



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

Please send this template to

- [notifications@esrb.europa.eu](mailto:notifications@esrb.europa.eu) when notifying the ESRB;
- [macropru.notifications@ecb.europa.eu](mailto:macropru.notifications@ecb.europa.eu) when notifying the ECB;
- [notifications@eba.europa.eu](mailto:notifications@eba.europa.eu) when notifying the EBA.

Emailing this template to the above-mentioned addresses constitutes an official notification, no further official letter is required. In order to facilitate the work of the notified authorities, please send the notification template in a format that allows electronically copying the information.

1. Notifying national authority			
<b>1.1 Name of the notifying authority</b>	Bulgarian National Bank		
2. Description of the measure			
<b>2.1 Concerned institution or group of institutions</b>	The measure is applied at individual and consolidated level on the following institutions:		
	<b>Name of the institution</b>	<b>LEI code</b>	
	UniCredit Bulbank AD	549300Z7V2WOFIMUEK50	
	United Bulgarian Bank AD	5299000PCY1EP8QJFV48	
	First Investment Bank AD	549300UY81ESCZJ0GR95	
	DSK Bank EAD	529900GEH0DAUTAXUA94	
	Societe Generale Expressbank AD	549300ASHQEYUZ8ARW85	
	Raiffeisenbank (Bulgaria) EAD	5299009KAL4KO7584196	
	Eurobank Bulgaria AD	549300IRGNL8Q3O8Y413	
	Central Cooperative Bank AD	5299002142DS5ONT5540	
Bulgarian Development Bank AD	549300615CPXQO52J309		
Piraeus Bank Bulgaria AD	52990087MJEBPWSFOZ22		
<b>2.2 Level of the buffer applied</b>	<b>Name of the institution:</b>	<b>O-SII buffer rate, applicable from 1-st of January in year:</b>	
		<b>2019</b>	<b>2020</b>
	UniCredit Bulbank AD	0.75%	1.00%
	United Bulgarian Bank AD	0.75%	1.00%
	First Investment Bank AD	0.75%	1.00%
	DSK Bank EAD	0.75%	1.00%
	Societe Generale Expressbank AD	0.50%	0.75%
	Raiffeisenbank (Bulgaria) EAD	0.50%	0.75%
	Eurobank Bulgaria AD	0.50%	0.75%
	Central Cooperative Bank AD	0.50%	0.75%
Bulgarian Development Bank AD	0.25%	0.50%	
Piraeus Bank Bulgaria AD	0.25%	0.50%	

<b>2.3 Name of the EU ultimate parent institution</b>	<b>Institution</b>	<b>Ultimate EU parent institution</b>	<b>LEI</b>			
	UniCredit Bulbank AD	UniCredit S.p.A.	549300TRUWO2CD2G5692			
	United Bulgarian Bank AD	KBC Group NV	213800X3Q9LSAKRUWY91			
	DSK Bank EAD	OTP Bank Nyrt.	529900W3MOO00A18X956			
	Societe Generale Expressbank AD	Société Générale SA	O2RNE8IBXP4R0TD8PU41			
	Raiffeisenbank (Bulgaria) EAD	Raiffeisen Bank International AG	9ZHRYM6F437SQJ6OUG95			
	Eurobank Bulgaria AD	Eurobank Ergasias S.A.	JEUVK5RWWJEN8W0C9M24			
	Piraeus Bank Bulgaria AD	Piraeus Bank S.A.	M6AD1Y1KW32H8THQ6F76			
<b>2.4 Names of subsidiaries</b>	N/A					
<b>3. Timing of the measure</b>						
<b>3.1 Timing of the Decision</b>	The date of the official decision of the BNB Governing Council is 4 October 2018.					
<b>3.2 Timing of the Publication</b>	It is planned for the notified measure to be published one month after the notification date, or by 5 November 2018.					
<b>3.3 Disclosure</b>	The BNB will announce on its web-site the identified O-SII institutions, their respective overall scores, the respective buffer rates and the timeline of the phase-in of the buffer rates.					
<b>3.4 Timing of Application</b>	The date of activation is 1 January 2017					
<b>3.5 Phasing in</b>	The phase-in period for the O-SII buffer rates is from 2017 to 2020.					
<b>3.6 Review of the measure</b>	In accordance with the BNB Ordinance No. 8, Art. 9, (8) the BNB shall <b>review annually</b> the identification of O-SIIs and report the results to the systemically important institution concerned, to the European Commission (EC), the ESRB and the EBA 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 concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs (Article 131.3)</b>	The results from the application of the scoring methodology described in EBA/GL/2014/10 are presented in the table below:					
	<b>Bank</b>	<b>Overall Score</b>	<b>Size</b>	<b>Importance (including substitutability/financial system infrastructure)</b>	<b>Complexity/cross-border activity</b>	<b>Interconnectedness</b>
	UniCredit Bulbank AD	1 882	1 906	2 142	2 197	1 281
	United Bulgarian Bank AD	1 120	1 045	978	1 331	1 127
	First Investment Bank AD	1 106	893	736	531	2 265
	DSK Bank EAD	1 036	1 238	1 375	949	582
	Societe Generale Expressbank AD	717	707	825	940	397
	Raiffeisenbank (Bulgaria) EAD	671	716	830	683	455
	Eurobank Bulgaria AD	632	752	718	640	418
	Central Cooperative Bank AD	521	553	476	183	871
	Bulgarian Development Bank AD	334	244	139	419	536
	Piraeus Bank Bulgaria AD	306	319	233	393	278

