Notification template for Article 131 of the Capital Requirements Directive (CRD) – Other Systemically Important Institutions (O-SIIs)

Template for notifying the European Central Bank (ECB) and the European Systemic Risk Board (ESRB) of the setting or resetting of an O-SII buffer under Article 131(7) CRD and of the identity of O-SIIs under Article 131(12) CRD

Please send/upload this template to:
- macropru.notifications@ecb.europa.eu when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation1);
- DARWIN/ASTRA when notifying the ESRB.

The ESRB will forward this notification to the European Commission, to the European Banking Authority (EBA) and to the competent and designated authorities of the Member States concerned without delay and will publicly disclose the names of the O-SIIs on its website. This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure2.

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. To facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.


2 On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.
2.1b Changes to the list of institutions concerned

Please indicate under 2.1a any changes to the list as compared to the last notification, and provide an explanation, if applicable.

5. Euroclear Bank is now also consolidated to the level of Euroclear Holding, reflecting the transposition into the Belgian banking law (which entered into force on 23 July 2021) of the new approval/exemption regime for financial holding companies brought by CRD V. Within this new framework, the NBB Board decided to exempt Euroclear Holding from the requirement to obtain approval under Art 21.a (4) CRD but took note that this exemption does not affect the perimeter of prudential consolidation (for both capital and liquidity requirements) which is the consolidated situation of Euroclear Holding as ultimate parent of the group in Belgium and in the EU. Please note that, following the banking law, Euroclear SA (approved financial holding company) is the designated financial holding company responsible for ensuring the Euroclear Holding group’s compliance with prudential requirements at consolidated level.

8. Crelan SA is now identified as an O-SII after the merger with AXA Bank Belgium.

2.2 Level of the buffer applied

At what level is the fully phased-in buffer (in %) applied to the institution(s)?

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>New O-SII buffer</th>
<th>Previous O-SII buffer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. KBC Groep NV</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
<tr>
<td>KBC Bank NV</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
<tr>
<td>2. BNP Paribas Fortis SA/NV</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
<tr>
<td>3. ING Belgium NV</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
<tr>
<td>4. Belfius Bank SA</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
<tr>
<td>5. Euroclear Holding</td>
<td>0.75%</td>
<td>...</td>
</tr>
<tr>
<td>Euroclear SA</td>
<td>0.75%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Euroclear Bank SA/NV</td>
<td>0.75%</td>
<td>0.75%</td>
</tr>
<tr>
<td>6. The Bank of New York Mellon SA</td>
<td>0.75%</td>
<td>0.75%</td>
</tr>
<tr>
<td>7. Investeringsmaatschappij Argenta</td>
<td>0.75%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Argenta Bank- en Verzekeringgroep NV/SA</td>
<td>0.75%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Argenta Spaarbank SA/NV</td>
<td>0.75%</td>
<td>0.75%</td>
</tr>
<tr>
<td>8. Crelan SA</td>
<td>0.75%</td>
<td>...</td>
</tr>
<tr>
<td>AXA Bank Belgium SA</td>
<td>0.75%</td>
<td>0.75%</td>
</tr>
</tbody>
</table>

2.3 Name of the ultimate EU parent institution

Please provide the name and LEI code of the ultimate EU parent institution of the group for each of the O-SIIs identified. If the ultimate EU parent institution is not the concerned institution itself.

<table>
<thead>
<tr>
<th>Name of identified O-SII</th>
<th>Ultimate EU parent institution</th>
<th>LEI of ultimate parent institution</th>
</tr>
</thead>
</table>

2
2. BNP Paribas Fortis SA
BNP Paribas SA
KGCEPHLVKVZRYO17T647

3. ING Belgium NV
ING Groep N.V.
JLS66RAMYQZECFUF2G44

2.4 Names of subsidiaries

If any of the O-SIs identified is a parent institution and the buffer is applied at a (sub)consolidated level, please name the subsidiaries of the institution that are notified as O-SIs (please give names and LEI codes).

