

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.

1. Notifying national authority							
1.1 Name of the notifying authority	Banca d'Italia						
1.2 Country of the notifying authority	Italy						
2. Description of the measure							
2.1a Institution or group of institutions concerned	<p>The EBA methodology has been applied to compute the scores for all the institutions operating in Italy as of 31 December 2022. Banca d'Italia has decided to adopt a 300 basis point identification threshold to better take into account the specificities of the Italian banking system, as allowed by the EBA Guidelines. The identification took place at the highest level of consolidation in Italy.</p> <p>Based on these criteria six institutions were automatically designated as O-SIIs, while one was identified based on supervisory judgment.</p> <p>The seven institutions identified as O-SIIs are the following:</p> <table border="1"> <thead> <tr> <th>Name of institution</th> <th>LEI</th> <th>Consolidation level</th> </tr> </thead> <tbody> <tr> <td>UniCredit Group (UCG)</td> <td>549300TRUWO2CD2 G5692</td> <td>Highest level of consolidation</td> </tr> </tbody> </table>	Name of institution	LEI	Consolidation level	UniCredit Group (UCG)	549300TRUWO2CD2 G5692	Highest level of consolidation
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¹ 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).

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.

	<table border="1"> <tr> <td>Gruppo Intesa Sanpaolo (ISP)</td> <td>2W8N8UU78PMDQK ZENC08</td> <td>Highest level of consolidation</td> </tr> <tr> <td>Gruppo Banco BPM (BBPM)</td> <td>815600E4E6DCD2D2 5E30</td> <td>Highest level of consolidation</td> </tr> <tr> <td>Gruppo BPER Banca</td> <td>N747OI7JINV7RUUH 6190</td> <td>Highest level of consolidation</td> </tr> <tr> <td>Gruppo bancario Mediobanca</td> <td>PSNL19R2RXX5U3Q WHI44</td> <td>Highest level of consolidation</td> </tr> <tr> <td>Gruppo bancario cooperativo ICCREA</td> <td>NNVPP80YIZGEY23 14M97</td> <td>Highest level of consolidation</td> </tr> <tr> <td>Gruppo bancario Banca Nazionale del Lavoro</td> <td>UI802FYJ52XDB7N4 KN18</td> <td>Highest level of consolidation</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </table>	Gruppo Intesa Sanpaolo (ISP)	2W8N8UU78PMDQK ZENC08	Highest level of consolidation	Gruppo Banco BPM (BBPM)	815600E4E6DCD2D2 5E30	Highest level of consolidation	Gruppo BPER Banca	N747OI7JINV7RUUH 6190	Highest level of consolidation	Gruppo bancario Mediobanca	PSNL19R2RXX5U3Q WHI44	Highest level of consolidation	Gruppo bancario cooperativo ICCREA	NNVPP80YIZGEY23 14M97	Highest level of consolidation	Gruppo bancario Banca Nazionale del Lavoro	UI802FYJ52XDB7N4 KN18	Highest level of consolidation						
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2.1b Changes to the list of institutions concerned	<p>Gruppo Monte dei Paschi di Siena, which was identified last year based on supervisory judgement, is no longer identified as an O-SII because its score fell significantly below the new (and lower) identification threshold. Four institutions are identified for the first time (Gruppo BPER Banca, Gruppo bancario Mediobanca, Gruppo Bancario ICCREA, Gruppo bancario Banca Nazionale del Lavoro). One of the four was added because its systemic footprint has increased; the other three because of the reduction in the identification threshold (300 basis points from 350).</p>																								
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2.4 Names of subsidiaries	Not applicable.					
	Name of parent O-SII identified	Name of O-SII subsidiary			LEI of O-SII subsidiary	
3. Timing for the measure						
3.1 Timing for the decision	24/10/2023					
3.2 Timing for publication	24/11/2023					
3.3 Disclosure	Banca d'Italia will notify the ESRB one month before the publication of the decision. The designated institutions will be notified. The O-SII capital buffer requirements will be published on the Banca d'Italia website once all the administrative procedures have been completed.					
3.4 Timing for application	01/01/2024					
3.5 Phasing in	No phasing in is envisaged for banks that were already identified as O-SII for 2023. Date1 is 1/1/2024 and Date2 is 1/1/2025					
	Name of institution	Date1	Date2	Date3	Date4	Date5
	Gruppo BPER Banca	0.125%	0.25%	%	%	%
	Gruppo bancario Mediobanca	0.125%	0.25%	%	%	%
	Gruppo bancario cooperativo ICCREA	0.125%	0.25%			
	Gruppo bancario Banca Nazionale del Lavoro	0.125%	0.25%			
3.6 Review of the measure	The measure will be reviewed at least annually.					
4. Reason for O-SII identification and activation of the O-SII buffer						
4.1 Scores of institutions or group of institutions concerned, as per EBA guidelines on the assessment of O-SIIs (Article 131.3 CRD)	Name of institution	Size	Substitutability	Complexity	Interconnectedness	Overall Score
	UniCredit Group	2,590	2,307	4,316	3,128	3,085
	Gruppo Intesa Sanpaolo	2,422	2,873	3,131	2,775	2,800
	Gruppo Banco BPM	555	501	4710	518	511
	Gruppo BPER Banca	460	479	201	324	366

