



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

Please send this template to

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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	O-SII	LEI Code	Level of consolidation
	PKO BP SA	P4GTT6GF1W40CVIMFR43	consolidated and individual
	BANK POLSKA KASA OPIEKI SA	5493000LKS7B3UTF7H35	consolidated and individual
	BANK ZACHODNI WBK SA	259400LGXW3K0GDAG361	consolidated and individual
	ING BANK ŚLĄSKI SA	259400YLRTOBISHBVX41	consolidated and individual
	mBank SA	259400DZXF7UJJK2AY35	consolidated and individual
	BANK BGŻ BNP PARIBAS SA		consolidated and individual
	BANK HANDLOWY W WARSZAWIE SA	XLEZHWWOI4HFQDGL4793	consolidated and individual
	DEUTSCHE BANK POLSKA SA	529900CFOWM2V62I4634	consolidated and individual
	ALIOR BANK SA	259400QHDOZWMJ103294	consolidated and individual
	BANK POLSKIEJ SPÓŁDZIELCZOŚCI SA	BB3BGO3LCED63R8R9R41	consolidated and individual
SGB-BANK SA	259400P9KF07OP2K5P83	individual level	
2.2 Level of the buffer applied	O-SII	Buffer rate applied	
	PKO BP SA	1,00%	
	BANK POLSKA KASA OPIEKI SA	0,75%	
	BANK ZACHODNI WBK SA	0,50%	
	ING BANK ŚLĄSKI SA	0,50%	
	mBank SA	0,50%	
	BANK BGŻ BNP PARIBAS SA	0,25%	
	BANK HANDLOWY W WARSZAWIE SA	0,25%	
	DEUTSCHE BANK POLSKA SA	0,25%	
	ALIOR BANK SA	0,25%	
	BANK POLSKIEJ SPÓŁDZIELCZOŚCI SA	0,00%	
SGB-BANK SA	0,00%		
2.3 Name of the EU ultimate parent institution	O-SII	EU Parent	LEI Code (EU parent)
	BANK ZACHODNI WBK SA	Banco Santander	5493006QMFDDMYWIAM13
	ING BANK ŚLĄSKI SA	ING Bank N.V.	3TK201VIUJ8J3ZU0QE75
	mBank SA	Commerzbank AG	851WYGNLUQLFZBSYGB56
	BANK BGŻ BNP PARIBAS SA	BNP PARIBAS	R0MUWSFPU8MPRO8K5P83
DEUTSCHE BANK POLSKA SA	Deutsche Bank AG	7LTWTFZYICNSX8D621K86	

