



NATIONAL BANK OF ROMANIA

Financial stability department

Nr. IV/1/ 3362/ 16. 12. 2016

To: Francesco Mazzaferro

Head of the Secretariat

European Systemic Risk Board

Sonnemannstrasse 22

60314 Frankfurt am Main, Germany

Subject: Notification of O-SII buffer applicable in 2017 according to article 131 of Directive 2013/36/EU

In accordance with Article 131 para.(6) let.b) of *Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC*, we hereby inform that the National Bank of Romania has reviewed on an individual, sub-consolidated or consolidated basis, as applicable, the other systemically important institutions (O-SIIs) which have been authorized within the Romanian jurisdiction, based on data available as of June 2016. The evaluation was performed according the provisions of *EBA Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs)*, using a threshold of 275 basis points in order to automatically designate the systemically important institutions.

In this context, the National Committee for Financial Stability recommended to the National Bank of Romania to require systemically important credit institutions in Romania to maintain starting with 1st of March 2017 on a consolidated, sub-consolidated or individual basis, as applicable, an O-SII buffer of 1% of the total risk exposure amount in the case of Banca Comercială Română S.A., BRD

- Groupe Societe Generale S.A., UniCredit Bank S.A., Raiffeisen Bank S.A., Alpha Bank România S.A., Bancpost S.A., Piraeus Bank S.A., Banca Transilvania S.A., CEC Bank S.A., Garanti Bank S.A., OTP Bank S.A. The O-SII buffer shall consist of and shall be supplementary to Common Equity Tier 1 capital. The level of the O-SII buffer is in accordance with Article 131 (5) and (8) of the *Directive 2013/36/EU*.

Please find attached the notification template for the O-SII buffer according the requirements of Articles 131 (7) in CRD IV.

Yours sincerely,

Eugen Rădulescu
Director



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	National Bank of Romania
2. Description of the measure	
2.1 Concerned institution or group of institutions	<p>Based on data available as of 30 June 2016, 11 credit institutions Romanian legal entities obtained a score higher than the threshold set for the designation of systemically important institutions (275 basis points). The name and LEI code of the systemically important institutions identified in Romania are provided below.</p> <p>Banca Comercială Română S.A. – LEI code 549300ORLU6LN5YD8X90 BRD - Groupe Societe Generale S.A. – LEI code 5493008QRHH0XCLJ4238 UniCredit Bank S.A. – LEI code 5493003BDYD5VPGUQS04 Raiffeisen Bank S.A. – LEI code 529900V4VDSHAZDLPK21 Banca Transilvania S.A. – LEI code 549300RG3H390KEL8896 Alpha Bank România S.A. – LEI code 529900TKT32Z5LP7XF90 CEC Bank S.A. – LEI code 2138008AVF4W7FMW8W87 Bancpost S.A. – LEI code 549300GM6AMB2XDWNC96 Garanti Bank S.A. – LEI code 549300UZRCTIM0HREY46 OTP Bank S.A. – LEI code 5299003TM0P7W8DNUF61 Piraeus Bank S.A. – LEI code 54900UH7FDPRNBABQ46</p> <p>An O-SII buffer applicable in 2017 is set for the systemically important institutions which are Romanian legal entities. The O-SII buffer is applicable at consolidated, sub-consolidated or individual levels, as applicable, for the banks concerned.</p>
2.2 Level of the buffer applied	<p>The levels of the O-SII buffer applicable in 2017 for the systemically important institutions which are Romanian legal entities are the following:</p> <p>Banca Comercială Română S.A. – 1% (sub-consolidated level) BRD - Groupe Societe Generale S.A. – 1% (sub-consolidated level) UniCredit Bank S.A. – 1% (sub-consolidated level) Raiffeisen Bank S.A. – 1% (sub-consolidated level) Banca Transilvania S.A. – 1% (consolidated level) Alpha Bank România S.A. – 1% (individual level) CEC Bank S.A. – 1% (individual level) Bancpost S.A. – 1% (individual level) Garanti Bank S.A. – 1% (individual level) OTP Bank S.A. – 1% (sub-consolidated level) Piraeus Bank S.A. – 1% (individual level)</p>

