Notification template for Article 131 CRD – Other Systemically Important Institutions (O-SII)[1]

Please send this template to

- notifications@esrb.europa.eu when notifying the ESRB;
- macropru.notifications@ecb.europa.eu when notifying the ECB;
- notifications@eba.europa.eu when notifying the EBA.

1. Notifying national authority	
1.1 Name of the notifying authority	Komisja Nadzoru Finansowego (KNF)
2. Description of the measure	
2.1 Concerned institution or group of institutions	Bank Millennium SA, LEI code: 259400OFDZ9KPZEO8K78 The measure applies on: - the highest level of consolidation in Poland, - an individual level.
2.2 Level of the buffer applied	The buffer rate is equal to 0.25%.
2.3 Name of the EU ultimate parent institution	Banco Comercial Português LEI code: JU1U6S0DG9YLT7N8ZV32
2.4 Names of subsidiaries	N.a.
3. Timing of the measure	
3.1 Timing of the Decision	The KNF issued the decision on 4 October 2016.
3.2 Timing of the Publication	The decision was published on 4 October 2016 on the KNF website. A few days later the decision was handed over to the Bank.
3.3 Disclosure	The information has been disclosed on the KNF website (www.knf.gov.pl) in the following way: • a press release, • a briefing note.
3.4 Timing of Application	The date of application is 31 December 2016.

[1] To be filled in and submitted for each O-SII.

3.5 Phasing in	The measure will be fully applied from 31 December 2016.
3.6 Review of the measure	Annually

4. Reason for activation of the O-SII buffer

4.1 Scores of concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs

Criterion	Size	Importance (including substitutability/financial system infrastructure)	Complexity/cross-border activity	Interconnectedness	Basis points
Criterion weight	25%	25%	25%	25%	100%
BANK MILLENNIUM SA	443	508	440	303	424

4.2 Methodology and indicators used for designation of the O-SII

(Article 131.3)

The KNF followed the EBA guidelines. All the criteria, indicators and weights have been applied. Where the data were not available at the highest consolidated level under the KNF jurisdiction, relevant proxies have been used. The threshold has been set at 350 basis points (bps). All banks that meet the definition of 'institutions' contained in Article 4 (3) of the CRR have been included in the calculations and investment firms have been excluded.

4.3 Supervisory judgement

N.a.

4.4 Calibrating the O-SII buffer

The O-SII buffer was calibrated using a proportional method. The buffer was not set for institutions which scored less than the threshold of 350 bps. For institutions scoring no less than 350 bps, the buffer was calibrated in the following steps:

- rounding down the quotient of the score of the institution and 350 to the nearest whole integer, (|x|=score/350)
- assigning of the buffer proportionally by multiplying the integer from the previous step by 0.25% (|x|*0.25%)
- if the value calculated in step 1 is equal or higher than 5, then the buffer value is set to 2% of total risk exposure calculated in accordance with the CRR.

It should be emphasized that the application of the last stage of the above procedure, abolishes the rule of proportionality in determining the O-SII buffer. This is because after exceeding a certain size threshold the risk that the institution generates for the financial sector and the real economy, increases non-linearly. Thus, the KNF deemed it appropriate to adopt for this type of institutions the maximum rate of the buffer, i.e. 2% of total risk exposure.

4.5 Effectiveness and proportionality of measure

Setting the O-SII buffer will have positive impact on the resilience of the bank to external shocks, as well as the soundness of the overall banking sector and the real economy in Poland. The applied measure is proportional with respect to the overall score of the bank and the level of concentration in the Polish banking sector.

5. Combinations and interactions with other measures

5.1 Assessment of cross-border effects and the likely impact on the internal market **(Recommendation ESRB/2015/2)**	The effects are negligible due to insignificant scale of cross-border activities of the bank.
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	The research carried out so far shows no signs of such effects.
6. Combinations and interactions with other measures	
6.1 Combinations between G-SII and OSII buffers (Article 131.14)	N.a.
6.2 Combinations with SRB buffers **(Article 131.14 + Article 133.5)**	The systemic risk buffer has not been set in Poland yet.
6.3 O-SII requirement for a subsidiary (Article 131.8)	An O-SII buffer of 0.75% on Banco Comercial Português
6.4 Interaction with other measures	N.a.
7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Michał Kruszka, Michal.Kruszka@knf.gov.pl, +48 22 262 51 53 Mateusz Mokrogulski, Mateusz.Mokrogulski@knf.gov.pl, +48 22 262 51 53 Szymon Janiszewski, Szymon.Janiszewski@knf.gov.pl, +48 22 262 51 53
7.2 Any other relevant information	-