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4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	<p>The identification process followed the methodology set out in the EBA Guidelines (EBA/GL/2014/10). Accordingly, the systemic importance of institutions was assessed using ten mandatory indicators referring to the four following criteria: size, importance (including substitutability/financial system infrastructure), complexity/cross-border activity, and interconnectedness.</p> <p>The exercise was conducted using data as of 31 December 2022 from the FINREP templates prescribed by the EBA Guidelines. Whenever the requirements for reporting those templates do not apply to relevant institutions, Banca d'Italia relied on the closest available variables from other FINREP templates.</p> <p>Banca d'Italia adopted a 300 basis point threshold, 50 basis points below that suggested by the EBA Guidelines, as a minimum level for systemic importance. A more detailed illustration of the methodology is provided in the attached file.</p> <p>It also complemented the automatic scoring with supervisory judgment as described below.</p>																								
4.3 Supervisory judgement	<p>Banca d'Italia decided to exercise supervisory judgement to identify Gruppo bancario Banca Nazionale del Lavoro as O-SII. The score is 299, only one basis point below the identification threshold.</p>																								
4.4 Calibrating the O-SII buffer	<p>The identified institutions are assigned to buckets of the capital buffers according to the classification resulting from a cluster analysis. A more detailed illustration of the calibration is provided in the attached file.</p>																								
4.5 Effectiveness and proportionality of measure	<p>The scope for negative spillovers from failing systemically important financial institutions has been widely acknowledged. The O-SII buffer improves the total loss-absorbing capacity of such institutions, thus minimizing the risk of contagion and strengthening the resilience of the financial sector as a whole. At the same time, it corrects the distortions in risk-taking incentives caused by implicit public guarantee (moral hazard).</p> <p>The proposed calibrations of the O-SII buffers are proportionate to the systemic importance of the banks involved.</p>																								
5. Sufficiency, consistency and non-overlap of the policy response																									

