The ESRB template on the O-SII and G-SII buffer¹ - Caixa Geral de Depósitos

1. Notifying national auth	nority (If several designated authorities, please mention all of them)			
1.1 Name of the notifying authority	Banco de Portugal			
1.2 Date when the decision referred to in Article 5 of the SSMR shall be taken.	23 November 2015			
2. Buffer levels and the institution to which they apply				
2.1 Categorisation of	Which measure do you intend to implement?			
measures	- O-SII buffer on a consolidated basis, pursuant to Article 131 CRD IV			
2.2 Concerned institution or group of institutions	Caixa Geral de Depósitos (LEI code: TO822O0VT80V06K0FH57)			
2.3 Level of the buffer applied	What is the level of the buffer (in %) applied to the institution? - 1%			
2.4 Firm level at which the buffer is applied	The buffer is set at the highest level of consolidation only.			
2.5 Information on other buffers already in application	The institution is subject to the Capital Conservation Buffer set at 2.5% of RWAs as of 1 January 2016 and no other buffers apply (including the systemic risk buffer).			
2.6 Annual review of the G-SII or O-SII	Not applicable.			
(Articles 131.6 and 131.12)				
3. Rational for activation	of the G-SII and O-SII buffer			
	There are no G-SIIs identified in Portugal.			
3.1 Description of the G-SII (Article 131.2)				

¹ To be filled in and submitted for each O-SII/G-SII.

3.2 Indicators used for designation of the G-SII (Article 131.2 and 131.9)	Not applicable. Please see 3.1.
3.3 Description of the O-SII (Article 131.3)	 Banco de Portugal has used the identification methodology and criteria outlined in EBA Guidelines (EBA/GL/2014/10, 16 December): size; importance for the economy of the EU, or relevant Member State; significance of cross-border activities; interconnectedness of the institution or group, with the rest of the financial system.
3.4 Indicators used for designation of the O-SII (Article 131.3)	 We have used the 10 indicators of the mandatory framework to identify credit institutions as O-SII. As a complement to the mandatory indicators, Banco de Portugal also used an optional indicator presented in Annex 2 of EBA Guidelines: geographical breakdown of banks activities (deposits and loans), which was allocated to the "Importance (including substitutability / financial system infrastructure)" criterion. The inclusion of this optional indicator was meant to capture the financial services provided by financial institutions in the Portuguese Islands (Azores and Madeira). In fact, these regions are geographically isolated from the mainland, thus increasing the importance of assessing the role of local banks' branches in providing financial services to those regional economies. Therefore, the total number of indicators within this criterion went up to 5, and, as a result, their respective weight has reduced from 8.33% to 5% (=25%/5) according to EBA Guidelines. In sum, the total indicators used were the following: Size: Total assets; Importance (including substitutability / financial system infrastructure: value of domestic payments transactions (based on TARGET 2 data), private sector deposits from depositors in the EU, private sector loans to recipients in the EU. In addition, we have also used an optional indicator presented in Annex 2 of EBA Guidelines: geographical breakdown of banks activities (deposits and loans); Complexity / Cross-border activity: value of OTC derivatives (notional), cross-jurisdictional liabilities, cross-jurisdictional claims; Interconnectedness: intra-financial system liabilities, intra-financial system assets, debt securities outstanding.

	O-SII. Caixa Geral de D indicators.	epósitos was identified	as O-SII using only	y the mandatory
3.5 Calibrating the O-SII buffer	Portugal has appli also adopted by Systemically Impo have already identi Against this backg 2015 identification Bucket 1 e Bucket 2 e Bucket 3 e Bucket 4 e Bucket 5 e Given the scores o bucket, in the sen empty bucket, the the latter could be	ate the O-SII capital bu- ed the clusters method the BCBS (2013) to o rtant Banks (G-SIBs) at fied the O-SIIs and calib round, and taking into ac process, we set up five b encompasses scores from encompasses scores about the PT O-SI se that no PT O-SII will competent authority sign asked to comply with a h relevant, as presented in	lology. This calibratio calibrate the buffer in nd also used by othe rated the O-SII buffer. ccount the scores obta buckets as follows: m 350 to 699 basis point m 700 to 1399 basis point m 1400 to 2099 basis m 2100 to 2799 basis ove or equal 2800 basis ove or equal 2800 basis soll, bucket 5 correspond be allocated to it. By malizes the market an higher rate in the futur	on approach was rates for Global er countries that ained in the June bints; points; points; points; sis points. ands to an empty y considering an ad the O-SIIs that
		by buckets and respendence by buckets and respen	Buffers 2.00% 1.00% 0.75%	
	<u>5</u>	>= 2800 2100-2799 1400-2099	Buffers 2.00% 1.00% 0.75%	
	<u>B</u>	>= 2800 2100-2799	Buffers 2.00% 1.00%	

3.7 In Case of O-SII, assessment of spillovers and likely impact on the internal market (Article 131.6)	The banking system in Portugal is essentially focused on the domestic market. Therefore we do not expect material negative spillovers for the internal market. On the contrary, the imposition of the O-SII buffer will increase systemic important banks' resilience at the national level, contributing for the European financial system soundness as a whole.
	On the contrary, the imposition of the O-SII buffer will structurally increase systemic important banks' resilience at the national level, contributing for the European financial system soundness as a whole. The banking system in Portugal is essentially focused on the domestic market.
	For the proposed buffer rates, results from the impact assessment do not indicate major unintended effects. Indeed, the proposed date of the entry into force of the O-SII buffer, 1 January 2017, was selected to allow sufficient time (one year) to the banking groups to adjust to the new capital requirements, i.e. the O-SII buffer and the frontloading of the Capital Conservation buffer to 2.5%, which will enter into force in 1 January 2016.
	December 2014 and 58% of GDP in 30 June 2015. According to its systemic importance score, Caixa Geral de Depósitos is thereby assigned to Bucket 4, which has associated a buffer rate of 1%.
	Caixa Geral de Depósitos is the largest banking group in Portugal. The total assets of this institution represented 23% of the Portuguese banking system in 31
	The total assets of those institutions reached, in December 2014, 81% of the total assets of the Portuguese banking sector and represented 196% of the Portuguese GDP in June 2015, showing a clear picture of their relevance in the domestic banking system, as well as of the systemic risk that they may pose to the Portuguese economy.
	system, the following institutions were identified as O-SIIs (as all of them score above 350 basis points): Caixa Geral de Depósitos, Banco Comercial Português, Novo Banco, Banco BPI, Santander Totta - SGPS, Banif - Banco Internacional do Funchal and Caixa Económica Montepio Geral.

