAs.

The ECB directly supervises the institutions considered to be “significant”, through the joint supervisory teams, whose work is coordinated by an ECB staff member, assisted by one or more NCA sub-coordinators. In this respect, the NCAs provide assistance to the ECB, contributing both their experience and the bulk of inspectors that form part of the joint supervisory teams.

In addition to purely supervisory tasks, the joint teams prepare risk profiles for significant institutions on an ongoing basis and assess their solvency and liquidity, which may result in proposed decisions to be submitted to the governing bodies of the ECB.

In this connection, the Banco de España takes part in decision-making relating to significant credit institutions through its presence on the ECB’s governing bodies. It is represented by the Governor on the Governing Council and by the Deputy Governor on the Supervisory Board.

The NCAs directly supervise “less significant” institutions.

The Banco de España directly supervises less-significant institutions incorporated in Spain, following the guidelines established by the ECB, which supervises them indirectly and has ultimate responsibility for the functioning of the SSM.



Press briefing on the SSM by Danièle Nouy, Chair of the Supervisory Board of the ECB.

The ECB may issue guidelines to ensure consistent supervision by the different NCAs, and may even take over the direct supervision of a less significant institution if it considers it necessary.

Thus, the supervisory intensity to which institutions are subject in the framework of the SSM may vary based on their risk. The proportionality principle is applied, so that supervisory practices are adapted to the systemic importance and risk profile of the supervised institution in question. This supervisory model is based on four key elements: i) effective and prudent regulation; ii) a system of ongoing supervision of institutions; iii) a set of corrective measures, and iv) a disciplinary and sanctioning system which may be applied to both institutions and their directors.

The Banco de España supervises financial institutions that are not credit institutions, such as payment institutions, electronic money institutions and specialised lending institutions.

The Banco de España supervises financial institutions that are not credit institutions, such as payment institutions, electronic money institutions, specialised lending institutions, appraisal companies and mutual guarantee companies.

It is also responsible for keeping the official registers of all supervised institutions, and, in particular, for granting authorisation for some of these, such as payment institutions or electronic money institutions, as well as issuing the relevant compulsory report on the authorisation procedures not directly attributed to it.

The Banco de España also supervises institutions' compliance with banking transparency regulations and overall market conduct.

In addition, the Banco de España also supervises institutions' compliance with the "rules of conduct" applicable at supervised institutions, and must therefore oversee their compliance with the regulations regarding the transparency of banking products. The Banco de España adopts decisions relating to the supervision of conduct independently of the SSM.

1.1.3 Other functions

In addition to its functions as a central bank and supervisory authority, the Law of Autonomy attributes other tasks to the Banco de España which include: i) advising the Government

(on different matters, such as financial regulation) and preparing the appropriate reports and analyses; ii) compiling and publishing statistics relating to its functions (such as those included in the National Statistics Plan), and assisting the ECB in the compilation of the statistical information needed for the fulfilment of the ESCB's functions, and iii) promoting the sound functioning and stability of the financial system.

The Law of Autonomy attributes to the Banco de España the task of compiling statistics and reports and of promoting the stability of the financial system.

The statistical function of the Banco de España includes compiling statistics relating to financial institutions and markets and interest rates, and preparing the *Balance of Payments and International Investment Position*, the *Financial Accounts of the Spanish Economy*, the *Survey of Household Finances* and the *Survey of Financial Competences*.

Also, to promote the sound functioning and stability of the financial system, the Banco de España analyses and monitors financial stability in the Financial Stability Report, a half-yearly publication. Also, in conformity with Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions, and its subsequent implementing regulations, the Banco de España is responsible for proposing macroprudential policy measures relating to its areas of competence.

In this connection, the Banco de España participates, together with the other financial supervision authorities, in the Spanish Macroprudential Authority – Financial Stability Board (AMCESFI, by its Spanish acronym), created by Royal Decree 102/2019 of 1 March 2019 and assigned to the Ministry of the Economy and Enterprise. The Governor occupies the position of vice-chair of the Board and the Deputy Governor that of the chair of its supporting body, the Technical Committee on Financial Stability. The goal of the AMCESFI is to contribute to the stability of the financial system as a whole by identifying, preventing and mitigating any circumstances or actions that may give rise to systemic risk, ensuring a sustainable contribution by the financial system to economic growth. To this end, the AMCESFI will monitor and analyse the sources of systemic risk and may issue opinions, warnings and recommendations in the terms provided for in the aforementioned Royal Decree.



Presentation of the Central Balance Sheet Data Office Survey by Óscar Arce, Director General Economics, Statistics and Research.

The Banco de España is responsible for the preventive resolution of credit institutions in accordance with the European framework.

In addition, the Banco de España performs the tasks relating to the preventive resolution of credit institutions conferred by Law 11/2015 of 18 June 2015 on the recovery and resolution of credit institutions and investment firms. To fulfil this task, the Banco de España must prepare preventive resolution plans, according to the distribution of responsibilities established by the Single Resolution Mechanism, in order to facilitate the resolvability of credit institutions if the conditions for resolution have been met.

1.2 GOVERNING BODIES OF THE BANCO DE ESPAÑA

1.2.1 The Governor

The Governor heads the Bank and acts as its representative at national and international institutions and organisations.

The Governor of the Banco de España heads the institution. He/she is appointed by the King, at the proposal of the Prime Minister, from among Spanish nationals of recognised competence in monetary or banking matters, for a non-renewable six-year term, to guarantee the independence of the institution.

The Governor leads the Banco de España on an exclusive basis, chairs the Governing Council and the Executive Commission and acts as the legal representative of the Banco de España at those institutions and international organisations in which its participation is envisaged. At European level, the Governor is a member of the Governing Council and the General Council of the ECB. Lastly, he/she represents the Banco de España before the Spanish Parliament in the institutional sphere.

There was a change of governor in 2018. The new Governor is Pablo Hernández de Cos, whose appointment was made public by Royal Decree 351/2018 of 30 May 2018. His term of office began on 11 June 2018 and will end on 11 June 2024. The term of office of the former Governor, Luis M. Linde, ended on 11 June 2018.

1.2.2 The Deputy Governor

The Deputy Governor stands in for the Governor and performs the duties established by the IRBE or delegated by the governing bodies.

The Deputy Governor of the Banco de España is appointed by the Government, at the proposal of the Governor, from among Spanish nationals of recognised competence in monetary or banking matters, for a non-renewable six-year term, as in the case of the Governor.

The Deputy Governor stands in for the Governor when the post is vacant or in the event of the latter's absence or illness, and performs the duties established by the IRBE or delegated by the Governor, or the Governing Council or Executive Commission of the Banco de España. The Deputy Governor is a member of the Banco de España's Governing Council and Executive Commission and is an ex officio member of the other collegiate bodies to which she/he has been appointed under current legislation.

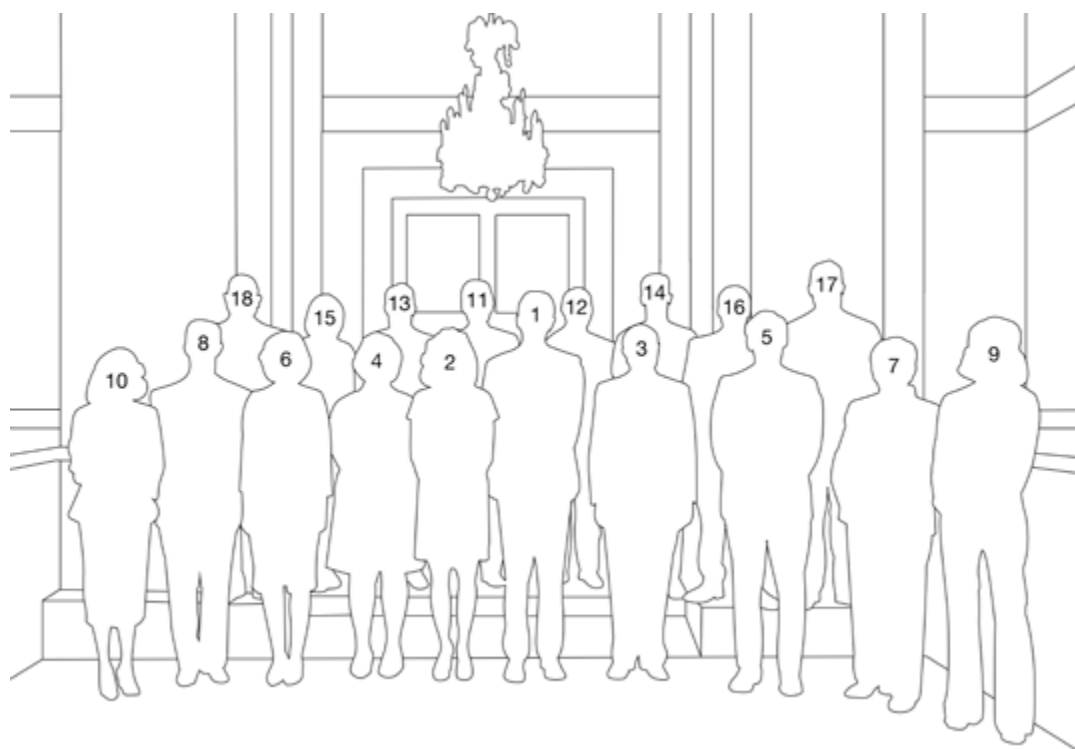
In 2018, this position was also renewed, with Margarita Delgado taking office as the new Deputy Governor. Her appointment was made public by Royal Decree 1027/2018 of 3 August 2018, and her term of office commenced on 11 September 2018. Her predecessor was Javier Alonso Ruiz-Ojeda, whose resignation from the post became effective on the same day.

1.2.3 The Governing Council

a) Composition

The Governing Council is comprised of the Governor, the Deputy Governor, six council members appointed by the Government and two ex officio members.

The Governing Council of the Banco de España is comprised of the Governor, the Deputy Governor, six council members appointed by the Government and two ex officio members: the General Secretary of the Treasury and International Financing and the Vice-Chair of the National Securities Market Commission.



