



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 2023

In keeping with the recent decision of the Financial Stability Board¹ on Global Systemically Important Banks (G-SIBs), the Banco de España has renewed² the designation of Banco Santander, S.A. as a Global Systemically Important Institution (G-SII) and established its associated capital buffer rate for 2023.

The G-SII capital buffer is a macroprudential requirement that aims essentially to mitigate any adverse systemic effects that such institutions may have on the financial system, by strengthening their loss-absorbing capacity. This requirement offers an incentive to prudent risk-taking, while also counterbalancing the potential competitive advantage of institutions of this kind on the financial markets owing to their systemic footprint.

G-SIIs are identified using the methodology developed by the Basel Committee on Banking Supervision (BCBS),³ set out in Rule 13 of Circular 2/2016, which estimates the global systemic importance of an institution based on activity and business model-related variables (specifically, size by volume of assets, substitutability and complexity of the services provided, interconnectedness with other financial institutions and volume of international activity) in relation to the world's largest banks.

¹ See the Financial Stability Board (FSB) communiqué *2021 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 23 November 2021.

² This annual macroprudential decision is taken within the framework of the powers granted to 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 above Law, as amended, respectively, by Royal Decree-Law 7/2021 and Royal Decree 970/2021, transposing 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, and which is expected to be amended shortly to complete the transposition of CRD V.

³ BCBS. *Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement*, July 2013.

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 2023	Sub-category
5493006QMFDDMYWIAM13	Banco Santander, S.A.	192	1.0%	1
<i>Memorandum item:</i>		<i>Categories of indicators</i>		
	Size	183		
	Substitutability	56		
	Complexity	106		
	Interconnectedness	149		
	Cross-border activity	469		

Sources: Banco de España, FSB and BCBS.

Note: 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.

Banco Santander, S.A. has been designated as a G-SII based on data as at 31 December 2020, having obtained an overall systemic importance score of 192 basis points (bp). Thus, in line with the sub-categories outlined in Table 2, Banco Santander, S.A. has been classified in sub-category 1 (as was the case in previous years), and will therefore continue to be subject to a Common Equity Tier 1 (CET1) capital buffer requirement for G-SIIs equal to 1.0% of its total risk exposure (risk-weighted assets or RWAs) on a consolidated basis.

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.

According to Rule 23 of Circular 2/2016, the effective capital buffer rate applicable to Banco Santander, S.A. in 2023 as a systemically important institution will be the higher of the current G-SII buffer rate or the buffer rate to be set at a later date for this institution in its status as an Other Systemically Important Institution (O-SII) for that year.⁴

⁴ The Banco de España's macroprudential measure on O-SIIs in 2023 will be adopted by 1 December 2022 at the latest.

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. The proposal was also communicated in advance to AMCESFI, the Spanish macroprudential authority, as stipulated in Article 16 of Royal Decree 102/2019 and in the sole additional provision of Royal Decree-Law 22/2018.⁵

The next decision on G-SIIs (determining the associated capital buffer rate for 2024) is expected to be taken towards the end of 2022, 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 buffer rates established in previous years by the Banco de España can be found [here](#).

⁵ AMCESFI has not issued an opinion, since this measure does not entail any changes (in terms of identification or calibration) with respect to the measure approved a year earlier.

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