4.1 combinations between G- SII and OSII buffers (Article 131.14)	Not applicable.
4.2 Combinations with SRB buffers	Not applicable.
(Article 131.14 + Article 133.5)	
4.3 Combined buffer	a. Does the combined buffer requirement apply to the institution?The Portuguese institutions have to comply with the Capital Conservation Buffer of 2.5% as of 1 January 2016 on a consolidated and individual basis, while the
requirement (Article 131.16 and Article 131.17)	identified O-SIIs have to comply with an O-SII buffer on a consolidated basis only. b. Is the combined buffer requirement above the sum of the buffers
	described in Article 131-16 and Article 131-17? Not applicable.
4.4 O-SII requirement for a subsidiary (Article 131.8)	Not applicable.
4.5 Timing of the measure	1 January 2017
4.6 Review of the measure	The list of O-SIIs and corresponding buffers requirements will be revised at least annually, as required under CRD IV. In case of significant restructuring processes, namely mergers and acquisitions, the calibration process should be reviewed after those processes.
5. Miscellaneous	
	The intended date of publication is 1 January 2016 the latest.
5.1 Disclosure	Banco de Portugal will fulfill all legal notification and publication requirements. The measure will be published on the Banco de Portugal's website (www.bportugal.pt). Moreover, concerned institutions will be informed bilaterally.
5.2 Contact person(s) at notifying authority	Adelaide Cavaleiro (Head of the Financial Stability Department) <u>macavaleiro@portugal.pt</u> 00351 211597001 Fátima Silva (Head of the Macroprudential Policy Unit) <u>mfsilva@bportugal.pt</u> 00351 211597024
5.3 Any other relevant information	

The ESRB template on the O-SII and G-SII buffer² - Banco Comercial Português

4. Notifying national authority (If several designated authorities, please mention all of them) Banco de Portugal 1.1 Name of the notifying authority 1.2 Date when the decision 23 November 2015 referred to in Article 5 of the SSMR shall be taken. 5. Buffer levels and the institution to which they apply Which measure do you intend to implement? 2.1 Categorisation of measures O-SII buffer on a consolidated basis, pursuant to Article 131 CRD IV Banco Comercial Português (LEI code: JU1U6S0DG9YLT7N8ZV32) 2.2 Concerned institution or group of institutions What is the level of the buffer (in %) applied to the institution? 2.3 Level of the buffer 0.75% applied The buffer is set at the highest level of consolidation only. 2.4 Firm level at which the buffer is applied The institution is subject to the Capital Conservation Buffer set at 2.5% of RWAs 2.5 Information on other as of 1 January 2016 and no other buffers apply (including the systemic risk buffers already in application buffer). Not applicable. 2.6 Annual review of the G-SII or O-SII (Articles 131.6 and 131.12) 6. Rational for activation of the G-SII and O-SII buffer There are no G-SIIs identified in Portugal. 3.1 Description of the G-SII (Article 131.2) Not applicable. Please see 3.1. 3.2 Indicators used for designation of the G-SII (Article 131.2 and 131.9)

 $^{^{\}rm 2}$ To be filled in and submitted for each O-SII/G-SII.

3.3 Description of the O-SII (Article 131.3)	 Banco de Portugal has used the identification methodology and criteria outlined in EBA Guidelines (EBA/GL/2014/10, 16 December): size; importance for the economy of the EU, or relevant Member State; significance of cross-border activities; interconnectedness of the institution or group, with the rest of the financial system.
3.4 Indicators used for designation of the O-SII (Article 131.3)	 We have used the 10 indicators of the mandatory framework to identify credit institutions as O-SII. As a complement to the mandatory indicators, Banco de Portugal also used an optional indicator presented in Annex 2 of EBA Guidelines: geographical breakdown of banks activities (deposits and loans), which was allocated to the "Importance (including substitutability / financial system infrastructure)" criterion. The inclusion of this optional indicator was meant to capture the financial services provided by financial institutions in the Portuguese Islands (Azores and Madeira). In fact, these regions are geographically isolated from the mainland, thus increasing the importance of assessing the role of local banks' branches in providing financial services to those regional economies. Therefore, the total number of indicators within this criterion went up to 5, and, as a result, their respective weight has reduced from 8.33% to 5% (=25%/5) according to EBA Guidelines. In sum, the total indicators used were the following: Size: Total assets; Importance (including substitutability / financial system infrastructure: value of domestic payments transactions (based on TARGET 2 data), private sector deposits from depositors in the EU, private sector loans to recipients in the EU. In addition, we have also used an optional indicator presented in Annex 2 of EBA Guidelines: Complexity / Cross-border activity: value of OTC derivatives (notional), cross-jurisdictional liabilities, cross-jurisdictional claims; Interconnectedness: intra-financial system liabilities, intra-financial system assets, debt securities outstanding. The definition of the mandatory indicators in each criterion was based on FINREP data. In the cases in which FINREP data were unavailable, proxies - taken from each bank's financial statements (dated December 2014), supplemented by additional data available in Banco de Portugal - were used. Institutions with a score e

	Banco Comercial indicators.	Português was identified	I as O-SII using only th	e mandatory
3.5 Calibrating the O-SII buffer	Portugal has appl also adopted by Systemically Impo have already ident Against this backg 2015 identification Bucket 1 Bucket 2 Bucket 3 Bucket 4 Bucket 4 Bucket 5 Given the scores bucket, in the sen empty bucket, the the latter could be more systemically O-SIIs distribution	ate the O-SII capital bu ied the clusters method the BCBS (2013) to c rtant Banks (G-SIBs) ar ified the O-SIIs and calibu round, and taking into ac process, we set up five b encompasses scores from encompasses scores about underlying each PT O-S se that no PT O-SII will competent authority sign asked to comply with a h relevant, as presented in n by buckets and respe	blogy. This calibration a alibrate the buffer rate and also used by other of rated the O-SII buffer. count the scores obtained uckets as follows: In 350 to 699 basis points in 700 to 1399 basis point in 1400 to 2099 basis point in 2100 to 2799 basis point ove or equal 2800 basis point be allocated to it. By con- alizes the market and the igher rate in the future if the following table: ctive buffers	pproach was s for Global countries that d in the June d in the June s; ts; nts; nts; points. to an empty ponsidering an le O-SIIs that
	B	<u>uckets</u>	<u>Buffers</u>	
	5	>= 2800	2.00%	
	4	2100-2799	1.00%	
	3	1400-2099	0.75%	
	2	700-1399	0.50%	
	1	350-699	0.25%	
		co de Portugal, the O-S		nstrument to
	address the macro	prudential policy interme		at preventing

	Novo Banco, Banco BPI, Santander Totta - SGPS, Banif - Banco Internacional do
	Funchal and Caixa Económica Montepio Geral.
	The total assets of those institutions reached, in December 2014, 81% of the total assets of the Portuguese banking sector and represented 196% of the Portuguese GDP in June 2015, showing a clear picture of their relevance in the domestic banking system, as well as of the systemic risk that they may pose to the Portuguese economy.
	Banco Comercial Português is the second largest banking group in Portugal. The total assets of this institution represented 18% of the Portuguese banking system in 31 December 2014 and 45% of GDP in 30 June 2015.
	According to its systemic importance score, Banco Comercial Português is thereby assigned to Bucket 3, which has associated a buffer rate of 0.75%.
	For the proposed buffer rates, results from the impact assessment do not indicate major unintended effects. Indeed, the proposed date of the entry into force of the O-SII buffer, 1 January 2017, was selected to allow sufficient time (one year) to the banking groups to adjust to the new capital requirements, i.e. the O-SII buffer and the frontloading of the Capital Conservation buffer to 2.5%, which will enter into force in 1 January 2016.
	On the contrary, the imposition of the O-SII buffer will structurally increase systemic important banks' resilience at the national level, contributing for the European financial system soundness as a whole.
3.7 In Case of O-SII, assessment of spillovers and likely impact on the internal market (Article 131.6)	The banking system in Portugal is essentially focused on the domestic market. Therefore we do not expect material negative spillovers for the internal market. On the contrary, the imposition of the O-SII buffer will increase systemic important banks' resilience at the national level, contributing for the European financial system soundness as a whole.
3.8 Assessment of leakages	 The scope for "leakages" is limited in the sense that This measure will be applied on a consolidated basis. In Portugal the non-banking part of the financial system has a relatively small dimension and we do not expect a material shift to other bank and non-bank entities.
3.9 Other relevant information	There is no interaction with other measures.
6. Combinations and tim	ing of the G-SII or O-SII notified

