

## 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](mailto:macropru.notifications@ecb.europa.eu) when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation<sup>1</sup>);
- [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 measure<sup>2</sup>.

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.

1. Notifying national authority			
1.1 Name of the notifying authority	Bulgarian National Bank		
1.2 Country of the notifying authority	Bulgaria		
2. Description of the measure			
2.1a Institution or group of institutions concerned	The measure is applied at individual and consolidated level.		
	Name of institution	LEI	Consolidation level
	UniCredit Bulbank AD	549300Z7V2WOFIMUEK50	Individual and consolidated level
	DSK Bank AD	529900GEH0DAUTAXUA94	Individual and consolidated level
	United Bulgarian Bank AD	5299000PCY1EP8QJFV48	Individual and consolidated level
	Eurobank Bulgaria AD	549300IRGNL8Q3O8Y413	Individual level
First Investment Bank AD	549300UY81ESCZJ0GR95	Individual and consolidated level	

<sup>1</sup> Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

<sup>2</sup> 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authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

	KBC Bank Bulgaria EAD	5299009KAL4KO7584196	Individual and consolidated level
	Central Cooperative Bank AD	5299002142DS5ONT5540	Individual and consolidated level
	Bulgarian Development Bank EAD	549300615CPXQO52J309	Individual and consolidated level
<b>2.1b Changes to the list of institutions concerned</b>	No changes to the list of institutions as compared to the last notification. As a result of the acquisition of Raiffeisenbank (Bulgaria) EAD by KBC Bank NV, completed in July 2022, the institution becomes a subsidiary of KBC Bank NV in Bulgaria with the new name of KBC Bank Bulgaria EAD.		
<b>2.2 Level of the buffer applied</b>	<b>Name of institution</b>	<b>New O-SII buffer</b>	<b>Previous O-SII buffer</b>
	UniCredit Bulbank AD	1.00%	1.00%
	DSK Bank AD	1.00%	1.00%
	United Bulgarian Bank AD	1.00%	0.75%
	Eurobank Bulgaria AD	0.75%	0.75%
	First Investment Bank AD	0.75%	1.00%
	KBC Bank Bulgaria EAD	0.75%	0.75%
	Central Cooperative Bank AD	0.50%	0.50%
	Bulgarian Development Bank EAD	0.50%	0.50%
<b>2.3 Name of the ultimate EU parent institution</b>	<b>Name of identified O-SII</b>	<b>Ultimate EU parent institution</b>	<b>LEI of ultimate parent institution</b>
	UniCredit Bulbank AD	UniCredit S.p.A.	549300TRUWO2CD2G5692
	DSK Bank AD	OTP Bank Nyrt.	529900W3MOO00A18X956
	United Bulgarian Bank AD	KBC Group NV	213800X3Q9LSAKRUWY91
	Eurobank Bulgaria AD	Eurobank Ergasias S.A.	JEUVK5RWWJEN8W0C9M24
	KBC Bank Bulgaria EAD	KBC Group NV	213800X3Q9LSAKRUWY91
<b>2.4 Names of subsidiaries</b>	N/A		
	<b>Name of parent O-SII identified</b>	<b>Name of O-SII subsidiary</b>	<b>LEI of O-SII subsidiary</b>
<b>3. Timing for the measure</b>			
<b>3.1 Timing for the decision</b>	28/10/2022		
<b>3.2 Timing for publication</b>	28/11/2022		
<b>3.3 Disclosure</b>	The BNB will announce on its web-site the identified O-SII institutions, their respective overall scores and the respective buffer rates. <a href="https://www.bnb.bg/BankSupervision/BSCapitalBuffers/BSCBOtherSystemicallyImportantInstitutions/index.htm?toLang= EN">https://www.bnb.bg/BankSupervision/BSCapitalBuffers/BSCBOtherSystemicallyImportantInstitutions/index.htm?toLang= EN</a>		

