



BANK OF GREECE
EUROSYSTEM

THE EXECUTIVE COMMITTEE

Meeting 221/17.10.2023

- Item 1: Methodology for identifying other systemically important institutions (O-SIIs) and setting O-SII buffer rates
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THE EXECUTIVE COMMITTEE OF THE BANK OF GREECE, having regard to:

- a) Articles 28 and 55A of the Statute of the Bank of Greece (Government Gazette A 298);
- b) Law 4261/2014 “Access to the activity of credit institutions and prudential supervision of credit institutions (transposition of Directive 2013/36/EU), repeal of Law 3601/2007, and other provisions” (Government Gazette A 107), in particular Articles 4 and 124 thereof;
- c) 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), in particular Article 5(1) thereof;
- d) Bank of Greece Executive Committee Act 56/18.12.2015 “Adoption of the European Banking Authority (EBA) guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD IV) in relation to the assessment of other systemically important institutions (O-SIIs) (EBA/GL/2014/10) – Identification of O-SIIs and setting of capital buffer requirements” (Government Gazette B 2834);
- e) Bank of Greece Executive Committee Act 212/1/21.09.2022 “Identification of the other systemically important institutions (O-SIIs) for the year 2022 and setting of O-SII buffer rates for the year 2023, pursuant to Article 124 of Law 4261/2014 and Council Regulation (EU) No 1024/2013 of 15 October 2013” (Government Gazette B 5267);
- f) the ECB Governing Council statement of 28.10.2022 on macroprudential policies;
- g) the EBA Report on the appropriate methodology to calibrate O-SII buffer rates (EBA/Rep/2020/38); and
- h) the relevant recommendation of the Bank of Greece Financial Stability Department dated 12.10.2023,
- i) the fact that no expenditure shall be incurred by the Government Budget as a result of the provisions of this Act,



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HEREBY DECIDES AS FOLLOWS:

I. Methodology for identifying other systemically important institutions (O-SIIs)

The Bank of Greece, in accordance with Article 124 of Law 4261/2014 and Council Regulation (EU) No 1024/2013 of 15 October 2013, annually identifies on a solo and consolidated basis other systemically important institutions (O-SIIs) authorised in Greece.

An O-SII may either be an institution or a group headed by a European Union (EU) parent institution, an EU parent financial holding company, an EU parent mixed financial holding company, a parent institution in Greece, a parent financial holding company in Greece or a parent mixed financial holding company in Greece (hereinafter: “institution”).

To this end, the Bank of Greece applies the methodology set out in the European Banking Authority (EBA) guidelines (EBA/GL/2014/10), as adopted by Bank of Greece Executive Committee Act 56/18.12.2015.

More specifically, the Bank of Greece calculates scores which reflect each institution’s systemic importance, based on the following criteria:

- (a) size;
- (b) importance for the Greek and EU economy;
- (c) significance of cross-border activities, including the additional complexities from cross-border activity;
- (d) interconnectedness of the institution or group with the financial system.

Each of these four criteria consists of one or more mandatory indicators, as set out in Table 1 of the Annex. All criteria are weighted equally at a weight of 25%. The indicators within each criterion are weighted equally relative to the other indicators within the respective criterion.

The Bank of Greece uses harmonised definitions of these mandatory indicators, as per the relevant EBA guidelines, using the implementing technical standard on an EU-wide common supervisory reporting framework. If indicator values are not available, then appropriate proxies are used, which are properly explained and correlate to the greatest extent possible with the definitions in the EBA guidelines.

Scores are expressed in basis points (bps) and are calculated by:

- (a) dividing the indicator value of each individual relevant entity by the aggregate amount of the respective indicator values summed across all institutions which are authorised or established in Greece (the “denominators”);
- (b) multiplying the resulting percentages by 10 000 to express the indicator scores in terms of basis points;



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(c) calculating the category score for each institution by taking a simple average of the indicator scores in that category; and

(d) calculating the overall score for each institution by taking a simple average of its four category scores.

The Bank of Greece calculates a score for each institution on a solo and consolidated basis. In any event, the Bank of Greece calculates scores at least at the highest consolidation level of the part of the group domiciled in Greece (namely, at the level where it is not a subsidiary of another institution authorised or established in Greece) including the subsidiaries in other EU Member States and third countries, in accordance with EBA guidelines.