	The above mentioned levels of the O-SII buffer are applicable beginning with 1 st of March 2017.
2.3 Name of the EU ultimate parent institution	<p>9 out of 11 systemically important institutions in Romania which are Romanian legal entities are subsidiaries of foreign banks, as follows:</p> <ul style="list-style-type: none"> - Banca Comercială Română S.A. – subsidiary of Erste Group Bank AG (LEI code PQOH26KWDF7CG10L6792) - BRD - Groupe Societe Generale S.A. – subsidiary of Societe Generale Groupe (LEI code O2RNE8IBXP4R0TD8PU41) - UniCredit Bank S.A. – subsidiary of UniCredit Bank Austria (LEI code DIHEB8VEU6DM8ZUXG17) included in the banking group UniCredit S.p.A. (LEI code 549300TRUWO2CD2G5692) - Raiffeisen Bank S.A. – subsidiary of Raiffeisen Zentralbank Osterreich AG Group (LEI code EVOYOND2GGP3UHGGE885) - Alpha Bank România S.A. – subsidiary of Alpha Bank Greece AE (LEI code 5299009N55YRQC69CN08) - Bancpost S.A. – subsidiary of Eurobank Ergasias Group SA (LEI code JEUVK5RWVJEN8W0C9M24) - Garanti Bank S.A. – subsidiary of Garanti Holding B.V. (LEI code 7245001X2CPR51BQB87) included in the banking group Türkiye Garanti Bankası AS (LEI code 5493002XSS7K7RHN1V37) - OTP Bank S.A. – subsidiary of OTP Bank Nyrt. (LEI code 529900W3MOO00A18X956) - Piraeus Bank S.A. – subsidiary of Piraeus Bank SA (LEI code M6AD1Y1KW32H8THQ6F76)
2.4 Names of subsidiaries	N/A
3. Timing of the measure	
3.1 Timing of the Decision	The National Committee for Financial Stability issued the Recommendation no. ___/_____, according to which the National Bank of Romania is recommended to recalibrate the O-SII buffer applicable in 2017 for the systemically important institutions identified based on data available as of June 2016.
3.2 Timing of the Publication	The intended date of publication of the notified measure is December 2016.
3.3 Disclosure	The National Bank of Romania (NBR) will publish on its website (i) the names of the identified systemically important institutions based on data available as of June 2016, (ii) the scores obtained according the methodology harmonized with the EBA Guidelines and (iii) the capital requirements consisting in the O-SII buffer applicable during 2017. In addition, the NBR will communicate the decision to each bank designated as O-SII which is subject to an O-SII buffer.
3.4 Timing of Application	The intended date of activation for the O-SII buffer is 1 st of March 2017.
3.5 Phasing in	The measure is not subject to phasing in.
3.6 Review of the measure	According to Article 131(6) and 131(12) of CRD IV (which was implemented in the national legal framework by the <i>NBR Regulation no.5/2013 on prudential requirements for the credit institutions</i>), the list of O-SIIs and the respective O-SII buffer will be reviewed annually. The present decision refers to O-SII buffers applicable during 2017. The next revision of the measure will be made in 2017 and will be applicable during 2018.
4. Reason for O-SII identification and activation of the O-SII buffer	

