



Communication Department

## PRESS RELEASE

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### **The Banco de España designates a Global Systemically Important Institution and establishes its macroprudential capital buffer rate for 2024**

The Banco de España has designated<sup>1</sup> Banco Santander, S.A., on a consolidated basis, as a global systemically important institution (G-SII) and has established its capital buffer for 2024 on the basis of the list of global systemically important banks (G-SIBs) published by the Financial Stability Board (FSB).<sup>2</sup>

The G-SII capital buffer aims to mitigate the adverse systemic effects that this type of institution could cause for the financial system. This macroprudential requirement strengthens the loss-absorbing capacity of the most systemically important institutions and helps to encourage prudent risk-taking and to offset the possible competitive advantage this type of institution may enjoy in funding markets.<sup>3</sup>

Rule 13 of Banco de España Circular 2/2016 includes the methodology developed by the Basel Committee on Banking Supervision (BCBS)<sup>4</sup> which is applicable for identifying G-SIIs. This methodology estimates the global systemic importance of an institution on the basis of the following variables: size, by volume of assets; substitutability; complexity of the services provided; interconnectedness with the financial system; and volume of cross-border activity. All variables are measured relative to the largest global banks.

On data as at 31 December 2021, Banco Santander, S.A. obtained an overall systemic importance score of 174 basis points (bp). Thus, in line with the sub-categories outlined in Table 2, Banco Santander, S.A. has been designated, on a consolidated basis, as a G-SII in sub-category 1 (as was the case in previous

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<sup>1</sup> This annual macroprudential decision is taken within the framework of the powers conferred upon the Banco de España, in transposition of Directive 2013/36/EU (CRD), by Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions and Royal Decree 84/2015, implementing the aforementioned Law – as amended, respectively, by Royal Decree-Law 7/2021 and Royal Decree 970/2021, which transpose Directive 2019/878/EU (CRD V) –, as well as by Banco de España Circular 2/2016 of 2 February 2016 to credit institutions on supervision and solvency, which completes the adaptation of Spanish law to the CRD.

<sup>2</sup> See the FSB press release [2022 list of global systemically important banks \(G-SIBs\)](#) and the Bank for International Settlements (BIS) press release [Basel Committee publishes more details on global systemically important banks](#), both of 21 November 2022.

<sup>3</sup> The G-SII capital buffer also helps to determine various bank resolution regulatory requirements applicable to these institutions (specifically, the minimum requirement for own funds and eligible liabilities (MREL) and total loss-absorbing capacity (TLAC)).

<sup>4</sup> See BCBS, [Global systemically important banks: revised assessment methodology and the higher loss absorbency requirement](#), July 2018.

years) and will therefore remain subject to a Common Equity Tier 1 (CET1) capital buffer requirement for G-SIIs equal to 1% of its total risk exposure (risk-weighted assets or RWAs) on a consolidated basis.

**Table 1. Information on the designation of a Spanish G-SII**

Legal Entity Identifier (LEI)	Institution	Systemic importance score (bp)	Capital buffer rate (% of RWAs) in 2024	Sub-category
5493006QMFDDMYWIAM13	<b>Banco Santander, S.A.</b>	174	1.0%	1
<i>Memorandum item:</i>	<i>Categories of indicators</i>			
	Size	170		
	Substitutability	44		
	Complexity	75		
	Interconnectedness	136		
	Cross-border activity	447		
	<i>Additional overall score (Article 131(2a) of the CRD)</i>	169		
	<i>Adjustment for SStructural Regional Arrangements (ASTRA) score (Basel)</i>	171		

Sources: Banco de España, BCBS and FSB.

Notes: The scores indicated for each of the five categories of indicators are given a 20% weighting to obtain the institution's overall systemic importance score. The additional overall score is an alternative identification methodology provided for in Article 131(2a) of the CRD and Article 5(5a) of Commission Delegated Regulation (EU) No 1222/2014, whereby all claims and liabilities vis-à-vis counterparties established in Member States participating in the European banking union (EBU) are considered to be domestic. In May 2022 the BCBS agreed to apply a parallel systemic importance scoring methodology (ASTRA)<sup>5</sup> to EBU-headquartered banks, which is also based on treating cross-border exposures within the EBU as domestic, with the application of a factor of 66%.

**Table 2. G-SII sub-category framework**

Sub-category	Systemic importance score bucket (bp)	Capital buffer rate (% of RWAs, CET1)
5	530 – 629	3.5%
4	430 – 529	2.5%
3	330 – 429	2.0%
2	230 – 329	1.5%
1	130 – 229	1.0%

Source: BCBS.

<sup>5</sup> The ASTRA scoring methodology is developed by the ECB in "Governing Council statement on the treatment of the European banking union in the assessment methodology for global systemically important banks", of 27 June 2022.

Banco Santander, S.A. will foreseeably be designated as an other systemically important institution (O-SII) for 2024. According to Rule 23 of Circular 2/2016, the effective capital buffer rate applicable to Banco Santander, S.A. in 2024 as a G-SII will be the higher of the G-SII buffer rate and the O-SII buffer rate to be set at a later date.<sup>6</sup>

This G-SII measure was previously notified to the European Central Bank, pursuant to the procedure envisaged in Article 5(1) of Regulation (EU) No 1024/2013, and to the European Systemic Risk Board, in accordance with Article 46(6) of Law 10/2014, Article 66 of Royal Decree 84/2015 and Rule 16 of Circular 2/2016. In addition, the proposal was notified in advance to the Spanish macroprudential authority (AMCESFI), pursuant to Article 16 of Royal Decree 102/2019 and the sole additional provision of Royal Decree-Law 22/2018.<sup>7</sup>

The next decision on G-SIIs (determining the associated capital buffer rate for 2025) is expected to be taken towards the end of 2023, in line with the deadlines and standard practices of other European Union national authorities.

The list of systemically important institutions and the associated macroprudential capital buffers set in previous years by the Banco de España can be found [here](#).

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<sup>6</sup> The Banco de España's macroprudential measure applicable to O-SIIs in 2024 will be adopted by 1 December 2023 at the latest.

<sup>7</sup> AMCESFI has not issued an advisory opinion, as this measure is unchanged (in terms of both the institution's systemic importance and the applicable G-SII measure) from a year earlier.

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