The Bank of Greece may opt to exclude an institution from the O-SII identification process if the relative size of this institution measured by its total assets does not exceed 0.02% of the banking sector assets. When making this decision, the Bank of Greece shall take into account proportionality reasons related to the reporting burden associated with these institutions if it assesses that they are unlikely to pose systemic threats to the domestic economy. If these institutions are excluded from the identification process, in order to avoid scoring distortions, the Bank of Greece shall estimate the indicator values for these institutions and include in the sample a virtual entity with the sum of the indicator values of these relevant institutions when calculating the scores of the remaining relevant institutions. The list of these institutions shall be reviewed each time that the O-SII identification procedure is carried out.

The Bank of Greece includes the indicator values of branches of institutions authorised in other EU Member States or third countries in the denominators, while ensuring that scores reflect the domestic banking sector adequately. With regard to third-country branches in particular, scoring is calculated in accordance with the methodology set out in the aforementioned EBA guidelines, taking into account: (i) the overall relevance of these third-country branches in the domestic banking system and (ii) data availability, comparability and appropriateness regarding third-country branches' activity.

The Bank of Greece sets a threshold in basis points; institutions with a score equal to or higher than that should be designated as O-SIIs. In accordance with the EBA guidelines, this threshold may be set from 275 bps up to 425 bps to take into account the specificities of the domestic banking sector and the resulting statistical distribution of the scores, thereby ensuring the homogeneity of the group of O-SIIs so designated based on their systemic importance. The Bank of Greece has adopted the indicative threshold specified in the EBA guidelines, i.e. the threshold of 350 bps.

The Bank of Greece may proceed to a supervisory assessment of O-SIIs, namely it can assess whether further relevant entities should be identified as O-SIIs based on the indicator scores in any of the categories and/or additional qualitative and/or quantitative



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indicators of systemic importance. The Bank of Greece does not currently apply any additional qualitative and/or quantitative indicators of systemic importance; however, if it decides to apply such indicators, they shall be included among the optional indicators listed in the EBA guidelines.

II. Methodology for setting O-SII buffer rates

The Bank of Greece applies a calibration scale to set the O-SII buffer rate for each institution on a solo and consolidated basis, as provided for in the revised ECB floor methodology set out in the ECB Governing Council statement on macroprudential policies dated 28.10.2022 (see Table 2 in the Annex).

The Bank of Greece may proceed to a supervisory assessment of the O-SII buffer, namely it can set a higher or lower O-SII buffer rate than the one resulting from the calibration scale, taking into account qualitative factors, such as reducing the volatility of the O-SII buffer or strategic actions (e.g. mergers or acquisitions) that have taken place following the reporting date of the data used to calculate each institution's score.

The O-SII buffer consists of Common Equity Tier 1 (CET1) capital and is set in accordance with the provisions of Article 124(5)-(15) of Law 4261/2014, as currently in force, and shall be reviewed at least annually.

III. Disclosure obligations

O-SII scores shall be disclosed at the latest by 1 December each year with the publication of the relevant Bank of Greece Executive Committee Act in the Government Gazette, where O-SII buffer requirements are also published, provided that such requirements have been determined.

This Act shall be published in the Government Gazette and posted on the website of the Bank of Greece.

THE SECRETARY

THE MEMBERS

THE CHAIRMAN
Yannis Stournaras

True and exact copy
Athens, 30.10.2023

The Secretary

[signed]

I. Pantou



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Annex

| Table 1 Mandatory indicators for the scoring of O-SIIs in Greece | | |
|---|---|-------------------|
| Criterion | Indicators | Weight (%) |
| Size | Total assets | 25.00 |
| Importance | 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 |
| Cross-border activity | Value of OTC derivatives (notional) | 8.33 |
| | Cross-jurisdictional liabilities | 8.33 |
| | Cross-jurisdictional claims | 8.33 |
| Interconnectedness | Intra-financial system liabilities | 8.33 |
| | Intra-financial system assets | 8.33 |
| | Debt securities outstanding | 8.33 |



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| Table 2 Calibration scale of O-SII buffer rates | | |
|---|-------------|-------------|
| Bucket | Score | Buffer rate |
| 1 | < 750 | 0.25% |
| 2 | 750-1,299 | 0.5% |
| 3 | 1,300-1,949 | 0.75% |
| 4 | 1,950-2,699 | 1.00% |
| 5 | 2,700-4,449 | 1.25% |
| 6 | > 4,450 | 1.50% |