<p>4.1 Scores of concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs (Article 131.3)</p>	<p>The overall scores of the banks identified as systemically important institutions based on data available as of June 2016 are listed below:</p> <p>Banca Comercială Română S.A. – 1775 basis points BRD - Groupe Societe Generale S.A. – 1161 basis points UniCredit Bank S.A. – 1146 basis points Raiffeisen Bank S.A. – 1015 basis points Banca Transilvania S.A. – 949 basis points Alpha Bank România S.A. – 442 basis points CEC Bank S.A. – 377 basis points Bancpost S.A. – 363 basis points Garanti Bank S.A. – 345 basis points OTP Bank S.A. – 293 basis points Piraeus Bank S.A. – 282 basis points</p> <p>The indicator values of the identified O-SIIs are provided in the attached Excel file (Annex no. 1a).</p> <p>The methodology used by the National Bank of Romania is harmonized with EBA <i>Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs)</i>, using a 275 basis points threshold. The above mentioned O-SIIs were designated using the mandatory criteria and indicators, i.e.:</p> <ol style="list-style-type: none"> size; importance for the economy of the relevant Member State or the Union, capturing substitutability/financial institution infrastructure; complexity, including the additional complexities from cross-border activity; interconnectedness of the institution or (sub-)group with the financial system. 																									
<p>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</p>	<p>The National Bank of Romania uses a two-step methodology: 1) calculation of scores based on mandatory indicators recommended by EBA <i>Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs)</i>; 2) calculation of optional indicators (supervisory judgement).</p> <p>All the systemically important institutions listed in 2.1. were identified using the mandatory indicators recommended by the EBA <i>Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs)</i>.</p> <table border="1" data-bbox="502 1552 1410 2045"> <thead> <tr> <th>Criterion</th> <th>Indicators</th> <th>Weight</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Size</td> <td>Total assets</td> <td>25.00%</td> </tr> <tr> <td>Importance (including substitutability/financial system infrastructure)</td> <td></td> </tr> <tr> <td rowspan="3">Complexity/cross-border activity</td> <td>Value of domestic payment transactions</td> <td>8.33%</td> </tr> <tr> <td>Private sector deposits from depositors in the EU</td> <td>8.33%</td> </tr> <tr> <td>Private sector loans to recipients in the EU</td> <td>8.33%</td> </tr> <tr> <td rowspan="3">Interconnectedness</td> <td>Value of OTC derivatives (notional)</td> <td>8.33%</td> </tr> <tr> <td>Cross-jurisdictional liabilities</td> <td>8.33%</td> </tr> <tr> <td>Cross-jurisdictional claims</td> <td>8.33%</td> </tr> <tr> <td></td> <td>Intra-financial system liabilities</td> <td>8.33%</td> </tr> </tbody> </table>	Criterion	Indicators	Weight	Size	Total assets	25.00%	Importance (including substitutability/financial system infrastructure)		Complexity/cross-border activity	Value of domestic payment transactions	8.33%	Private sector deposits from depositors in the EU	8.33%	Private sector loans to recipients in the EU	8.33%	Interconnectedness	Value of OTC derivatives (notional)	8.33%	Cross-jurisdictional liabilities	8.33%	Cross-jurisdictional claims	8.33%		Intra-financial system liabilities	8.33%
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Debt securities outstanding	8.33%
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For the evaluation performed in 2015 - 2016, the National Bank of Romania used the threshold of 275 basis points, based on discretions provided by the *EBA Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs)*. The threshold of 275 basis points takes into account the specificities of the Romanian banking sector and the resulting statistical distribution of the scores, thereby ensuring the homogeneity of the group of designated O-SIIs.

In order to calculate the mandatory indicators, the harmonized definitions are used according to the specifications in Table 2 of Annex 1 in the *EBA Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs)* based on FINREP reports compiled according to the implementing technical standard on an EU-wide common supervisory reporting framework. The highest level of consolidation was used for compilation of the mandatory indicators.

The evaluation performed by the NBR comprised all the credit institutions operating in Romania. The names and scores of institutions included in the evaluation process are listed below:

