

## 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](mailto:macropru.notifications@ecb.europa.eu) when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation<sup>1</sup>);
- [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 measure<sup>2</sup>.

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	Name of institution	LEI	Consolidation level
	AIB Group plc (AIB)	635400AKJBGNS5WNQL34	Consolidated
	Bank of America Europe DAC (BofAE)	EQYXK86SF381Q21S3020	Individual
	Barclays Bank Ireland plc (BBI)	2G5BKIC2CB69PRJH1W31	Individual
	Bank of Ireland Group plc (BOI)	635400C8EK6DRI12LJ39	Consolidated
	Citibank Europe plc (CEP)	N1FBEDJ5J41VKZLO2475	Consolidated
	Permanent TSB Group Holdings PLC (PTSB)	635400DTNHVYGZODKQ93	Consolidated
2.1b Changes to the list of institutions concerned	Ulster Bank Ireland DAC drops its O-SII designation (which it has held since 2016). As has been the case in recent years, Ulster Bank's EBA score did not		

<sup>1</sup> 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*).

<sup>2</sup> 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.

	<p>meet the 350bps threshold. Further reflecting its continued phased exit from the Irish market since last year's assessment, Ulster Bank has not been designated as an OSII based on supervisory overlay.</p> <p>PTSB has been designated as an O-SII based on supervisory overlay. Its systemic importance comes through its role in providing financial intermediation services to the domestic real economy. PTSB has seen its portfolio of loans and deposits grow as a result of acquisitions of exiting banks and continued growth in their front book activities.</p>																																										
<b>2.2 Level of the buffer applied</b>	<p>At what level is the fully phased-in buffer (in %) applied to the institution(s)?</p> <table border="1"> <thead> <tr> <th>Name of institution</th> <th>New O-SII buffer</th> <th>Previous O-SII buffer</th> </tr> </thead> <tbody> <tr> <td>AIB</td> <td>1.50%</td> <td>1.50%</td> </tr> <tr> <td>BofAE</td> <td>0.75%</td> <td>0.75%</td> </tr> <tr> <td>BBI</td> <td>1.00%</td> <td>1.00%</td> </tr> <tr> <td>BOI</td> <td>1.50%</td> <td>1.50%</td> </tr> <tr> <td>CEP</td> <td>1.00%</td> <td>1.00%</td> </tr> <tr> <td>PTSB</td> <td>0.50%</td> <td>0.00%</td> </tr> </tbody> </table>	Name of institution	New O-SII buffer	Previous O-SII buffer	AIB	1.50%	1.50%	BofAE	0.75%	0.75%	BBI	1.00%	1.00%	BOI	1.50%	1.50%	CEP	1.00%	1.00%	PTSB	0.50%	0.00%																					
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<b>2.3 Name of the ultimate EU parent institution</b>	N/A																																										
<b>2.4 Names of subsidiaries</b>	N/A																																										
<b>3. Timing for the measure</b>																																											
<b>3.1 Timing for the decision</b>	07/11/2023 (provisional)																																										
<b>3.2 Timing for publication</b>	23/11/2023 (provisional)																																										
<b>3.3 Disclosure</b>	The identification of O-SIIs and their associated buffers will be disclosed as part of the Central Bank's Financial Stability Review and on the website of the Central Bank of Ireland.																																										
<b>3.4 Timing for application</b>	Fully phased-in buffers for five institutions (AIB, BofAE, BBI, BOI, CEP) have applied since 1 January 2022. PTSB's O-SII buffer will apply from 1 January 2025.																																										
<b>3.5 Phasing in</b>	As above.																																										
<b>3.6 Review of the measure</b>	The list of identified O-SIIs and associated buffer rates are reviewed on an annual basis																																										
<b>4. Reason for O-SII identification and activation of the O-SII buffer</b>																																											
<b>4.1 Scores of institutions or group of institutions concerned, as per EBA guidelines on the assessment of O-SIIs (Article 131.3 CRD)</b>	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>Size</th> <th>Substitut-ability</th> <th>Com-plexity</th> <th>Intercon-nectedness</th> <th>Overall Score</th> </tr> </thead> <tbody> <tr> <td>BBI</td> <td>1580</td> <td>829</td> <td>3815</td> <td>2307</td> <td>2133</td> </tr> <tr> <td>CEP</td> <td>1445</td> <td>2558</td> <td>1915</td> <td>845</td> <td>1691</td> </tr> <tr> <td>BOI</td> <td>1560</td> <td>1838</td> <td>617</td> <td>938</td> <td>1238</td> </tr> <tr> <td>AIB</td> <td>1546</td> <td>2142</td> <td>243</td> <td>873</td> <td>1201</td> </tr> <tr> <td>BofAE</td> <td>806</td> <td>525</td> <td>823</td> <td>852</td> <td>751</td> </tr> <tr> <td>PTSB</td> <td>309</td> <td>675</td> <td>23</td> <td>87</td> <td>274</td> </tr> </tbody> </table>	Name of institution	Size	Substitut-ability	Com-plexity	Intercon-nectedness	Overall Score	BBI	1580	829	3815	2307	2133	CEP	1445	2558	1915	845	1691	BOI	1560	1838	617	938	1238	AIB	1546	2142	243	873	1201	BofAE	806	525	823	852	751	PTSB	309	675	23	87	274
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<p><b>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</b></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, BofAE, BBI and CEP) 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, PTSB, 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><b>4.3 Supervisory judgement</b></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><b>4.4 Calibrating the O-SII buffer</b></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. For banking sectors like Ireland, the EBA scoring methodology (which is relative to the national banking system) can lead to situations where the use of certain indicators within the framework can result in an over or under estimation of systemic importance. It is due to these limitations that the Central Bank does not apply a mechanical link between the EBA score and O-SII buffers. 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 institution’s systemic importance while acknowledging the specificities of the Irish banking system. As such, the O-SII buffers applied by the Central Bank ensure that those institutions which are most systemically important to the Irish economy have buffers which reflect this domestic importance and those with less direct links to the economy have buffers which acknowledge the systemic importance through their international business and size.</p> <p>On balance across these dimensions of systemic importance the following emerges:</p> <ul style="list-style-type: none"> <li>• AIB and BOI – highly systemically important across the three metrics.</li> <li>• BBI and CEP - high scoring in terms of EBA score reflecting different dimensions of systemic importance but with a limited role in terms domestic financial intermediation.</li> <li>• BofAE – relatively limited direct involvement with the domestic economy when compared to the more retail-orientated banks and somewhat lower scoring than BBI and CEP under the EBA approach.</li> <li>• PTSB – lower scoring than the other institutions but systemically important in terms of its financial intermediation role with the domestic private sector.</li> </ul> <p>Buffer setting for institutions identified as systemically important is based on guided discretion. Implied buffer rates are calculated for each institution across the three measures of systemic importance, although buffer calibration is not mechanically linked to any one metric. Buffer calibration is supported by an international comparison of buffers and by a scaling method whereby the most systemically important institution receives a buffer of 1.5 per cent. Proposed buffer rates are also benchmarked against the ECB floor methodology. The buffer rates arising from this year’s review comply with the revised floor methodology.</p>

