

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	Banca d'Italia										
2. Description of the measure											
2.1 Concerned institution or group of institutions	<p>The EBA methodology has been applied to compute the scores for all the institutions operating in Italy as of 31 December 2016. Banca d'Italia has decided to maintain the 350 basis point threshold defined by EBA Guidelines. The following institutions (with scores above 350 basis points) have been identified as O-SIIs:</p> <table border="1"> <thead> <tr> <th>Banking Group</th> <th>LEI Code</th> </tr> </thead> <tbody> <tr> <td>Unicredit Group (UCG)</td> <td>549300TRUWO2CD2G5692</td> </tr> <tr> <td>Gruppo Intesa Sanpaolo (ISP)</td> <td>2W8N8UU78PMDQKZENC08</td> </tr> <tr> <td>Gruppo Banco BPM (BAMI)</td> <td>815600E4E6DCD2D25E30</td> </tr> <tr> <td>Gruppo Monte dei Paschi di Siena (MPS)</td> <td>J4CP7MHCXR8DAQMKIL78</td> </tr> </tbody> </table> <p>The identification took place at the highest level of consolidation in Italy.</p>	Banking Group	LEI Code	Unicredit Group (UCG)	549300TRUWO2CD2G5692	Gruppo Intesa Sanpaolo (ISP)	2W8N8UU78PMDQKZENC08	Gruppo Banco BPM (BAMI)	815600E4E6DCD2D25E30	Gruppo Monte dei Paschi di Siena (MPS)	J4CP7MHCXR8DAQMKIL78
Banking Group	LEI Code										
Unicredit Group (UCG)	549300TRUWO2CD2G5692										
Gruppo Intesa Sanpaolo (ISP)	2W8N8UU78PMDQKZENC08										
Gruppo Banco BPM (BAMI)	815600E4E6DCD2D25E30										
Gruppo Monte dei Paschi di Siena (MPS)	J4CP7MHCXR8DAQMKIL78										
2.2 Level of the buffer applied	<table border="1"> <thead> <tr> <th>Banking Group</th> <th>O-SII Buffer</th> </tr> </thead> <tbody> <tr> <td>Unicredit Group</td> <td>1.00%</td> </tr> <tr> <td>Gruppo Intesa Sanpaolo</td> <td>0.75%</td> </tr> <tr> <td>Gruppo Banco BPM</td> <td>0.25%</td> </tr> <tr> <td>Gruppo Monte dei Paschi di Siena</td> <td>0.25%</td> </tr> </tbody> </table>	Banking Group	O-SII Buffer	Unicredit Group	1.00%	Gruppo Intesa Sanpaolo	0.75%	Gruppo Banco BPM	0.25%	Gruppo Monte dei Paschi di Siena	0.25%
Banking Group	O-SII Buffer										
Unicredit Group	1.00%										
Gruppo Intesa Sanpaolo	0.75%										
Gruppo Banco BPM	0.25%										
Gruppo Monte dei Paschi di Siena	0.25%										
2.3 Name of the EU ultimate parent institution	Not applicable.										