<table>
<thead>
<tr>
<th>Name of parent O-SII identified</th>
<th>Name of O-SII subsidiary</th>
<th>LEI of O-SII subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. KBC Groep NV</td>
<td>Československá obchodná banka, (SK)</td>
<td>529900Q5LMCH1WU462</td>
</tr>
<tr>
<td></td>
<td>Československá obchodná banka, (CZ)</td>
<td>Q5BP2UEQ48R75BOUC92</td>
</tr>
<tr>
<td></td>
<td>United Bulgarian Bank AD</td>
<td>529900PCY1ERP8QJF48</td>
</tr>
<tr>
<td></td>
<td>Raiffeisenbank Bulgaria (if approved later this year)</td>
<td>5299009KAL4K6984196</td>
</tr>
</tbody>
</table>

3. Timing for the measure

3.1 Timing for the decision

What is the date of the official decision? For SSM countries when notifying the ECB: provide the date on which the decision referred to in Article 5 of the Single Supervisory Mechanism Regulation (SSMR) will be taken.

28/04/2022

3.2 Timing for publication

What is the date of publication of the notified measure?

01/12/2022

3.3 Disclosure

Information about the strategy for if the communicating the notified measure to the market.

Please provide a link to the public announcement, if any.

The list of O-SIs with O-SII scores and associated O-SII buffer levels will be published on the NBB website

3.4 Timing for application

What is the intended date of application of the measure?

01/01/2023

3.5 Phasing in

What is the intended timeline for the phase-in of the measure?

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>Date1</th>
<th>Date2</th>
<th>Date3</th>
<th>Date4</th>
<th>Date5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
</tbody>
</table>

3.6 Review of the measure

When will the measure be reviewed (Article 131, paragraphs (6) and (12), specify that the buffer, the identification of O-SIs and their allocation to subcategories must be reviewed at least annually)?

The list of O-SIs and their associated capital buffers will be reviewed annually

4. Reason for O-SII identification and activation of the O-SII buffer
Please list here the names, overall scores and category scores of the O-SIIs identified based on

a. size;
b. importance for the economy of the relevant Member State or the Union, capturing substitutability/financial institution infrastructure;
c. complexity, including the additional complexities from cross-border activity;
d. interconnectedness of the institution or (sub-)group with the financial system.

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>Size</th>
<th>Substitut-ability</th>
<th>Complexity</th>
<th>Interconnectedness</th>
<th>Overall Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. KBC Groep NV</td>
<td>2585</td>
<td>2104</td>
<td>3309</td>
<td>2045</td>
<td>2511</td>
</tr>
<tr>
<td>2. BNP Paribas Fortis SA</td>
<td>2831</td>
<td>2056</td>
<td>2879</td>
<td>2256</td>
<td>2505</td>
</tr>
<tr>
<td>3. ING Belgium NV</td>
<td>1365</td>
<td>1724</td>
<td>1319</td>
<td>1236</td>
<td>1411</td>
</tr>
<tr>
<td>4. Belfius Bank SA</td>
<td>1480</td>
<td>934</td>
<td>971</td>
<td>1970</td>
<td>1339</td>
</tr>
<tr>
<td>5. Euroclear Holding SA</td>
<td>248</td>
<td>2040</td>
<td>343</td>
<td>801</td>
<td>858</td>
</tr>
<tr>
<td>6. The Bank of New York Mellon SA</td>
<td>337</td>
<td>1</td>
<td>703</td>
<td>887</td>
<td>482</td>
</tr>
<tr>
<td>7. Investeringsmaatschappij Argenta NV</td>
<td>413</td>
<td>422</td>
<td>255</td>
<td>300</td>
<td>348</td>
</tr>
<tr>
<td>8. Crelan SA</td>
<td>447</td>
<td>476</td>
<td>98</td>
<td>332</td>
<td>338</td>
</tr>
</tbody>
</table>

Please provide other relevant information (indicator values, methodology, calculations and formulas, data sources, information set used for denominators) in a separate Excel file.