4.1 combinations between G- SII and OSII buffers (Article 131.14)	Not applicable.
6.2 Combinations with SRB buffers	Not applicable.
(Article 131.14 + Article 133.5)	
	c. Does the combined buffer requirement apply to the institution?
4.3 Combined buffer requirement (Article 131.16 and Article	The Portuguese institutions have to comply with the Capital Conservation Buffer of 2.5% as of 1 January 2016 on a consolidated and individual basis, while the identified O-SIIs have to comply with an O-SII buffer on a consolidated basis only.
131.17)	d. Is the combined buffer requirement above the sum of the buffers described in Article 131-16 and Article 131-17?
	Not applicable.
4.4 O-SII requirement for a subsidiary (Article 131.8)	Not applicable.
4.5 Timing of the measure	1 January 2017
4.6 Review of the measure	The list of O-SIIs and corresponding buffers requirements will be revised at least annually, as required under CRD IV. In case of significant restructuring processes, namely mergers and acquisitions, the calibration process should be reviewed after those processes.
7. Miscellaneous	
	The intended date of publication is 1 January 2016 the latest.
5.1 Disclosure	Banco de Portugal will fulfill all legal notification and publication requirements. The measure will be published on the Banco de Portugal's website (www.bportugal.pt). Moreover, concerned institutions will be informed bilaterally.
5.2 Contact person(s) at notifying authority	Adelaide Cavaleiro (Head of the Financial Stability Department) <u>macavaleiro@portugal.pt</u> 00351 211597001 Fátima Silva (Head of the Macroprudential Policy Unit) <u>mfsilva@bportugal.pt</u> 00351 211597024
5.3 Any other relevant information	

The ESRB template on the O-SII and G-SII buffer³ - Novo Banco

7. Notifying national authority (If several designated authorities, please mention all of them)

 0.75% The buffer is set at the highest level of consolidation only. The institution is subject to the Capital Conservation Buffer set at 2.5% of RWAs as of 1 January 2016 and no other buffers apply (including the systemic risk buffer). Not applicable. of the G-SII and O-SII buffer There are no G-SIIs identified in Portugal.
The buffer is set at the highest level of consolidation only. The institution is subject to the Capital Conservation Buffer set at 2.5% of RWAs as of 1 January 2016 and no other buffers apply (including the systemic risk buffer). Not applicable.
The buffer is set at the highest level of consolidation only. The institution is subject to the Capital Conservation Buffer set at 2.5% of RWAs as of 1 January 2016 and no other buffers apply (including the systemic risk buffer). Not applicable.
The buffer is set at the highest level of consolidation only. The institution is subject to the Capital Conservation Buffer set at 2.5% of RWAs as of 1 January 2016 and no other buffers apply (including the systemic risk buffer).
The buffer is set at the highest level of consolidation only. The institution is subject to the Capital Conservation Buffer set at 2.5% of RWAs as of 1 January 2016 and no other buffers apply (including the systemic risk
- 0.75%
What is the level of the buffer (in %) applied to the institution?
Novo Banco (LEI code: 5493009W2E2YDCXY6S81)
 Which measure do you intend to implement? O-SII buffer on a consolidated basis, pursuant to Article 131 CRD IV
stitution to which they apply
23 November 2015
Banco de Portugal
s

³ To be filled in and submitted for each O-SII/G-SII.

3.3 Description of the O-SII (Article 131.3)	 Banco de Portugal has used the identification methodology and criteria outlined in EBA Guidelines (EBA/GL/2014/10, 16 December): size; importance for the economy of the EU, or relevant Member State; significance of cross-border activities; interconnectedness of the institution or group, with the rest of the financial system.
3.4 Indicators used for designation of the O-SII (Article 131.3)	 We have used the 10 indicators of the mandatory framework to identify credit institutions as O-SII. As a complement to the mandatory indicators, Banco de Portugal also used an optional indicator presented in Annex 2 of EBA Guidelines: geographical breakdown of banks activities (deposits and loans), which was allocated to the "Importance (including substitutability / financial system infrastructure)" criterion. The inclusion of this optional indicator was meant to capture the financial services provided by financial institutions in the Portuguese Islands (Azores and Madeira). In fact, these regions are geographically isolated from the mainland, thus increasing the importance of assessing the role of local banks' branches in providing financial services to those regional economies. Therefore, the total number of indicators within this criterion went up to 5, and, as a result, their respective weight has reduced from 8.33% to 5% (=25%/5) according to EBA Guidelines. In sum, the total indicators used were the following: Size: Total assets; Importance (including substitutability / financial system infrastructure: value of domestic payments transactions (based on TARGET 2 data), private sector deposits from depositors in the EU, private sector loans to recipients in the EU. In addition, we have also used an optional indicator presented in Annex 2 of EBA Guidelines: geographical breakdown of banks activities (deposits and loans); Complexity / Cross-border activity: value of OTC derivatives (notional), cross-jurisdictional liabilities, cross-jurisdictional claims; Interconnectedness: intra-financial system liabilities, intra-financial system assets, debt securities outstanding. The definition of the mandatory indicators in each criterion was based on FINREP data. In the cases in which FINREP data were unavailable, proxies - taken from each bank's financial statements (dated December 2014), supplemented by additional data available in Ba

3.5 Calibrating the O-SII buffer	 Bucket 2 Bucket 3 Bucket 4 Bucket 5 Given the scores bucket, in the sen empty bucket, the the latter could be more systemically O-SIIs distribution 	encompasses scores from encompasses scores from encompasses scores from encompasses scores abounderlying each PT O-S se that no PT O-SII will competent authority sign	n 350 to 699 basis points; n 700 to 1399 basis points; n 1400 to 2099 basis points; n 2100 to 2799 basis points; ove or equal 2800 basis points; be allocated to it. By consi nalizes the market and the C igher rate in the future if the the following table:	; an empty idering an D-SIIs that
	4	2100-2799	1.00%	
1		2100 2100	1.00/0	
		1400 2000	0.75%	
	3	1400-2099	0.75%	
	3 2	1400-2099 700-1399	0.75%	

	Novo Banco, Banco BPI, Santander Totta - SGPS, Banif - Banco Internacional do Funchal and Caixa Económica Montepio Geral.
	The total assets of those institutions reached, in December 2014, 81% of the total assets of the Portuguese banking sector and represented 196% of the Portuguese GDP in June 2015, showing a clear picture of their relevance in the domestic banking system, as well as of the systemic risk that they may pose to the Portuguese economy.
	Novo Banco is the third largest banking group in Portugal. The total assets of this institution represented 14% of the Portuguese banking system in 31 December 2014 and 32% of GDP in 30 June 2015.
	According to its systemic importance score, Novo Banco is thereby assigned to Bucket 3, which has associated a buffer rate of 0.75%.
	For the proposed buffer rates, results from the impact assessment do not indicate major unintended effects. Indeed, the proposed date of the entry into force of the O-SII buffer, 1 January 2017, was selected to allow sufficient time (one year) to the banking groups to adjust to the new capital requirements, i.e. the O-SII buffer and the frontloading of the Capital Conservation buffer to 2.5%, which will enter into force in 1 January 2016.
	On the contrary, the imposition of the O-SII buffer will structurally increase systemic important banks' resilience at the national level, contributing for the European financial system soundness as a whole.
3.7 In Case of O-SII, assessment of spillovers and likely impact on the internal market (Article 131.6)	The banking system in Portugal is essentially focused on the domestic market. Therefore we do not expect material negative spillovers for the internal market. On the contrary, the imposition of the O-SII buffer will increase systemic important banks' resilience at the national level, contributing for the European financial system soundness as a whole.
3.8 Assessment of leakages	 The scope for "leakages" is limited in the sense that This measure will be applied on a consolidated basis. In Portugal the non-banking part of the financial system has a relatively small dimension and we do not expect a material shift to other bank and non-bank entities.
3.9 Other relevant information	There is no interaction with other measures.
8. Combinations and time	ing of the G-SII or O-SII notified
4.1 combinations between G- SII and OSII buffers (Article 131.14)	Not applicable.