2.4 Names of subsidiaries	n.a.																																																																														
3. Timing of the measure																																																																															
3.1 Timing of the Decision	The KNF issued the decision on 31 July 2018.																																																																														
3.2 Timing of the Publication	The press release after the KNF meeting was published on 31 July 2018 on the KNF website. A few days later the decision was delivered to each institution designated as an O-SII.																																																																														
3.3 Disclosure	The information has been disclosed on the KNF website (www.knf.gov.pl) in the following way: as a press release and as a briefing note.																																																																														
3.4 Timing of Application	The KNF identified O-SIIs and set the O-SII buffer for these institutions in October 2016, with the activation of the measures from 31 December 2016. The measure has now been reviewed and will continue to apply until next years' annual review. The O-SII buffer for Alior Bank SA will be applicable from 1 September 2018.																																																																														
3.5 Phasing in	Fully-loaded implementation																																																																														
3.6 Review of the measure	Annually																																																																														
4. Reason for O-SII identification and 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 (Article 131.3)	<table border="1"> <thead> <tr> <th>Criterion</th> <th>Size</th> <th>Importance</th> <th>Complexity/cross-border activity</th> <th>Inter-connectedness</th> <th>Overall score</th> </tr> <tr> <th>Criterion weight</th> <th>25%</th> <th>25%</th> <th>25%</th> <th>25%</th> <th>100%</th> </tr> </thead> <tbody> <tr> <td>PKO BP SA</td> <td>1 831</td> <td>1 555</td> <td>1 180</td> <td>1 760</td> <td>1 582</td> </tr> <tr> <td>BANK POLSKA KASA OPIEKI SA</td> <td>1 154</td> <td>1 172</td> <td>985</td> <td>893</td> <td>1 051</td> </tr> <tr> <td>BANK ZACHODNI WBK SA</td> <td>949</td> <td>802</td> <td>1 068</td> <td>1 011</td> <td>957</td> </tr> <tr> <td>ING BANK ŚLĄSKI SA</td> <td>784</td> <td>897</td> <td>1 477</td> <td>637</td> <td>949</td> </tr> <tr> <td>mBank SA</td> <td>817</td> <td>1 008</td> <td>775</td> <td>1 104</td> <td>926</td> </tr> <tr> <td>BANK BGŻ BNP PARIBAS SA</td> <td>452</td> <td>424</td> <td>558</td> <td>460</td> <td>474</td> </tr> <tr> <td>BANK HANDLOWY W WARSZAWIE SA</td> <td>269</td> <td>611</td> <td>557</td> <td>319</td> <td>439</td> </tr> <tr> <td>DEUTSCHE BANK POLSKA SA</td> <td>249</td> <td>347</td> <td>579</td> <td>434</td> <td>402</td> </tr> <tr> <td>ALIOR BANK SA</td> <td>432</td> <td>367</td> <td>325</td> <td>338</td> <td>366</td> </tr> <tr> <td>BANK POLSKIEJ SPÓŁDZIELCZOŚCI SA</td> <td>376</td> <td>339</td> <td>14</td> <td>298</td> <td>257</td> </tr> <tr> <td>SGB-BANK SA</td> <td>290</td> <td>218</td> <td>10</td> <td>108</td> <td>156</td> </tr> </tbody> </table>	Criterion	Size	Importance	Complexity/cross-border activity	Inter-connectedness	Overall score	Criterion weight	25%	25%	25%	25%	100%	PKO BP SA	1 831	1 555	1 180	1 760	1 582	BANK POLSKA KASA OPIEKI SA	1 154	1 172	985	893	1 051	BANK ZACHODNI WBK SA	949	802	1 068	1 011	957	ING BANK ŚLĄSKI SA	784	897	1 477	637	949	mBank SA	817	1 008	775	1 104	926	BANK BGŻ BNP PARIBAS SA	452	424	558	460	474	BANK HANDLOWY W WARSZAWIE SA	269	611	557	319	439	DEUTSCHE BANK POLSKA SA	249	347	579	434	402	ALIOR BANK SA	432	367	325	338	366	BANK POLSKIEJ SPÓŁDZIELCZOŚCI SA	376	339	14	298	257	SGB-BANK SA	290	218	10	108	156
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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. All banks that are institutions under art. 4 (3) of the CRR have been included in the calculations and investment firms have been excluded.																																																																														
4.3 Supervisory judgement	The following optional indicator was used to designate two institutions (Bank Polskiej Spółdzielczości SA and SGB-Bank SA): <ul style="list-style-type: none"> Importance for an IPS of which the entity is a member. Each of the two banks plays a key role the in one of the two Institutional Protection Schemes operating in the Polish banking sector. Each of the two banks has been obliged to: <ul style="list-style-type: none"> run selected deposit accounts on behalf of the co-operative banks that are associated within given IPS, monitor certain categories of risk within given IPS, provide technical infrastructure for given IPS. 																																																																														