The Governing Council of the Banco de España, 4.10.2018.

1. Pablo Hernández de Cos; 2. Margarita Delgado; 3. Fernando Eguidazu; 4. Soledad Núñez; 5. Carlos San Basilio; 6. Ana María Martínez-Pina; 7. Carmen Alonso; 8. Rafael Castejón; 9. Núria Mas; 10. Paz Andrés; 11. Francisco-Javier Priego; 12. Manuel Labrado (this post is now occupied by Alejandro Álvarez); 13. Julio Durán (this post is now occupied by Mercedes Olano); 14. Juan Ayuso; 15. Concepción Jiménez; 16. Jesús Saurina; 17. Óscar Arce; 18. Mariano Serrano.

The elected council members of the Banco de España are appointed for a six-year term, renewable only once. They are appointed by the Government at the proposal of the Minister for the Economy and Enterprise, following consultation with the Governor, from among Spanish nationals of recognised competence in the fields of Economics or Law.

The Governing Council is presided over by the Governor – or by the Deputy Governor in his/her absence – and the General Secretary of the Banco de España acts as secretary thereto, attending the meetings in a non-voting capacity. Finally, the Directors-General of the Bank and a staff representative also attend the Governing Council meetings as non-voting participants.

In 2018, the Governing Council was composed of:

- Governor: Luis M. Linde, until 11 June 2018, at which date he was replaced by Pablo Hernández de Cos.
- Deputy Governor: Javier Alonso, until 11 September 2018, at which date he was replaced by Margarita Delgado.
- Council members¹: Vicente Salas, Fernando Eguidazu, Soledad Núñez, Carmen Alonso, Maximino Carpio, Rafael Castejón, Núria Mas and Paz Andrés.
- General Secretary of the Treasury²: Emma Navarro, Fernando Navarrete and Carlos San Basilio.
- Vice-Chair of the National Securities Market Commission (CNMV, by its Spanish abbreviation): Ana María Martínez-Pina.
- Secretary: Francisco-Javier Priego, General Secretary of the Banco de España.
- Non-voting participants: the Directors-General of the Bank (in 2018³: Manuel Labrado, Julio Durán, Pablo Hernández de Cos, Juan Ayuso, Concepción Jiménez, Jesús Saurina, Óscar Arce and Mercedes Olano). The meetings are also attended by a staff representative (Mariano Serrano).

b) Functions of the Governing Council

The Governing Council adopts the general guidelines for the Bank's activity, and the circulars and resolutions for sanctioning proceedings against supervised institutions.

The Governing Council adopts the general guidelines for the Banco de España's activities so that it may fulfil the functions entrusted to it. Additionally, it discusses matters relating to monetary policy and supervises the Bank's contribution to the implementation of ESCB monetary policy, duly observing the ECB's guidelines and instructions and the Governor's

1 Maximino Carpio and Vicente Salas completed their respective terms as council members of the Banco de España in June and July 2018, respectively, and were replaced by Paz Andrés and Soledad Núñez.

2 Emma Navarro completed her term as General Secretary of the Treasury and Financial Policy in April 2018, and consequently, also as an ex officio council member of the Banco de España. On that date, she was replaced by Fernando Navarrete, who was succeeded, in June 2018, by Carlos San Basilio, the current General Secretary of the Treasury and International Financing.

3 Julio Durán resigned from his post in October 2018. Pablo Hernández de Cos was appointed Governor in June 2018, at which date he resigned from the post of Director General, which he had previously occupied. Lastly, Óscar Arce and Mercedes Olano were appointed Directors-General in June and October 2018, respectively.

independence and obligation of professional secrecy as a member of the ECB's governing bodies.

The Governing Council is also entrusted with adopting the circulars issued by the Banco de España, that is, the legal provisions through which it develops legislation for which it has been expressly empowered, bearing witness to our institution's regulatory powers. The Governing Council also approves the imposition of sanctions within its remit and reports quarterly to the Ministry of the Economy and Enterprise on any sanctioning proceedings in progress and on the resolutions adopted.

Other functions assigned to the Governing Council include appointing, at the Governor's proposal, the two council members of the Executive Commission and the three council members of the Audit Committee from among its elected council members; ratifying the appointments of the Banco de España's Directors-General and Associate Directors-General; preparing the annual accounts and approving the budget proposals of the Banco de España as well as its Annual Report and, if appropriate, any other reports that must be submitted to Parliament, the Government or the Minister of the Economy and Enterprise. Lastly, it is responsible for adopting any other resolutions that may be necessary for performance of the tasks assigned to the Banco de España that do not fall within the exclusive competence of the Executive Commission.

In 2018, the Governing Council held a total of 15 meetings.

1.2.4 Executive Commission

a) Composition

The Executive Commission is formed by the Governor, the Deputy Governor and two members appointed by the Governing Council.

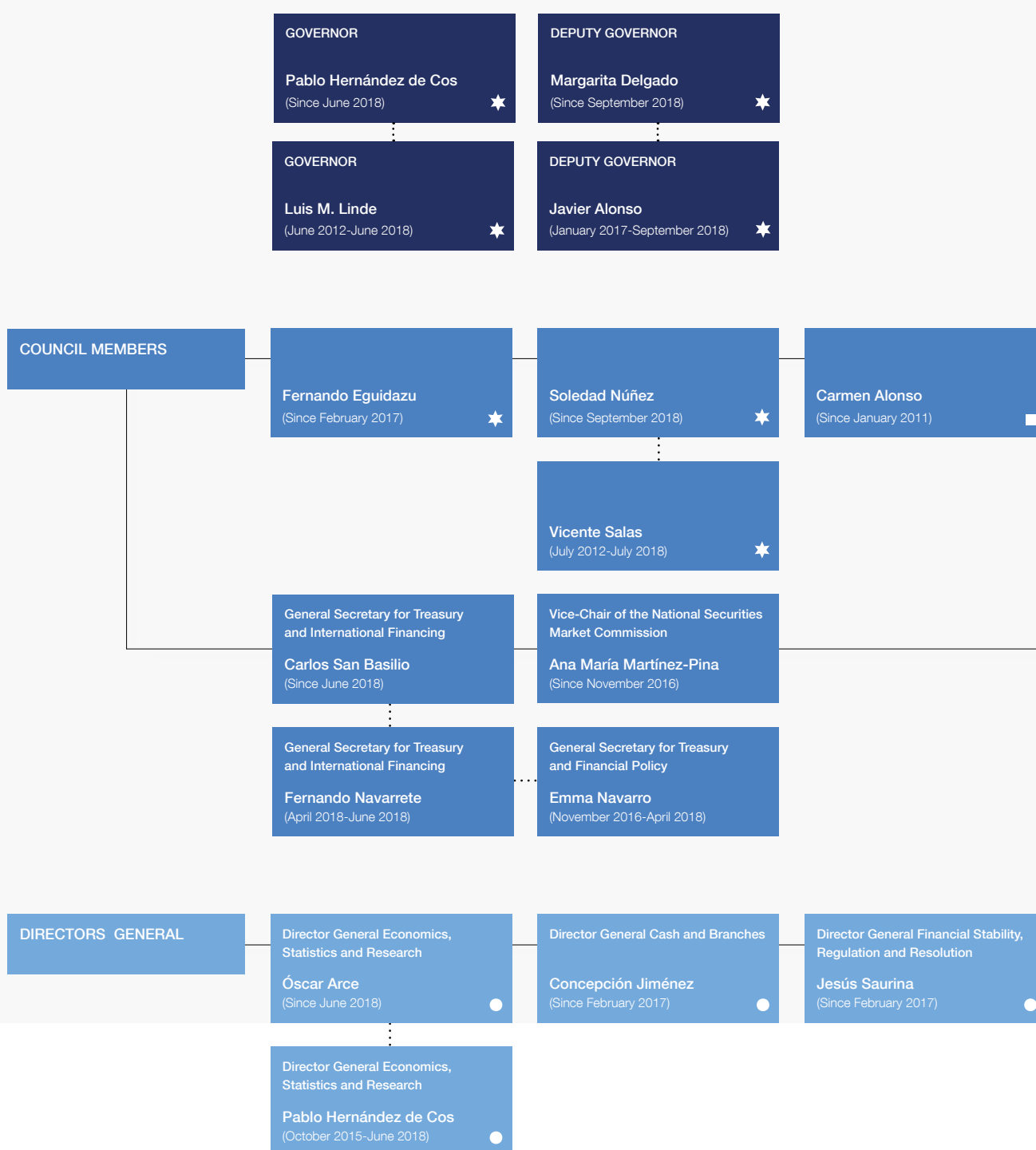
The Executive Commission of the Banco de España is formed by the Governor (as chair), the Deputy Governor and two members appointed by the Governing Council at the proposal of the Governor, from among the elected members of the council (for a period equal to the remainder of their ordinary mandates as council members).

The commission members in 2018 were Vicente Salas (until 21 July 2018), Fernando Eguidazu and Soledad Núñez (who, since 4 October 2018, has occupied the vacancy arising from the expiry of Vicente Salas's term as council member).

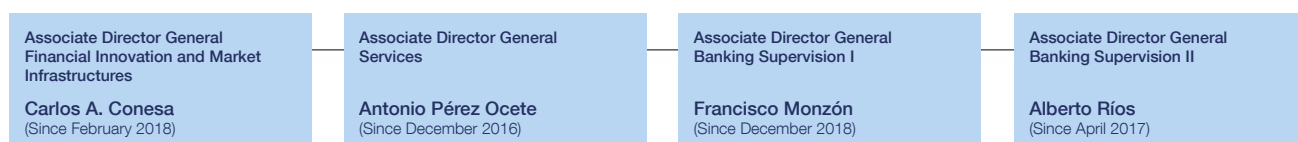
The General Secretary of the Banco de España acts as secretary to the Executive Commission and attends its meetings in a non-voting capacity, as do the Directors-General of the Bank.

