FSB FINANCIAL STABILITY BOARD

16 November 2018

# 2018 list of global systemically important banks (G-SIBs)

1. The Financial Stability Board (FSB), in consultation with Basel Committee on Banking Supervision (BCBS) and national authorities, has identified the 2018 list of global systemically important banks (G-SIBs), using end-2017 data and the updated assessment methodology published by the BCBS in July 2013.[1] One bank has been added to and two banks have been removed from the list of G-SIBs that were identified in 2017, and therefore the overall number of G-SIBs decreases from 30 to 29 (see Annex).

2. The changes in the allocation of the institutions to buckets (see below for details) reflects the effects of changes in underlying activity of banks.

3. In November 2011 the FSB published an integrated set of policy measures to address the systemic and moral hazard risks associated with systemically important financial institutions (SIFIs).[2] In that publication, the FSB identified as global systemically important financial institutions (G-SIFIs) an initial group of G-SIBs, using a methodology developed by the BCBS. The November 2011 report noted that the group of G-SIBs would be updated annually based on new data and published by the FSB each November.

4. FSB member authorities apply the following requirements to G-SIBs:

   *Higher capital buffer:* Since the November 2012 update, the G-SIBs have been allocated to buckets corresponding to higher capital buffers that they are required to hold by national authorities in accordance with international standards. Higher capital buffer requirements began to be phased in from 1 January 2016 for G-SIBs (based on the November 2014 assessment) with full implementation by 1 January 2019. The capital buffer requirements for the G-SIBs identified in the annual update each November will apply to them as from January fourteen months later. The assignment of G-SIBs to the buckets, in the list published today, determines the higher capital buffer requirements that will apply to each G-SIB from 1 January 2020.[3]

   *Total Loss-Absorbing Capacity (TLAC):* G-SIBs are required to meet the TLAC standard, alongside the regulatory capital requirements set out in the Basel III framework.[4] The

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[1] See BCBS, *Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement*, July 2013 (www.bis.org/publ/bcbs255.pdf).

[2] See FSB, *Policy Measures to Address Systemically Important Financial Institutions,* 4 November 2011 (www.fsb.org/2011/11/r_111104bb/).

[3] The Basel III monitoring results published by the Basel Committee provide evidence on the aggregate capital ratios under the transitional and fully phased-in Basel III frameworks, as well as the additional loss absorbency requirements for G-SIBs (https://www.bis.org/bcbs/publ/d416.htm).

[4] See FSB, *Total Loss-Absorbing Capacity (TLAC) Principles and Term Sheet*, 9 November 2015 (www.fsb.org/2015/11/total-loss-absorbing-capacity-tlac-principles-and-term-sheet/). The BCBS published

TLAC standard will be phased-in from 1 January 2019 for G-SIBs identified in the 2015 list (provided that they continue to be designated as G-SIBs thereafter).

*Resolvability:* These include group-wide resolution planning and regular resolvability assessments. The resolvability of each G-SIB is also reviewed in a high-level FSB Resolvability Assessment Process (RAP) by senior regulators within the firms' Crisis Management Groups.[5]

*Higher supervisory expectations:* These include supervisory expectations for risk management functions, risk data aggregation capabilities, risk governance and internal controls.[6]

5. In November 2014 the BCBS published a technical summary of the methodology.[7] The BCBS publishes the annually updated denominators used to calculate banks' scores and the thresholds used to allocate the banks to buckets and provides the links to the public disclosures of the full sample of banks assessed, as determined by the sample criteria set out in the BCBS G-SIB framework.[8] From this year, the BCBS also publishes the twelve high-level indicators of the banks in the main sample used in the G-SIB scoring exercise.[9]

6. The BCBS published in July 2018 a revised version of its assessment methodology, replacing the July 2013 version.[10] The revised assessment methodology will take effect in 2021 (based on end-2020 data), and the resulting higher capital buffer requirement would be applied in January 2023.

7. A new list of G-SIBs will next be published in November 2019.

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the final standard on the regulatory capital treatment of banks' investments in instruments that comprise TLAC for G-SIBs on 12 October 2016 (www.bis.org/bcbs/publ/d387.htm)

5 See FSB, *FSB 2018 Resolution Report: "Keeping the pressure up"*, 15 November 2018 (http://www.fsb.org/2018/11/fsb-2018-resolution-report-keeping-the-pressure-up/).

6 The timeline for G-SIBs to meet this requirement were set out in the November 2013 update. See FSB, *2013 update of group of global systemically important banks (G-SIBs),* November 2013 (http://www.fsb.org/wp-content/uploads/r_131111.pdf).

7 See BCBS, *The G-SIB assessment methodology – score calculation* (www.bis.org/bcbs/publ/d296.htm)

8 See BCBS, *Global systemically important banks: Assessment methodology and the additional loss absorbency requirement* (www.bis.org/bcbs/gsib/index.htm)

9 See BCBS, *High level indicator values and disclosures* (https://www.bis.org/bcbs/gsib/gsib_assessment_samples.htm)

10 See BCBS, *Global systemically important banks: revised assessment methodology and the higher loss absorbency requirement*, July 2018 (https://www.bis.org/bcbs/publ/d445.pdf)

## G-SIBs as of November 2018[11] allocated to buckets corresponding to required levels of additional capital buffers

| Bucket[12] | G-SIBs in alphabetical order within each bucket |
|---|---|
| 5 **(3.5%)** | (Empty) |
| 4 **(2.5%)** | JP Morgan Chase |
| 3 **(2.0%)** | Citigroup<br>Deutsche Bank<br>HSBC |
| 2 **(1.5%)** | Bank of America<br>Bank of China<br>Barclays<br>BNP Paribas<br>Goldman Sachs<br>Industrial and Commercial Bank of China Limited<br>Mitsubishi UFJ FG<br>Wells Fargo |
| 1 **(1.0%)** | Agricultural Bank of China<br>Bank of New York Mellon<br>China Construction Bank<br>Credit Suisse<br>Groupe BPCE<br>Groupe Crédit Agricole<br>ING Bank<br>Mizuho FG<br>Morgan Stanley<br>Royal Bank of Canada<br>Santander<br>Société Générale<br>Standard Chartered<br>State Street<br>Sumitomo Mitsui FG<br>UBS<br>Unicredit Group |

[11] Compared with the list of G-SIBs published in 2017, the number of banks identified as G-SIBs decreases from 30 to 29. One bank (Groupe BPCE) has been added to the list, and two banks (Nordea and Royal Bank of Scotland) have been removed from the list. Two banks have moved to a lower bucket: Bank of America has moved from bucket 3 to bucket 2 and China Construction Bank has moved from bucket 2 to bucket 1.

[12] The bucket approach is defined in Table 2 of the Basel Committee document *Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement*, July 2013. The numbers in parentheses are the required level of additional common equity loss absorbency as a percentage of risk-weighted assets that each G-SIB will be required to hold in 2020.