



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

Please send this template to

- notifications@esrb.europa.eu when notifying the ESRB;
- macropru.notifications@ecb.europa.eu when notifying the ECB;
- 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			
1.1 Name of the notifying authority	Bulgarian National Bank		
2. Description of the measure			
2.1 Concerned institution or group of institutions	The measure is applied at individual and consolidated level on the following institutions:		
	Name of the institution	LEI code	
	UniCredit Bulbank AD	549300Z7V2WOFIMUEK50	
	DSK Bank EAD	529900GEH0DAUTAXUA94	
	First Investment Bank AD	549300UY81ESCZJ0GR95	
	United Bulgarian Bank AD	5299000PCY1EP8QJFV48	
	Eurobank Bulgaria AD	549300IRGNL8Q3O8Y413	
	Raiffeisenbank (Bulgaria) EAD	5299009KAL4KO7584196	
	Bulgarian Development Bank AD	549300615CPXQO52J309	
Central Cooperative Bank AD	5299002142DS5ONT5540		
2.2 Level of the buffer applied	Name of the institution:	O-SII buffer rate, applicable from 1-st of January in 2021:	
	UniCredit Bulbank AD	1.00%	
	DSK Bank EAD	1.00%	
	First Investment Bank AD	1.00%	
	United Bulgarian Bank AD	0.75%	
	Eurobank Bulgaria AD	0.75%	
	Raiffeisenbank (Bulgaria) EAD	0.75%	
	Bulgarian Development Bank AD	0.50%	
	Central Cooperative Bank AD	0.50%	
2.3 Name of the EU ultimate parent institution	Institution	Ultimate EU parent institution	LEI
	UniCredit Bulbank AD	UniCredit S.p.A.	549300TRUWO2CD2G5692
	DSK Bank EAD	OTP Bank Nyrt.	529900W3MOO00A18X956
	United Bulgarian Bank AD	KBC Group NV	213800X3Q9LSAKRUWY91
	Eurobank Bulgaria AD	Eurobank Ergasias S.A.	JEUVK5RWVJEN8W0C9M24
	Raiffeisenbank (Bulgaria) EAD	Raiffeisen Bank International AG	9ZHRYM6F437SQJ6OUG95

2.4 Names of subsidiaries	N/A																																																											
3. Timing of the measure																																																												
3.1 Timing of the Decision	The date of the official decision of the BNB Governing Council is 29 October 2020.																																																											
3.2 Timing of the Publication	It is planned for the notified measure to be published one month after the notification date, or by late-November 2020.																																																											
3.3 Disclosure	The BNB will announce on its web-site the identified O-SII institutions, their respective overall scores and the respective buffer rates.																																																											
3.4 Timing of Application	The date of activation is 1 January 2017.																																																											
3.5 Phasing in	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.																																																											
3.6 Review of the measure	In accordance with the BNB Ordinance No. 8, Art. 9, (8) the BNB shall review annually 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.																																																											
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)	The results from the application of the scoring methodology described in EBA/GL/2014/10 are presented in the table below:																																																											
	<table border="1"> <thead> <tr> <th>Bank</th> <th>Overall Score</th> <th>Size</th> <th>Importance (including substitutability/financial system infrastructure)</th> <th>Complexity/cross-border activity</th> <th>Interconnectedness</th> </tr> </thead> <tbody> <tr> <td>UniCredit Bulbank AD</td> <td>1781</td> <td>1916</td> <td>2045</td> <td>1919</td> <td>1245</td> </tr> <tr> <td>DSK Bank EAD</td> <td>1754</td> <td>1890</td> <td>2310</td> <td>1688</td> <td>1128</td> </tr> <tr> <td>First Investment Bank AD</td> <td>1256</td> <td>897</td> <td>709</td> <td>568</td> <td>2848</td> </tr> <tr> <td>United Bulgarian Bank AD</td> <td>952</td> <td>996</td> <td>800</td> <td>1081</td> <td>933</td> </tr> <tr> <td>Eurobank Bulgaria AD</td> <td>798</td> <td>939</td> <td>892</td> <td>882</td> <td>478</td> </tr> <tr> <td>Raiffeisenbank (Bulgaria) EAD</td> <td>788</td> <td>815</td> <td>1080</td> <td>892</td> <td>565</td> </tr> <tr> <td>Bulgarian Development Bank AD</td> <td>433</td> <td>300</td> <td>137</td> <td>623</td> <td>670</td> </tr> <tr> <td>Central Cooperative Bank AD</td> <td>404</td> <td>560</td> <td>454</td> <td>195</td> <td>409</td> </tr> </tbody> </table>						Bank	Overall Score	Size	Importance (including substitutability/financial system infrastructure)	Complexity/cross-border activity	Interconnectedness	UniCredit Bulbank AD	1781	1916	2045	1919	1245	DSK Bank EAD	1754	1890	2310	1688	1128	First Investment Bank AD	1256	897	709	568	2848	United Bulgarian Bank AD	952	996	800	1081	933	Eurobank Bulgaria AD	798	939	892	882	478	Raiffeisenbank (Bulgaria) EAD	788	815	1080	892	565	Bulgarian Development Bank AD	433	300	137	623	670	Central Cooperative Bank AD	404	560	454	195	409
Bank	Overall Score	Size	Importance (including substitutability/financial system infrastructure)	Complexity/cross-border activity	Interconnectedness																																																							
UniCredit Bulbank AD	1781	1916	2045	1919	1245																																																							
DSK Bank EAD	1754	1890	2310	1688	1128																																																							
First Investment Bank AD	1256	897	709	568	2848																																																							
United Bulgarian Bank AD	952	996	800	1081	933																																																							
Eurobank Bulgaria AD	798	939	892	882	478																																																							
Raiffeisenbank (Bulgaria) EAD	788	815	1080	892	565																																																							
Bulgarian Development Bank AD	433	300	137	623	670																																																							
Central Cooperative Bank AD	404	560	454	195	409																																																							
4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	<ol style="list-style-type: none"> 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 2020 on highest available consolidation level), as well as payment systems' statistics. In the 2020 annual review of O-SIIs identification, the BNB maintains the threshold score of 275 basis points. The overall scores are presented in the table under section 4.1. No optional indicators were used in the identification process. N/A. Please refer to the answer to d) above. N/A. Please refer to the answer to d) above. N/A. All the 24 credit institutions domiciled in Bulgaria were included in the identification process. N/A. All the 24 credit institutions domiciled in Bulgaria were included in the identification process. The list of all credit institutions in Bulgaria is publicly available on the BNB web-site. Only credit institutions were included in the identification process. Investment firms are excluded from the identification process. 																																																											