Banca Comercială Română S.A. – 1775 basis points
 BRD - Groupe Societe Generale S.A. – 1161 basis points
 UniCredit Bank S.A. – 1146 basis points
 Raiffeisen Bank S.A. – 1015 basis points
 Banca Transilvania S.A. – 949 basis points
 ING Bank – București Branch – 564 basis points
 Alpha Bank România S.A. – 442 basis points
 CEC Bank S.A. – 377 basis points
 Bancpost S.A. – 363 basis points
 Garanti Bank S.A. – 345 basis points
 OTP Bank S.A. – 293 basis points
 Piraeus Bank S.A. – 282 basis points
 Citibank Europe – România Branch – 279 basis points
 Banca Românească S.A. Grupul National Bank of Greece – 177 basis points
 Credit Europe Bank S.A. – 159 basis points
 BANCA COMERCIALĂ INTESA SANPAOLO ROMANIA S.A. - 123 basis points
 Banca de Export-Import a României EXIMBANK S.A. - 84 basis points
 Veneto Banca Scpa Italia Montebelluna - București Branch - 80 basis points
 Patria Bank SA - 59 basis points
 LIBRA INTERNET BANK S.A. - 45 basis points
 Bank of Cyprus Public Company Limited Nicosia–România Branch - 39 basis points
 IDEA Bank S.A. - 38 basis points
 MARFIN BANK (Romania) S.A. – 34 basis points
 BANK LEUMI ROMANIA S.A. – 32 basis points
 Credit Agricole Bank Romania S.A. – 29 basis points
 ProCredit Bank S.A. - 25 basis points
 BNP Paribas Fortis SA/NV Bruxelles – București Branch – 22 basis points
 Banca Centrală Cooperatistă Creditcoop – 16 basis points
 BLOM BANK FRANCE S.A. PARIS – ROMÂNIA Branch - 11 basis points
 PORSCHE BANK ROMANIA S.A. - 10 basis points
 TBI Bank EAD Sofia – București Branch - 10 basis points
 Banca Comercială FERROVIARĂ S.A. - 10 basis points
 BANCA ROMÂNĂ DE CREDITE SI INVESTIȚII S.A - 5 basis points

No credit institution was excluded from the evaluation process. The evaluation comprised only credit institutions (the non-bank institutions were not included in the