2.4 Names of subsidiaries	Not applicable.																														
3. Timing of the measure																															
3.1 Timing of the Decision	24 October 2017																														
3.2 Timing of the Publication	30 November 2017																														
3.3 Disclosure	Banca d'Italia will notify the ECB and then the ESRB, the EBA and the European Commission, 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 of Application	For the O-SIIs already identified in 2016 (UCG, ISP and MPS), the buffers will be fully implemented on 1 January 2021. For the O-SII identified in 2017 (BAMI), the buffer will be fully implemented on 1 January 2022.																														
3.5 Phasing in	<p>Please refer to the following table.</p> <p style="text-align: center;">O-SII Buffer requirements per institution during the phase-in period</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Banking Group</th> <th style="text-align: center;">From 1 Jan 2018</th> <th style="text-align: center;">From 1 Jan 2019</th> <th style="text-align: center;">From 1 Jan 2020</th> <th style="text-align: center;">From 1 Jan 2021</th> <th style="text-align: center;">From 1 Jan 2022</th> </tr> </thead> <tbody> <tr> <td>Unicredit Group</td> <td style="text-align: center;">0.25%</td> <td style="text-align: center;">0.50%</td> <td style="text-align: center;">0.75%</td> <td style="text-align: center;">1.00%</td> <td style="text-align: center;">1.00%</td> </tr> <tr> <td>Gruppo Intesa Sanpaolo</td> <td style="text-align: center;">0.19%</td> <td style="text-align: center;">0.38%</td> <td style="text-align: center;">0.56%</td> <td style="text-align: center;">0.75%</td> <td style="text-align: center;">0.75%</td> </tr> <tr> <td>Gruppo Banco BPM</td> <td style="text-align: center;">0.00%</td> <td style="text-align: center;">0.06%</td> <td style="text-align: center;">0.13%</td> <td style="text-align: center;">0.19%</td> <td style="text-align: center;">0.25%</td> </tr> <tr> <td>Gruppo Monte dei Paschi di Siena</td> <td style="text-align: center;">0.06%</td> <td style="text-align: center;">0.13%</td> <td style="text-align: center;">0.19%</td> <td style="text-align: center;">0.25%</td> <td style="text-align: center;">0.25%</td> </tr> </tbody> </table>	Banking Group	From 1 Jan 2018	From 1 Jan 2019	From 1 Jan 2020	From 1 Jan 2021	From 1 Jan 2022	Unicredit Group	0.25%	0.50%	0.75%	1.00%	1.00%	Gruppo Intesa Sanpaolo	0.19%	0.38%	0.56%	0.75%	0.75%	Gruppo Banco BPM	0.00%	0.06%	0.13%	0.19%	0.25%	Gruppo Monte dei Paschi di Siena	0.06%	0.13%	0.19%	0.25%	0.25%
Banking Group	From 1 Jan 2018	From 1 Jan 2019	From 1 Jan 2020	From 1 Jan 2021	From 1 Jan 2022																										
Unicredit Group	0.25%	0.50%	0.75%	1.00%	1.00%																										
Gruppo Intesa Sanpaolo	0.19%	0.38%	0.56%	0.75%	0.75%																										
Gruppo Banco BPM	0.00%	0.06%	0.13%	0.19%	0.25%																										
Gruppo Monte dei Paschi di Siena	0.06%	0.13%	0.19%	0.25%	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 concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs (Article 131.3)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Banking Group</th> <th style="text-align: center;">Score</th> <th style="text-align: center;">Size</th> <th style="text-align: center;">Substitutability</th> <th style="text-align: center;">Complexity</th> <th style="text-align: center;">Interconnectedness</th> </tr> </thead> <tbody> <tr> <td>Unicredit Group</td> <td style="text-align: center;">3,454</td> <td style="text-align: center;">2,700</td> <td style="text-align: center;">2,121</td> <td style="text-align: center;">5,199</td> <td style="text-align: center;">3,794</td> </tr> <tr> <td>Gruppo Intesa Sanpaolo</td> <td style="text-align: center;">2,518</td> <td style="text-align: center;">2,277</td> <td style="text-align: center;">2,514</td> <td style="text-align: center;">2,769</td> <td style="text-align: center;">2,513</td> </tr> <tr> <td>Gruppo Banco BPM</td> <td style="text-align: center;">397</td> <td style="text-align: center;">528</td> <td style="text-align: center;">536</td> <td style="text-align: center;">194</td> <td style="text-align: center;">329</td> </tr> <tr> <td>Gruppo Monte dei Paschi di Siena</td> <td style="text-align: center;">375</td> <td style="text-align: center;">482</td> <td style="text-align: center;">406</td> <td style="text-align: center;">409</td> <td style="text-align: center;">204</td> </tr> </tbody> </table> <p>Please refer to the attached file for a full description of the methodology used.</p>	Banking Group	Score	Size	Substitutability	Complexity	Interconnectedness	Unicredit Group	3,454	2,700	2,121	5,199	3,794	Gruppo Intesa Sanpaolo	2,518	2,277	2,514	2,769	2,513	Gruppo Banco BPM	397	528	536	194	329	Gruppo Monte dei Paschi di Siena	375	482	406	409	204
Banking Group	Score	Size	Substitutability	Complexity	Interconnectedness																										
Unicredit Group	3,454	2,700	2,121	5,199	3,794																										
Gruppo Intesa Sanpaolo	2,518	2,277	2,514	2,769	2,513																										
Gruppo Banco BPM	397	528	536	194	329																										
Gruppo Monte dei Paschi di Siena	375	482	406	409	204																										