4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)

a. whether you followed the EBA guidelines on the assessment of O-SIs;
b. which threshold score has been set to identify O-SIIs;
c. whether relevant entities with relative total assets not in excess of 0.02% have been excluded from the identification process;
d. the names and scores of all relevant entities not excluded from the identification process (could be sent in a separate Excel file, see 4.1);
e. whether non-bank institutions have been included in the calculations.

a. O-SII identification followed the EBA guidelines EBA/GL/2014/10 on the assessment of O-SIs
b. 6 institutions with an O-SII score above a threshold of 350 basis points are automatically designated as O-SIIs (see scores in 4.1 and excel file) + 2 additional institutions (Investar and Crelan) are identified as O-SIIs by applying supervisory judgement, as their alternative O-SII score (based on optional indicators with domestic scope which are more appropriate for determining domestic systemic importance) is above a threshold of 350 basis points (see excel file).
c. All Belgian banks reporting in FINREP have been included in the identification process.
d. Names and scores of all relevant entities not excluded from the identification process are reported in a separate excel file.
e. No non-bank institutions have been included in the calculations.
### 4.3 Supervisory judgement

Have any of the institutions listed in 2.1 been identified by applying supervisory judgement as laid down in EBA guidelines on the assessment of O-SIIs? If yes, please list the respective institutions and provide information on:

- **a.** which of the optional indicators have been used to justify the supervisory assessment decisions, if any, and what the scores were;
- **b.** why these optional indicators are relevant for the Member State;
- **c.** why the bank is systemically important in terms of those particular optional indicators.

Two institutions have been identified as O-SIIs by applying supervisory judgement, Crelan and Investar.

- Optional indicators: retail deposits from Belgian depositors, loans to the Belgian private sector, deposits of Belgian credit institutions and loans to Belgian credit institutions. For the scores see separate excel file.
- Optional indicators with domestic scope are more appropriate for determining domestic systemic importance.
- The alternative O-SII score based on these optional indicators is above the threshold of 350 basis points.

### 4.4 Calibrating the O-SII buffer

Please provide information on the criteria and indicators used to calibrate the level of the O-SII buffer requirement and the mapping to institution-specific buffer requirements.

The EBA scores provide a case for assigning the identified O-SIIs to two buckets. Several criteria were accounted for in the O-SII buffer calibration, among others:

- The institution’s systemic importance as measured by its size and O-SII score.
- Historical losses in the Belgian banking sector.
- Stress test results.
- Level playing field and single market considerations (with respect to O-SII buffer levels and total capital requirements for O-SIIs in other EU jurisdictions).

### 4.5 Effectiveness and proportionality of measure

Please provide a justification for why the O-SII buffer is considered likely to be effective and proportionate to mitigate the risk.

Other systemically important institutions (O-SIIs) are institutions whose failure would have an important negative impact on the domestic financial system or real economy. The rationale for imposing capital buffers on systemically important institutions (SiIs) is at least twofold. First, capital buffers reduce the probability of failure of SiIs, which may be desirable given the high economic and social cost of their failure. Second, capital buffers require SiIs to internalize externalities they impose on the financial system, and the buffers may provide incentives for SiIs to reduce their systemic importance.

The Belgian banking sector is large (around 230% of GDP) and highly concentrated, with the four largest banks representing more than 80% of total assets and the eight identified O-SIIs over 95%.

Given sizes ranging from about 5% to over 60% of Belgian GDP as well as their importance in terms of

- credit provision and deposit taking for the Belgian economy
- global custodian services (The Bank of New York Mellon) and activities as an International Central Securities Depository (Euroclear)

the identified O-SIIs are institutions of domestic systemic importance.

The O-SII buffers applicable to Belgian institutions were calibrated accounting for the institutions’ systemic importance. Banks with a higher O-SII score need to hold a higher O-SII buffer. To this end, Belgian O-SIIs were allocated to two buckets, to which a unique O-SII buffer will apply.

Furthermore, the calibration of the O-SII buffers levels explicitly accounted for level playing field and internal market considerations.
Given the above considerations, the imposed level of the O-SII buffer is expected to be both effective and proportionate.

### 5. Sufficiency, consistency and non-overlap of the policy response

#### 5.1 Sufficiency of the policy response

For a macroprudential policy to be ‘sufficient’, the policy responses must be deemed to significantly mitigate, or reduce the build-up of, risks over an appropriate time horizon with a limited unintended impact on the general economy.