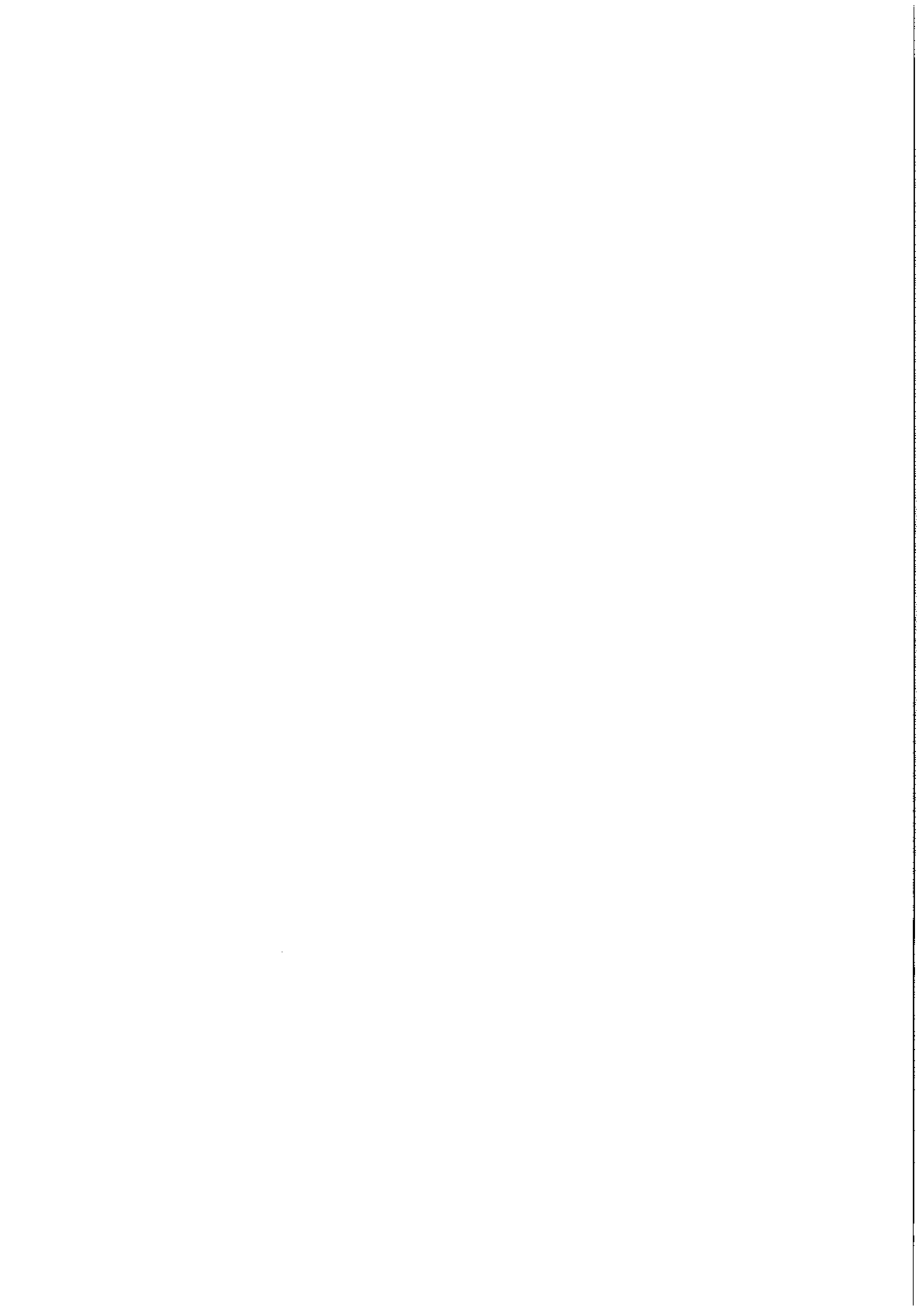
	assessment).
4.3 Supervisory judgement	<p>The methodology used by the National Bank of Romania comprises the following indicators in the second step of evaluation (supervisory judgement):</p> <ol style="list-style-type: none"> a) The contribution of the credit institution to finance the real economy, calculated by the volume of loans to nonfinancial companies and the substitution degree of lending to nonfinancial companies; b) The contribution of the credit institution to financial intermediation, calculated by the volume of deposits from households and nonfinancial companies; c) The activity of the credit institution on the interbank market and quantifying the contagion effects; d) Assessment of systemically important institutions in the ReGIS payment system; e) Contagion vulnerability from the parent to subsidiary banks through the common lender channel (capital country origin). <p>The above mentioned criteria can be found in the list of indicators mentioned in Annex 2 - Optional indicators in the EBA <i>Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs)</i>, namely: private sector loans; retail deposits, corporate deposits; interbank claims and/or liabilities; payment services provided to market participants or others; potential contagion through entities in conglomerate/shareholders.</p> <p>The evaluation performed based on the optional indicators (supervisory judgement) did not identify systemically important institutions in addition to those already designated as systemic in the first step of calculating the mandatory indicators recommended by the EBA. Consistency of results is achieved by using a minimum threshold of 2.75% for the optional indicators, which is equivalent to 275 basis points threshold set for the first step of analysis (mandatory indicators). Therefore, the results obtained in the two steps of analysis are homogeneous.</p>
4.4 Calibrating the O-SII buffer	<p>The level of the O-SII buffer was set in accordance with the provisions of Article 131 (5) and (8) of CRD IV, stipulating that (i) the competent authority or designated authority may require each O-SII, on a consolidated, sub-consolidated or individual basis, as applicable, to maintain an O-SII buffer of up to 2 % of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013, taking into account the criteria for the identification of the O-SII. That buffer shall consist of and shall be supplementary to Common Equity Tier 1 capital; (ii) where an O-SII is a subsidiary of either a G-SII or an O- SII which is an EU parent institution and subject to an O-SII buffer on a consolidated basis, the buffer that applies at individual or sub-consolidated level for the O-SII shall not exceed the higher of: (a) 1 % of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013; and (b) the G-SII or O-SII buffer rate applicable to the group at consolidated level.</p> <p>The level of the O-SII buffer was set taking into account the following:</p> <ol style="list-style-type: none"> (i) the role of the O-SII buffer in both increasing the capacity of systemically important institutions to absorb losses from potential exogenous shocks and reducing their negative impact on the banking system if the risks would materialize; (ii) the systemically important institutions hold voluntary buffers which may cover both the capital requirements applicable in 2017 and necessary amounts for developing the lending activity in a sustainable manner;