In 2018, an amendment to the IRBE was approved, which provided for the possibility of inviting the Chair of the Fund for the Orderly Restructuring of the Banking Sector (FROB, by its Spanish abbreviation) to participate in the meetings of the Executive Commission in a non-voting capacity, when matters relating to the recovery or resolution of credit institutions are discussed, in keeping with current European practice at the meetings of the Supervisory Board of the ECB, which may be attended by the Chair of the Single Resolution Board, in accordance with Article 30.4 of Regulation (EU) No. 806/2014.

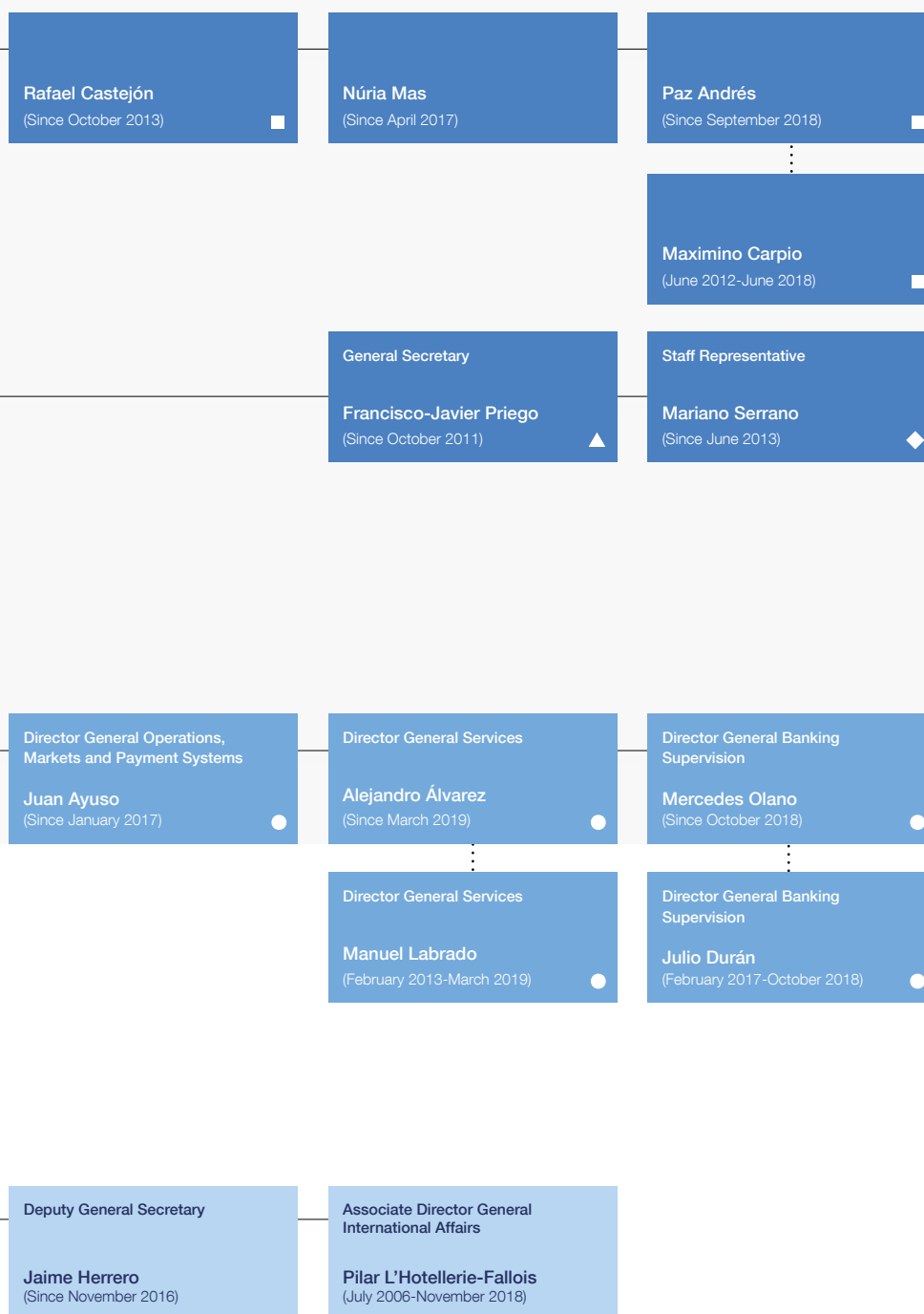
MEMBERS OF THE GOVERNING BODIES OF THE BANCO DE ESPAÑA. GOVERNING COUNCIL



OTHER SENIOR MANAGEMENT MEMBERS. ASSOCIATE DIRECTORS GENERAL



- ★ Members of the Executive Commission
- ▲ The General Secretary of the Banco de España acts as non-voting secretary to the Governing Council and the Executive Commission
- The Directors General of the Banco de España attend meetings of the Governing Council and Executive Committee as non-voting members
- Members of the Audit Committee
- ◆ A staff representative attends the meetings of the Governing Council



b) Functions of the Executive Commission

The Executive Commission contributes to the implementation of ESCB monetary policy, adopts administrative resolutions and other measures within the scope of its supervisory powers, and manages the Bank's internal organisation and administration.

The Executive Commission exercises the powers conferred on it by the Law of Autonomy, subject to the guidelines of the Governing Council. It is responsible for managing the Bank's internal organisation and administration in the private sphere. It also approves internal circulars and submits draft resolutions to be subsequently adopted by the Governing Council.

In addition, the Executive Commission contributes to the implementation of ESCB monetary policy; resolves administrative authorisations granted by the Bank in connection with the supervised institutions; adopts intervention measures and determines the replacement of administrators; brings sanctioning proceedings and issues recommendations and requests to institutions supervised by the Banco de España, all within the framework of the SSM.

In 2018, the Executive Commission held a total of 47 meetings.

1.2.5 Committees and commissions

In addition to the Governing Council and the Executive Commission, the Internal Rules of the Banco de España provide for other, second-line, internal bodies, such as the Audit Committee and the Steering Committee.

The Audit Committee is responsible for auditing the annual accounts of the Banco de España and supervising the functioning of audit and internal control services.

The Audit Committee is entrusted with auditing the annual accounts of the Banco de España and supervising relations with external auditors and the functioning of audit and internal control services. It is made up of three members of the Governing Council, appointed by the latter, from among the elected council members. In 2018, the members of this committee were Maximino Carpio, Carmen Alonso and Rafael Castejón. In October 2018, Carmen Alonso replaced Maximino Carpio as chair, upon expiry of the latter's term of office. In January 2019, Paz Andrés joined the Audit Committee as a new member.

The Steering Committee advises the governing bodies and coordinates the activities of the Directorates General.

The Steering Committee is comprised of the Governor, the Deputy Governor and the Directors-General. Its main functions are: i) advising the Governor and the Deputy Governor on matters or decisions, as required; ii) assisting them in the preparation of matters to be presented to the Governing Council and the Executive Commission, and in complying with the agreements reached with these bodies, and iii) coordinating the activities of the different Directorates General.

In addition, the Executive Commission may set up internal commissions and committees to examine and resolve any matters considered appropriate. Accordingly, the Banco de España has a number of internal commissions and committees whose fundamental role is to provide advice and coordination to the Directorates General.

The main internal committees, whose purpose is to coordinate the institution's various activities relating to different operational areas are described below. Their key functions are as follows:

- *Risk Management Committee*: This committee is chaired by the Deputy Governor, and its main functions are to propose the key risk policies of the Banco de España, and the risk measurement methodologies and risk monitoring and control frameworks, to

monitor changes in risks and operational risk mitigation measures, and to propose to the Executive Commission the appropriate level of provisioning for risks.

- *Information Systems Committee*: Its mission is to establish and monitor the annual information systems plan of the Banco de España, participating in any strategic measures relating to information systems affecting the Bank. It is chaired by the Deputy Governor.
- *International Cooperation Committee*: This committee defines the strategic lines of action as regards international cooperation, adopts high-level decisions and carries out strategic coordination in this area. It is chaired by the Deputy Governor.
- *Budget Committee*: This committee, which is chaired by the Director General Services, analyses the Banco de España's draft annual budget and monitors the approved budget; analyses and monitors the inclusion of appropriations from one year to the next; reports and, if appropriate, submits a proposal for the transfer of budget appropriations, and, lastly, it gives advance notice of proposals to grant extraordinary and supplementary appropriations.
- *Comprehensive Security Committee*: This committee is responsible for proposing the adoption of decisions by the Banco de España relating to corporate security matters. It is chaired by the Director General Services.
- *Documentary Policy and Assessment Committee*: It is responsible for defining the characteristics for the classification, use and preservation of Banco de España documents, and for studying and delivering an opinion on its classification criteria, conservation periods, transfers, elimination and conservation of documents. It is chaired by the General Secretary.
- *Committee Receiving Reports on Suspected Money Laundering*: This committee is chaired by the Deputy General Secretary and is responsible for compliance with the Banco de España's internal regulations on the prevention of money laundering and terrorist financing. It receives and examines reports submitted by the departments and branches of the Banco de España in connection with its internal operations.
- *Leave of Absence Assessment Committee*: This committee's main task is to assess the mandatory cooling-off periods applicable to Banco de España employees who request leave of absence to work for supervised or financial sector institutions. It is chaired by the Deputy General Secretary.
- *Workplace Health and Safety Committee*: This committee is chaired by the Associate Director General Services. Its key tasks are to propose the policies and basic criteria for workplace health and safety, to coordinate and monitor preventive action and to submit the annual prevention plans for approval.
- *Independent Experts' Committee for the Assessment of Supervised Institutions' Senior Officers*: This committee, established in application of the provisions of Royal Decree 256/2013, comprises three external members who are appointed by the Bank's Governing Council, at the proposal of the Governor. It is responsible for advising the Bank in the analysis of the suitability to take up office of the members of the board of directors, general managers and the like, and all those individuals who assume internal

control functions or key functions at supervised institutions, both in cases where a sentence has been handed down for the commission of offences or misdemeanours and where the individual being assessed is subject to a relevant and well-founded criminal investigation. In 2018, the members of this committee were Ignacio Sierra Gil de la Cuesta, Mercedes Vérez Sánchez and Antonio Salinas Casado.