8.2 Combinations with SRB buffers	Not applicable.				
(Article 131.14 + Article 133.5)					
	e. Does the combined buffer requirement apply to the institution?				
4.3 Combined buffer requirement (Article 131.16 and Article 131.17)	 The Portuguese institutions have to comply with the Capital Conservation Buffer of 2.5% as of 1 January 2016 on a consolidated and individual basis, while the identified O-SIIs have to comply with an O-SII buffer on a consolidated basis only. f. Is the combined buffer requirement above the sum of the buffers described in Article 131-16 and Article 131-17? Not applicable. 				
	Not applicable.				
4.4 O-SII requirement for a subsidiary (Article 131.8)					
4.5 Timing of the measure	1 January 2017				
4.6 Review of the measure	The list of O-SIIs and corresponding buffers requirements will be revised at least annually, as required under CRD IV. In case of significant restructuring processes, namely mergers and acquisitions, the calibration process should be reviewed after those processes.				
9. Miscellaneous					
	The intended date of publication is 1 January 2016 the latest.				
5.1 Disclosure	Banco de Portugal will fulfill all legal notification and publication requirements. The measure will be published on the Banco de Portugal's website (www.bportugal.pt). Moreover, concerned institutions will be informed bilaterally.				
5.2 Contact person(s) at notifying authority	Adelaide Cavaleiro (Head of the Financial Stability Department) <u>macavaleiro@portugal.pt</u> 00351 211597001 Fátima Silva (Head of the Macroprudential Policy Unit) <u>mfsilva@bportugal.pt</u> 00351 211597024				
5.3 Any other relevant information					

The template on the O-SII and G-SII buffer⁴ - Santander Totta - SGPS

10. Notifying national authority (If several designated authorities, please mention all of them)

10. Notifying national authority (if several designated authorities, please mention all of them)					
1.1 Name of the notifying authority	Banco de Portugal				
1.2 Date when the decision referred to in Article 5 of the SSMR shall be taken.	23 November 2015				
11. Buffer levels and the in	nstitution to which they apply				
2.1 Categorisation of measures	Which measure do you intend to implement? - O-SII buffer on a consolidated basis, pursuant to Article 131 CRD IV				
2.2 Concerned institution or group of institutions	Santander Totta - SGPS (LEI code: 5493005RLLC1P7VSVC58)				
2.3 Level of the buffer applied	What is the level of the buffer (in %) applied to the institution? - 0.50%				
2.4 Firm level at which the buffer is applied	The buffer is set on a sub-consolidated basis (the highest level of consolidation in Portugal), since this institution is a subsidiary of the Spanish banking group Banco Santander.				
2.5 Information on other buffers already in application	The institution is subject to the Capital Conservation Buffer set at 2.5% of RWAs as of 1 January 2016 and no other buffers apply (including the systemic risk buffer).				
2.6 Annual review of the G-SII or O-SII	Not applicable.				
(Articles 131.6 and 131.12)					
12. Rational for activation	of the G-SII and O-SII buffer				
3.1 Description of the G-SII (Article 131.2)	There are no G-SIIs identified in Portugal.				

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3.2 Indicators used designation of the G-SII (Article 131.2 and 131.9)	for	Not applicable. Please see 3.1.

 $^{^{\}rm 4}$ To be filled in and submitted for each O-SII/G-SII.

3.3 Description of the O-SII (Article 131.3)	 Banco de Portugal has used the identification methodology and criteria outlined in EBA Guidelines (EBA/GL/2014/10, 16 December): size; importance for the economy of the EU, or relevant Member State; significance of cross-border activities; interconnectedness of the institution or group, with the rest of the financial system.
3.4 Indicators used for designation of the O-SII (Article 131.3)	 We have used the 10 indicators of the mandatory framework to identify credit institutions as O-SII. As a complement to the mandatory indicators, Banco de Portugal also used an optional indicator presented in Annex 2 of EBA Guidelines: geographical breakdown of banks activities (deposits and loans), which was allocated to the "Importance (including substitutability / financial system infrastructure)" criterion. The inclusion of this optional indicator was meant to capture the financial services provided by financial institutions in the Portuguese Islands (Azores and Madeira). In fact, these regions are geographically isolated from the mainland, thus increasing the importance of assessing the role of local banks' branches in providing financial services to those regional economies. Therefore, the total number of indicators within this criterion went up to 5, and, as a result, their respective weight has reduced from 8.33% to 5% (=25%/5) according to EBA Guidelines. In sum, the total indicators used were the following: Size: Total assets; Importance (including substitutability / financial system infrastructure: value of domestic payments transactions (based on TARGET 2 data), private sector deposits from depositors in the EU, private sector loans to recipients in the EU. In addition, we have also used an optional indicator presented in Annex 2 of EBA Guidelines; Complexity / Cross-border activity: value of OTC derivatives (notional), cross-jurisdictional liabilities, cross-jurisdictional claims; Interconnectedness: intra-financial system liabilities, intra-financial system assets, debt securities outstanding.

3.5 Calibrating the O-SII buffer	Portugal has applied also adopted by the Systemically Importa- have already identified Against this backgro 2015 identification pro- Bucket 1 erro Bucket 2 erro Bucket 3 erro Bucket 3 erro Bucket 4 erro Bucket 5 erro Given the scores und bucket, in the sense empty bucket, the co the latter could be as more systemically re-	d the clusters method and BCBS (2013) to co ant Banks (G-SIBs) ar ed the O-SIIs and calibi- und, and taking into ac rocess, we set up five b acompasses scores from acompasses scores from acompasses scores from acompasses scores about aderlying each PT O-S e that no PT O-SII will ompetent authority sign sked to comply with a h levant, as presented in by buckets and respen- ekets >= 2800 2100-2799 1400-2099 700-1399	count the scores obtained in the June buckets as follows: m 350 to 699 basis points; m 700 to 1399 basis points; m 1400 to 2099 basis points; m 2100 to 2799 basis points; ove or equal 2800 basis points. II, bucket 5 corresponds to an empty be allocated to it. By considering an halizes the market and the O-SIIs that higher rate in the future if they become the following table:
	1	350-699	0.25%
3.6 In case of O-SII: Suitability, effectiveness and proportionality of measure (Article 131.7)	According to Banco de Portugal, the O-SII buffer is a suitable instrument to address the macroprudential policy intermediate objective that aims at preventing the building up of systemic risks arising from misaligned incentives and moral hazard. The introduction of the O-SII buffer (by CRD IV / CRR) is thereby suggested as a risk-mitigating measure, aiming at enhancing the resilience of the financial system by imposing stricter capital requirements to banking groups identified as systemically important at the domestic level. As a result of the application of EBA's Guidelines to the Portuguese financial system, the following institutions were identified as O-SIIs (as all of them score above 350 basis points): Caixa Geral de Depósitos, Banco Comercial Português, Novo Banco, Banco BPI, Santander Totta - SGPS, Banif - Banco Internacional do Funchal and Caixa Económica Montepio Geral. The total assets of those institutions reached, in December 2014, 81% of the total		

