

Annex

Main macroprudential policy decisions in countries under ECB Banking Supervision in the last three months

This Annex provides a summary of the measures notified to the ECB by national competent or designated authorities and published over the last three months. Table 1 details the measures announced by the authorities. For each adopted measure, a link is provided to the external communication of the national authority.

In line with Article 5(1) of the SSM Regulation, the ECB has the task of assessing the impact of intended macroprudential measures following notifications by the national authorities. The Governing Council decided not to object to the notified macroprudential decisions taken by national authorities. Non-objection by the Governing Council to the decisions taken by the authorities is without prejudice to taking action at a later date, in accordance with Article 5(2) of the SSM Regulation.

Macroprudential policy decisions taken since 23 September 2016 by national authorities of euro area countries focused on updating countercyclical capital buffers (CCyBs) (in accordance with Article 130 of the Capital Requirements Directive (CRD IV)³) and transitional provisions in Article 160 of the CRD IV, and setting O-SII buffers (in accordance with Article 131 of the CRD IV). In addition, national authorities proceeded with the reciprocation of the 5 percentage point add-on to risk weights of banks that use the internal ratings-based (IRB) approach for mortgage exposures in Belgium based on Article 458 of the Capital Requirements Regulation (CRR)⁴ and with the reciprocation of the systemic risk buffer (Article 133 of the CRD IV) in Estonia based on Article 134 of the CRD IV.

³ 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 (OJ L 176, 27.6.2013, p. 338).

⁴ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

Table 1 Summary of measures by competent or designated authorities in countries under ECB Banking Supervision published between 23 September 2016 and 14 December 2016*

Adopted measure	Buffer level at indicated date of effect	Date of effect	Publication date	Adopting institution	Notification date
O-SII buffer (Art.131 CRD), reassessed at annual frequency					
7 O-SIIs in Austria	0.25-0.50%	01.01.2017	30.11.2016	Finanzmarktaufsicht (FMA)/Finanzmarktstabilitätsgremium(FMSG)	31.10.2016
8 O-SIIs in Belgium	0.50-1.00%	01.01.2017	01.12.2016	National Bank of Belgium	16.11.2016
6 O-SIIs in Cyprus	0.125-0.50%	01.01.2019	07.11.2016	Central Bank of Cyprus	20.09.2016
2 O-SIIs in Estonia	2.00%	01.08.2016	31.05.2016	Eesti Pank	10.10.2016
6 O-SIIs in France	0.125-0.75%	01.01.2017	13.12.2016	Autorité de Contrôle Prudentiel et de Résolution (ACPR)	07.11.2016
14 O-SIIs in Germany	0.16-0.66%	01.01.2017	01.12.2016	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	12.09.2016
4 O-SIIs in Greece	0.00% ¹	01.01.2017	01.12.2016	Bank of Greece	03.11.2016
7 O-SIIs in Ireland	0.00-0.50%	01.07.2019	14.11.2016	Central Bank of Ireland	26.09.2016
3 O-SIIs in Italy	0.00% ¹	01.01.2017	30.11.2016	Banca d'Italia	11.10.2016
6 O-SIIs in Latvia	0.75-1.00%	30.06.2017	02.11.2016	The Financial and Capital Market Commission (FCMC)	14.10.2016
4 O-SIIs in Lithuania	0.50-2.00%	31.12.2016	01.12.2016	Lietuvos bankas	14.11.2016
6 O-SIIs in Luxembourg	0.25-0.50%	01.01.2017	01.12.2016	Commission de Surveillance du Secteur Financier	24.10.2016
6 O-SIIs in Portugal	0.125-0.50%	01.01.2018	01.12.2016	Banco de Portugal	14.10.2016
5 O-SIIs in Slovakia	1.00-2.00%	01.01.2017	24.05.2016 ²	Národná banka Slovenska	10.05.2016
8 O-SIIs in Slovenia	0.25-1.00%	01.01.2019	22.11.2016	Banka Slovenije	09.11.2016
6 O-SIIs in Spain	0.125-0.50%	01.01.2017	07.11.2016	Banco de España	11.10.2016
Countercyclical capital buffer (Art.130 and 136 CRD), reassessed at quarterly frequency					
Austria	0.00%	15.11.2016	15.11.2016	FMA (on recommendation of FMSB)	31.10.2016
Belgium	0.00%	01.10.2016	01.10.2016	National Bank of Belgium	14.09.2016
Cyprus	0.00%	01.01.2017	29.11.2016	Central Bank of Cyprus	15.11.2016
Estonia	0.00%	01.01.2016	06.12.2016	Eesti Pank	21.11.2016
Finland	0.00%	01.10.2016	23.09.2016	Finanssivalvonta (FIN-FSA)	08.09.2016
France	0.00%	01.10.2016	30.09.2016	Haut Conseil de Stabilité Financière (HCSF)	16.09.2016
Ireland	0.00%	03.10.2016	03.10.2016	Central Bank of Ireland	12.09.2016
Italy	0.00%	01.10.2016	23.09.2016	Banca d'Italia	06.09.2016
Latvia	0.00%	01.11.2017	26.10.2016	Financial and Capital Market Commission	10.10.2016
Lithuania	0.00%	30.09.2016	29.09.2016	Lietuvos bankas	15.06.2016
Luxembourg	0.00%	01.10.2016	30.09.2016	Commission de Surveillance du Secteur Financier	13.09.2016
Malta	0.00%	01.10.2016	30.09.2016	Bank Centrali ta' Malta	13.09.2016
Netherlands	0.00%	24.10.2016	24.10.2016	De Nederlandsche Bank (DNB)	12.10.2016
Portugal	0.00%	01.10.2016	30.09.2016	Banco de Portugal	16.09.2016
Slovenia	0.00%	25.10.2016	25.10.2016	Banka Slovenije	10.10.2016
Slovakia	0.50%	01.08.2017	25.10.2016	Národná banka Slovenska	11.10.2016
Spain	0.00%	01.10.2016	29.09.2016	Banco de España	14.09.2016