Note that the ESRB will use the assessment of the macroprudential stance as relevant input in assessing the sufficiency of the macroprudential policy in the Member State.

Please provide any additional information that the ESRB should consider in assessing the sufficiency of the policy response.

The unchanged O-SII buffers are still assessed to be sufficient. By considering two buckets with a different O-SII buffer, the four largest institutions need to hold a larger buffer. No unintended impact on the general economy is expected as institutions have sufficient capital to comply with these (unchanged) O-SII buffers.

#### 5.2 Consistency of application of the policy response

For a macroprudential policy to be ‘consistent’, the policy instruments meet their respective objectives, as outlined in ESRB/2013/1, and must be implemented in accordance with the common principles set out in the relevant legal texts.

Note that the ESRB assessment of consistency will consider whether the same systemic risks are addressed in a similar way across and within the Member States over time.

Please provide any additional information that the ESRB should consider in assessing the consistency of the policy response.

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#### 5.3 Non-overlap of the policy response

For a policy instrument to be ‘non-overlapping’, it should aim to address a systemic risk that either differs from a risk addressed by other active tools in the same Member State, or be complementary to another tool in that Member State which addresses the same systemic risk.

- Are other policy instruments used to address the same systemic risk?
- If yes, please explain the need for more than one instrument to address the same systemic risk and how the different instruments interact with each other.

No other policy instruments address the same systemic risk.

### 6. Cross-border and cross-sector impact of the measure

#### 6.1 Assessment of cross-border effects and the likely impact on the Internal Market

Assessment of the cross-border effects of implementation of the measure. 

- Assessment of the spillover channels operating via risk adjustment and regulatory arbitrage. The relevant indicators provided in Chapter 11 of the ESRB Handbook on Operationalising

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3 Recommendation of the European Systemic Risk Board of 4 April 2013 on intermediate objectives and instruments of macro-prudential policy (ESRB/2013/1) (OJ C 170, 15.6.2013, p. 1)
**Macroprudential Policy in the Banking Sector** and the **Framework to assess cross-border spillover effects of macroprudential policies of the ECB Task Force on cross-border spillover effects of macroprudential measures** can be used.

### b. Assessment of the:

- cross-border effects of implementation of the measure in your own jurisdiction (inward spillovers);
- cross-border effects on other Member States and on the Single Market of the measure (outward spillovers);
- overall impact on the Single Market of implementation of the measure.

The higher capital requirements following the implementation of the O-SII buffer structurally increase the resilience of Belgian systemically important institutions. This positively affects the stability of the financial system and the real economy in Belgium, and with that, the internal market.

As the O-SII buffer is applied to the Belgian systemically relevant institutions at the consolidated level, there may be an impact on individuals or companies outside Belgium through exposures of subsidiaries and branches of Belgian banks in other jurisdictions. However, no major cross-border impact has been observed. There are several potential reasons for this limited impact:

- First, for most banks, FINREP data show that exposures in Member States other than Belgium (both in terms of total assets and loans and advances to non-financial corporations and households) generally amount to only a small fraction of these Member States’ GDP.
- Second, to the extent that EU parent companies and/or important subsidiaries in other Member States are subject to local G/O-SII buffer requirements, the Belgian O-SII buffer does not increase capital requirements for these exposures in these Member States.

### 6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State

Referring to your Member State’s specific characteristics, what is the scope for "leakages and regulatory arbitrage" in your own jurisdiction (i.e. circumvention of the measure/leakages to other parts of the financial sector)?

**Is there scope for "leakages and regulatory arbitrage" in other jurisdictions?**

No major leakages have been observed. There are a number of potential reasons for why the scope for leakages is limited:

- First, the O-SII buffer is applied to the Belgian systemically relevant institutions at the consolidated level, which avoids (geographical) shifts of activities within groups. Universal banks may shift activities from the bank to the insurance part of the group, but no such effects have been observed.
- Second, Belgian O-SIs may restrict activities in order to reduce their systemic importance, which may entail a shift to activities to other bank or non-bank entities. There is no evidence that such effects have occurred, which may be explained by the fact that the reduction in activities needed for the large Belgian O-SIs in order to bring their O-SII scores down to a level that would put them in a lower bucket with a lower buffer is very large. Furthermore, possible shifts of activities also have beneficial effects if they are the result of SIs internalizing

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externalities they impose on the financial system and reducing their systemic importance.
The NBB will closely monitor any of these potential leakages.

