

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.

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| 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 | Raiffeisen Bank Polska SA, LEI code: 259400B9NW8RT98P1F72 The measure applies on: <ul style="list-style-type: none"> - 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 | Raiffeisen Zentralbank LEI code: EVOYOND2GGP3UHGGE885 |
| 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: <ul style="list-style-type: none"> • a press release, • a briefing note. |
| 3.4 Timing of Application | The date of application is 31 December 2016. |
| 3.5 Phasing in | The measure will be fully applied from 31 December 2016. |

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

| 3.6 Review of the measure | Annually | | | | | | | | | | | | | | | | | | |
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| 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 | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Criteria</th> <th style="text-align: center;">Size</th> <th style="text-align: center;">Importance (including substitutability/financial system infrastructure)</th> <th style="text-align: center;">Complexity/cross-border activity</th> <th style="text-align: center;">Interconnectedness</th> <th style="text-align: center;">Basis points</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Criteria weight</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">100%</td> </tr> <tr> <td style="text-align: center;">RAIFFEISEN BANK POLSKA SA</td> <td style="text-align: center;">415</td> <td style="text-align: center;">415</td> <td style="text-align: center;">425</td> <td style="text-align: center;">355</td> <td style="text-align: center;">404</td> </tr> </tbody> </table> | Criteria | Size | Importance (including substitutability/financial system infrastructure) | Complexity/cross-border activity | Interconnectedness | Basis points | Criteria weight | 25% | 25% | 25% | 25% | 100% | RAIFFEISEN BANK POLSKA SA | 415 | 415 | 425 | 355 | 404 |
| Criteria | Size | Importance (including substitutability/financial system infrastructure) | Complexity/cross-border activity | Interconnectedness | Basis points | | | | | | | | | | | | | | |
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| RAIFFEISEN BANK POLSKA SA | 415 | 415 | 425 | 355 | 404 | | | | | | | | | | | | | | |
| 4.2 Methodology and indicators used for designation of the O-SII (Article 131.3) | <p>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.</p> | | | | | | | | | | | | | | | | | | |
| 4.3 Supervisory judgement | N.a. | | | | | | | | | | | | | | | | | | |
| 4.4 Calibrating the O-SII buffer | <p>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:</p> <ul style="list-style-type: none"> • rounding down the quotient of the score of the institution and 350 to the nearest whole integer, ($x = \text{score}/350$) • 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. <p>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.</p> | | | | | | | | | | | | | | | | | | |
| 4.5 Effectiveness and proportionality of measure | <p>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.</p> | | | | | | | | | | | | | | | | | | |
| 5. Combinations and interactions with other measures | | | | | | | | | | | | | | | | | | | |
| 5.1 Assessment of cross-border effects and the likely impact on the internal market | <p>The effects are negligible due to insignificant scale of cross-border activities of the bank.</p> | | | | | | | | | | | | | | | | | | |

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| (Recommendation ESRB/2015/2) | |
| 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 2% on Raiffeisen Zentralbank (a consolidated level). An O-SII buffer of 2% on Raiffeisen Bank International (a sub-consolidated level). |
| 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 | - |