¹ Buffer rates will be strictly positive as from 2019, in line with the ECB O-SII methodology.

² The decision by Národná banka Slovenska on O-SIIs has been included to cover all O-SII buffer rates for 2017.

Notes: For each adopted measure, a link is provided to the external communication of the national authority. No additional macroprudential measures have been communicated to the ECB and subsequently published by authorities over the indicated three-month horizon.

ECB methodology for assessing O-SII buffers

The ECB has adopted a methodology for assessing other systemically important institution (O-SII) buffers set by national authorities, in line with its responsibilities under Article 5 of the SSM Regulation.

The ECB O-SII methodology allocates banks to one of four O-SII buckets based on their systemic relevance score. The score is computed by national authorities on the basis of the European Banking Authority (EBA) O-SII identification framework, which defines the relevant indicators for assessing the systemic importance of individual banks (see Table 2). The individual score for bank i in country k is defined as:

$$Score_{i,k} = 0.25 \times Subscore(Size)_{i,k} + 0.25 \times Subscore(Importance)_{i,k} + 0.25 \times Subscore(Complexity)_{i,k} + 0.25 \times Subscore(Interconnectedness)_{i,k}$$

Table 2 Indicators for the score computation for the assessment of O-SIIs

Criterion	Indicators
Size	Total assets
Importance (including substitutability/ financial system infrastructure)	Value of domestic payment transactions Private sector deposits from depositors in the EU Private sector loans to recipients in the EU
Complexity/cross-border activity	Value of OTC derivatives (notional) Cross-jurisdictional liabilities Cross-jurisdictional claims
Interconnectedness	Intra financial system liabilities Intra financial system assets Debt securities outstanding

The ECB methodology sets a floor ranging from 0.25% to 1.00% for the O-SII buffer and defines a phase-in period. The ECB methodology builds on the O-SIIs identified by national authorities and groups them into four different buckets of systemic importance. It was decided to have four buckets to reduce the probability of frequent movements of banks across buckets and to allow for more stable capital planning. The bucket thresholds are based on a cluster analysis of banks' overall EBA O-SII scores. Cluster analysis thresholds have been rounded to create a framework that is transparent and easy to communicate. The thresholds of the buckets are set at 1,250 basis points, 1,950 basis points and 2,900 basis points (see Table 3). The buckets are calibrated with buffer increments which are set at 25 basis points of risk-weighted assets and are to be held in form of Common Equity Tier 1 capital. The buffer rate is set to be strictly positive for the identified O-SIIs once fully phased in, as otherwise the systemic relevance acknowledged by the formal designation is not mitigated by a decrease in the probability of default of the O-SIIs. The O-SII buffers resulting from the floor should be fully in place by 1 January 2022 at the latest.

Table 3 ECB bucketing and floor methodology for O-SIIs

Bucket	Score range	Floor for O-SII buffer
4	≥ 2,900	1.00%
3	1,950-2,900	0.75%
2	1,250-1,950	0.50%
1	up to 1,250	0.25%

Note: Scores equal to one of the boundaries are assigned to the higher bucket. Identified O-SIIs should have a strictly (fully phased-in) positive O-SII buffer.

The ECB O-SII framework will be reviewed within three years to take into account the experience with the current framework and possible changes in the banking system.