	<p>(ii) the need to hold higher capital amounts in 2017 arising from identified risks to financial stability in the coming period, namely (1) the uncertain legislative framework applicable to the banking sector (the effects of the <i>Datio in solutum Law</i>; the legislative proposals related to the conversion of foreign currency loans, using exchange rates which are different from those listed on the market together with application of deductions from principal and/or interest for the debtors); (2) the risks coming from the challenges faced by the EU area (slow economic recovery, the low interest rates environment, Brexit, the persistent sovereign debt crisis in some member states etc.) which could have a significant impact on the Romanian banking system in the context of the high share of foreign capital (91% of total assets and 92% of total equity).</p>
<p>4.5 Effectiveness and proportionality of measure</p>	<p>The use of the O-SII buffer as a macroprudential instrument is effective in achieving the intermediate objective of "limiting the systemic impact of misaligned incentives with a view to reducing moral hazard", contributing to strengthening the resilience of large institutions which promotes the consolidation of the resilience of the financial system as a whole.</p> <p>The business decisions at an institution level have the objective to maximize profits, but negative externalities may occur for both the real economy and the banking sector as a whole. From this perspective, the objectives of imposing additional capital requirements for systemically important institutions consist of: (i) increasing their capacity to absorb losses, with positive effects on lowering the systemic risk generated by the size of institutions, i.e. the likelihood of entering financial difficulties or lower the severity of their potential negative impact; (ii) correcting the advantages that the entities considered "too big to fail" enjoy due to implicit government guarantees. Therefore, the O-SII buffer may be accounted as a proportional measure as it ensures an equal treatment for all banks in the domestic market.</p> <p>The macroprudential instrument consisting in higher capital requirements for the systemically important institutions (O-SII buffer) takes into account the structural dimension of systemic risk, i.e. the distribution of the risk in the financial system. In the case of large institutions, the systemic risk arises from asset size and varies insignificantly over the economic cycle. The group of systemically important institutions (i) holds 88.3% of total assets of the Romanian banking sector as of June 2016, (ii) provide the bulk of financial services for the real economy (87.9% of the stock of loans, 90.9% of the deposits from households and companies, 93.5% of payment transactions), (iii) considering the complexity criterion, they trade 94.3% of derivatives in OTC markets, hold 91.9% of total cross-jurisdictional claims and 88.1% of total cross-jurisdictional liabilities of the banking sector, and (iv) considering the interconnectedness criterion, they provide 84.3% of the intra-financial system assets and use 84.5% of intra-financial system liabilities, issuing 98.9% of total debt securities outstanding.</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 ESRB/2015/2)</p>	<p>The higher capital requirements following the implementation of the O-SII buffer will increase the resilience of systemically important banks in Romania which will positively affect both the stability of the financial system as a whole and the real economy at a domestic level.</p> <p>In respect to the impact on the internal market, it is to be mentioned that 94% of total exposures in the balance sheet of the Romanian banks (as of June 2016) are of a domestic nature. From this perspective, we estimate a limited impact on the internal market of the above mentioned measures.</p> <p>Also, it is to be mentioned that nine out of eleven systemically important banks in Romania are subsidiaries of large EU foreign banks which are G-SIIs or O-SIIs in</p>