4.3 Supervisory judgement	The list of O-SIIs was identified based on the quantitative approach in accordance with the EBA guidelines. At this stage the use supervisory judgement was not deemed necessary.																																																
4.4 Calibrating the O-SII buffer	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. Calibration in the buffer level is due to the changes in the overall score in 2020 compared to 2019. The review reflects the structural changes during the period, as well as the consolidation processes that have been completed.																																																
4.5 Effectiveness and proportionality of measure	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.																																																
5. Cross-border and cross-sector impact of the measure																																																	
5.1 Assessment of cross-border effects and the likely impact on the internal market (Recommendation ESRB/2015/2)	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 solid capital position of the banking system, it is unlikely that additional capital transfer from the parent banks will be required.																																																
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	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.																																																
6. Combinations and interactions with other measures																																																	
6.1 Combinations between G-SII and O-SII buffers (Article 131.14)	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. 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.																																																
6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	Yes, the BNB introduced the Systemic Risk Buffer at a rate of 3% of risk exposures located in Bulgaria in 2014. In the 2019 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.																																																
6.3 O-SII requirement for a subsidiary (Article 131.8)	In accordance with available information, the following buffer rates apply to parent institutions of subsidiary banks in Bulgaria: <table border="1" data-bbox="427 1780 1374 1960"> <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> <th>2021</th> </tr> </thead> <tbody> <tr> <td>UniCredit Bulbank AD</td> <td>UniCredit Group S.p.A.</td> <td>G-SII</td> <td>0.50%</td> <td>0.75%</td> <td>1.00%</td> <td>1.00%</td> <td>1.00%</td> </tr> <tr> <td>DSK Bank EA D</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> <td>0.00%*</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> <td></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> <td>0.75%</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> <td></td> </tr> </tbody> </table> Source: ESRB and CB web-sites.	Subsidiary institution	Parent institution	Type	2017	2018	2019	2020	2021	UniCredit Bulbank AD	UniCredit Group S.p.A.	G-SII	0.50%	0.75%	1.00%	1.00%	1.00%	DSK Bank EA D	OTP Bank Nyrt.	O-SII	0.50%	1.00%	1.50%	2.00%*	0.00%*	United Bulgarian Bank AD	KBC Group NV	O-SII	1.00%	1.50%	1.50%	1.50%		Eurobank Bulgaria AD	Eurobank Ergasias S.A.	O-SII	0.00%	0.00%	0.25%	0.50%	0.75%	Raiffeisenbank (Bulgaria) EAD	Raiffeisen Bank International AG	O-SII	0.50%	1.00%	2.00%	2.00%	
Subsidiary institution	Parent institution	Type	2017	2018	2019	2020	2021																																										
UniCredit Bulbank AD	UniCredit Group S.p.A.	G-SII	0.50%	0.75%	1.00%	1.00%	1.00%																																										
DSK Bank EA D	OTP Bank Nyrt.	O-SII	0.50%	1.00%	1.50%	2.00%*	0.00%*																																										
United Bulgarian Bank AD	KBC Group NV	O-SII	1.00%	1.50%	1.50%	1.50%																																											
Eurobank Bulgaria AD	Eurobank Ergasias S.A.	O-SII	0.00%	0.00%	0.25%	0.50%	0.75%																																										
Raiffeisenbank (Bulgaria) EAD	Raiffeisen Bank International AG	O-SII	0.50%	1.00%	2.00%	2.00%																																											

	* In relation to the COVID-19 pandemic, from 1 July 2020 the applicable O-SII buffer rate for OTP Bank Nyrt. is 0%. The institution must gradually in three years from 2022 onwards rebuild the capital buffer initially prescribed for 2020.
6.4 Interaction with other measures	N/A

7. Miscellaneous	
7.1 Contact person(s) at notifying authority	<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>
7.2 Any other relevant information	N/A