

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);
- [DARWIN/ASTRA](#) 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 Cyprus (CBC)		
1.2 Country of the notifying authority	Cyprus		
2. Description of the measure			
2.1a Institution or group of institutions concerned	Name of institution	LEI	Consolidation level
	Bank of Cyprus Public Company Ltd	PQ0RAP85KK9Z75ONZW93	Highest level of consolidation
	Hellenic Bank Public Company Ltd	CXUHEGU3MADZ2CEV7C11	Highest level of consolidation
	Eurobank Cyprus Ltd	5493004KSNEM4U7L8714	Individual level
	Astrobank Ltd	549300VB6UM9TUOCYW67	Individual level
	Alpha Bank Cyprus Ltd	529900VS0F7BA91P4160	Individual level

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authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

2.1b Changes to the list of institutions concerned	No changes to the list of institutions concerned, compared to the 2023 assessment.					
2.2 Level of the buffer applied	Name of institution		New O-SII buffer		Previous O-SII buffer	
	Bank of Cyprus Public Company Ltd		2,00%		2,25%	
	Hellenic Bank Public Company Ltd		1,75%		1,50%	
	Eurobank Cyprus Ltd		1,00%		0,75%	
	Astrobank Ltd		0,25%		0,25%	
	Alpha Bank Cyprus Ltd		0,25%		0,25%	
2.3 Name of the ultimate EU parent institution	Name of identified O-SII		Ultimate EU parent institution		LEI of ultimate parent institution	
	Eurobank Cyprus Ltd		Eurobank Ergasias S.A.		JEUVK5RWWJEN8W0C9M24	
	Alpha Bank Cyprus Ltd		Alpha Bank A.E.		5299009N55YRQC69CN08	
2.4 Names of subsidiaries	The measure will also apply to all subsidiaries of Bank of Cyprus Public Company Ltd and of Hellenic Bank Public Company Ltd which are included in the prudential consolidation as per article 11 of the CRR.					
	Name of parent O-SII identified		Name of O-SII subsidiary		LEI of O-SII subsidiary	
3. Timing for the measure						
3.1 Timing for the decision	The CBC took its initial decision on 16 February 2024. The final decision of the CBC will be taken on 4 March 2024, after consulting with the ECB. 04/03/2024					
3.2 Timing for publication	One month after the final decision is taken (or the next business day in case this day is a bank holiday), as required by the CRD and national law transposing the CRD into national legislation (i.e. Macroprudential Oversight of Institutions Law 2015-2022). 04/04/2024					
3.3 Disclosure	The measure will be communicated to the ESRB, and the ECB. One month after the final decision is taken, the CBC will publish the measure on its website and will send circular letters to the O-SII institutions informing them of this decision.					
3.4 Timing for application	01/01/2025					
3.5 Phasing in	The O-SII buffer will become fully binding as of 1 January 2026 (i.e Date 2) (With a phasing-in period of two years and a 50% of the increase of the new O-SII buffer to be binding per year, starting on 1 st January 2025 (i.e Date 1)).					
	Name of institution		Date1	Date2	Date3	Date4
						Date5

	Bank of Cyprus Public Company Ltd	1,875% + 0,0625% = 1,9375%	1,9375% + 0,0625% =2,00%			
	Hellenic Bank Public Company Ltd	1,25% +0,25% =1,50%	1,50% +0,25% =1,75%			
	Eurobank Cyprus Ltd	0,75% +0,125% =0,875%	0,875% +0,125% =1,00%			

3.6 Review of the measure

Annual review, as required by the CRD and national law.

4. Reason for O-SII identification and activation of the O-SII buffer

4.1 Scores of institutions or group of institutions concerned, as per EBA guidelines on the assessment of O-SIIs (Article 131.3 CRD)

Name of institution	Size	Substitutability	Complexity	Interconnectedness	Overall Score
Bank of Cyprus Public Company Ltd	3.889	4.417	3.728	3.063	3.774
Hellenic Bank Public Company Ltd	3.134	3.014	1.945	3.054	2.787
Eurobank Cyprus Ltd	1.320	791	2.301	2.054	1.617
Astrobank Ltd	421	575	377	270	411
Alpha Bank Cyprus Ltd	481	493	551	701	556

For the detailed scores of each credit institution, please refer to the attached file.

4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)

The CBC followed the guidelines issued by the EBA and has set the threshold for the designation of O-SII institutions at 350 basis points.

Only the mandatory indicators included in the EBA guidelines were used in the designation process. The designation covered all credit institutions established in Cyprus, including branches of EU credit institutions and branches of credit institutions of third countries.