	<p>their home countries and therefore they are subject to G-SII/O-SII buffers. In this way, a level playing field both domestically and at EU level is ensured. In the case of subsidiaries of foreign banks, the level of O-SII was set considering the provisions of CRD IV.</p> <p>As the capitalization of large Romanian banks is adequate, the activation of the O-SII buffer will not require new capital contributions from the shareholders. Albeit the O-SII buffer is activated, the banks will have still enough capital reserves to be able to resume lending to the real economy in a sustainable manner.</p>
<p>5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</p>	<p>The scope for leakages and regulatory arbitrage is expected to be limited as:</p> <ul style="list-style-type: none"> (i) the capital requirements consisting in the O-SII buffer should be maintained at the highest level of consolidation (i.e. at consolidated, sub-consolidated or individual level, as applicable) therefore preventing the shifts of activities within groups; (ii) the bulk of banking activity (94% of the total assets of the Romanian banking system) concentrate on domestic counterparties; (iii) the capitalization of large banks is adequate, hence the institutions are not bound to reduce or transfer their activities.
<p>6. Combinations and interactions with other measures</p>	
<p>6.1 Combinations between G-SII and O-SII buffers (Article 131.14)</p>	<p>N/A</p> <p>The Romanian banking system comprises no G-SII.</p>
<p>6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)</p>	<p>Following the recommendation issued by the National Committee for Financial Stability, beginning with March 31, 2016 a subset of credit institutions had to maintain at individual, sub-consolidated or consolidated level, as appropriate, a Systemic Risk Buffer of 1% based on all their exposures in order to mitigate the contagion risk. Among the credit institutions which are eligible for additional capital requirements consisting in maintaining a systemic risk buffer of 1% for all exposures are Alpha Bank România S.A. and Bancpost S.A. Given that (i) Alpha Bank România S.A. and Bancpost S.A. are systemically important in accordance with the NBR assessment carried out in 2015 and 2016 and an O-SII buffer is applicable for the above mentioned credit institutions and (ii) the Systemic Risk Buffer is based on all exposures of eligible banks, Alpha Bank România S.A. and Bancpost S.A. are not subject to a cumulative obligation to maintain a Systemic Risk Buffer according the CRD IV provisions regarding the combined buffer requirements.</p> <p>Currently, the implementation of the Systemic Risk Buffer is suspended as the National Committee for Financial Stability analyzed the recent national legislative developments regarding the lending contracts that are likely to result in significant changes of capital adequacy indicators of the Romanian banking system in the period ahead and issued the <i>Recommendation No. 1/May 9, 2016 regarding the suspension of the Systemic Risk Buffer applicable to credit institutions in Romania</i>. Thus, the National Committee for Financial Stability has recommended to the National Bank of Romania, in its capacity as competent authority, to suspend the application of the Systemic Risk Buffer for the credit institutions during the period required for carrying out the study regarding the impact of the current legislative developments on the financial and prudential situation of the Romanian banking sector, respectively at least until December 31, 2016.</p> <p>Taking into account that the NBR continued to identify as a risk to financial stability in the coming period the uncertainty of the legislative framework applicable to the banking sector (the Financial Stability Report – October 2016) through the effects of the <i>Datio in solutum Law</i> and the legislative proposals currently analyzed by the Parliament related to the conversion of foreign currency loans (using exchange rates which are different from those listed on the market together with application of deductions from principal and/or interest for the debtors), it is most probably that the National Committee for Financial Stability will recommend to the National Bank of</p>

	<p>Romania to extend the suspension of the Systemic Risk Buffer in 2017 or to abort the implementation of this measure.</p> <p>Consequently, the O-SII buffer will not be applicable in combination with the Systemic Risk Buffer.</p>
<p>6.3 O-SII requirement for a subsidiary (Article 131.8)</p>	<p>9 out of 11 systemically important institutions in Romania which are Romanian legal entities are subsidiaries of foreign banks, as follows:</p> <ul style="list-style-type: none"> - Banca Comercială Română S.A. – subsidiary of Erste Group Bank AG; - BRD - Groupe Societe Generale S.A. – subsidiary of Societe Generale Groupe; - UniCredit Bank S.A. – subsidiary of UniCredit Bank Austria which is included in the banking group UniCredit S.p.A. from Italy; - Raiffeisen Bank S.A. – subsidiary of Raiffeisen Zentralbank Osterreich AG Group; - Alpha Bank România S.A. – subsidiary of Alpha Bank Greece AE; - Bancpost S.A. – subsidiary of Eurobank Ergasias Group SA; - Garanti Bank S.A. – subsidiary of Garanti Holding B.V. which is included in the banking group Turkiye Garanti Bankasi AS; - OTP Bank S.A. – subsidiary of OTP Bank Nyrt.; - Piraeus Bank S.A. – subsidiary of Piraeus Bank SA. <p>Banca Comercială Română S.A., BRD - Groupe Societe Generale S.A., UniCredit Bank S.A., Raiffeisen Bank S.A., Alpha Bank România S.A., Bancpost S.A., Garanti Bank S.A. and Piraeus Bank S.A. are subsidiaries of foreign banks which were identified as systemically important in the home countries or as G-SIIs. Therefore, the level of the O-SII buffer applicable in 2017 for the above mentioned subsidiaries in Romania is 1% of the total exposure amount, in accordance with the provisions of Article 131 (8) of CRD IV, stipulating that where an O-SII is a subsidiary of either a G-SII or an O-SII which is an EU parent institution and subject to an O-SII buffer on a consolidated basis, the buffer that applies at individual or sub-consolidated level for the O-SII shall not exceed the higher of: (a) 1 % of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013; and (b) the G-SII or O-SII buffer rate applicable to the group at consolidated level.</p> <p>In respect to Banca Transilvania S.A., CEC Bank S.A. and OTP Bank S.A., is to be mentioned that:</p> <ul style="list-style-type: none"> (i) Banca Transilvania S.A. is not a subsidiary of a foreign EU parent institution, therefore the National Bank of Romania is the competent authority; (ii) CEC Bank S.A. has domestic capital and the National Bank of Romania is the competent authority; (iii) OTP Bank S.A. is a subsidiary of OTP Bank Nyrt. According the notification sent by the Magyar Nemzeti Bank (MNB), OTP Bank Nyrt. is subject to an O-SII buffer of 2% which will be effective as of 1 January 2017, as well as to a specific Systemic Risk Buffer based on their exposure to problem project loans on 30 September 2016, which will apply from the same date. As the measure is applied only to exposures located in Hungary, the SRB will be additive with the O-SII buffer. <p>Thus, both the provisions of Article 131 (5) and (8) of CRD IV are observed in the case of O-SII buffer applied to the systemically important institutions identified by the National Bank of Romania.</p>
<p>6.4 Interaction with other measures</p>	<p>N/A</p>

