



Communication Department

## PRESS RELEASE

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# Banco de España updates the list of systemically important institutions and sets their macroprudential capital buffers

The Banco de España has conducted the annual review of the institutions which will be identified as global systemically important institutions (G-SIIs) in 2022 and as other systemically important institutions (O-SIIs) in 2021, establishing their associated capital buffers.<sup>1</sup> These macroprudential requirements aim to correct these institutions' potential competitive advantages in the funding market owing to their systemic footprint and to adjust their risk-taking. Additionally, the capital buffers contribute to strengthening these institutions' solvency and mitigating their possible adverse effects on the global or domestic financial system.

## Global systemically important institutions (G-SIIs)

In application of the recent Financial Stability Board (FSB) resolution<sup>2</sup> on global systemically important banks (G-SIBs), and following the methodology specified in Rule 13 of Banco de España Circular 2/2016, the Banco de España has designated one Spanish credit institution as a G-SII for 2022.

**Table 1. List of G-SIIs for 2022**

Legal Entity Identifier (LEI)	Institution	Systemic importance score (bp)	Capital buffer rate (% of RWAs)	Sub-category
5493006QMFDDMYWIAM13	<b>Banco Santander, S.A.</b>	199	1.0%	1

Sources: Banco de España, FSB and BCBS.

<sup>1</sup> These annual macroprudential policy decisions are adopted under the powers conferred upon the Banco de España, in transposition of Directive 2013/36/EU, by Law 10/2014 on the regulation, supervision and solvency of credit institutions, and by Royal Decree 84/2015 and 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 Directive 2013/36/EU and to Regulation (EU) No 575/2013.

<sup>2</sup> See the FSB communiqué *2020 list of global systemically important banks (G-SIBs)* and the Bank for International Settlements (BIS) press release *Basel Committee publishes new details on global systemically important banks*, both of 11 November 2020.

Banco Santander, S.A. has been classified as G-SII in sub-category 1, where it has been in previous years, because it obtained a score of 199 basis points (bp), on data as at 31 December 2019, under the G-SII identification methodology of the Basel Committee on Banking Supervision (BCBS).<sup>3</sup> According to the sub-category (bucketing) framework set out in Table 2, Banco Santander, S.A. will therefore be subject to an additional CET1 requirement, known as the G-SII capital buffer, 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 bracket (bp)	Capital buffer rate (% of RWAs)
5	530 – 629	3.0%
4	430 – 529	2.5%
3	330 – 429	2.0%
2	230 – 329	1.5%
1	130 – 229	1.0%

Source: BCBS.

**Other systemically important institutions (O-SIIs)**

The Banco de España has designated five Spanish banking institutions as O-SIIs for 2021. These institutions have been identified on data as at 31 December 2019, using the European Banking Authority (EBA) guidelines on assessment of O-SIIs,<sup>4</sup> included in Rule 14 and Annex 1 of Banco de España Circular 2/2016.

Table 3 shows the list of O-SIIs, along with their respective scores<sup>5</sup> and capital buffer rates for 2021. These have been set by the Banco de España, pursuant to the bucketing framework presented in Table 4, in terms of CET1 capital calculated as a percentage of consolidated total risk exposure, and in compliance with the minimum criteria defined by the European Central Bank (ECB) for the calibration of this macroprudential instrument within the scope of the Single Supervisory Mechanism.<sup>6</sup>

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<sup>3</sup> See the BCBS publication [Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement](#), July 2013.

<sup>4</sup> [EBA/GL/2014/10 Guidelines](#) of 16 December 2014 on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs).

<sup>5</sup> In accordance with the methodology of the EBA, the scores are calculated using the maximum scope of consolidation.

<sup>6</sup> See the ECB's [Governing Council statement on macroprudential policies](#), 15 December 2016.

**Table 3. List of O-SIIs for 2021**

LEI	Institution	Systemic importance score (bp)	Capital buffer rate (% of RWAs)	Sub-category
5493006QMFDDMYWIAM13	<b>Banco Santander, S.A.</b>	4,537	1.0%	4
K8MS7FD7N5Z2WQ51AZ71	<b>Banco Bilbao Vizcaya Argentaria, S.A.</b>	2,170	0.75%	3
7CUNS533WID6K7DGF187	<b>CaixaBank, S.A.</b>	744	0.25%	1
SI5RG2M0WQQLZCXKRM20	<b>Banco de Sabadell, S.A.</b>	516	0.25%	1
549300GT0XFTFHGOIS94	<b>BFA Tenedora de Acciones S.A.U. (Bankia, S.A.)<sup>7</sup></b>	416	0.25%	1

Source: Banco de España.

In the case of Banco Santander, S.A., which was already identified a year ago by the Banco de España as a G-SII for 2021, under Rule 23 of Banco de España Circular 2/2016 only the higher of the two capital buffer rates will apply. Since they are identical, the buffer rate required of Banco Santander, S.A. in 2021 will be 1.0%.

**Table 4. O-SII sub-category framework in Spain**

Sub-category	Systemic importance score bracket (bp)	Capital buffer rate (% of RWAs)
4	> 2,901	1.0%
3	1,951 – 2,900	0.75%
2	901 – 1,950	0.50%
1	350 – 900	0.25%

Source: Banco de España.

In accordance with the procedure set out in Article 5(1) of Regulation (EU) No 1024/2013, these G-SII and O-SII measures have been previously consulted with the ECB. Additionally, these decisions have been communicated in advance to the Spanish macroprudential authority (AMCESFI, by its Spanish abbreviation), as stipulated in Article 16 of Royal Decree 102/2019 and in the sole additional provision of Royal Decree-Law 22/2018.<sup>8</sup>

Designation as a systemically important institution is subject to annual review. The next decisions on G-SIIs (for implementation in 2023) and O-SIIs (in 2022) will be adopted no later than 1 December 2021, in

<sup>7</sup> This institution is required to have a capital buffer calculated both as a percentage of total risk exposure on a consolidated basis (BFA Tenedora de Acciones S.A.U.) and on a sub-consolidated basis (Bankia, S.A.).

<sup>8</sup> AMCESFI has not issued an opinion on the proposed decisions, since these G-SII and O-SII measures do not entail any changes (in terms of identification or calibration) with respect to those approved in the preceding year.

line with the specified regulatory time periods and customary practices followed by other national authorities in the European Union.

At the date of this press release, the merger of two institutions designated as O-SIIs has been publicly announced and is pending formalisation. Should this merger be concluded in early 2021, as is envisaged, the Banco de España will review the assessment of the resulting institution's domestic systemic importance, with a view to setting the applicable O-SII capital buffer.


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

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