

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);
- notifications@esrb.europa.eu 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	Central Bank of Ireland		
1.2 Country of the notifying authority	Ireland		
2. Description of the measure			
2.1a Institution or group of institutions concerned	O-SII	Level of consolidation	LEI Code
	AIB Group plc (AIB)	Consolidated	635400AKJBGNS5WNL34
	Bank of America Europe DAC (BAE)	Individual	EQYXK86SF381Q21S3020
	Barclays Bank Ireland plc (BBI)	Individual	2G5BKIC2CB69PRJH1W31
	Bank of Ireland Group plc (BOI)	Consolidated	635400C8EK6DRI12LJ39
Citibank Holdings Ireland Ltd (Citibank)	Consolidated	549300K7L8YW8M215U46	

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authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

	Ulster Bank Ireland DAC (UBIDAC)	Individual	635400KQIMALJ4XLAD78		
2.1b Changes to the list of institutions concerned	NA				
2.2 Level of the buffer applied	O-SII	Level of consolidation	O-SI Buffer		
	AIB	Consolidated	1.50%		
	BAE	Individual	0.75%		
	BBI	Individual	1.00%		
	BOI	Consolidated	1.50%		
	Citibank	Consolidated	1.00%		
	UBIDAC	Individual	0.50%		
2.3 Name of the ultimate EU parent institution	NA				
2.4 Names of subsidiaries	NA				
3. Timing for the measure					
3.1 Timing for the decision	Decision scheduled for 10/11/2021				
3.2 Timing for publication	Publication scheduled for 25/11/2021				
3.3 Disclosure	The identification of O-SIIs and their associated buffers will be disclosed as part of the Central Banks Financial Stability Review and on the website of the Central Bank of Ireland.				
3.4 Timing for application	Review has not resulted in policy changes. Fully phased-in buffers for 5 institutions have applied since 1 July 2021. For the final institution the fully-phased in buffer will apply from 1 Jan 2022.				
3.5 Phasing in	O-SII Buffer Rates				
	O-SII institution	1 July 2019	1 July 2020	1 July 2021	1 January 2022
	AIB	0.50%	1.00%	1.50%	1.50%
	BOI	0.50%	1.00%	1.50%	1.50%
	Citibank	0.25%	0.50%	1.00%	1.00%
	UBIDAC	0.25%	0.50%	0.50%	0.50%
	BAE		0.50%	0.75%	0.75%
BBI		0.50%	0.75%	1.00%	

<p>3.6 Review of the measure</p>	<p>The list of identified O-SIIs and associated buffer rates are to be reviewed on an annual basis.</p>																																														
<p>4. Reason for O-SII identification and activation of the O-SII buffer</p>																																															
<p>4.1 Scores of institutions or group of institutions concerned, as per EBA guidelines on the assessment of O-SIIs (Article 131.3 CRD)</p>	<table border="1"> <thead> <tr> <th rowspan="2">Institution</th> <th rowspan="2">Overall institution score</th> <th colspan="4">Category score</th> </tr> <tr> <th>Size</th> <th>Importance</th> <th>Complexity</th> <th>Interconnectedness</th> </tr> </thead> <tbody> <tr> <td>BBI</td> <td>2315</td> <td>184 2</td> <td>725</td> <td>4349</td> <td>2346</td> </tr> <tr> <td>BOI</td> <td>1333</td> <td>155 9</td> <td>2180</td> <td>831</td> <td>762</td> </tr> <tr> <td>Citibank</td> <td>1313</td> <td>832</td> <td>2565</td> <td>1343</td> <td>510</td> </tr> <tr> <td>AIB</td> <td>1080</td> <td>150 6</td> <td>1881</td> <td>255</td> <td>678</td> </tr> <tr> <td>BAE</td> <td>655</td> <td>737</td> <td>309</td> <td>830</td> <td>744</td> </tr> <tr> <td>UBIDAC</td> <td>307</td> <td>426</td> <td>562</td> <td>72</td> <td>169</td> </tr> </tbody> </table>	Institution	Overall institution score	Category score				Size	Importance	Complexity	Interconnectedness	BBI	2315	184 2	725	4349	2346	BOI	1333	155 9	2180	831	762	Citibank	1313	832	2565	1343	510	AIB	1080	150 6	1881	255	678	BAE	655	737	309	830	744	UBIDAC	307	426	562	72	169
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<p>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</p>	<p>The assessment of credit institution O-SIIs was conducted in line with the EBA Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU in relation to the assessment of O-SIIs (EBA/GL/2014/10). Five institutions (AIB, BOI, BAE, BBI and Citi) were identified as part of the EBA mandatory scoring with each exceeding the standard 350 basis point threshold set out in the EBA guidelines and the overall scores are outlined in section 4.1.</p> <p>One institution, UBIDAC, was designated as an O-SII on the basis of supervisory overlay given its importance in terms of financial intermediation with the domestic non-financial private sector. This supervisory assessment puts emphasis on domestic indicators of systemic importance and complements the EBA’s mandatory scoring methodology by measuring activities that are critical to the Irish economy and financial system.</p> <p>A separate assessment was carried out for in-scope investment firms. This incorporated both an assessment of quantitative indicators more applicable to the sector (total assets, AuM, client money, secondary market footprint) and a more general assessment in the context of the new prudential regime for investment firms (IFR & IFD). The assessment led to no in-scope investment firms being identified as O-SIIs</p>																																														
<p>4.3 Supervisory judgement</p>	<p>Five credit institutions identified by the mandatory scoring process using the standard 350bps threshold in the EBA guidelines were identified as O-SIIs. Supervisory judgement, was also employed and identified one additional institution as an O-SII as outlined in 4.2.</p>																																														
<p>4.4 Calibrating the O-SII buffer</p>	<p>The Irish banking system is composed of both a small number of domestically focused retail banks and a number of internationally focused institutions, some of whom are large and complex. As a result, a number of measures of systemic importance are used to inform O-SII buffer calibration – EBA score, size and role in domestic financial intermediation. This approach looks to ensure that buffers are appropriate and reflect an institutions systemic importance while acknowledging the specificities of the Irish banking system.</p> <p>On balance across these dimensions of systemic importance the following emerges:</p> <ul style="list-style-type: none"> • AIB and BOI – highly systemically important across the three metrics. • BBI and Citi - high scoring in terms of EBA score reflecting different dimensions of systemic importance but with a limited role in terms domestic financial intermediation. 																																														

