

Rome, 22 January 2016

Identification of UniCredit, Intesa Sanpaolo and Monte dei Paschi di Siena banking groups as domestic systemically important institutions authorized to operate in Italy

The Bank of Italy has identified the UniCredit, Intesa Sanpaolo and Monte dei Paschi di Siena banking groups as domestic systemically important institutions (other systemically important institutions, O-SIIs) authorized to operate in Italy. The Bank of Italy has also decided to set an additional capital buffer ('O-SII buffer') equal to zero per cent for 2016 for the three banking groups.

The decision to identify the three banking groups as O-SIIs was taken pursuant to [Bank of Italy Circular No. 285/2013](#) on prudential regulations for banks, which implements Directive 2013/36/EU (Capital Requirements Directive, CRD IV) in Italy and specifies the criteria on which the methodology for identifying the O-SIIs is based.

The assessment was carried out following the [European Banking Authority Guidelines \(EBA/GL/2014/10\)](#), which set out the criteria and the data required to identify O-SIIs in EU jurisdictions. The Guidelines are consistent with the rules set by the Basel Committee on Banking Supervision to identify systemically important banks at a national level, the goal being uniformity in the identification process at an international level.

The assessment covered all banking groups, as well as all banks not part of a banking group, operating in Italy. Investment firms operating in Italy were exempted, because the position taken by the EBA has been to allow the relevant authorities to exonerate such companies in cases where the indicators devised for banks were inappropriate to determine the intrinsic riskiness of investment firms.

The identification process considered, for each bank or banking group, the four categories set by the EBA Guidelines to determine their systemic importance within each jurisdiction, i.e.: size, importance in the Italian economy, complexity, and interconnectedness with the financial system.

Considering the data as at 31 December 2014, the overall score which indicates the domestic systemic importance of the three banking groups is above the threshold set at 350 basis points that the EBA Guidelines use to identify O-SIIs.

The Bank of Italy's decision to set the O-SII buffer for the three banking groups at zero per cent was taken for a number of reasons, the first being that the UniCredit banking group was also identified as a [global systemically important institution](#) (G-SII) in 2015 and is already subject to the G-SII capital buffer set at 1 per cent, which is gradually being implemented starting this year, in compliance with international rules. Moreover, just as all the banks that underwent the ECB/SSM comprehensive assessment in 2014, the three banking groups identified as O-SIIs must maintain a common equity tier1 (CET1) buffer equal to 1 per cent to offset systemic risk. The Bank of Italy's decision seeks to avoid an overlap between micro-

and macro-prudential measures (e.g. the O-SII buffer) that offset the same risk. Furthermore, unlike other national supervisory authorities, the Bank of Italy has decided to fully implement the [capital conservation buffer](#) for all banks starting in 2014. Finally, imposing an additional capital buffer on O-SIIs for 2016 could have affected Italy's economic recovery.

Pursuant to the regulations, the decisions on the identification of the O-SIIs and on the level of the O-SII buffer will be reviewed at least once a year.