



## 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		
	First Investment Bank AD	549300UY81ESCZJ0GR95		
	DSK Bank EAD	529900GEH0DAUTAXUA94		
	Societe Generale Expressbank AD	549300ASHQEYUZ8ARW85		
	Eurobank Bulgaria AD	549300IRGNL8Q3O8Y413		
	Raiffeisenbank (Bulgaria) EAD	5299009KAL4KO7584196		
	United Bulgarian Bank AD	5299000PCY1EP8QJFV48		
	Central Cooperative Bank AD	5299002142DS5ONT5540		
	CIBANK JSC	549300MQF5GHXJ75XX16		
Piraeus Bank Bulgaria AD	52990087MJEBPWSFOZ22			
Bulgarian Development Bank AD	549300615CPXQO52J309			
<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>2018</b>	<b>2019</b>	<b>2020</b>
	UniCredit Bulbank AD	0.50%	0.75%	1.00%
	First Investment Bank AD	0.50%	0.75%	1.00%
	DSK Bank EAD	0.25%	0.50%	0.75%
	Societe Generale Expressbank AD	0.25%	0.50%	0.75%
	Eurobank Bulgaria AD	0.25%	0.50%	0.75%
	Raiffeisenbank (Bulgaria) EAD	0.25%	0.50%	0.75%
	United Bulgarian Bank AD	0.25%	0.50%	0.75%
	Central Cooperative Bank AD	0.25%	0.50%	0.75%
	CIBANK JSC	0.25%	0.50%	0.75%
Piraeus Bank Bulgaria AD	0.125%	0.25%	0.50%	
Bulgarian Development Bank AD	0.125%	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		
	DSK Bank EAD	OTP Bank Nyrt.		529900W3MOO00A18X956		
	Societe Generale Expressbank AD	Société Générale SA		O2RNE8IBXP4R0TD8PU41		
	United Bulgarian Bank AD	KBC Group NV		213800X3Q9LSAKRUWY91		
	Raiffeisenbank (Bulgaria) EAD	Raiffeisen-Landesbanken-Holding GmbH		529900JP9C734S1LE008		
	Eurobank Bulgaria AD	Eurobank Ergasias S.A.		JEUVK5RWVJEN8W0C9M24		
	Piraeus Bank Bulgaria AD	Piraeus Bank S.A.		M6AD1Y1KW32H8THQ6F76		
	CIBANK JSC	KBC Group NV		213800X3Q9LSAKRUWY91		
<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 31 October 2017.					
<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 1 December 2017.					
<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. Following the review in 2017, the BNB identifies additional one bank as O-SII.					
<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>Inter-connectedness</b>
	UniCredit Bulbank AD	1 972	2 057	1 948	2 621	1 263
	First Investment Bank AD	1 169	926	859	716	2 174
	DSK Bank EAD	963	1 219	1 199	896	537
	Societe Generale Expressbank AD	725	705	649	1 008	540
	Eurobank Bulgaria AD	676	726	749	743	488
	Raiffeisenbank (Bulgaria) EAD	673	691	877	636	488
	United Bulgarian Bank AD	592	740	774	312	544
	Central Cooperative Bank AD	532	556	471	194	909
	CIBANK JSC	507	336	302	689	700
	Piraeus Bank Bulgaria AD	368	312	361	459	342
	Bulgarian Development Bank AD	303	231	148	375	458

<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. Supervisory data on highest consolidation level from FINREP as of 30 June 2017 was used, as well as additional payment systems' information.</li> <li>b. In the 2017 annual review of O-SIIs identification, the BNB maintains the threshold score of 275 basis points.</li> <li>c. The overall score, presented in the table under section 4.1 of the template above was used.</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 27 credit institutions domiciled in Bulgaria were included in the identification process.</li> <li>h. N/A. All the 27 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 was 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>In the current review, due to changes in the structure and importance of the identified as O-SIIs institutions, the O-SII buffer was calibrated accordingly.</p>
<p><b>4.5 Effectiveness and proportionality of measure</b></p>	<p>The overall high capital requirements in Bulgaria have been ensuring the stability of the banking sector in Bulgaria for a long period of time. In the same manner, the identification of the O-SII institutions and the application of respective O-SII buffer rates will have positive impact on the overall resilience of the credit institutions. As mentioned above, the gradual phase-in of the O-SII buffers is expected to leave enough time for capital build-up without hampering the ability of the banking system to support economic growth.</p> <p>The O-SII buffers are proportionate to the relative size and systemic importance of the credit institutions in Bulgaria.</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</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>

<b>Member State</b>																																																																
<b>6. Combinations and interactions with other measures</b>																																																																
<b>6.1 Combinations between G-SII and O-SII buffers (Article 131.14)</b>	<p>There is no G-SII institution operating in Bulgaria.</p> <p>At the same time some of the identified O-SII banks are subsidiaries of banks identified as either O-SII or G-SII.</p> <p>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.</p>																																																															
<b>6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)</b>	<p>Yes, the BNB introduced the Systemic Risk Buffer at a rate of 3% of risk exposures located in Bulgaria in 2014. 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.</p>																																																															
<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"> <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 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> </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 S.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 Bank</td> <td>O-SII</td> <td>1.00%</td> <td>1.50%</td> <td>1.50%</td> <td>1.50%</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> <tr> <td>CIBANK JSC</td> <td>KBC Bank</td> <td>O-SII</td> <td>1.00%</td> <td>1.50%</td> <td>1.50%</td> <td>1.50%</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 Group S.p.A.	G-SII	0.50%	0.75%	1.00%	1.00%	DSK Bank EAD	OTP Bank Nyrt.	O-SII	0.50%	1.00%	1.50%	2.00%	Societe Generale Expressbank AD	Société Générale S.A.	G-SII	0.50%	0.75%	1.00%	1.00%	United Bulgarian Bank AD	KBC Bank	O-SII	1.00%	1.50%	1.50%	1.50%	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%	CIBANK JSC	KBC Bank	O-SII	1.00%	1.50%	1.50%	1.50%
Subsidiary institution	Parent institution	Type	2017	2018	2019	2020																																																										
UniCredit Bulbank AD	UniCredit Group S.p.A.	G-SII	0.50%	0.75%	1.00%	1.00%																																																										
DSK Bank EAD	OTP Bank Nyrt.	O-SII	0.50%	1.00%	1.50%	2.00%																																																										
Societe Generale Expressbank AD	Société Générale S.A.	G-SII	0.50%	0.75%	1.00%	1.00%																																																										
United Bulgarian Bank AD	KBC Bank	O-SII	1.00%	1.50%	1.50%	1.50%																																																										
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%																																																										
CIBANK JSC	KBC Bank	O-SII	1.00%	1.50%	1.50%	1.50%																																																										
<b>6.4 Interaction with other measures</b>	<p>Until now there have been macroprudential measures aimed at addressing the systemic importance of credit institutions.</p>																																																															

<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> <p>Silvia Prokopieva, Head of division at Macroprudential Supervision and Financial Stability Directorate, Banking Supervision Department, Bulgarian National Bank, e-mail: <a href="mailto:prokopieva.s@bnbank.org">prokopieva.s@bnbank.org</a></p>

<b>7.2 Any other relevant information</b>	N/A
---	-----