	<ul style="list-style-type: none"> • BAE – relatively limited direct involvement with the domestic economy when compared to the more retail-orientated banks and somewhat lower scoring than BBI and Citi under the EBA approach. • UBIDAC – lower scoring than the other institutions but systemically important in terms of its financial intermediation role with the domestic private sector. <p>Implied buffer rates are calculated for each institution across the three measures of systemic importance, using a scaling method where the most systemically important institution receives a buffer of 1.5 per cent. In addition, although buffers are not directly calibrated from the results, implied buffers based on an application of the equal expected impact approach to Ireland also inform the buffer setting process.</p> <p>Proposed buffer rates are also benchmarked against the ECB floor methodology. The buffer rates arising from this year’s review comply with the floor methodology.</p>
<p>4.5 Effectiveness and proportionality of measure</p>	<p>The guiding principle behind the O-SII buffer is to minimise the effect that the failure of a systemically important institution would have on the domestic economy. As outlined above, the buffers are informed by quantitative methodologies and commensurate with the degree of systemic importance of an institution.</p>
<p>5. Sufficiency, consistency and non-overlap of the policy response</p>	
<p>5.1 Sufficiency of the policy response</p>	<p>O-SII buffers enhance the resilience of institutions, which due to the scale or nature of their business are of systemic importance, by providing an additional layer of loss absorbing capital. As discussed above, the O-SII buffer is an institution specific requirement which takes account of the systemic footprint of each institution. The proposed buffer rates are in compliance with the ECB O-SII floor methodology.</p>
<p>5.2 Consistency of application of the policy response</p>	<p>As outlined in ESRB Recommendation 2013/1 the O-SII buffer is consistent with the objective of limiting the systemic impact of misaligned incentives with a view to reducing moral hazard.</p> <p>As outlined elsewhere in this notification, the Central Bank carries out its annual OSII assessment in line with relevant European requirements and guidelines.</p> <ul style="list-style-type: none"> • The identification of credit institution O-SIIs is conducted in line with the EBA Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU in relation to the assessment of O-SIIs (EBA/GL/2014/10) • Buffer rates are set in accordance with CRD taking into account the criteria for identification while acknowledging the specificities of the Irish banking system. • The proposed buffer rates are in compliance with the ECB O-SII floor methodology. • The O-SII buffer rates are not out of line with those buffer rates set in other European countries.
<p>5.3 Non-overlap of the policy response</p>	<p>NA – no overlapping active policy tools.</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</p>	<p>Overall effects are considered to be limited.</p> <p>The O-SII buffers are not expected to provide a material incentive for institutions to alter the geographical distribution of assets or cross-border group structure.</p> <p>The O-SII buffer rates are not out of line with those buffer rates set in other European countries.</p>

(Recommendation ESRB/2015/2³)	The application of the aforementioned O-SII buffers is expected to increase the resilience of the Irish financial system, which will have positive spillovers to the EU financial system.
6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	The scope for leakages or regulatory arbitrage is limited for the O-SII buffer, in line with Chapter 11 of the ESRB handbook on reciprocity.
7. Combinations and interactions with other measures	
7.1 Combinations between G-SII and O-SII buffers (Article 131.14)	NA
7.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)	None of the O-SIIs identified are subject to a systemic risk buffer.
7.3 O-SII requirement for a subsidiary (Article 131.8 CRD)	NA
8. Miscellaneous	
8.1 Contact person(s)/mailbox at notifying authority	Gordon Barham – gordon.barham@centralbank.ie Eoin O'Brien – eoin.obrien@centralbank.ie macroprudential@centralbank.ie
8.2 Any other relevant information	NA
8.3 Date of the notification	26/10/2021

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).