7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Eugen Rădulescu, Director, Financial Stability Department Phone: +4021 3130653 E-mail: eugen.radulescu@bnro.ro
7.2 Any other relevant information	N/A



Criterion/Indicators	25,00%	8,33%	8,33%	8,33%	8,33%	8,33%	8,33%	8,33%	8,33%	8,33%	8,33%	8,33%	100%
	Size	Importance(including substitutability / financial system infrastructure)			Complexity / cross-border activity			Interconnectedness			TOTAL SCORE		
Bank	Total assets	Value of domestic payments transactions	Private sector deposits from depositors in the EU	Private sector loans to recipients in the EU	Value of OTC derivatives (notional)	Cross-jurisdictional liabilities	Cross-jurisdictional claims	Intra financial system liabilities	Intra financial system assets	Debt securities outstanding			
Banca Comercială Română S.A.	16,6%	10,8%	16,2%	14,4%	15,3%	23,3%	17,8%	20,5%	12,5%	32,5%			1 775
BRD - Groupe Soci�t� G�n�rale S.A.	12,8%	13,0%	14,4%	13,3%	22,8%	3,4%	12,0%	5,5%	16,5%	0,0%			1 161
UniCredit Tiriac S.A.	8,8%	7,8%	6,9%	8,8%	18,1%	14,0%	14,9%	12,0%	6,2%	22,6%			1 146
RAIFFEISEN BANK S.A.	8,2%	13,2%	9,3%	9,2%	16,0%	8,5%	4,5%	5,1%	2,0%	29,5%			1 015
Banca Transilvania S.A.	12,5%	7,4%	14,1%	13,2%	1,9%	5,3%	13,1%	8,8%	10,8%	1,9%			949
ALPHA BANK ROMANIA S.A.	3,8%	0,6%	2,7%	5,2%	1,6%	14,2%	5,0%	10,3%	2,1%	0,0%			442
C.E.C. Bank S.A.	7,2%	1,7%	8,6%	6,1%	0,2%	1,3%	0,1%	4,5%	1,1%	0,0%			377
Bancpost S.A.	2,9%	0,9%	3,2%	2,6%	5,2%	3,1%	11,4%	2,5%	5,8%	0,0%			363
GARANTI BANK S.A.	2,3%	0,7%	1,6%	2,8%	3,9%	3,2%	3,2%	5,4%	1,4%	12,4%			345
OTP BANK ROMANIA S.A.	2,2%	0,7%	1,7%	3,0%	3,5%	6,0%	5,0%	4,8%	3,9%	0,0%			293
PIRAEUS BANK ROMANIA S.A.	1,9%	0,8%	1,4%	1,6%	5,9%	5,8%	4,7%	5,2%	2,7%	0,0%			282