- *Committee for the assessment of BSF financial assistance:* This committee was created in May 2018 to assess the requests for financial assistance from the Beneficent-Social Fund (BSF). The aim pursued is to facilitate cooperation between the different Directorates General engaging in activities that benefit from BFS assistance, that are represented in this committee, and to ensure application of the principles on which the granting of such assistance is based. It is chaired by the Deputy General Secretary.

Subsequently, in January 2019, a new internal committee known as the Financial and Prudential Reporting Committee, was created. It is chaired by the Director General Financial Stability, Regulation and Resolution.

1.2.6 *Appearances by the Governor and the Deputy Governor*

The Governor represents the Banco de España and regularly appears before the Spanish Parliament.

The Governor, as the representative of the Banco de España at the Spanish Parliament, appears regularly before the lower and upper houses of Parliament (*Congreso* and *Senado*). In 2018, the Governor appeared before Parliament on four occasions:

- Testimony before the Lower House Parliamentary Committee of Inquiry into the Financial Crisis in Spain and Financial Assistance Programme, on 10 April.
- Testimony before the Lower House of Parliament, in relation to the draft State Budget for 2018, on 16 April.



The Governor, Pablo Hernández de Cos, appears before the Spanish Parliament. Presentation of the *Annual Report* of the Banco de España.

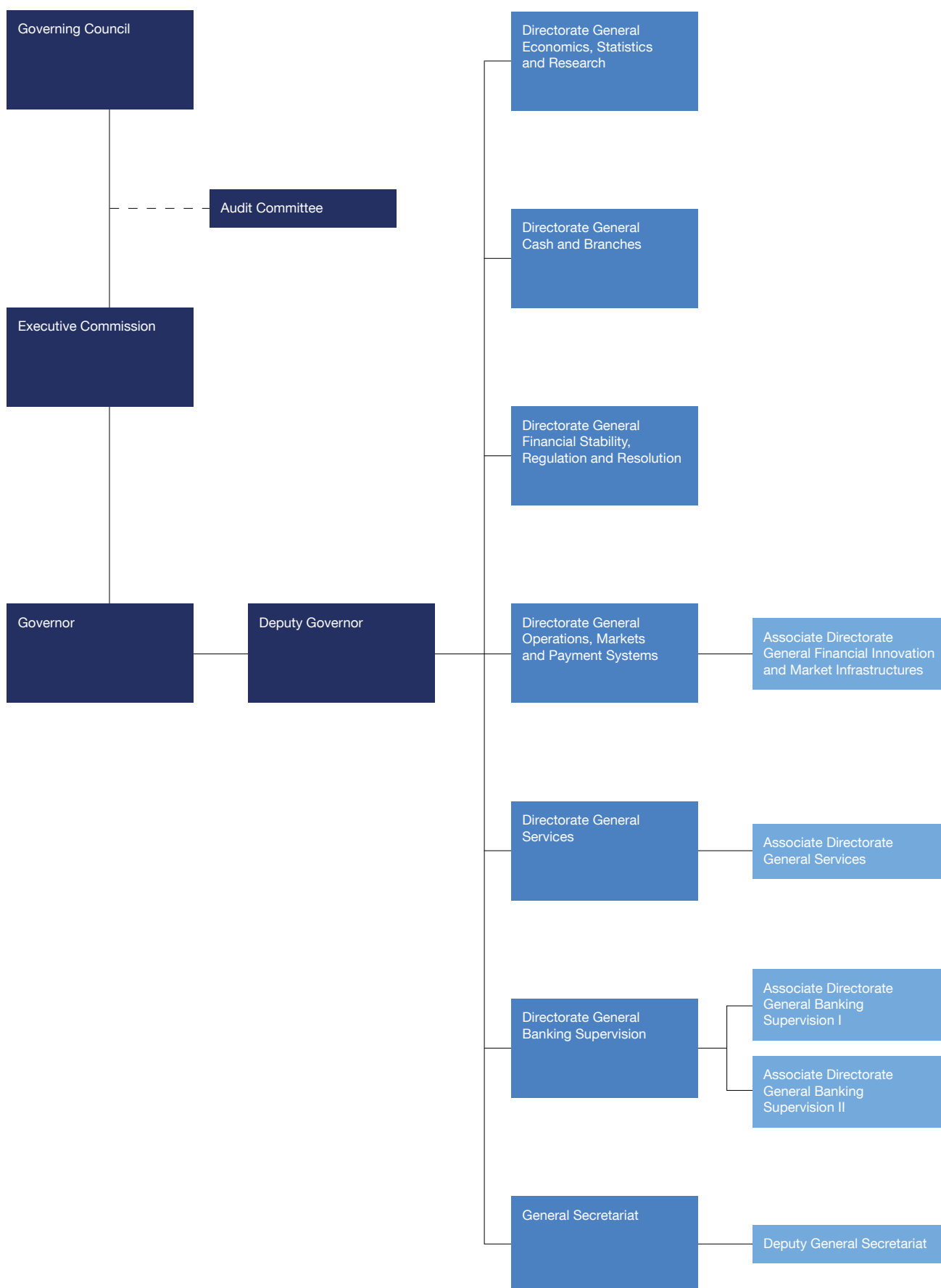
- Testimony before the Upper House Parliamentary Budget Committee, in relation to the draft State Budget for 2018, on 29 May.
- Testimony before the Lower House Parliamentary Committee for Economic Affairs Enterprise to present the 2017 *Annual Report*, on 31 October.

In his first testimony before the Committee for Economic Affairs and Enterprise of the Lower House, the Governor announced that work was under way on a strategic planning process for the Bank.

In this respect, it should be noted that the Governor's regular testimonies before the Budget Committee of the Lower House of Parliament are mainly centred on explaining the draft State Budget. These testimonies are always approved by the Executive Board of the Lower House and, subsequently, by the Budget Committee Board and spokespersons. Traditionally, the Governor is the first in line to speak at this Committee. In addition, every year the Governor appears before the Lower House to present the *Annual Report* of the Banco de España, which reviews developments in the Spanish economy within the international economic framework, paying particular attention to monetary policy, fiscal policy and economic and financial flows. In 2018, this was the first time that the new Governor, Pablo Hernández de Cos, addressed the Lower House of Parliament. There, he announced some of the main lines of action to be followed by the institution in the near future. He referred to the strategic planning process under way for the coming years, which will address, with an integrated and forward-looking approach, certain issues and aspects considered to be essential for the Banco de España to better perform its functions and bring greater value to society, in the context of the Eurosystem and the new economic governance of the euro area.

Lastly, the public appearances of the Governor and the Deputy Governor at different fora and organisations can be found on the Banco de España website, and their calendars are published on the Transparency Portal.

ORGANISATION CHART OF THE BANCO DE ESPAÑA

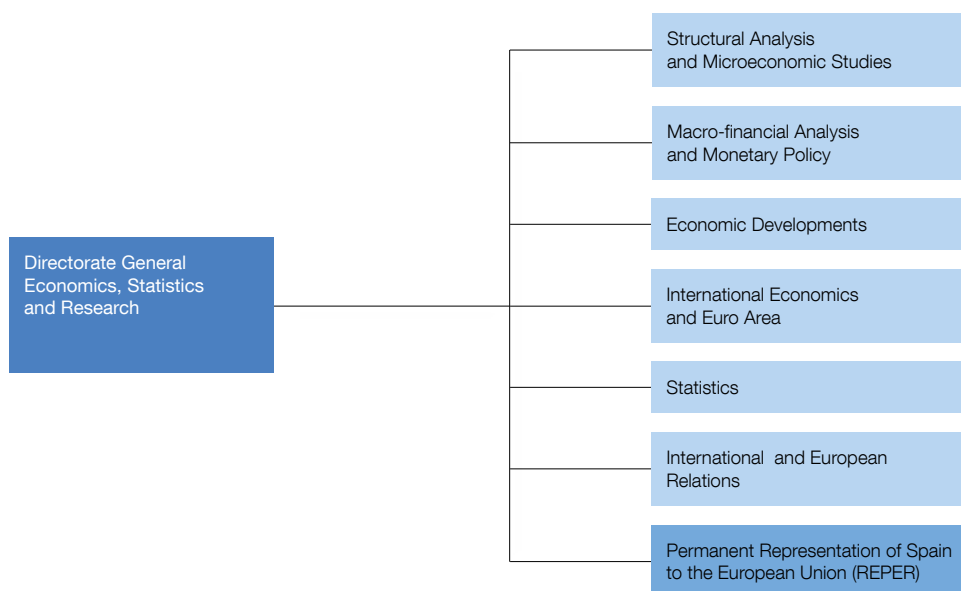


1.3 STRUCTURE OF THE BANCO DE ESPAÑA

1.3.1 Organisation chart and structure. Directorates General and General Secretariat

The Banco de España performs the functions with which it has been entrusted through its governing bodies (described above), and its Directorates General and General Secretariat.

The Directorate General Economics, Statistics and Research conducts studies, research and statistics to advise the Bank's management.



The Directorate General Economics, Statistics and Research is mainly responsible for conducting the studies and research needed to advise the governing and management bodies of the Banco de España on economic and financial matters within the sphere of the Spanish, European and international economy.

These studies and research are also used for the ongoing monitoring of the formulation and implementation of the Eurosystem's monetary policy.

In addition, it collaborates with other national and international agencies and fora and drafts the reports and publications within its remit (for example, the *Annual Report*), compiling, analysing and disseminating the statistics entrusted to it.

