



PRESS RELEASE

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The Banco de España designates Banco Santander as a global systemically important institution in 2018

Applying the methodology established in Rule 13 of its Circular 2/2016, the Banco de España has designated Banco Santander as a global systemically important institution (G-SII) in 2018.

Having obtained a score of 202 on the indicator used to classify G-SIIs, Banco Santander has been classified in subcategory 1, where it has been since 1 January 2016. As of 2019, Banco Santander will therefore be subject to an additional common equity tier 1 capital requirement – known as the G-SII capital buffer – equal to 1% of its total risk exposure on a consolidated basis. However, the buffer applicable in 2018 will be 0.75%, as the tenth transitional provision of Law 10/2014 establishes a phase-in period during which only 75% of the total buffer is required.

Designation as a G-SII is subject to annual review. If Banco Santander continues to be classified as a G-SII in 2019, and remains in subcategory 1, it will be required to meet the 1.00 % G-SII buffer requirement in that year.

Similarly, if Banco Santander is still included in the other systemically important institutions (O-SII) category in 2018, or is classified as a national systemically important institution, the rules for the joint application of the G-SII and O-SII buffers envisaged in Rule 23 of Circular 2/2010 should be taken into account. The decision whether to consider Banco Santander, S.A. to be an O-SII in 2018 will be taken in the fourth quarter of 2017.

With the designation of Banco Santander as a G-SII in 2018, the Banco de España has applied the Financial Stability Board's November 2016 resolution to Spanish institutions. Adoption of the Financial Stability Board's arrangements for G-SIIs has therefore been brought forward by a year, in line with the regulatory deadlines set and the usual practice of other European supervisors. This has meant that two G-SII designations have been applied to Banco Santander in 2016: one for 2017 and the other for 2018.

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