



PRESS RELEASE

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Banco de España designates the systemically important institutions in 2017 and sets their capital buffers

The Banco de España has designated the institutions which will be considered global systemically important institutions (G-SIIs) and other systemically important institutions (O-SIIs) in 2017.

Global systemically important institutions (G-SIIs)

In application of the resolution of the Financial Stability Board of November 2015 and under the methodology specified in Rule 13 of its Circular 2/2016, the Banco de España has designated Banco Santander as a G-SII in 2017.

Banco Santander has been classified in sub-category 1, where it has been since 1 January 2016, because it obtained a score of 208 in the indicator used for classifying G-SIIs. Therefore, Banco Santander will be subject to an additional common equity tier 1 requirement, the so-called G-SII capital buffer, equal to 1 % of its total risk exposure on a consolidated basis. However the buffer applicable in 2017 will be 0.5 % in accordance with the tenth transitional provision of Law 10/2014, which establishes a gradual implementation period whereby the amount required in that year will be only 50 % of the full requirement which will not become effective until 2019.

The designation as a G-SII will be reviewed annually. If in 2018 it retains its G-SII status and its classification in sub-category 1, Banco Santander will be subject to compliance with a G-SII buffer of 0.75 % in that year.

BBVA will cease to be identified as a G-SII from 1 January 2017 because its score is below the threshold of 130 points set for identification as a G-SII.

Other systemically important institutions (O-SIIs)

Also, the Banco de España designated as O-SIIs for 2017 those Spanish institutions with a score exceeding the threshold of 350 points, calculated according to the guidelines of the European Banking

Authority on the identification of O-SIIs (EBA/GL/2014/10) set out in Rule 14 and Annex 1 of Banco de España Circular 2/2016.

Table 1 shows these institutions, with their respective scores and capital buffers. These have been defined by the Banco de España in terms of common equity tier 1 capital calculated as a proportion of total risk exposure on a consolidated basis. The buffers to be applied in 2017 will be 50 % of the required total only from 1 January 2019, given that the first transitional provision of Banco de España Circular 2/2016 provides for a gradual implementation period.

Table 1. O-SIIs for 2017¹

Institutions	Score	Capital buffer in 2017	Capital buffer in 2019
Santander	3,887	0.500 %	1.00 %
BBVA	2,079	0.375 %	0.75 %
Caixabank	796	0.125 %	0.25 %
Bankia	544	0.125 %	0.25 %
Sabadell	471	0.125 %	0.25 %
Popular	402	0.125 %	0.25 %

The quantification of the buffers is based on a methodology different from that used last year, in line with the new criteria set by the European Central Bank in order to reduce the heterogeneity of the O-SII capital buffers set by the various SSM countries. This new methodology gave rise to an increase of 0.25 % in the final buffers required of BBVA, Sabadell and Popular from 1 January 2019.

In the case of Banco Santander, under Rule 23 of Banco de España Circular 2/2016, only the higher of the two capital buffers will apply. Since the two are identical, the buffer required of Banco Santander in 2017 will be 0.50 %.

As with G-SIIs, the designation of O-SIIs is reviewed annually. If the currently designated institutions retain their status as O-SIIs in 2018 and also remain in their current sub-categories, they will be subject to the following O-SII buffers in 2018: Banco Santander, 0.75 %; BBVA, 0.5625 %; Caixabank, Bankia, Sabadell and Popular, 0.1875 % each.

¹ Under the methodology of the European Banking Authority, the scores are calculated using the maximum scope of consolidation. Noteworthy in this respect are the cases of Caixabank and Bankia, where the scope of consolidation includes their respective parent companies (CriteriaCaixa and BFA).