As regards its composition, until 11 June 2018, the Director General Economics, Statistics and Research was Pablo Hernández de Cos, Pilar L'Hotellerie-Fallois was the Associate Director General International Affairs, and Óscar Arce, the Associate Director General Economics and Research.

Following the appointment of Pablo Hernández de Cos as Governor, with effect from 11 June, Óscar Arce was named Directorate General Economics, Statistics and Research pursuant to a resolution of the Executive Commission of 21 June 2018. His appointment was ratified by the Governing Council of the Banco de España at its meeting on 29 July 2018.

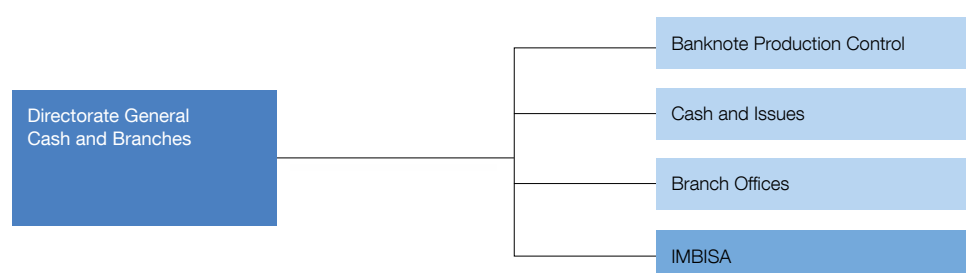
The Directorate General Economics, Statistics and Research underwent substantial reorganisation in November 2018, basically intended to strengthen its structure and adapt

it better to the functions assigned to it, and to the responsibilities and tasks of the Banco de España in the multilateral fora of which it forms part, and in its close, regular cooperation with national and international institutions.

Following the restructuring, the Directorate General Economics, Statistics and Research was divided into six departments: i) Economic Situation Analysis Department, which focuses on the analysis, monitoring and forecasting of the situation of the Spanish economy as a whole; ii) Macro-financial Analysis and Monetary Policy Department, which performs the tasks necessary to support the Banco de España's position on the conduct of monetary policy in the euro area; iii) Structural Analysis and Microeconomic Studies Department, which is responsible for monitoring and analysing the structural aspects of the functioning of the Spanish economy; iv) World Economy and Euro Area Department, whose main functions are the macroeconomic monitoring of the economy of the euro area and the world economy; v) International and European Relations Department, whose main tasks are to coordinate, organise and advise senior management of the Bank at the international and European fora within its remit, and vi) Statistics Department, which compiles the main statistics for which the Banco de España is responsible. The counsellor for the Permanent Representation of Spain to the European Union (REPER) reports to this directorate general.

The Associate Directorates General of International Affairs and Economics and Research disappeared following the restructuring.

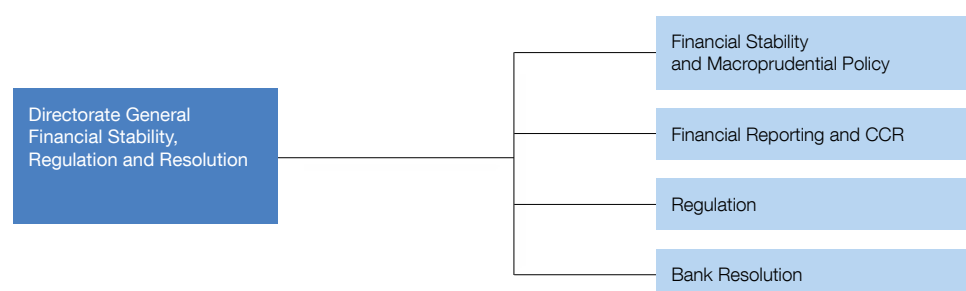
The Directorate General Cash and Branches controls production and issuance of banknotes and the circulation of coins.



The Directorate General Cash and Branches is responsible for, inter alia, monitoring the Banco de España's euro banknote production process (entrusted to the special-purpose entity IMBISA), the issuance of banknotes, circulation of coins, and tasks relating to the withdrawal, exchange and custody of banknotes and coins. It also performs the functions of detecting and analysing counterfeit banknotes and coins. Moreover, it is responsible for managing the Bank's branch network.

The Director General Cash and Branches is Concepción Jiménez.

The Directorate General Financial Stability, Regulation and Resolution ensures financial stability, formulates macroprudential policy and is competent to resolve credit institutions.

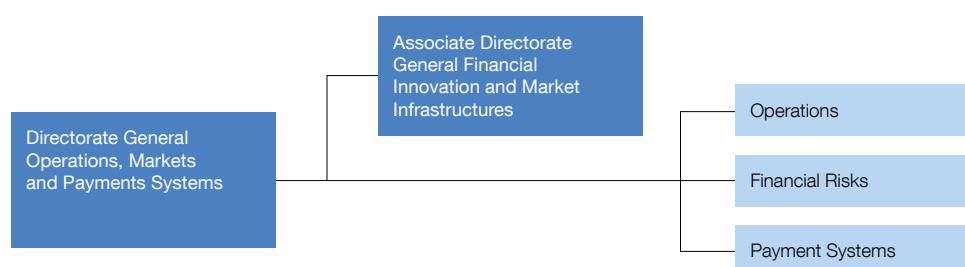


The Directorate General Financial Stability, Regulation and Resolution is entrusted with analysing and monitoring financial stability, preparing the *Financial Stability Report*, and analysing and formulating proposals on macroprudential policy.

Accordingly, it drafts reports and proposals on the issuance of rules on the regulation and disciplining of institutions subject to supervision, contributing to the design of regulatory policy. This Directorate General also manages the Central Credit Register and performs the preventive resolution tasks assigned to the Banco de España.

Its Director General is Jesús Saurina.

The Directorate General Operations, Markets and Payment Systems manages reserves and financial risks and oversees payment systems.



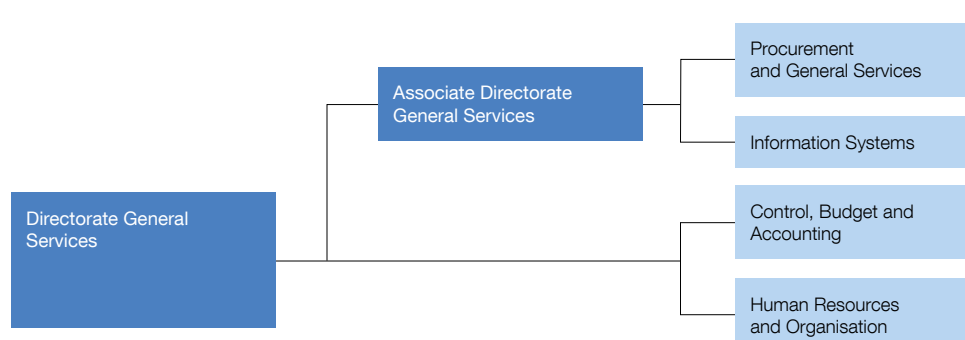
The Directorate General Operations, Markets and Payment Systems is entrusted with implementing the operations of the Banco de España in its capacity as a central bank and member of the Eurosystem. Among other tasks, it is responsible for the implementation in Spain of the Eurosystem's monetary policy, and for the management of gold, foreign currency reserves and euro-denominated financial assets owned by the Bank and financial risks, and for the rendering of various payment and other government debt-related services.

The Director General Operations, Markets and Payment Systems is Juan Ayuso.

Noteworthy in 2018 was the creation, within this Directorate General, of the Associate Directorate General Financial Innovation and Market Infrastructure, with Carlos Conesa as its Associate Director General. The main functions assigned to this Directorate General are: i) the ongoing monitoring and analysis of financial innovation processes, and ii) to develop and operate, in collaboration with other Eurosystem national central banks, pan-European market infrastructures in those areas in which the NCBs have comparative advantages.

The creation of this new Associate Directorate General is due to financial innovation processes, which have accelerated in recent years with the development of new products, services and intermediaries, supported in many cases by the use of new technologies. The term coined to refer to this phenomenon, *fintech*, highlights the importance of technology in this new phase.

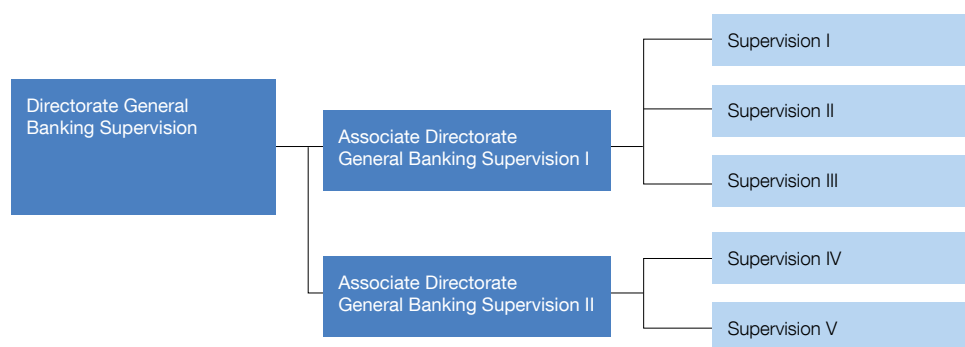
The Directorate General Services manages and administrates the Bank's internal services.



The management and administration of the internal services and functions common to the whole of the Banco de España is the responsibility of the Directorate General Services. Its tasks include: i) human resources and workplace health and safety; ii) hiring arrangements; iii) preparation of draft budgets and annual accounts; iv) accounting and control of the Bank's accounts; v) acquisition, maintenance and administration of its assets; vi) information systems, and vii) and organisation and management of internal security services.

The Director General Services in 2018 was Manuel Labrado. Since March, this position has been occupied by Alejandro Álvarez. The Associate Director General is Antonio Pérez Ocete.

The Directorate General Banking Supervision supervises the solvency of credit institutions and their compliance with regulations with the SSM framework.