<p>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</p>	<p>The identification process followed the methodology set out in the EBA’s 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, interconnectedness.</p> <p>Indicators were computed and aggregated for all institutions operating in Italy as of 31 December 2016. Whenever FINREP variables were not available, the closest variables available to Banca d’Italia were used. The only exception was Banco BPM, for which data as of 31 December 2016 were not available (the group only being operational since 1 January 2017): in order to carry out the assessment exercise, Banco BPM was required to conduct a simulation and submit the necessary data to the Bank of Italy.</p> <p>Banca d’Italia did not use any optional indicators among those listed by the EBA and opted to maintain the 350 basis points threshold defined by the Guidelines as a limit for systemic importance. Hence, all institutions with a score above 350 basis point were automatically identified as O-SIIs.</p> <p>A more detailed illustration of the score attributed to each institution is provided in the attached file.</p>
<p>4.3 Supervisory judgement</p>	<p>Not applicable.</p>
<p>4.4 Calibrating the O-SII buffer</p>	<p>The identified institutions are allocated to one of the four capital buffers (0.25%, 0.50%, 0.75% and 1.00%) according to the classification resulting from a cluster analysis.</p>
<p>4.5 Effectiveness and proportionality of measure</p>	<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, as summarised by their overall scores. The 4-years phase-in period allows for a gradual accumulation of capital buffers.</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</p>	<p>Not applicable.</p>

ESRB/2015/2)	
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	Leakages or regulatory arbitrage are not expected.
6. Combinations and interactions with other measures	
6.1 Combinations between G-SII and O-SII buffers (Article 131.14)	One banking group identified as O-SII (UCG) also has G-SII status and is subject to a G-SII capital buffer (1.00% when fully implemented).
6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	Not applicable.
6.3 O-SII requirement for a subsidiary (Article 131.8)	Not applicable.
6.4 Interaction with other measures	<p>Unicredit Group was identified as G-SII. The identification occurred at consolidated level, in accordance with the principles developed by the Financial Stability Board and the Basel Committee on Banking Supervision, as well as the rules set out in Commission Delegated Regulation (EU) No 1222/2014. According to the G-SII score, the bank is allocated to the first bucket, corresponding to a G-SII capital buffer equal to 1.00% of total risk-weighted assets. In accordance with the transitional provisions set out in Article 162(5) of the CRD, the bank is required to hold a G-SII capital buffer equal to 0.25% of total risk-weighted assets starting from 1 January 2016 and to increase it by 0.25% each year until 1 January 2019.</p> <p>The countercyclical capital buffer was introduced on 1 January 2016. Banca d'Italia decided to set the countercyclical capital buffer rate at zero for 2017. The rate is reviewed quarterly.</p>

7. Miscellaneous	
7.1 Contact person(s) at notifying authority	<p>Mr. Antonio Di Cesare Financial Stability Analysis and Coordination Division Email: antonio.dicesare@bancaditalia.it Phone: +39 06 4792 3943</p>

7.2 Any other relevant information	Not applicable.
---	-----------------