Following the adoption of the new European prudential framework for investment firms (the Investment Firms Regulation and the Investment Firms Directive), no Cyprus Investment Firm meets the conditions required to be subject to the prudential framework included in the CRD and in the CRR. As such, no Cyprus Investment Firm could meet the definition of O-SII institutions.

4.3 Supervisory judgement

Not applicable.

4.4 Calibrating the O-SII buffer

In 2024, the CBC has revised its current policy for the designation of the credit institutions that meet the definition of the O-SIIs and the methodology for determination of the O-SII buffer requirement per institution. In the evaluation of the O-SII methodology, a number of statistical and model based approaches were taken into consideration. Based on the information derived from these approaches, the number of O-SII score buckets was increased from 8 to 11.

The new CBC Policy, continues to follow the relevant guidelines issued by the EBA on the criteria to assess O-SII institutions, and sets the threshold for the designation of O-SII institutions at 350 basis points. Moreover, to continue ensuring a level playing field and to reflect the hierarchy between O-SIIs in terms of systemic importance, the CBC Policy calibrates the O-SII buffer in relative proportionality with the O-SII scores.

The number of the O-SII score buckets and their width is derived using a clustering methodology, taking into account past O-SII scores and the buckets used by the ECB in its revised floor methodology. In addition to the above, the CBC Policy follows the approach adopted by other member states to use empty buckets that would serve as disincentives for further increases in the systemic importance of the most important credit institutions.

Following the below updated mapping between the O-SII score buckets and the O-SII capital buffer requirement, a significant increase in the O-SII capital buffer requirement is achieved at the highest levels of systemic importance, with higher O-SII scores. This will also act as a disincentive for further increases in the systemic importance of the most systemically important credit institutions.

As stated above, the new CBC Policy, features 11 O-SII score buckets (compared to 8 O-SII score buckets used previously). Based on the above, the following mapping table was adopted by the new CBC Policy and is used in the 2024 assessment:

Total O-SII Score	O-SII buffer rate
350 – 749	0,25%
750 – 1.149	0,50%
1.150 – 1.549	0,75%
1.550 – 1.949	1,00%
1.950 – 2.349	1,25%
2.350 – 2.749	1,50%
2.750 – 3.349	1,75%
3.350 – 3.949	2,00%
3.950 – 4.549	2,25%
4.550 – 5.149	3,00%
Over 5.150	Over 3% and to be examined on a case by case basis.

4.5 Effectiveness and proportionality of measure

Credit institutions can be considered systemic because of their size, complexity, interconnectedness and importance to the economy of Cyprus. In addition, their activities entail a number of risks and they contribute to the pro-cyclicality of the financial system. The imposition of the O-SII buffer on systemic credit institutions, is considered an effective measure to increase their resilience, so as to ensure that systemic credit institutions can withstand future losses without adversely affecting the stability of the financial system.

5. Sufficiency, consistency and non-overlap of the policy response

<p>5.1 Sufficiency of the policy response</p>	<p>The imposition of the O-SII buffer on systemic credit institutions, is considered sufficient, since it significantly mitigates and reduces the build-up of risks over the short and medium term.</p> <p>The phasing-in arrangements that will start on January 2025 provide time for the O-SII institutions faced with an increase in their O-SII buffer requirement (i.e. Hellenic Bank Public Company Ltd and Eurobank Cyprus Ltd) to build up the new buffer and ensure that any potential unintended impact on the general economy is limited.</p>
<p>5.2 Consistency of application of the policy response</p>	<p>The policy response is based on the provisions of the relevant EBA guidelines, the relevant articles of the CRD and the policy document adopted by the CBC on the calibration of the O-SII buffer.</p> <p>The adoption of the CBC policy document ensures that the policy response is applied consistently across O-SII institutions and over time.</p>
<p>5.3 Non-overlap of the policy response</p>	<p>No other policy instruments are used to achieve the intermediate objective of limiting the systemic impact of misaligned incentives with a view to reducing moral hazard.</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 (Recommendation ESRB/2015/2³)</p>	<p>The imposition of the O-SII buffer, increases the resilience of the O-SII credit institutions, and facilitates their ability to absorb future losses. The phasing-in arrangements that will start on January 2025 provide time for the O-SII institutions faced with an increase in their O-SII buffer requirement (i.e. Hellenic Bank Public Company Ltd and Eurobank Cyprus Ltd) to build up the new buffer and ensure that any potential unintended impact on the general economy is limited. In addition, the phasing-in arrangements are expected to contain any possible adverse effects on their economic activities. Moreover, no inwards spillovers are expected, since the measure does not entail the loosening of prudential requirements</p> <p>Effect on financial stability</p> <p>The measure is not only expected to improve the financial stability of the Cyprus banking sector, but also to contribute towards the financial stability of the internal market.</p> <p>Effect on lending</p> <p>Provision of credit to the real economy, following a strong acceleration in the past two years, has recorded a deceleration since 2023Q1. The deceleration observed is attributed to other factors, such as the overall operating environment and</p>

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).