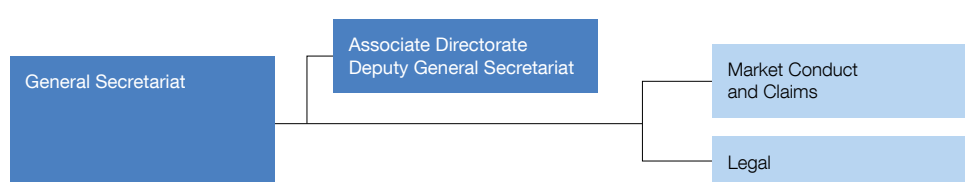
All the tasks assigned to the Banco de España as a supervisory authority within the framework of the SSM are concentrated in the Directorate General Banking Supervision. This Directorate General is therefore responsible for supervising the solvency of credit institutions and their compliance with the specific regulations governing them, indirectly in the case of significant credit institutions and directly in that of less significant credit institutions and other financial institutions supervised by the Banco de España, exercising all the powers arising from these functions.

Following Julio Durán's resignation as Director General, accepted by the Executive Commission of the Banco de España on 26 October 2018, Mercedes Olano was appointed Director General of Banking Supervision at the same meeting. Her appointment was subsequently ratified by the Governing Council.

As in the case of the Directorate General Economics, Statistics and Research, since the above appointment, this Directorate General has undergone major restructuring, approved by the Executive Commission at its meeting of 21 December 2018. The aim of this reorganisation was to improve the efficiency and coordination of the various tasks entrusted to the Directorate General Banking Supervision, creating a structure that mirrors that of the SSM.

The Associate Directors General of Banking Supervision are Francisco Monzón and Alberto Ríos.

The General Secretariat provides the secretariat for the governing bodies, heads the institution's legal advice service and exercises other competencies.

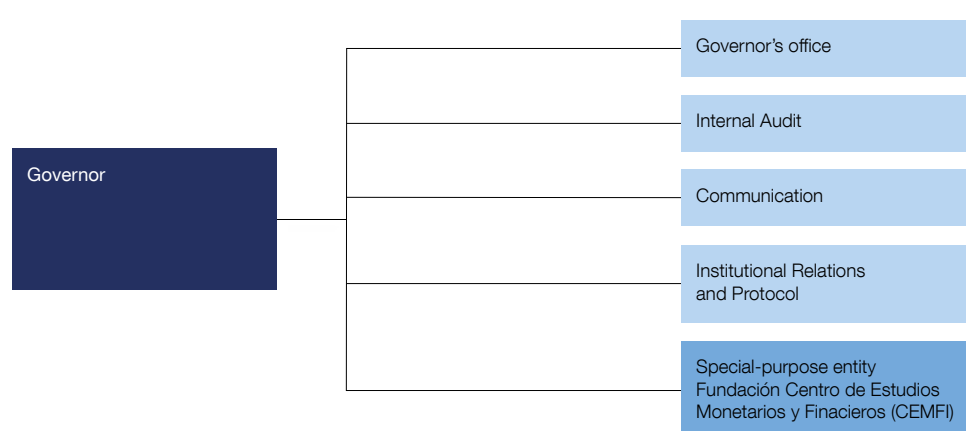


The General Secretariat has very varied functions, most notably to provide the secretariat for the governing bodies of the Banco de España and to head the legal advice service for the governing bodies and the institution as a whole; to conduct sanctioning proceedings; keep official registers and process authorisation procedures for new institutions; supervisory functions; supervisory and regulatory policy in respect of banking transparency and customer protection, and claims settlement.

It is also responsible for the areas of governance, transparency and access to public information, protection of personal data (the data protection officer has been assigned to the General Secretariat), E-Administration and Virtual Office, areas of institutional responsibility, and documentation, such as the register, the archives and documentation management.

The General Secretary is Francisco Javier Priego, and the Deputy General Secretary is Jaime Herrero.

Areas reporting directly to the Governor.



Lastly, and reporting directly to the Governor, there are a number of departments which have been entrusted with various cross-departmental functions. These departments, in their respective fields of competence, are responsible for: i) internal audit functions, specifically, reviewing the processes and procedures of the institution's different business areas; ii) media relations and implementation of the Bank's communication policy and institutional image; and iii) functions relating to institutional activities and protocol.

1.3.2 Banco de España head offices and branches

The main headquarters, located next to Plaza de Cibeles, primarily house the central services of the Banco de España.

The Banco de España has 17 office locations, which include the two Madrid buildings (the main headquarters, in Calle de Alcalá 48, and operational headquarters in Calle de Alcalá, 522), and a network of 15 branches, located in A Coruña, Alicante, Badajoz, Barcelona, Bilbao, Las Palmas, Malaga, Murcia, Oviedo, Palma, Seville, Santa Cruz de Tenerife, Valencia, Valladolid and Zaragoza.

The main headquarters of the Banco de España, next to Plaza de Cibeles, is a building of great architectural value which stands on the site of the former Palace of the Marquis of Alcañices. Before this building, the Banco de España's headquarters had occupied different locations. The building purchased in 1882 was not preserved, and the new



The Banco de España's regional organisation and branch network.

building designed for the site subsequently underwent as many as three expansions. There are several noteworthy interior spaces, such as the grand staircase, the library, the banking hall and the gold vault.

These headquarters primarily house the Bank's central services, governing bodies and senior management. The building in Calle de Alcalá, 522, is reserved for various operational functions.



Panoramic view of the head offices of the Banco de España in Madrid.

1.3.3 Special-purpose entities

The Banco de España has two special-purpose entities: a) the commercial-law company Imprenta de Billetes, SA (IMBISA), and b) the Foundation Centro de Estudios Monetarios y Financieros (CEMFI).

a) Imprenta de Billetes, SA, specific resource of the Banco de España (IMBISA)

The Banco de España owns 80% of IMBISA, a company that manufactures euro banknotes.

IMBISA is a publicly-owned commercial-law company whose sole corporate purpose is the production of euro banknotes. This special-purpose entity was created in response to the need to adapt to the legal framework for euro banknote production, following approval of Guideline (EU) 2015/280 of the European Central Bank of 13 November 2014, on the establishment of the Eurosystem Production and Procurement System (ECB/2014/44).

In the specific case of Spain, the option chosen was a model under which the national quota of euro banknotes for the ESCB could be produced by a commercial-law company assigned the status of a specific resource and technical service of the Banco de España. Accordingly, Law 36/2014 of 26 December 2014 on the 2015 State Budget amended the Law of Autonomy of the Banco de España so that the central bank could entrust its euro banknote production quota to a commercial-law firm in which it held a majority stake.

The company, which was created on 2 November 2015, is 80%-owned by the Banco de España and 20%-owned by the Spanish National Mint (FNMT-RCM, by its Spanish abbreviation). According to the amendment of the above law contained in the 2017 State Budget Law, the latter may maintain its stake in IMBISA for as long as the company carries out its banknote production activities on the premises of the FNMT-RCM. Pursuant to IMBISA's articles of association, the Shareholders' General Meeting and the Board of Directors are responsible for the governance, management and representation of the company.

In compliance with its corporate purpose, since 2 November 2015, IMBISA has been producing the quota of euro banknotes assigned to the Banco de España.

b) Centro de Estudios Monetarios y Financieros (CEMFI)

CEMFI is a foundation engaging in graduate education and research in Economics and Finance.

CEMFI was created by the Banco de España in 1987 with the principal aim of organising a post-graduate programme focusing on education for high-level specialists in Economics and Finance. In 1991, the Bank set up the Fundación Centro de Estudios Monetarios y Financieros (CEMFI), with the aim of promoting education and research in Economics, focusing particularly on monetary and financial issues. The foundation was recognised and classified under a Ministerial Order dated 12 April 1991 and is registered in the State Foundation Register.

The foundation's Board of Trustees is composed of a minimum of five and a maximum of 16 members. Its ex officio members are the Governor and the Deputy Governor of the Banco de España. The Governor chairs the Board of Trustees and the Deputy Governor chairs the Executive Commission of the foundation. The elected members of the Board of Trustees are appointed by the Executive Commission of the Banco de España, at the proposal of the Board of Trustees, for a four-year term of office and with the possibility of re-election. The foundation's Executive Commission is composed of a minimum of three



Courtyard in the CEMFI head offices (left). Production of Europa series €20 banknotes (right).

and a maximum of five members. The elected members of the Executive Commission are appointed by the Board of Trustees.

To fulfil its goals, the foundation's activity focuses on graduate education and research. As regards graduate education, CEMFI offers, jointly with the Universidad Internacional Menéndez Pelayo, a post-graduate programme which leads to a master's degree in Economics and Finance and to a PhD in Economics and Governance. It also organises, in collaboration with the Directorate General Banking Supervision, a Diploma in Banking Supervision to provide training for those aspiring to form part of the credit institutions inspectorate. With respect to research, CEMFI obtained accreditation from the María de Maeztu Excellence Unit, granted by the State Research Agency to boost the quality of Spanish scientific research through the recognition of the research centres that stand out internationally.

1.4 REPORTS AND PUBLICATIONS

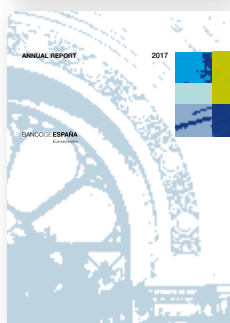
The Banco de España periodically publishes documents providing information on the activities that fall within its remit. These publications are listed on its website⁴.

The documents published by the Banco de España on an annual or half-yearly basis include:



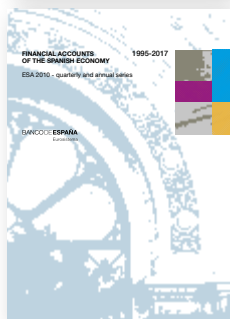
Institutional Report

The *Institutional Report* is intended to provide the public at large with a fuller view of the organisation and structure of the Bank, and of the various functions it performs. It also summarises the principal activities carried out over the year.



Annual Report

The *Annual Report* of the Banco de España analyses the performance of the Spanish economy in the context of the international economy, with particular emphasis on monetary and fiscal policy and economic and financial flows.