<p>5.1 Sufficiency of the policy response</p>	<p>The identification process applied by Banca d'Italia follows the methodology set out in the EBA Guidelines (EBA/GL/2014/10), which allows for a proper representation of structural risks in the Italian banking system. The mapping from institution-specific score to O-SII buffer requirement was designed to reflect differences in the degree of systemic importance based on a cluster analysis. The O-SII buffers applied by Banca d'Italia are in line with, or higher than, the ECB floors.</p>
<p>5.2 Consistency of application of the policy response</p>	<p>The measure is aimed at addressing the risks arising from the systemic importance of domestic institutions. It is reviewed and applied on an annual basis. There are no interactions with other measures potentially pursuing the same goal. Regarding the methodology applied by the Bank of Italy, see the answer to paragraph 5.1.</p>
<p>5.3 Non-overlap of the policy response</p>	<p>There are no other policy instruments used to address the same systemic risk.</p>
<p>6. Cross-border and cross-sector impact of the measure</p>	
<p>6.1 Assessment of cross-border effects and the likely impact on the Internal Market (Recommendation ESRB/2015/2³)</p>	<p>Based on an assessment of both outward and inward spillovers, no material cross-border effects related to the introduction of the O-SII buffer are expected.</p> <p><u>Outward spillovers</u> (cross-border effects on other Member States and on the Single Market of the measure) are assessed to be limited. There are several reasons for such a limited impact:</p> <ol style="list-style-type: none"> 1) All institutions identified as O-SIIs already have enough capital to satisfy the higher demand due to the measure, so they do not need to increase their capital base. 2) The Italian O-SIIs operate in other Member States primarily through subsidiaries (almost 90 percent of all cross-border exposures are through subsidiaries). In those States where they have significant market shares (measured as credit to the private non-financial sector over total credit larger than 3%), their subsidiaries are already identified as O-SIIs and are required to maintain additional buffers that, except in two cases, are higher than the one required by the Italian measure. 3) Excluding the Member States where the foreign subsidiaries of the Italian banking groups are identified as O-SIIs, data show that exposures towards the private sector amount to only a small fraction of Member States' GDP (loans-to-GDP ratios are lower than 1%). 4) Moreover, the proposed O-SII buffers will bring about positive outward effects, as the reduced risk for financial instability in Italy will also reduce the risk of possible contagion to other countries whose financial systems or economies are interconnected. <p><u>Inward spillovers</u> (effects of the implementation of the measure in our jurisdiction) are assessed to be limited:</p>

³ 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).

	<p>1) All institutions identified as O-SIIs already have enough capital to satisfy the higher demand due to the measure, so they do not need to increase their capital base.</p> <p>2) As a response to higher capital requirements, O-SIIs might reduce lending and/or increase the cost to borrowers, who might decide to switch to other domestic banks, foreign banks, or non-bank institutions. We expect these effects to be limited due to the structural features of the Italian financial system, which is bank-based and dominated by domestic institutions.</p> <p><u>To sum up</u>, the ex-ante assessment of the O-SII buffer requirement suggests limited spillovers within the EU. However, over the coming years, Banca d'Italia will monitor developments, in line with Chapter 11 of the ESRB Handbook on Operationalising Macroprudential Policy in the Banking Sector and with the Framework to assess cross-border spillover effects of macroprudential policies of the ECB Task Force on cross-border spillover effects of macroprudential measures.</p>																																
<p>6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</p>	<p>Leakages or regulatory arbitrage are not expected. The scope for potential "leakages and regulatory arbitrage" is very narrow as the O-SII buffer is applied at the highest level of consolidation. As for the bank identified as an O-SII (Gruppo bancario BNL) which is a subsidiary of an institution from another EU country (BNP Paribas), we do not expect leakages as the O-SII buffer applied to the parent institution is larger than the one proposed for the Italian subsidiary.</p>																																
<p>7. Combinations and interactions with other measures</p>																																	
<p>7.1 Combinations between G-SII and O-SII buffers (Article 131.14)</p>	<p>At the moment, the Unicredit group has a G-SII status and is subject to a G-SII capital buffer of 1.00%.</p> <table border="1" data-bbox="571 1061 1442 1209"> <thead> <tr> <th>Name of institution</th> <th>O-SII buffer</th> <th>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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<p>7.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)</p>	<p>Not applicable.</p> <table border="1" data-bbox="571 1272 1423 1657"> <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></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> </tbody> </table>	Name of institution	SyRB rate	SyRB application level	Sum of G-SII/O-SII and SyRB rates		%		%		%		%		%		%		%		%		%		%		%		%		%		%
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<p>7.3 O-SII requirement for a subsidiary (Article 131.8 CRD)</p>	<p>Not applicable.</p> <table border="1" data-bbox="571 1711 1423 1904"> <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> <tbody> <tr> <td></td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">%</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			%			%			%																				
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<p>8. Miscellaneous</p>																																	

8.1 Contact person(s)/mailbox at notifying authority	Ms Maddalena Galardo Financial Stability Analysis and Coordination Division Email: maddalena.galardo@bancaditalia.it Phone: +39 06 47924182.
8.2 Any other relevant information	
8.3 Date of the notification	24/10/2023