	<p>hence reduced risk appetite rather than capital constrains. The planned phasing-in arrangements, which will come to end in January 2026, would facilitate the provision of credit and any necessary capital planning. Moreover, Cyprus banks, despite recorded heterogeneity among them, have capital surplus to absorb increases recorded in their O-SII buffer.</p> <p>Effect on economic growth Based on the characteristics of the measure and the planned phasing-in arrangements to build-up the capital buffer, which will come to end in January 2026, no material effect is expected on economic growth</p>																																
<p>6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</p>	<p>Leakages and regulatory arbitrage within Cyprus are not likely, since no substitute services are available from unregulated providers.</p> <p>The scope for "leakages and regulatory arbitrage" in other jurisdictions is also narrow due to the very limited cross-border provision of credit intermediation services in Cyprus.</p>																																
<p>7. Combinations and interactions with other measures</p>																																	
<p>7.1 Combinations between G-SII and O-SII buffers (Article 131.14)</p>	<p>None of the Cyprus O-SII institutions was designated as a G-SII/G-SIB.</p> <table border="1" data-bbox="571 898 1442 1048"> <thead> <tr> <th>Name of institution</th> <th>O-SII buffer</th> <th>G-SII buffer</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">%</td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td style="text-align: center;">%</td> </tr> </tbody> </table>	Name of institution	O-SII buffer	G-SII buffer		%	%		%	%		%	%																				
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<p>7.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)</p>	<p>No institutions identified as O-SIIs are subject to a systemic risk buffer.</p> <table border="1" data-bbox="571 1111 1422 1489"> <thead> <tr> <th>Name of institution</th> <th>SyRB rate</th> <th>SyRB application level</th> <th>Sum of G-SII/O-SII and SyRB rates</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> </tbody> </table>	Name of institution	SyRB rate	SyRB application level	Sum of G-SII/O-SII and SyRB rates		%		%		%		%		%		%		%		%		%		%		%		%		%		%
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<p>7.3 O-SII requirement for a subsidiary (Article 131.8 CRD)</p>	<p>Eurobank Cyprus Ltd and Alpha Bank Cyprus Ltd both have parent institutions located in the EU that have been designated as O-SII institutions.</p> <p>The relevant CRD provisions were followed. The cap for the subsidiary did not prevent the implementation of a higher O-SII buffer based on the domestic buffer setting methodology.</p> <table border="1" data-bbox="571 1688 1422 1886"> <thead> <tr> <th>Name of O-SII subsidiary</th> <th>Name of the EU parent of the O-SII subsidiary</th> <th>Buffer applicable to O-SII EU parent</th> </tr> </thead> <tbody> <tr> <td>Eurobank Cyprus Ltd</td> <td>Eurobank Ergasias S.A.</td> <td style="text-align: center;">1,25%</td> </tr> <tr> <td>Alpha Bank Cyprus Ltd</td> <td>Alpha Bank A.E.</td> <td style="text-align: center;">1,00%</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">%</td> </tr> </tbody> </table>	Name of O-SII subsidiary	Name of the EU parent of the O-SII subsidiary	Buffer applicable to O-SII EU parent	Eurobank Cyprus Ltd	Eurobank Ergasias S.A.	1,25%	Alpha Bank Cyprus Ltd	Alpha Bank A.E.	1,00%			%																				
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<p>8. Miscellaneous</p>																																	

<p>8.1 Contact person(s)/mailbox at notifying authority</p>	<p>Ms Pany Karamanou Assistant Director, Financial Stability Department Phone: +357 22714428 Email: PanyKaramanou@centralbank.cy</p> <p>Ms Alexandra Theophilou Senior Officer, Financial Stability Department Phone: +357 22714350 Email: alexandratheophilou@centralbank.cy</p> <p>Ms Maria Chatziiosif Officer, Financial Stability Department Phone: +357 22714341 Email: MariaChatziiosif@centralbank.cy</p>
<p>8.2 Any other relevant information</p>	<p>Not applicable</p>
<p>8.3 Date of the notification</p>	<p>This formal notification was submitted on: 04/03/2024</p>