<p>4.4 Calibrating the O-SII buffer</p>	<p>The O-SII buffer was calibrated using a proportional method. For institutions scoring no less than 350 bps, the buffer rate was calibrated in the following stages:</p> <ul style="list-style-type: none"> • rounding down the quotient of the score of the institution divided by 350 to the nearest integer, i.e. $x = \lfloor \text{score}/350 \rfloor$ • assigning of the integer from the previous step to the buffer rate proportionally by multiplying it by 0.25%, i.e. $x \cdot 0.25\%$ • if the value calculated in step 1 is equal or higher than 5, then the buffer rate is set at 2%. <p>It should be emphasized that the application of the last stage of the above procedure abolishes the rule of proportionality in setting the O-SII buffer rate. When the size of an institution exceeds a certain threshold, the risk that it generates to the financial sector and the real economy increases non-linearly. Such an institution should be subject to the maximum buffer, i.e. 2% of total risk exposure calculated in accordance with the CRR.</p>																								
<p>4.5 Effectiveness and proportionality of measure</p>	<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 given institution and the level of concentration in the Polish banking sector.</p>																								
<p>5. Cross-border and cross-sector impact of the measure</p>																									
<p>5.1 Assessment of cross-border effects and the likely impact on the internal market (Recommendation ESRB/2015/2)</p>	<p>The effects are negligible due to insignificant scale of cross-border activities of the domestic banks.</p>																								
<p>5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</p>	<p>The research carried out so far shows no signs of such effects.</p>																								
<p>6. Combinations and interactions with other measures</p>																									
<p>6.1 Combinations between G-SII and O-SII buffers (Article 131.14)</p>	<p>n.a.</p>																								
<p>6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)</p>	<p>Since 1 January 2018 a new macro-prudential measure– the systemic risk buffer (SRB) at the rate of 3% – has been in force in Poland. The systemic risk buffer was introduced by the Regulation of the Minister of Development and Finance of 1 September 2017 (Dz. U. [Journal of Laws] of 2017, item 1776). The SRB applies for all domestically authorised credit institutions in Poland. The SRB applies to all exposures located on the territory of the Republic of Poland. In accordance with art. 133.5 of CRD IV the SRB shall be cumulative with the O-SII buffer.</p>																								
<p>6.3 O-SII requirement for a subsidiary (Article 131.8)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #e1f5fe;">O-SII</th> <th style="background-color: #e1f5fe;">EU Parent</th> <th style="background-color: #e1f5fe;">O-SII Buffer</th> <th style="background-color: #e1f5fe;">G-SII Buffer</th> </tr> </thead> <tbody> <tr> <td>BANK ZACHODNI WBK SA</td> <td>Banco Santander SA</td> <td>1,00%</td> <td>1,00%</td> </tr> <tr> <td>ING BANK ŚLĄSKI SA</td> <td>ING Bank NV</td> <td>2,00%</td> <td>1,00%</td> </tr> <tr> <td>mBank S.A.</td> <td>Commerzbank AG</td> <td>1.5%</td> <td>n.a.</td> </tr> <tr> <td>BANK BGŻ BNP PARIBAS SA</td> <td>BNP PARIBAS</td> <td>1.5%</td> <td>1.5%</td> </tr> <tr> <td>DEUTSCHE BANK POLSKA SA</td> <td>Deutsche Bank AG</td> <td>2,00%</td> <td>2,00%</td> </tr> </tbody> </table>	O-SII	EU Parent	O-SII Buffer	G-SII Buffer	BANK ZACHODNI WBK SA	Banco Santander SA	1,00%	1,00%	ING BANK ŚLĄSKI SA	ING Bank NV	2,00%	1,00%	mBank S.A.	Commerzbank AG	1.5%	n.a.	BANK BGŻ BNP PARIBAS SA	BNP PARIBAS	1.5%	1.5%	DEUTSCHE BANK POLSKA SA	Deutsche Bank AG	2,00%	2,00%
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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 Szymon Janiszewski, Szymon.Janiszewski@knf.gov.pl, +48 22 262 51 53 Bartłomiej Chinowski, Bartlomiej.Chinowski@knf.gov.pl, +48 22 262 49 02
7.2 Any other relevant information	-