<b>3.4 Timing for application</b>	01/01/2023																																																						
<b>3.5 Phasing in</b>	<p>The phase-in period for the O-SII buffer rates was applicable from 2017. O-SII buffers are fully phased-in as from 1 January 2020.</p> <table border="1"> <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>	Name of institution	Date1	Date2	Date3	Date4	Date5		%	%	%	%	%		%	%	%	%	%																																				
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<b>3.6 Review of the measure</b>	In accordance with the BNB Ordinance No. 8, Art. 9, (11) the BNB shall review annually the identification of O-SIIs and report the results to the systemically important institution concerned and to the ESRB and shall disclose the updated list of identified systemically important institutions.																																																						
<b>4. Reason for O-SII identification and activation of the O-SII buffer</b>																																																							
<b>4.1 Scores of institutions or group of institutions concerned, as per EBA guidelines on the assessment of O-SIIs (Article 131.3 CRD)</b>	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>Size</th> <th>Substitutability</th> <th>Complexity</th> <th>Interconnectedness</th> <th>Overall Score</th> </tr> </thead> <tbody> <tr> <td>UniCredit Bulbank AD</td> <td>1864</td> <td>2521</td> <td>1870</td> <td>2452</td> <td>2177</td> </tr> <tr> <td>DSK Bank AD</td> <td>1761</td> <td>1977</td> <td>1443</td> <td>1019</td> <td>1550</td> </tr> <tr> <td>United Bulgarian Bank AD</td> <td>1161</td> <td>834</td> <td>1454</td> <td>1433</td> <td>1221</td> </tr> <tr> <td>Eurobank Bulgaria AD</td> <td>1029</td> <td>935</td> <td>1000</td> <td>694</td> <td>914</td> </tr> <tr> <td>First Investment Bank AD</td> <td>868</td> <td>610</td> <td>497</td> <td>1299</td> <td>819</td> </tr> <tr> <td>KBC Bank Bulgaria EAD</td> <td>794</td> <td>979</td> <td>399</td> <td>1042</td> <td>804</td> </tr> <tr> <td>Central Cooperative Bank AD</td> <td>540</td> <td>423</td> <td>152</td> <td>294</td> <td>353</td> </tr> <tr> <td>Bulgarian Development Bank EAD</td> <td>233</td> <td>127</td> <td>406</td> <td>472</td> <td>310</td> </tr> </tbody> </table>	Name of institution	Size	Substitutability	Complexity	Interconnectedness	Overall Score	UniCredit Bulbank AD	1864	2521	1870	2452	2177	DSK Bank AD	1761	1977	1443	1019	1550	United Bulgarian Bank AD	1161	834	1454	1433	1221	Eurobank Bulgaria AD	1029	935	1000	694	914	First Investment Bank AD	868	610	497	1299	819	KBC Bank Bulgaria EAD	794	979	399	1042	804	Central Cooperative Bank AD	540	423	152	294	353	Bulgarian Development Bank EAD	233	127	406	472	310
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<b>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</b>	<p>a. The BNB followed the EBA methodology described in the guidelines (EBA/GL/2014/10) on the assessment of O-SIIs. The quantitative assessment is based on supervisory data (FINREP reports as of 30 June 2022 on highest available consolidation level), as well as payment systems' statistics.</p> <p>b. In the 2022 annual review of O-SIIs identification, the BNB maintains the threshold score of 275 basis points.</p> <p>c. N/A. All the 25 relevant entities domiciled in Bulgaria were included in the identification process</p> <p>d. N/A. All the 25 relevant entities domiciled in Bulgaria were included in the identification process.</p> <p>e. Only credit institutions were included in the identification process. Investment firms are excluded from the identification process.</p>																																																						
<b>4.3 Supervisory judgement</b>	The list of O-SIIs was identified based on the quantitative approach in accordance with the EBA guidelines. At this stage the use of supervisory judgement was not deemed necessary.																																																						

<p><b>4.4 Calibrating the O-SII buffer</b></p>	<p>The current review of the O-SII's buffer follows the same methodology (EBA guidelines EBA/GL/2014/10) and same threshold of 275 basis points.</p> <p>In the calibration stage the BNB applies bucketing approach on the overall score achieved in the O-SII identification stage in section 4.2.</p> <p>Under the current review O-SII buffers changed for two institutions with respect to the structural changes during the period and the according systemic importance.</p>
<p><b>4.5 Effectiveness and proportionality of measure</b></p>	<p>When designing the macroprudential capital based measures the BNB follows the long term approach aimed at the overall soundness of the banking sector. As an integral part of the combined buffer requirements, the O-SII buffers increase resilience by building up the capacity of the systemically important institutions to absorb losses. The O-SII buffer rates are proportional to the higher risk that these institutions pose to the financial system due to their size, complexity and importance for the economy.</p>
<p><b>5. Sufficiency, consistency and non-overlap of the policy response</b></p>	
<p><b>5.1 Sufficiency of the policy response</b></p>	<p>The combination of the number of institutions in scope and the level of applied OSII buffers is assessed as sufficient to significantly mitigate and reduce the contagion effects a systemically important bank could cause. The buffer calibration reflects the structural specificities of the Bulgarian banking sector and the corresponding importance of each OSII. The structural measure is of preventive character and thus it preserves the capital resilience of the systemically important institutions.</p>
<p><b>5.2 Consistency of application of the policy response</b></p>	<p>The instrument is consistent with the goal of limiting the potential negative impact systemically important banks could have in terms of the higher risk they pose. The measure is applied under Article 131 of the Capital Requirements Directive (CRD) and Article 11 of the Ordinance No. 8 of the BNB on Banks' Capital Buffers. In addition, the measure is in line with the consistently applied macroprudential policy of BNB to maintain high capital buffers for enhanced banking resilience.</p>
<p><b>5.3 Non-overlap of the policy response</b></p>	<p>The instrument is addressed to limit the contagion risks stemming from potential negative event in a systemically important bank to other credit institutions or the banking system as a whole. The instrument is thus calibrated accordingly to the respective systemic importance of each institution identified as OSII. There are no other measures that target systemic risks in relation to the systemic importance of credit institutions and thus there is no overlap present with other policy instruments.</p>
<p><b>6. Cross-border and cross-sector impact of the measure</b></p>	
<p><b>6.1 Assessment of cross-border effects and the likely impact on the Internal Market</b> <b>(Recommendation ESRB/2015/2<sup>3</sup>)</b></p>	<p>Potential cross-border effects of the measure are assessed as very limited in view of the fact that banks in Bulgaria are mostly focused in domestic activity. In addition due to the solid capital position of the banking system, it is unlikely that additional capital transfer from the parent banks will be required.</p>