<p><b>4.5 Effectiveness and proportionality of measure</b></p>	<p>The objective of the O-SII buffer is to reduce the probability of failure of a systemically important institution. The buffer enhances the resilience of these institutions, which due to the scale or nature of their business are of systemic importance, by providing an additional layer of loss absorbing capital. A higher capital requirement for these institutions acknowledges the greater impact that their failure would have.</p>
<p><b>5. Sufficiency, consistency and non-overlap of the policy response</b></p>	
<p><b>5.1 Sufficiency of the policy response</b></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><b>5.2 Consistency of application of the policy response</b></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"> <li>• 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)</li> <li>• Buffer rates are set in accordance with CRD taking into account the criteria for identification while acknowledging the specificities of the Irish banking system.</li> <li>• The proposed buffer rates are in compliance with the revised ECB O-SII floor methodology.</li> </ul> <p>The O-SII buffer rates are not out of line with those buffer rates set in other European countries.</p>
<p><b>5.3 Non-overlap of the policy response</b></p>	<p>N/A – no overlapping active policy tools.</p>
<p><b>6. Cross-border and cross-sector impact of the measure</b></p>	
<p><b>6.1 Assessment of cross-border effects and the likely impact on the Internal Market</b> <b>(Recommendation ESRB/2015/2<sup>3</sup>)</b></p>	<p>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.</p> <p>Notwithstanding the limitations of the EBA scoring methodology, the measures outlined here which are implemented in line with the European framework, would</p>

<sup>3</sup> 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).

	not in themselves be expected to create material negative cross-border effects or impacts on the internal market.
<b>6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</b>	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.
<b>7. Combinations and interactions with other measures</b>	
<b>7.1 Combinations between G-SII and O-SII buffers (Article 131.14)</b>	N/A
<b>7.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)</b>	N/A
<b>7.3 O-SII requirement for a subsidiary (Article 131.8 CRD)</b>	N/A
<b>8. Miscellaneous</b>	
<b>8.1 Contact person(s)/mailbox at notifying authority</b>	Gordon Barham – <a href="mailto:gordon.barham@centralbank.ie">gordon.barham@centralbank.ie</a> Órla De Búrca – <a href="mailto:orla.deburca@centralbank.ie">orla.deburca@centralbank.ie</a> <a href="mailto:macroprudential@centralbank.ie">macroprudential@centralbank.ie</a>
<b>8.2 Any other relevant information</b>	
<b>8.3 Date of the notification</b>	Please provide the date on which this notification was uploaded/sent. 23/10/2023