Financial Accounts of the Spanish Economy

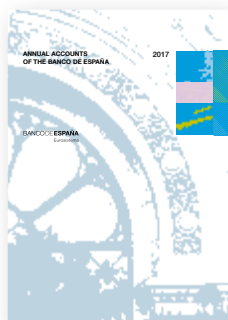
The *Financial Accounts of the Spanish Economy* includes annual and quarterly series on financial and non-financial flows in the Spanish economy, and is divided into two sections: i) the non-financial national accounts, prepared by the Spanish National Statistics Institute (INE, by its Spanish abbreviation), and ii) the financial balance sheets and financial transaction accounts for the sectors and sub-sectors of the Spanish economy.



Report on Banking Supervision in Spain

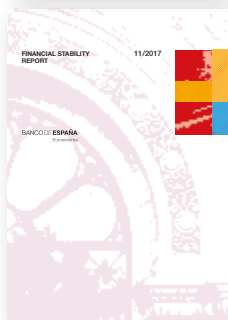
This annual publication includes a detailed description of the supervisory functions of the Banco de España and the supervisory actions undertaken during the year, and of the organization of the Banco de España's supervision, the priorities and strategies adopted, Banco de España circulars relating to supervision and its participation in international fora on banking regulation and supervision.

⁴ The Publications Catalogue, periodically updated, can be found at the following link: <https://www.bde.es/f/webbde/Secciones/Publicaciones/Relacionados/Fic/Catalogopublicaciones.pdf>. Most of the documents listed there are available in pdf format, downloadable free of charge, at <http://www.bde.es/webbde/es/secciones/informes/>. If a publication cannot be found on the website, it can be requested from publicaciones@bde.es.



Annual Accounts of the Banco de España

The *Annual Accounts of the Banco de España* comprise the balance sheet, the profit and loss account and the notes to the accounts. These accounts have been prepared in accordance with the accounting policies framework established for national central banks in the European System of Central Banks (ESCB).



Financial Stability Report

This is a half-yearly publication that analyses the risks to the Spanish financial system and the profitability and solvency of Spanish credit institutions using both a backward- and forward-looking approach. The report likewise presents the Banco de España's macroprudential policy and measures.



Central Credit Register Report

This publication includes the activities carried out by the Central Credit Register (CCR) of the Banco de España in the preceding year. The information in the CCR allows: i) the banking regulator to build its own credit risk models to compare and validate against those presented by supervised institutions, and ii) it allows supervised institutions to model their credit risk and appropriately validate their own models.



Annual Claims Report

The annual report provides a statistical analysis of the proceedings processed by the Market Conduct and Claims Department, indicating, amongst other issues, the areas in which claims and complaints were lodged, as well as the affected entities. It also indicates the transparency regulations and the best practice criteria applied in the resolutions issued during the corresponding year.



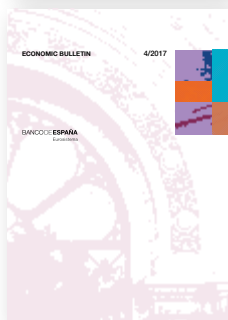
Central Balance Sheet Data Office. Annual results of non-financial corporations

This publication contains the annual series of results of non-financial corporations over the last ten years (balance sheets, income statements, ratios, etc.) and non-financial information relating, inter alia, to employment and salaries.



Annual Report on the Oversight of Financial Market Infrastructures

This publication describes the main changes that took place in Spanish financial market infrastructures during the year and explains the oversight activities carried out in the area of payment systems.



In addition to the above publications, the Banco de España publishes another series of documents known as the *Economic Bulletin*, which presents the key messages relating to the macroeconomic performance of the Spanish economy. The Bulletin is published on a quarterly basis and contains the “Quarterly Report on the Spanish Economy”.

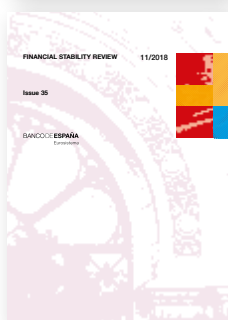
The Banco de España publishes the “Quarterly Report on the Spanish Economy” and various analytical articles and economic notes.

The analytical articles in the Bulletin are published separately on the Bank’s website during the quarter.

The economic notes focus on specific issues, both of a methodological and statistical nature and relating to changes in the economy. At the end of each quarter, in addition to the Quarterly Report, the Bulletin includes the list of links for electronic access to the articles and notes published during the last three months on the Bank’s website.



Other publications issued by the Bank include the *Statistical Bulletin*, on a monthly basis and in electronic format, containing the economic statistics compiled by the Banco de España, and the *Research Update*, targeted at the international scientific community, which provides a summary, every six months, of research activities at the Banco de España.



Lastly, the Banco de España publishes the *Financial Stability Review*, which acts as a platform for communication and dialogue regarding issues relating to financial stability, with particular focus on prudential regulation and supervision. It is an open, half-yearly, publication, accommodating personal collaborations by financial sector researchers and professionals that are subjected to an anonymous refereeing process.

1.5 BANCO DE ESPAÑA WEBSITE AND PORTALS. VIRTUAL OFFICE

Through its website and various portals, the Banco de España offers the general public access to a broad range of information and documents which, both in terms of volume and useful content, are a major source of economic and financial information.

The contents of the website are organised according to the Bank's main area of activity: economic analysis, banknotes and coins, Central Balance Sheet Data Office, public debt, financial stability, statistics, monetary policy, payment systems and supervision.

The electronic versions of publications and an extensive database of sector-specific legislation are available on the website, which also contains information on the services provided by the Bank, the main economic and financial indicators and the most relevant news concerning to the institution. In addition, users have access on this website to all the information relating to Banco de España job offers and scholarships.

1.5.1 Virtual Office

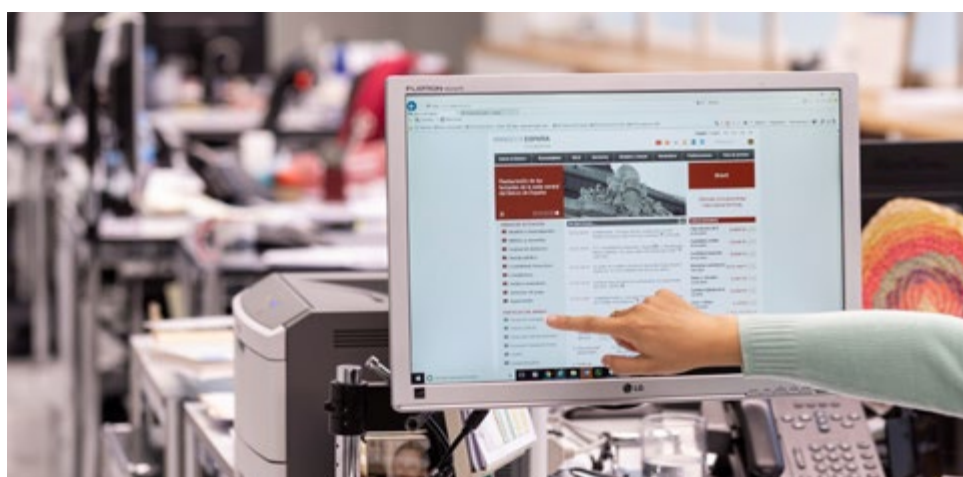
The Virtual Office continues to be the website of the Banco de España. It is available to all users wishing to conduct business with the Bank by electronic means.

In 2018, four new procedures were added to the Virtual Office, bringing the total number of electronic procedures to 72.

The 72 procedures provided by the website include all those instituted or resolved by the Banco de España at the request of the party concerned.

The number of visits to the Virtual Office has continued to rise gradually since it was launched in 2010. In 2018, the Virtual Office received 1,047,765 visits, 196,765 more than in 2017 (an increase of around 23%).

Among the most visited sections of the Virtual Office are the "Catalogue of procedures" section (which includes an alphabetical list of all procedures and services offered),



The electronic versions of publications can be accessed on the website.

MOST VIEWED PROCEDURES	Request for credit reports from the Central Credit Register	785,118 page views (69% of the total)
	Submission of claims, complaints and enquiries	120,850 page views (10% of the total)
	Reporting by residents in Spain on cross-border economic transactions and stocks of external financial assets and liabilities (ETE form)	76,867 page views (7% of the total)
	Exchange of pesetas for euros	58,938 page views (5% of the total)
	Changing euro banknotes and coins for smaller denominations	26,631 page views (2% of the total)
MOST DOWNLOADED FILES	Request for credit reports from the Central Credit Register	117,671 downloads
	Credit report: explanation of content and codes used	48,956 downloads
	Form for abridged annual reporting	24,795 downloads
	Form for reporting agents, legal persons (including public units) and natural persons with transactions and/or balances	13,183 downloads
	List of electronic procedures and services	9,100 downloads

SOURCE: Banco de España.

accounting for 47% of all visits, the “Citizens” section, with 28% of visits, and the “Public Authorities” section, with 9%.

A total of 234,588 files were downloaded from the website.

In 2018, backup was provided to the Virtual Office in the form of 2,487 electronic mails, which represents an increase of approximately 7% with respect to 2017.