<p><b>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</b></p>	<ul style="list-style-type: none"> <li>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 2018 on highest available consolidation level), as well as payment systems' statistics.</li> <li>b. In the 2018 annual review of O-SIIs identification, the BNB maintains the threshold score of 275 basis points.</li> <li>c. The overall scores are presented in the table under section 4.1.</li> <li>d. No optional indicators were used in the identification process.</li> <li>e. N/A. Please refer to the answer to d) above.</li> <li>f. N/A. Please refer to the answer to d) above.</li> <li>g. N/A. All the 26 credit institutions domiciled in Bulgaria were included in the identification process.</li> <li>h. N/A. All the 26 credit institutions domiciled in Bulgaria were included in the identification process. The list of all credit institutions in Bulgaria is publicly available on the <a href="#">BNB web-site</a>.</li> <li>i. Only credit institutions were included in the identification process. Investment firms are excluded from the identification process.</li> </ul>
<p><b>4.3 Supervisory judgement</b></p>	<p>The list of O-SIIs is identified based on the quantitative approach in accordance with the EBA guidelines. At this stage the use supervisory judgement was not deemed necessary.</p>
<p><b>4.4 Calibrating the O-SII buffer</b></p>	<p>The current review of the O-SII's buffer follows same methodology (EBA guidelines EBA/GL/2014/10 and same threshold of 275 basis points. Changes in the buffer level of certain institutions are due to change in their overall score in 2018 compared to 2017.</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 will further increase 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. Cross-border and cross-sector impact of the measure</b></p>	
<p><b>5.1 Assessment of cross-border effects and the likely impact on the internal market (Recommendation ESRB/2015/2)</b></p>	<p>Potential cross-border effects of the measure are assessed as very limited in view of the fact that banks in Bulgaria have scarce cross-border activity. In addition due to the gradual phase-in of the buffer requirement and the solid capital position of the banking system, it is unlikely that additional capital transfer from the parent banks will be required.</p>
<p><b>5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</b></p>	<p>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.</p>
<p><b>6. Combinations and interactions with other measures</b></p>	
<p><b>6.1 Combinations between G-SII and O-SII buffers</b></p>	<p>There is no G-SII institution operating in Bulgaria. At the same time some of the identified O-SII banks are subsidiaries of banks identified as either O-SII or G-SII.</p>