<sup>3</sup> Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

<b>6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</b>	Based on the assessment the potential for such regulatory arbitrage is limited. This observation is supported by the design of the measure, which is applicable at both individual and consolidated level.
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**7. Combinations and interactions with other measures**

<b>7.1 Combinations between G-SII and O-SII buffers (Article 131.14)</b>	<p>There is no G-SII institution operating in Bulgaria.</p> <table border="1" data-bbox="571 501 1436 651"> <thead> <tr> <th data-bbox="571 501 927 539">Name of institution</th> <th data-bbox="927 501 1214 539">O-SII buffer</th> <th data-bbox="1214 501 1436 539">G-SII buffer</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">%</td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td style="text-align: center;">%</td> </tr> </tbody> </table>	Name of institution	O-SII buffer	G-SII buffer		%	%		%	%		%	%
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<b>7.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)</b>	<p>The BNB introduced the systemic risk buffer at a rate of 3% applicable to all exposures located in Bulgaria in 2014. In the last review of the systemic risk buffer in 2021 the BNB confirmed the current level of the buffer. The buffer is applicable to all banks in the country on both individual and consolidated level. The sum of the systemic risk buffer and the O-SII buffer rate is below 5% for all institutions.</p> <table border="1" data-bbox="571 842 1422 1639"> <thead> <tr> <th data-bbox="571 842 887 880">Name of institution</th> <th data-bbox="887 842 1098 880">SyRB rate</th> <th data-bbox="1098 842 1254 936">SyRB application level</th> <th data-bbox="1254 842 1422 936">Sum of G-SII/O-SII and SyRB rates</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 936 887 1025">UniCredit Bulbank AD</td> <td data-bbox="887 936 1098 1025">3.00%</td> <td data-bbox="1098 936 1254 1025">Individual and consolidated level</td> <td data-bbox="1254 936 1422 1025">4.00%</td> </tr> <tr> <td data-bbox="571 1025 887 1115">DSK Bank AD</td> <td data-bbox="887 1025 1098 1115">3.00%</td> <td data-bbox="1098 1025 1254 1115">Individual and consolidated level</td> <td data-bbox="1254 1025 1422 1115">4.00%</td> </tr> <tr> <td data-bbox="571 1115 887 1205">United Bulgarian Bank AD</td> <td data-bbox="887 1115 1098 1205">3.00%</td> <td data-bbox="1098 1115 1254 1205">Individual and consolidated level</td> <td data-bbox="1254 1115 1422 1205">4.00%</td> </tr> <tr> <td data-bbox="571 1205 887 1294">Eurobank Bulgaria AD</td> <td data-bbox="887 1205 1098 1294">3.00%</td> <td data-bbox="1098 1205 1254 1294">Individual level</td> <td data-bbox="1254 1205 1422 1294">3.75%</td> </tr> <tr> <td data-bbox="571 1294 887 1384">First Investment Bank AD</td> <td data-bbox="887 1294 1098 1384">3.00%</td> <td data-bbox="1098 1294 1254 1384">Individual and consolidated level</td> <td data-bbox="1254 1294 1422 1384">3.75%</td> </tr> <tr> <td data-bbox="571 1384 887 1473">KBC Bank Bulgaria EAD</td> <td data-bbox="887 1384 1098 1473">3.00%</td> <td data-bbox="1098 1384 1254 1473">Individual and consolidated level</td> <td data-bbox="1254 1384 1422 1473">3.75%</td> </tr> <tr> <td data-bbox="571 1473 887 1563">Central Cooperative Bank AD</td> <td data-bbox="887 1473 1098 1563">3.00%</td> <td data-bbox="1098 1473 1254 1563">Individual