	assets of the Portuguese banking sector and represented 196% of the
	Portuguese GDP in June 2015, showing a clear picture of their relevance in the domestic banking system, as well as of the systemic risk that they may pose to the Portuguese economy.
	Santander Totta – SGPS is one of the major banking groups in Portugal. The total assets of this institution represented 9% of the Portuguese banking system in 31 December 2014 and 21% of GDP in 30 June 2015.
	According to its systemic importance score, Santander Totta – SGPS is thereby assigned to Bucket 2, which has associated a buffer rate of 0.50%.
	For the proposed buffer rates, results from the impact assessment do not indicate major unintended effects. Indeed, the proposed date of the entry into force of the O-SII buffer, 1 January 2017, was selected to allow sufficient time (one year) to the banking groups to adjust to the new capital requirements, i.e. the O-SII buffer and the frontloading of the Capital Conservation buffer to 2.5%, which will enter into force in January 2016.
	On the contrary, the imposition of the O-SII buffer will structurally increase systemic important banks' resilience at the national level, contributing for the European financial system soundness as a whole.
3.7 In Case of O-SII, assessment of spillovers and likely impact on the internal market (Article 131.6)	The banking system in Portugal is essentially focused on the domestic market. Therefore we do not expect material negative spillovers for the internal market. On the contrary, the imposition of the O-SII buffer will increase systemic important banks' resilience at the national level, contributing for the European financial system soundness as a whole.
3.8 Assessment of leakages	 The scope for "leakages" is limited in the sense that This measure will be applied on a consolidated basis. In Portugal the non-banking part of the financial system has a relatively small dimension and we do not expect a material shift to other bank and non-bank entities.
3.9 Other relevant information	There is no interaction with other measures.
10. Combinations and tim	ing of the G-SII or O-SII notified
4.1 Combinations between G- SII and OSII buffers (Article	Not applicable. Santander Totta – SGPS on a sub-consolidated basis is subject to an O-SII buffer of 0.5% as of 1 January 2017 only.

SII and OSII buffers (Article 131.14)	
10.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	Not applicable.

	a. Does the combined buffer requirement apply to the institution?					
4.3 Combined buffer requirement (Article 131.16 and Article 131.17)	 The Portuguese institutions have to comply with the Capital Conservation Buffer of 2.5% as of 1 January 2016 on a consolidated and individual basis, while the identified O-SIIs have to comply with an O-SII buffer on a consolidated basis only. b. Is the combined buffer requirement above the sum of the buffers described in Article 131-16 and Article 131-17? Taking into account that in Spain the Capital Conservation Buffer was not frontloaded, Santander Totta – SGPS complies with provisions of Article 131.16, i.e., the combined buffer requirement on an individual basis is above the buffers described in Article 131-16. 					
4.4 O-SII requirement for a subsidiary (Article 131.8)	Santander Totta - SGPS is a subsidiary of a Spanish parent institution. The proposed O-SII buffer (0.5% on a sub-consolidated basis as of 1 January 2017) complies with Article 131.8 of CRD IV, since the (indicative) G-SII buffer required for the same period to the Spanish parent institution is also of 0.5% (see the Financial Stability Board 2014 update of list of global systemically important banks.) (http://www.financialstabilityboard.org/wp-content/uploads/r_141106b.pdf).					
4.5 Timing of the measure	1 January 2017					
4.6 Review of the measure	e The list of O-SIIs and corresponding buffers requirements will be revised at least annually, as required under CRD IV. In case of significant restructurin processes, namely mergers and acquisitions, the calibration process should be reviewed after those processes.					
11. Miscellaneous						
5.1 Disclosure	The intended date of publication is 1 January 2016 the latest. Banco de Portugal will fulfill all legal notification and publication requirements. The measure will be published on the Banco de Portugal's website (www.bportugal.pt). Moreover, concerned institutions will be informed bilaterally.					
5.2 Contact person(s) at notifying authority	Adelaide Cavaleiro (Head of the Financial Stability Department) <u>macavaleiro@portugal.pt</u> 00351 211597001 Fátima Silva (Head of the Macroprudential Policy Unit) <u>mfsilva@bportugal.pt</u> 00351 211597024					
5.3 Any other relevant information						

The ESRB template on the O-SII and G-SII buffer⁵ - Banco BPI

13. Notifying national authority (If several designated authorities, please mention all of them)

1.1 Name of the notifying authority	Banco de Portugal				
1.2 Date when the decision referred to in Article 5 of the SSMR shall be taken.	1 23 November 2015				
14. Buffer levels and the in	nstitution to which they apply				
2.1 Categorisation of measures	Which measure do you intend to implement? - O-SII buffer on a consolidated basis, pursuant to Article 131 CRD IV				
2.2 Concerned institution or group of institutions	Banco BPI (LEI code: 3DM5DPGI3W6OU6GJ4N92)				
2.3 Level of the buffer applied	What is the level of the buffer (in %) applied to the institution? - 0.50%				
2.4 Firm level at which the buffer is applied	The buffer is set at the highest level of consolidation only.				
2.5 Information on other buffers already in application	The institution is subject to the Capital Conservation Buffer set at 2.5% of RWAs as of 1 January 2016 and no other buffers apply (including the systemic risk buffer).				
2.6 Annual review of the G-SII or O-SII	Not applicable.				
(Articles 131.6 and 131.12)					
15. Rational for activation	of the G-SII and O-SII buffer				
3.1 Description of the G-SII (Article 131.2)	There are no G-SIIs identified in Portugal.				
3.2 Indicators used for designation of the G-SII (Article 131.2 and 131.9)	Not applicable. Please see 3.1.				

⁵ To be filled in and submitted for each O-SII/G-SII.

3.3 Description of the O-SII (Article 131.3)	 Banco de Portugal has used the identification methodology and criteria outlined in EBA Guidelines (EBA/GL/2014/10, 16 December): size; importance for the economy of the EU, or relevant Member State; significance of cross-border activities; interconnectedness of the institution or group, with the rest of the financial system. 				
3.4 Indicators used for designation of the O-SII (Article 131.3)	 We have used the 10 indicators of the mandatory framework to identify credit institutions as O-SII. As a complement to the mandatory indicators, Banco de Portugal also used an optional indicator presented in Annex 2 of EBA Guidelines: geographical breakdown of banks activities (deposits and loans), which was allocated to the "Importance (including substitutability / financial system infrastructure)" criterion. The inclusion of this optional indicator was meant to capture the financial services provided by financial institutions in the Portuguese Islands (Azores and Madeira). In fact, these regions are geographically isolated from the mainland, thus increasing the importance of assessing the role of local banks' branches in providing financial services to those regional economies. Therefore, the total number of indicators within this criterion went up to 5, and, as a result, their respective weight has reduced from 8.33% to 5% (=25%/5) according to EBA Guidelines. In sum, the total indicators used were the following: Size: Total assets; Importance (including substitutability / financial system infrastructure: value of domestic payments transactions (based on TARGET 2 data), private sector deposits from depositors in the EU, private sector loans to recipients in the EU. In addition, we have also used an optional indicator presented in Annex 2 of EBA Guidelines: geographical breakdown of banks activities (deposits and loans); Complexity / Cross-border activity: value of OTC derivatives (notional), cross-jurisdictional liabilities, cross-jurisdictional claims; Interconnectedness: intra-financial system liabilities, intra-financial system assets, debt securities outstanding. The definition of the mandatory indicators in each criterion was based on FINREP data. In the cases in which FINREP data were unavailable, proxies - taken from each bank's financial statements (dated December 2014), supplemented by additional data available in Ba				
3.5 Calibrating the O-SII buffer	In order to calibrate the O-SII capital buffer for these institutions, Banco de Portugal has applied the clusters methodology. This calibration approach was also adopted by the BCBS (2013) to calibrate the buffer rates for Global				