7. Combinations and interactions with other measures

7.1 Combinations between G-SII and O-SII buffers (Article 131.14)

If both G-SII and O-SII criteria apply to the same institution at consolidated level, which of the two buffers is the highest?

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>O-SII buffer</th>
<th>G-SII buffer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
</tbody>
</table>

7.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)

Are any of the institutions identified as O-SIIs subject to a systemic risk buffer?
If yes, please provide the following information:

a. What is/are the systemic risk buffer rate(s)?
b. At what level is/are the systemic risk buffer rate(s) applied (i.e. consolidation level and/or individual)?
c. Is the sum of the systemic risk buffer rate(s) and the O-SII buffer rate (or the higher of the G-SII and O-SII buffer rates, if a group is subject to a G-SII buffer and to an O-SII buffer at consolidated level) to which the same institution is subject over 5%?

6 out of 8 institutions identified as O-SIIs are also subject to a sectoral systemic risk buffer, applicable to their IRB retail exposures secured by residential immovable property for which the collateral (immovable property) is located in Belgium (both non-defaulted and defaulted exposures)

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>SyRB rate</th>
<th>SyRB application level</th>
<th>Sum of G-SII/O-SII and SyRB rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>KBC Bank NV</td>
<td>9.00%</td>
<td>Consolidated</td>
<td>10.50%</td>
</tr>
<tr>
<td>BNP Paribas Fortis SA/NV</td>
<td>9.00%</td>
<td>Sub-consolidated</td>
<td>10.50%</td>
</tr>
<tr>
<td>ING Belgium NV</td>
<td>9.00%</td>
<td>Sub-consolidated</td>
<td>10.50%</td>
</tr>
<tr>
<td>Belfius Bank SA/NV</td>
<td>9.00%</td>
<td>Consolidated</td>
<td>10.50%</td>
</tr>
<tr>
<td>Argenta Sparbank SA/NV</td>
<td>9.00%</td>
<td>Consolidated</td>
<td>9.75%</td>
</tr>
<tr>
<td>Crelan SA</td>
<td>9.00%</td>
<td>Consolidated</td>
<td>9.75%</td>
</tr>
<tr>
<td>AXA Bank Belgium SA</td>
<td>9.00%</td>
<td>Consolidated</td>
<td>9.75%</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td></td>
</tr>
</tbody>
</table>

7.3 O-SII requirement for a subsidiary (Article 131.8 CRD)

If the O-SII is a subsidiary of an EU parent institution subject to a G-SII or O-SII buffer on a consolidated basis, what is the G-SII or O-SII buffer rate on a consolidated basis of the parent institution?

Does the cap for the subsidiary prevent the implementation of a higher O-SII buffer based on the domestic buffer setting methodology?

The cap for the subsidiary does not prevent the implementation of a higher O-SII buffer.

<table>
<thead>
<tr>
<th>Name of O-SII subsidiary</th>
<th>Name of the EU parent of the O-SII subsidiary</th>
<th>Buffer applicable to O-SII EU parent</th>
</tr>
</thead>
</table>

8
<table>
<thead>
<tr>
<th></th>
<th>2. BNP Paribas Fortis SA/NV</th>
<th>BNP Paribas SA</th>
<th>1.50%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3. ING Belgium NV</td>
<td>ING Bank N.V.</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

## 8. Miscellaneous

### 8.1 Contact person(s)/mailbox at notifying authority
- Annick Bruggeman – [annick.bruggeman@nbb.be](mailto:annick.bruggeman@nbb.be)
- Alexandre Francart – [alexandre.francart@nbb.be](mailto:alexandre.francart@nbb.be)
- Alexandre Reginster – [alexandre.reginster@nbb.be](mailto:alexandre.reginster@nbb.be)
- Thomas Schepens – [thomas.schepens@nbb.be](mailto:thomas.schepens@nbb.be)

### 8.2 Any other relevant information
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### 8.3 Date of the notification
28/04/2022