and consolidated level</td> <td data-bbox="1254 1473 1422 1563">3.50%</td> </tr> <tr> <td data-bbox="571 1563 887 1639">Bulgarian Development Bank EAD</td> <td data-bbox="887 1563 1098 1639">3.00%</td> <td data-bbox="1098 1563 1254 1639">Individual and consolidated level</td> <td data-bbox="1254 1563 1422 1639">3.50%</td> </tr> </tbody> </table>	Name of institution	SyRB rate	SyRB application level	Sum of G-SII/O-SII and SyRB rates	UniCredit Bulbank AD	3.00%	Individual and consolidated level	4.00%	DSK Bank AD	3.00%	Individual and consolidated level	4.00%	United Bulgarian Bank AD	3.00%	Individual and consolidated level	4.00%	Eurobank Bulgaria AD	3.00%	Individual level	3.75%	First Investment Bank AD	3.00%	Individual and consolidated level	3.75%	KBC Bank Bulgaria EAD	3.00%	Individual and consolidated level	3.75%	Central Cooperative Bank AD	3.00%	Individual and consolidated level	3.50%	Bulgarian Development Bank EAD	3.00%	Individual and consolidated level	3.50%
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<b>7.3 O-SII requirement for a subsidiary (Article 131.8 CRD)</b>	<p>The implemented O-SII buffers for subsidiaries are below the cap so there is no applicable restriction.</p> <table border="1" data-bbox="571 1722 1422 2016"> <thead> <tr> <th data-bbox="571 1722 887 1776">Name of O-SII subsidiary</th> <th data-bbox="887 1722 1254 1776">Name of the EU parent of the O-SII subsidiary</th> <th data-bbox="1254 1722 1422 1798">Buffer applicable to O-SII EU parent</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 1809 887 1848">UniCredit Bulbank AD</td> <td data-bbox="887 1809 1254 1848">UniCredit S.p.A.</td> <td data-bbox="1254 1809 1422 1848">1.00%</td> </tr> <tr> <td data-bbox="571 1848 887 1886">DSK Bank AD</td> <td data-bbox="887 1848 1254 1886">OTP Bank Nyrt.</td> <td data-bbox="1254 1848 1422 1886">1.00%</td> </tr> <tr> <td data-bbox="571 1886 887 1924">United Bulgarian Bank AD</td> <td data-bbox="887 1886 1254 1924">KBC Group NV</td> <td data-bbox="1254 1886 1422 1924">1.50%</td> </tr> <tr> <td data-bbox="571 1924 887 1962">Eurobank Bulgaria AD</td> <td data-bbox="887 1924 1254 1962">Eurobank Ergasias S.A.</td> <td data-bbox="1254 1924 1422 1962">1.00%</td> </tr> <tr> <td data-bbox="571 1962 887 2000">KBC Bank Bulgaria EAD</td> <td data-bbox="887 1962 1254 2000">KBC Group NV</td> <td data-bbox="1254 1962 1422 2000">1.50%</td> </tr> </tbody> </table>	Name of O-SII subsidiary	Name of the EU parent of the O-SII subsidiary	Buffer applicable to O-SII EU parent	UniCredit Bulbank AD	UniCredit S.p.A.	1.00%	DSK Bank AD	OTP Bank Nyrt.	1.00%	United Bulgarian Bank AD	KBC Group NV	1.50%	Eurobank Bulgaria AD	Eurobank Ergasias S.A.	1.00%	KBC Bank Bulgaria EAD	KBC Group NV	1.50%
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<b>8. Miscellaneous</b>	
<b>8.1 Contact person(s)/mailbox at notifying authority</b>	<p>Stoyan Manolov, Director General, Banking Supervision Department, Bulgarian National Bank, e-mail: manolov@bnbank.org</p> <p>Elisaveta Pravova, Director of Macroprudential Supervision and Financial Stability Directorate, Banking Supervision Department, Bulgarian National Bank, e-mail: pravova.e@bnbank.org</p> <p>Ventsislav Hristev, Head of division at Macroprudential Supervision and Financial Stability Directorate, Banking Supervision Department, Bulgarian National Bank, e-mail: hristev.v@bnbank.org</p>
<b>8.2 Any other relevant information</b>	N/A.
<b>8.3 Date of the notification</b>	28/10/2022