



PRESS RELEASE

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

The Banco de España has conducted the annual review of the institutions which will be considered global systemically important institutions (G-SIIs) in 2019 and other systemically important institutions (O-SIIs) in 2018.

Global systemically important institutions (G-SIIs)

In application of the Financial Stability Board resolution published on 21 November 2017, and following the methodology specified in Rule 13 of Banco de España Circular 2/2016, the Banco de España has designated Banco Santander as a G-SII in 2019.

Banco Santander was classified in sub-category 1, where it has been since 1 January 2016, because it obtained a score of 193 in the G-SII indicator. Therefore Banco Santander will be subject to an additional CET1 requirement, the so-called G-SII capital buffer, equal to 1.0% of its total risk exposure on a consolidated basis. Unlike in previous years, this requirement will be fully applicable in 2019 owing to the expiry of the phase-in period stipulated in the tenth transitional provision of Law 10/2014.

Other systemically important institutions (O-SIIs)

The Banco de España has also designated the institutions which will be considered other systemically important institutions (O-SIIs) in 2018.

It has designated as O-SIIs for 2018 those Spanish institutions exceeding the threshold of 350 basis points calculated according to the European Banking Authority guidelines on assessment of O-SIIs (EBA/GL/2014/10), included in Rule 14 and Annex 1 of Banco de España Circular 2/2016.

Table 1 shows these institutions, along with their respective scores and capital buffers. These have been defined by the Banco de España in terms of CET1 capital calculated as a percentage of consolidated total risk exposure. The buffers to be applied in 2018 will be 75% of the totals required from 1 January

2019 because the first transitional provision of Banco de España Circular 2/2016 establishes a phase-in period.

Table 1. O-SIIs for 2018¹

Institution	Score (basis points)	Capital buffer in 2018	Capital buffer in 2019 (*)
Santander	4,118	0.75 %	1.0 %
BBVA	2,034	0.5625 %	0.75 %
Caixabank	713	0.1875 %	0.25 %
Sabadell	490	0.1875 %	0.25 %
Bankia	442	0.1875 %	0.25 %

(*) The capital buffers indicated for 2019 will apply if the related institution maintains its status as an O-SII in 2019 and also its current classification.

Buffer allocation is based on a methodology² developed in line with the criteria defined by the European Central Bank to reduce the heterogeneity of the O-SII capital buffers set under the Single Supervisory Mechanism.³

As Banco Santander was already identified by the Banco de España as a global systemically important institution (G-SII) for 2018, under Rule 23 of Banco de España Circular 2/2016 only the higher of the two capital buffers will apply. Since they are identical, the buffer required of Banco Santander in 2018 will be 0.75%.

Regarding the designations made last year, Banco Popular ceases to have O-SII status as a result of its resolution and consequent acquisition by the Banco Santander in June 2017.

The designations of systemically important institutions are reviewed yearly. The next decisions on O-SIIs (for application in 2019) and G-SIIs (in 2020) will be adopted in the fourth quarter of 2018, in line with the specified regulatory time periods and with the customary practices of other European national authorities.

¹ Under the methodology of the European Banking Authority, the scores are calculated using the maximum scope of consolidation. Noteworthy in this respect is the case of Bankia, where the scope of consolidation includes its parent company BFA.

² For more information, see Box 3.1 of the Banco de España May 2017 Financial Stability Report.

³ See the ECB's Governing Council statement on macroprudential policies, 15 December 2016.

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