	Systemically Impor	tant Banks (G-SIBs) ar	nd also used by oth	per countries that	
	Systemically Important Banks (G-SIBs) and also used by other countries that have already identified the O-SIIs and calibrated the O-SII buffer.				
	 Against this background, and taking into account the scores obtained in the June 2015 identification process, we set up five buckets as follows: Bucket 1 encompasses scores from 350 to 699 basis points; Bucket 2 encompasses scores from 700 to 1399 basis points; 				
		encompasses scores from		-	
		encompasses scores from		-	
		ncompasses scores abo	·	-	
		inderlying each PT O-S	-		
		e that no PT O-SII will			
		competent authority sigr asked to comply with a h			
		elevant, as presented in	-		
		by buckets and respe			
	Buckets Buffers				
	5	>= 2800	2.00%		
	4	2100-2799	1.00%		
	3	1400-2099	0.75%		
	2	700-1399	0.50%		
	1	350-699	0.25%		
3.6 In case of O-SII: Suitability, effectiveness and proportionality of measure (Article 131.7)	According to Banco de Portugal, the O-SII buffer is a suitable instrument to address the macroprudential policy intermediate objective that aims at preventing the building up of systemic risks arising from misaligned incentives and moral hazard. The introduction of the O-SII buffer (by CRD IV / CRR) is thereby suggested as a risk-mitigating measure, aiming at enhancing the resilience of the financial system by imposing stricter capital requirements to banking groups identified as systemically important at the domestic level. As a result of the application of EBA's Guidelines to the Portuguese financial system, the following institutions were identified as O-SIIs (as all of them score above 350 basis points): Caixa Geral de Depósitos, Banco Comercial Português, Novo Banco, Banco BPI, Santander Totta - SGPS, Banif - Banco Internacional do Funchal and Caixa Económica Montepio Geral. The total assets of those institutions reached, in December 2014, 81% of the total assets of the Portuguese banking sector and represented 196% of the Portuguese GDP in June 2015, showing a clear picture of their relevance in the domestic banking system, as well as of the systemic risk that they may pose to				

	the Dertuguese economy	
	the Portuguese economy.	
	Banco BPI is one of the major banking groups in Portugal. The total assets of this institution represented 9% of the Portuguese banking system in 31 December 2014 and 21% of GDP in 30 June 2015.	
	According to its systemic importance score, Banco BPI is thereby assigned to Bucket 2, which has associated a buffer rate of 0.50%.	
	For the proposed buffer rates, results from the impact assessment do not indicate major unintended effects. Indeed, the proposed date of the entry into force of the O-SII buffer, 1 January 2017, was selected to allow sufficient time (one year) to the banking groups to adjust to the new capital requirements, i.e. the O-SII buffer and the frontloading of the Capital Conservation buffer to 2.5%, which will enter into force in January 2016.	
	On the contrary, the imposition of the O-SII buffer will structurally increase systemic important banks' resilience at the national level, contributing for the European financial system soundness as a whole.	
3.7 In Case of O-SII, assessment of spillovers and likely impact on the internal market	The banking system in Portugal is essentially focused on the domestic market. Therefore we do not expect material negative spillovers for the internal market. On the contrary, the imposition of the O-SII buffer will increase systemic important banks' resilience at the national level, contributing for the European	
(Article 131.6)	financial system soundness as a whole.	
	The scope for "leakages" is limited in the sense that	
3.8 Assessment of leakages	 This measure will be applied on a consolidated basis. In Portugal the non-banking part of the financial system has a relatively small dimension and we do not expect a material shift to other banks and non-bank entities. 	
3.9 Other relevant information	There is no interaction with other measures.	
12. Combinations and tim	ing of the G-SII or O-SII notified	
4.1 combinations between G- SII and OSII buffers (Article 131.14)	Not applicable.	
12.2Combinations with SRB buffers	Not applicable.	
(Article 131.14 + Article 133.5)		
4.3 Combined buffer	c. Does the combined buffer requirement apply to the institution?	
requirement	The Portuguese institutions have to comply with the Capital Conservation Buffer	
(Article 131.16 and Article	of 2.5% as of 1 January 2016 on a consolidated and individual basis, while the	

131.17)	identified O-SIIs have to comply with an O-SII buffer on a consolidated basis		
,	only.		
	d. Is the combined buffer requirement above the sum of the buffers		
	described in Article 131-16 and Article 131-17?		
	Not applicable.		
4.4 O-SII requirement for a subsidiary (Article 131.8)	Not applicable.		
4.5 Timing of the measure	1 January 2017.		
4.6 Review of the measure	The list of O-SIIs and corresponding buffers requirements will be revised at least annually, as required under CRD IV. In case of significant restructuring processes, namely mergers and acquisitions, the calibration process should be reviewed after those processes.		
13. Miscellaneous			
	The intended date of publication is 1 January 2016 the latest.		
5.1 Disclosure	Banco de Portugal will fulfill all legal notification and publication requirements. The measure will be published on the Banco de Portugal's website (www.bportugal.pt). Moreover, concerned institutions will be informed bilaterally.		
	Adelaide Cavaleiro (Head of the Financial Stability Department)		
	macavaleiro@portugal.pt		
5.2 Contact person(s) at	00351 211597001		
5.2 Contact person(s) at notifying authority	Fátima Silva (Head of the Macroprudential Policy Unit)		

The ESRB template on the O-SII and G-SII buffer⁶ - Banif - Banco Internacional do Funchal

16. Notifying national authority (If several designated authorities, please mention all of them)			
1.1 Name of the notifying authority	Banco de Portugal		
1.2 Date when the decision referred to in Article 5 of the SSMR shall be taken.	23 November 2015		
17. Buffer levels and the in	nstitution to which they apply		
2.1 Categorisation of measures	Which measure do you intend to implement? - O-SII buffer on a consolidated basis, pursuant to Article 131 CRD IV		
2.2 Concerned institution or group of institutions	Banif - Banco Internacional do Funchal (LEI code: 549300M0GN0PZIO7YH97)		
2.3 Level of the buffer applied	What is the level of the buffer (in %) applied to the institution? In June 2015, Banco de Portugal has decided to include Banif in the set of banking groups identified as O-SIIs and has more recently defined a capital buffer for this institution. In the aftermath of the resolution measure applied to Banif, on 20 December 2015, Banco de Portugal decided, on 22 December 2015, to exclude Banif from the set of O-SIIs. Consequently, the underlying OSII capital buffer is not applicable anymore. In fact, under certain circumstances, such as in the case of structural changes in the financial sector, Article 3 of Notice No 4/2015 of Banco de Portugal confers to Banco de Portugal the ability to modify previous decisions taken under the aforementioned Notice. As soon as updated financial information becomes available, Banco de Portugal will proceed with the evaluation of the consequences of the recent developments in the Portuguese banking system structure and, if, based on that evaluation, a new decision on the O-SII buffer rate is taken, an adequate period of time for the banking institutions to adjust will be defined.		
2.4 Firm level at which the buffer is applied	Please see 2.3.		
2.5 Information on other buffers already in application	Please see 2.3.		

 $^{^{\}rm 6}$ To be filled in and submitted for each O-SII/G-SII.