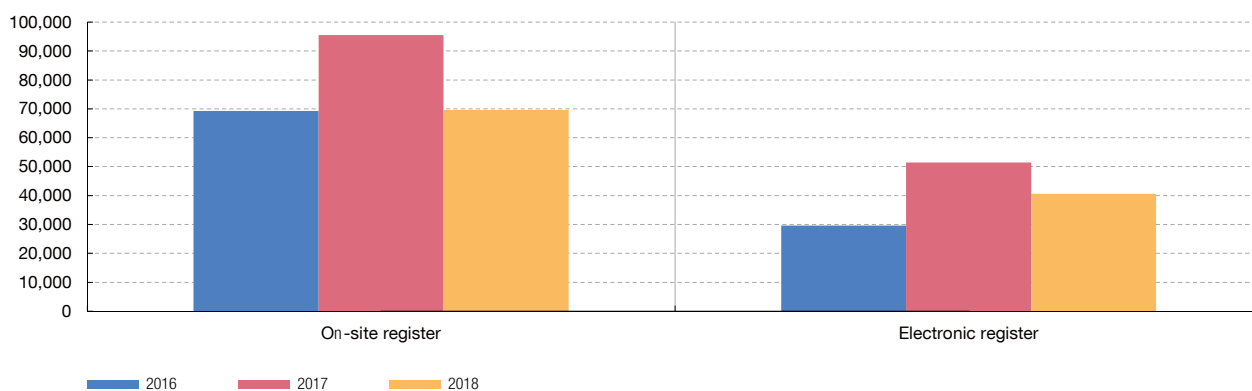
1.5.2 General Register and general information point

The Electronic Register is the channel for receiving and sending communications relating to the procedures and services of the Banco de España.

The Electronic Register is the channel for the electronic receipt of requests, written submissions and communications relating to procedures available in the Virtual Office, which require submission to a register. It operates 24 hours a day, all year round, except when necessary interruptions arise for technical reasons.

REGISTERS

CHART 1



SOURCE: Banco de España.

As the table below shows, in 2018 the total number of documents submitted through Banco de España registers fell considerably, in both the on-site registers and in the Electronic Register, reversing the upward trend of recent years.

	2016	2017	2018	Year-on-year change (2017-2018)
On-site register	69,232	95,427	69,539	-27%
Electronic register	29,539	51,342	40,505	-21%
TOTAL	98,771	146,769	110,044	-25%

The on-site general information point handled 3,275 requests in 2018.

The Banco de España also offers citizens an on-site general information point which gives them access, both at the head offices or at the branches, to any general information they may need about the procedures and services provided by the Banco de España.

	2016	2017	2018	Year-on-year change (2017-2018)
On-site information point	5,092	4,054	3,275	-19%

In 2018, the information point of the Banco de España handled 3,275 requests, continuing the downward trend of previous years.

1.5.3 E-Administration and document processes

To achieve the objective of incorporating information and communication technologies to the Bank's procedures, and adapting public-sector governance to the use of electronic means, the Banco de España is, together with the central government, drawing up an agreement to establish the general terms and conditions for the use by the Banco de España of the basic technological solutions owned by the State General Secretariat for Digital Administration. Having recourse to these technical infrastructures will enable the Banco de España to access the registry of powers of attorney or the Notific@ platform, which receives notifications and communications from the issuing agencies and makes

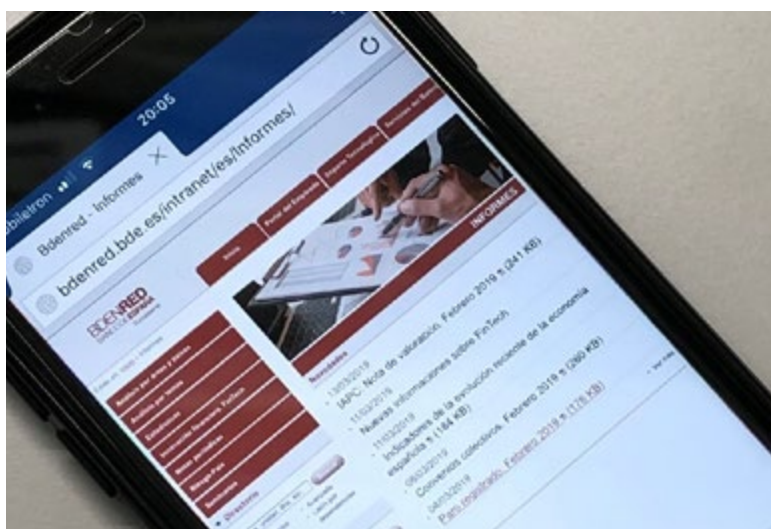


General information point at the head offices of the Banco de España

them available to the parties concerned so that they can “appear” electronically in the general government website (060).

The Banco de España continues to implement the E-Administration Model to optimise its organisational processes.

The Banco de España continues to implement the E-Administration Model to optimise its organisational processes. In 2016, there was an initial phase of identification, classification, digitalisation and inclusion in the corporate document management system of frequently used documentation relating to the personal files of Banco de España employees. The second phase, which concluded in 2018, dealt with all the files held by the Human



A mobile phone application to view and approve documents has been developed.

Resources and Organisation Department on their records. Among other important aspects, this work has enabled the Bank to strengthen information control and security, improve accessing and searching for information, convert paper documents into electronic form with full legal guarantees, reduce the costs and the time spent on the hard-copy archives and, thus, free up physical space in the office archives.

In 2018, an application was developed to enable employees working with mobile devices to perform certain documentary processes, such as viewing and approving documents, or performing searches, using tablets or mobile phones.

In 2018, a total of 169,240 documents were digitalised.

Implementation of the guaranteed digitalisation of documents in the General Register resulted in the digitalisation of 169,240 documents (1,145,820 pages) in 2018.

In this respect, the Banco de España has continued to extend the process of guaranteed digitalisation to other units and has begun implementing it at department-level, allowing them to digitalise any important, paper-based documentation themselves, with full guarantees.

1.6 OTHER WEB PORTALS

In addition to the Virtual Office, mention should be made of other portals that can be accessed on the Banco de España website.

1.6.1 *The Transparency Portal and requests for access to public information*

The Banco de España addresses the issue of transparency from the perspective of a commitment to inform citizens, through the Transparency Portal, and their right of access to public information.

The activities pursued by the Banco de España that are regulated by administrative law are subject to compliance with certain transparency obligations stipulated in Law 19/2013 of 9 December 2013 on transparency, access to public information and good governance, from the double perspective of a commitment to inform citizens (which entails the regular publication of certain information on its website) and of the obligation to ensure citizens' right to access public information.

a) The Transparency Portal

The Banco de España has addressed its commitment to inform citizens by creating a Transparency Portal on its website, whose aim is to broaden and strengthen the institution's transparency as a mechanism for facilitating control of its public actions. The Banco de España publishes information on the Transparency Portal, under the following categories:

- *Institutional and planning information*: this section gives essential information on the Banco de España, what it does, how it is organised and how it works. It includes information relating to the functions of the Banco de España, the legal framework applicable to its activities, the organisational structure of the institution, the agendas of the Governor and the Deputy Governor, the codes of conduct, plans and schedules for the institution's activities, and the logging of personal data processing activities for which the institution is responsible.
- *Information of legal importance*: this section basically facilitates public control of the Banco de España's actions relating to the drafting of legal provisions. It includes circulars, documents subject to public consultation, reports, technical applications and guidelines prepared by the institution and documents issued by international organisations developed within the framework of collaboration with the Banco de España.



The Transparency Portal of the Banco de España.

- *Economic information*: this section, which deals with economic, budget and statistical information and the use of public funds, includes information relating to contracts, agreements, management delegation agreements, cultural and social work, budget management, annual accounts, salaries of members of governing bodies and senior directors, conflicts of interest of public employees, fixed assets and official vehicles, and the institution's historical and art heritage.

In 2018, as shown in the table below, the Transparency Portal received fewer visits than in 2017.

	2016	2017	2018	Year-on-year change (2017-2018)
Visits to the Transparency Portal	28,470	33,810	27,929	-17.4%

The most visited section of the Transparency Portal continues to be, as in previous years, the section on economic information, which accounts for 33.2% of total visits to the Transparency Portal.

b) Citizens' right of access to public information

As indicated earlier, the Banco de España is an institution subject to the right of access to public information by citizens, with regard to those activities that are governed by administrative law.

The number of requests for access to public information increased by 385% with respect to the previous year.

In 2018, the public submitted 63 requests for access to public information, significantly more than in the previous year, in which 13 requests were received. This notable increase was basically due to the requests for access to public information regarding the different aspects of the resolution of Banco Popular Español, SA.

1.6.2 The Bank Customer Portal

The Bank Customer Portal offers a wealth of information to customers of banking and payment services.

The Bank Customer Portal aims to provide information to individuals who have (or may have in the future) dealings with a financial institution.

The portal offers a wealth of information on banking and payment products and services, statistics and indicators on, among other topics, interest rates, bank charges and complaints, the latest financial news and e-mail boxes for submitting complaints and queries. It also provides useful information on good banking practices, and on the different types of financial institutions and their operational framework and activities, paying particular attention to those that are supervised by the Banco de España. This information is supplemented with an extensive compilation of regulations relating to general banking, regulations usually referred to as "banking transparency and consumer protection regulations", and also those relating to payment services.

The portal also includes information sections which provide detailed explanations, in language that is easy to understand, of the different banking and payment products and services, with simulators which allow the user to calculate, for example, the annual percentage rate (APR) of a mortgage or personal loan, the instalment payable on such loans or even the maturity date of the last instalment of a revolving card.



The Bank Customer Portal of the Banco de España.

In 2018, there was a special drive to develop the blog section, as a key element to offer up-to-date or specific information on topics of interest to the public, thus strengthening the portal's role as a financial education tool.

The portal has undergone major redesign and technological renewal to make it more user-friendly and accessible to the public. However, such renewal has required certain changes to the login URL and key search words, leading to a fall in the number of visits, which has gradually tempered.

1.6.3 Protection of personal data

The Banco de España applies the General Data Protection Regulation and has appointed a data protection officer.

Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (implemented by Organic Law 3/2018 of 5 December, on the protection of personal data and the guarantee of digital rights) applies in all Member States of the European Union from 25 May 2018. Under this Regulation, public authorities or bodies that process personal data must appoint a data protection officer (DPO).

To comply with this obligation, in April 2018, the Banco de España appointed, as the institution's DPO, the Governance and Transparency Division in the Associate Directorate General Deputy General Secretariat. The DPO acts as a liaison between the Banco de España and the Spanish Data Protection Agency and the general public in all matters relating to the processing of personal data.