<b>(Article 131.14)</b>	The BNB has not set the buffer rate on the O-SII at the current stage higher than 1%, which means that the applicable buffer rate is the one, determined by the BNB and provided in section 2.2 above.																																																								
<b>6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)</b>	Yes, the BNB introduced the Systemic Risk Buffer at a rate of 3% of risk exposures located in Bulgaria in 2014. In the 2017 review of the Systemic Risk Buffer 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. This means that banks identified as O-SII shall comply with the sum of the two buffer requirements.																																																								
<b>6.3 O-SII requirement for a subsidiary (Article 131.8)</b>	<p>In accordance with the notifications available on the ESRB web-site, the following buffer rates apply to parent institutions of subsidiary banks in Bulgaria:</p> <table border="1" data-bbox="427 571 1528 817"> <thead> <tr> <th>Subsidiary Institution</th> <th>Parent institution</th> <th>Type</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>UniCredit Bulbank AD</td> <td>UniCredit S.p.A.</td> <td>G-SII</td> <td>0.50%</td> <td>0.75%</td> <td>1.00%</td> <td>1.00%</td> </tr> <tr> <td>United Bulgarian Bank AD</td> <td>KBC Group NV</td> <td>O-SII</td> <td>1.00%</td> <td>1.50%</td> <td>1.50%</td> <td>1.50%</td> </tr> <tr> <td>DSK Bank EAD</td> <td>OTP Bank Nyrt.</td> <td>O-SII</td> <td>0.50%</td> <td>1.00%</td> <td>1.50%</td> <td>2.00%</td> </tr> <tr> <td>Societe Generale Expressbank AD</td> <td>Société Générale SA</td> <td>G-SII</td> <td>0.50%</td> <td>0.75%</td> <td>1.00%</td> <td>1.00%</td> </tr> <tr> <td>Raiffeisenbank (Bulgaria) EAD</td> <td>Raiffeisen Bank International AG</td> <td>O-SII</td> <td>0.50%</td> <td>1.00%</td> <td>2.00%</td> <td>2.00%</td> </tr> <tr> <td>Eurobank Bulgaria AD</td> <td>Eurobank Ergasias S.A.</td> <td>O-SII</td> <td>0.00%</td> <td>0.00%</td> <td>0.25%</td> <td>0.50%</td> </tr> <tr> <td>Piraeus Bank Bulgaria AD</td> <td>Piraeus Bank S.A.</td> <td>O-SII</td> <td>0.00%</td> <td>0.00%</td> <td>0.25%</td> <td>0.50%</td> </tr> </tbody> </table> <p>Source: ESRB and CB web-sites.</p>	Subsidiary Institution	Parent institution	Type	2017	2018	2019	2020	UniCredit Bulbank AD	UniCredit S.p.A.	G-SII	0.50%	0.75%	1.00%	1.00%	United Bulgarian Bank AD	KBC Group NV	O-SII	1.00%	1.50%	1.50%	1.50%	DSK Bank EAD	OTP Bank Nyrt.	O-SII	0.50%	1.00%	1.50%	2.00%	Societe Generale Expressbank AD	Société Générale SA	G-SII	0.50%	0.75%	1.00%	1.00%	Raiffeisenbank (Bulgaria) EAD	Raiffeisen Bank International AG	O-SII	0.50%	1.00%	2.00%	2.00%	Eurobank Bulgaria AD	Eurobank Ergasias S.A.	O-SII	0.00%	0.00%	0.25%	0.50%	Piraeus Bank Bulgaria AD	Piraeus Bank S.A.	O-SII	0.00%	0.00%	0.25%	0.50%
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<b>6.4 Interaction with other measures</b>	N/A																																																								

<b>7. Miscellaneous</b>	
<b>7.1 Contact person(s) at notifying authority</b>	<p>Stoyan Manolov, Director of Macroprudential Supervision and Financial Stability Directorate, Banking Supervision Department, Bulgarian National Bank, e-mail: <a href="mailto:manolov@bnbank.org">manolov@bnbank.org</a></p> <p>Elisaveta Pravova, Head of division at Macroprudential Supervision and Financial Stability Directorate, Banking Supervision Department, Bulgarian National Bank, e-mail: <a href="mailto:pravova.e@bnbank.org">pravova.e@bnbank.org</a></p> <p>Ventsislav Hristev, Head of team at Macroprudential Supervision and Financial Stability Directorate, Banking Supervision Department, Bulgarian National Bank, e-mail: <a href="mailto:hristev.v@bnbank.org">hristev.v@bnbank.org</a></p>
<b>7.2 Any other relevant information</b>	N/A