2.6 Annual review of the G-SII	Not applicable.			
or O-SII				
(Articles 131.6 and 131.12)				
18. Rational for activation	of the G-SII and O-SII buffer			
	There are no G-SIIs identified in Portugal.			
3.1 Description of the G-SII (Article 131.2)				
3.2 Indicators used for designation of the G-SII (Article 131.2 and 131.9)	Not applicable. Please see 3.1.			
3.3 Description of the O-SII (Article 131.3)	 Banco de Portugal has used the identification methodology and criteria outlined in EBA Guidelines (EBA/GL/2014/10, 16 December): size; importance for the economy of the EU, or relevant Member State; significance of cross-border activities; interconnectedness of the institution or group, with the rest of the financial system. 			
3.4 Indicators used for designation of the O-SII (Article 131.3)	 We have used the 10 indicators of the mandatory framework to identify credit institutions as O-SII. As a complement to the mandatory indicators, Banco de Portugal also used an optional indicator presented in Annex 2 of EBA Guidelines: geographical breakdown of banks activities (deposits and loans), which was allocated to the "Importance (including substitutability / financial system infrastructure)" criterion. The inclusion of this optional indicator was meant to capture the financial services provided by financial institutions in the Portuguese Islands (Azores and Madeira). In fact, these regions are geographically isolated from the mainland, thus increasing the importance of assessing the role of local banks' branches in providing financial services to those regional economies. Therefore, the total number of indicators within this criterion went up to 5, and, as a result, their respective weight has reduced from 8.33% to 5% (=25%/5) according to EBA Guidelines. In sum, the total indicators used were the following: Size: Total assets; Importance (including substitutability / financial system infrastructure: value of domestic payments transactions (based on TARGET 2 data), private sector deposits from depositors in the EU, private sector loans to recipients in the EU. In addition, we have also used an optional indicator presented in Annex 2 of EBA Guidelines: 			

	(notional) - Interconr	cross-jurisdictional liabil	ctivity : value of OTC ities, cross-jurisdictional cla cial system liabilities, inf standing.	aims;
	data. In the cases each bank's finar	in which FINREP data w	each criterion was based vere unavailable, proxies - December 2014), supple gal - were used.	taken from
	Institutions with a s O-SII.	core equal or higher that	n 350 basis points were de	signated as
	judgement, due t Portuguese Island share was 28% ir resolution measure	o its importance as a s (the deposits market s n these regions in Dece e applied to Banif, on 20	s identified as O-SII using financial services provi hare was 45% and the lo mber 2014). In the aftern December 2015, Banco of Banif from the set of O-SIIs	der in the ans market nath of the de Portugal
	Portugal has appl also adopted by Systemically Impo have already ident Against this backg 2015 identification Bucket 1 Bucket 2 Bucket 3 Bucket 4	ed the clusters methods the BCBS (2013) to con- rtant Banks (G-SIBs) and fied the O-SIIs and calible round, and taking into acc process, we set up five b encompasses scores from encompasses scores from encompasses scores from encompasses scores from	count the scores obtained	oroach was for Global untries that in the June ; ; ; ;
3.5 Calibrating the O-SII buffer	Given the scores bucket, in the sen empty bucket, the the latter could be	underlying each PT O-S se that no PT O-SII will competent authority sigr	II, bucket 5 corresponds to be allocated to it. By con alizes the market and the igher rate in the future if th	o an empty sidering an O-SIIs that
	O-SIIs distribution	n by buckets and respe	ctive buffers	
	B	uckets	<u>Buffers</u>	
	5	>= 2800	2.00%	
	4	2100-2799	1.00%	
	3	1400-2099	0.75%	

	2	700-1399	0.50%	
	1	350-699	0.25%	
	address the macro the building up of hazard. The intro suggested as a ris financial system b identified as system	co de Portugal, the O-S prudential policy interme systemic risks arising fi duction of the O-SII bu k-mitigating measure, ain by imposing stricter cap nically important at the do	diate objective that aims rom misaligned incentive ffer (by CRD IV / CRF ning at enhancing the res ital requirements to ba pmestic level.	at preventing es and moral R) is thereby silience of the nking groups
	system, the follow above 350 basis p Novo Banco, Banc	application of EBA's G ing institutions were ider oints): Caixa Geral de De o BPI, Santander Totta - Económica Montepio Ge	tified as O-SIIs (as all c epósitos, Banco Comerci SGPS, Banif - Banco Int	of them score al Português,
3.6 In case of O-SII: Suitability, effectiveness and proportionality of measure	assets of the P Portuguese GDP i	those institutions reache ortuguese banking sec n June 2015, showing a system, as well as of the onomy.	tor and represented 1 clear picture of their rele	96% of the evance in the
(Article 131.7)		Banif - Banco Internacio g system in December 20	-	
	2015, Banco de P the set of O-SIIs applicable anymor structural changes de Portugal confer taken under the af becomes available consequences of structure and, if, ba	of the resolution measur ortugal decided, on 22 D s. Consequently, the ur e. In fact, under certain of in the financial sector, A s to Banco de Portugal th orementioned Notice. As e, Banco de Portugal wi the recent developments ased on that evaluation, a late period of time for the	ecember 2015, to exclude inderlying OSII capital circumstances, such as in rticle 3 of Notice No 4/2 me ability to modify previous soon as updated financial proceed with the evalues on the Portuguese back new decision on the O-1	de Banif from buffer is not n the case of 015 of Banco ous decisions al information uation of the nking system SII buffer rate
3.7 In Case of O-SII, assessment of spillovers and likely impact on the internal	Therefore we do n	em in Portugal is essenti ot expect material negativ	e spillovers for the interr	nal market.
market (Article 131.6)	-	the imposition of the resilience at the national		-

	financial system soundness as a whole.
	The scope for "leakages" is limited in the sense that
3.8 Assessment of leakages	 This measure will be applied on a consolidated basis. In Portugal the non-banking part of the financial system has a relatively
J	small dimension and we do not expect a material shift to other bank and
	non-bank entities.
	There is no interaction with other measures.
3.9 Other relevant information	
14. Combinations and tim	ing of the G-SII or O-SII notified
	Not applicable.
4.1 combinations between G- SII and OSII buffers (Article	
131.14)	
14.2Combinations with SRB buffers	Not applicable.
(Article 131.14 + Article	
133.5)	
4.3 Combined buffer	e. Does the combined buffer requirement apply to the institution?
requirement	Please see 2.3.
(Article 131.16 and Article	f. Is the combined buffer requirement above the sum of the buffers described in Article 131-16 and Article 131-17?
131.17)	Not applicable.
	Not applicable.
4.4 O-SII requirement for a subsidiary (Article 131.8)	
	1 January 2017
4.5 Timing of the measure	
	The list of O-SIIs and corresponding buffers requirements will be revised at least
4.6 Review of the measure	annually, as required under CRD IV. In case of significant restructuring
	processes, namely mergers and acquisitions, the calibration process should be reviewed after those processes.
15. Miscellaneous	
	The intended date of publication is 1 January 2016 the latest.
5.1 Disclosure	Banco de Portugal will fulfill all legal notification and publication requirements.
	The measure will be published on the Banco de Portugal's website
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	(www.bportugal.pt). Moreover, concerned institutions will be informed bilaterally.
	Adelaide Cavaleiro (Head of the Financial Stability Department)
	macavaleiro@portugal.pt
5.2 Contact person(s) at	00351 211597001
notifying authority	Fátima Silva (Head of the Macroprudential Policy Unit)
	mfsilva@bportugal.pt
	00351 211597024
5.3 Any other relevant information	

The ESRB template on the O-SII and G-SII buffer⁷ - Caixa Económica Montepio Geral

19. Notifying national authority (If several designated authorities, please mention all of them)			
1.1 Name of the notifying authority	Banco de Portugal		
1.2 Date when the decision referred to in Article 5 of the SSMR shall be taken.	23 November 2015		
20. Buffer levels and the in	nstitution to which they apply		
2.1 Categorisation of measures	Which measure do you intend to implement? - O-SII buffer on a consolidated basis, pursuant to Article 131 CRD IV		
2.2 Concerned institution or group of institutions	Caixa Económica Montepio Geral (LEI code: 2138004FIUXU3B2MR537)		
2.3 Level of the buffer applied	What is the level of the buffer (in %) applied to the institution? - 0.25%		
2.4 Firm level at which the buffer is applied	The buffer is set at the highest level of consolidation only.		
2.5 Information on other buffers already in application	The institution is subject to the Capital Conservation Buffer set at 2.5% of RWAs as of 1 January 2016 and no other buffers apply (including the systemic risk buffer).		
2.6 Annual review of the G-SII or O-SII (Articles 131.6 and 131.12)	Not applicable.		
	of the G-SII and O-SII buffer		
3.1 Description of the G-SII (Article 131.2)	There are no G-SIIs identified in Portugal.		
3.2 Indicators used for designation of the G-SII (Article 131.2 and 131.9)	Not applicable. Please see 3.1.		

