

Review of adequacy of an O-SII buffer rate

Pursuant to the *Act of 5 August 2015 on macroprudential supervision over the financial system and crisis management in financial system*, and following consultation with the Financial Stability Committee, the Polish Financial Supervision Authority (hereinafter: ‘KNF’) has confirmed identification of ten institutions as other systemically important institutions (hereinafter: ‘O-SIIs’), and identified one more O-SII. Accordingly, the KNF has also decided to set or reset appropriate capital buffers.

The KNF identifies O-SIIs according to the following criteria: size, economic importance to the Republic of Poland and the European Union, cross-border activity, and interconnectedness with the financial system. The identification process takes into account the *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)* issued by the European Banking Authority (EBA) on 16 December 2014 (EBA/GL/2014/10, hereinafter: ‘EBA Guidelines’).

The EBA Guidelines set out a two-step O-SII identification process. The first element consists of a set of mandatory indicators which should be used by supervisory authorities, including the KNF, to identify O-SIIs. The second element provides a set of optional indicators which may be used by supervisory authorities, including the KNF, to better reflect the specificities of the domestic banking sector.

The O-SII buffer calibration is not subject to harmonisation at the EU level. Therefore, financial supervisors, including the KNF, may introduce a national methodology in this respect. The KNF has not changed the criteria for O-SII identification or the O-SII buffer calibration methodology. For a detailed description of the indicators used in the identification process, and information on the O-SII buffer calibration in Poland, please see the relevant KNF’s publication of 2016 (https://www.knf.gov.pl/en/news?articleId=44115&p_id=19).

Upon completion of appropriate procedures, the O-SIIs have received administrative decisions, which were issued by the KNF on 31st July, 2018. Banks are required by the KNF to maintain an O-SII buffer on an individual and consolidated basis¹. For banks which are subsidiaries of EU parent institutions, the consolidation basis refers to the highest national level of prudential consolidation as referred to in the CRR.

The final distribution of the O-SII buffers set or reset (based on the data as of 31st December, 2017) is presented in Table 1.

¹ The exception is SGB-Bank S.A., which is still required to maintain an O-SII buffer on an individual basis, since the bank does not represent a group of undertakings, which is subject to prudential consolidation.

Table 1
Other systemically important institutions in Poland

No	Institution	Score	O-SII buffer rate (as percentage of total risk exposure amount)
1.	Powszechna Kasa Oszczędności Bank Polski S.A.	1 582	1.00
2.	Bank Polska Kasa Opieki S.A.	1 051	0.75
3.	Bank Zachodni WBK S.A.	957	0.50
4.	ING Bank Śląski S.A.	949	0.50
5.	mBank S.A.	926	0.50
6.	Bank BGŻ BNP Paribas S.A.	474	0.25
7.	Bank Handlowy w Warszawie S.A.	439	0.25
8.	Deutsche Bank Polska S.A.	402	0.25
9.	Alior Bank S.A.	366	0.25
10.	Bank Polskiej Spółdzielczości S.A.*	257	0
11.	SGB-Bank S.A.*	156	0

** Score calculated according to the annual data of the entire institutional protection scheme (IPS) as referred to in Article 22a of the Act of 7 December 2000 on the operation of cooperative banks, their affiliation and affiliating banks.*

An O-SII buffer applies only to the given bank.

Source: own calculations based on the KNF and NBP data.