 $[\]overline{}^{7}$ To be filled in and submitted for each O-SII/G-SII.

3.3 Description of the O-SII (Article 131.3)	 Banco de Portugal has used the identification methodology and criteria outlined in EBA Guidelines (EBA/GL/2014/10, 16 December): size; importance for the economy of the EU, or relevant Member State; significance of cross-border activities; interconnectedness of the institution or group, with the rest of the financial system.
3.4 Indicators used for designation of the O-SII (Article 131.3)	 We have used the 10 indicators of the mandatory framework to identify credit institutions as O-SII. As a complement to the mandatory indicators, Banco de Portugal also used an optional indicator presented in Annex 2 of EBA Guidelines: geographical breakdown of banks activities (deposits and loans), which was allocated to the "Importance (including substitutability / financial system infrastructure)" criterion. The inclusion of this optional indicator was meant to capture the financial services provided by financial institutions in the Portuguese Islands (Azores and Madeira). In fact, these regions are geographically isolated from the mainland, thus increasing the importance of assessing the role of local banks' branches in providing financial services to those regional economies. Therefore, the total number of indicators within this criterion went up to 5, and, as a result, their respective weight has reduced from 8.33% to 5% (=25%/5) according to EBA Guidelines. In sum, the total indicators used were the following: Size: Total assets; Importance (including substitutability / financial system infrastructure: value of domestic payments transactions (based on TARGET 2 data), private sector deposits from depositors in the EU, private sector loans to recipients in the EU. In addition, we have also used an optional indicator presented in Annex 2 of EBA Guidelines: geographical breakdown of banks activities (deposits and loans); Complexity / Cross-border activity: value of OTC derivatives (notional), cross-jurisdictional liabilities, cross-jurisdictional claims; Interconnectedness: intra-financial system liabilities, intra-financial system assets, debt securities outstanding. The definition of the mandatory indicators in each criterion was based on FINREP data. In the cases in which FINREP data were unavailable, proxies - taken from each bank's financial statements (dated December 2014), supplemented by additional data available in Ba

3.5 Calibrating the O-SII buffer	Portugal has applied the clusters me also adopted by the BCBS (2013) Systemically Important Banks (G-SIE have already identified the O-SIIs and Against this background, and taking in 2015 identification process, we set up Bucket 1 encompasses score Bucket 2 encompasses score Bucket 3 encompasses score Bucket 4 encompasses score Bucket 5 encompasses score Given the scores underlying each PT bucket, in the sense that no PT O-SI empty bucket, the competent authority	to account the scores obtained in the June five buckets as follows: as from 350 to 699 basis points; as from 700 to 1399 basis points; as from 1400 to 2099 basis points; as from 2100 to 2799 basis points; as above or equal 2800 basis points. TO-SII, bucket 5 corresponds to an empty I will be allocated to it. By considering an a signalizes the market and the O-SIIs that the a higher rate in the future if they become ared in the following table:
3.6 In case of O-SII: Suitability, effectiveness and proportionality of measure (Article 131.7)	According to Banco de Portugal, the O-SII buffer is a suitable instrument to address the macroprudential policy intermediate objective that aims at preventing the building up of systemic risks arising from misaligned incentives and moral hazard. The introduction of the O-SII buffer (by CRD IV / CRR) is thereby suggested as a risk-mitigating measure, aiming at enhancing the resilience of the financial system by imposing stricter capital requirements to banking groups identified as systemically important at the domestic level. As a result of the application of EBA's Guidelines to the Portuguese financial system, the following institutions were identified as O-SIIs (as all of them score above 350 basis points): Caixa Geral de Depósitos, Banco Comercial Português, Novo Banco, Banco BPI, Santander Totta - SGPS, Banif - Banco Internacional do	

	Funchal and Caixa Económica Montepio Geral.
	The total assets of those institutions reached, in December 2014, 81% of the total assets of the Portuguese banking sector and represented 196% of the Portuguese GDP in June 2015, showing a clear picture of their relevance in the domestic banking system, as well as of the systemic risk that they may pose to the Portuguese economy.
	The total assets of Caixa Económica Montepio Geral represented 5% of the Portuguese banking system in December 2014 and 13% of GDP in June 2015.
	According to its systemic importance score, Caixa Económica Montepio Geral is thereby assigned to Bucket 1, which has associated a buffer rate of 0.25%.
	For the proposed buffer rates, results from the impact assessment do not indicate major unintended effects. Indeed, the proposed date of the entry into force of the O-SII buffer, 1 January 2017, was selected to allow sufficient time (one year) to the banking groups to adjust to the new capital requirements, i.e. the O-SII buffer and the frontloading of the Capital Conservation buffer to 2.5%, which will enter into force in 1 January 2016.
	On the contrary, the imposition of the O-SII buffer will structurally increase systemic important banks' resilience at the national level, contributing for the European financial system soundness as a whole.
3.7 In Case of O-SII, assessment of spillovers and likely impact on the internal market (Article 131.6)	The banking system in Portugal is essentially focused on the domestic market. Therefore we do not expect material negative spillovers for the internal market. On the contrary, the imposition of the O-SII buffer will increase systemic important banks' resilience at the national level, contributing for the European financial system soundness as a whole.
3.8 Assessment of leakages	 The scope for "leakages" is limited in the sense that This measure will be applied on a consolidated basis. In Portugal the non-banking part of the financial system has a relatively small dimension and we do not expect a material shift to other bank and non-bank entities.
3.9 Other relevant information	There is no interaction with other measures.
16. Combinations and tim	ing of the G-SII or O-SII notified
4.1 combinations between G- SII and OSII buffers (Article 131.14)	Not applicable.

16.2Combinations with SRB buffers	Not applicable.
(Article 131.14 + Article 133.5)	
4.3 Combined buffer requirement (Article 131.16 and Article 131.17)	 g. Does the combined buffer requirement apply to the institution? The Portuguese institutions have to comply with the Capital Conservation Buffer of 2.5% as of 1 January 2016 on a consolidated and individual basis, while the identified O-SIIs have to comply with an O-SII buffer on a consolidated basis only. h. Is the combined buffer requirement above the sum of the buffers described in Article 131-16 and Article 131-17? Not applicable.
4.4 O-SII requirement for a subsidiary (Article 131.8)	Not applicable.
4.5 Timing of the measure	1 January 2017
4.6 Review of the measure	The list of O-SIIs and corresponding buffers requirements will be revised at least annually, as required under CRD IV. In case of significant restructuring processes, namely mergers and acquisitions, the calibration process should be reviewed after those processes.
17. Miscellaneous	
5.1 Disclosure	The intended date of publication is 1 January 2016 the latest. Banco de Portugal will fulfill all legal notification and publication requirements. The measure will be published on the Banco de Portugal's website (www.bportugal.pt). Moreover, concerned institutions will be informed bilaterally.
5.2 Contact person(s) at notifying authority	Adelaide Cavaleiro (Head of the Financial Stability Department) <u>macavaleiro@portugal.pt</u> 00351 211597001 Fátima Silva (Head of the Macroprudential Policy Unit) <u>mfsilva@bportugal.pt</u> 00351 211597024
5.3 Any other relevant information	