

Rome, 30 November 2016

Identification of the UniCredit, Intesa Sanpaolo and Monte dei Paschi di Siena banking groups as other 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 other systemically important institutions (O-SIIs) authorized to operate in Italy in 2017. The three groups will have to maintain a capital buffer for the O-SIIs of 1.00, 0.75 and 0.25 per cent respectively of their total risk exposure, to be achieved within four years according to the transitional period shown in Table 1.

Table 1 – Transitional period applicable to the O-SII buffers
(per cent)

Banking group	From 1 Jan. 2017	From 1 Jan. 2018	From 1 Jan. 2019	From 1 Jan. 2020	From 1 Jan. 2021
UniCredit Group SpA	0.00	0.25	0.50	0.75	1.00
Gruppo Intesa Sanpaolo	0.00	0.19	0.38	0.56	0.75
Gruppo Monte dei Paschi di Siena	0.00	0.06	0.13	0.19	0.25

The decision was taken pursuant to [Bank of Italy Circular No. 285/2013](#) (prudential regulations for banks), which implements Directive 2013/36/EU and specifies the criteria on which the methodology for identifying 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 data required to identify O-SIIs in EU jurisdictions.

The assessment covered all banking groups, as well as banks not part of a banking group, operating in Italy and excluded investment firms. The identification considered, for each bank/banking group, the four categories set by the EBA guidelines, i.e. size, importance in the Italian economy, complexity and interconnectedness with the financial system.

Considering the data as at 31 December 2015, 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 (see Table 2).

Table 2 – Overall and category scores

Banking group	Overall score	Size	Importance	Complexity	Intercon- nectedness
UniCredit Group SpA	3,844	2,753	2,465	6,146	4,011
Gruppo Intesa Sanpaolo	2,215	2,173	2,385	1,895	2,405
Gruppo Monte dei Paschi di Siena	512	539	557	263	689

To calibrate the O-SII buffer, six buckets of systemic importance have been defined, based on the results of a cluster analysis. A buffer equal to zero per cent is assigned to the first bucket; the buffer then increases by 0.25 percentage points for each of the subsequent buckets (see Table 3).

Table 3 – Categories of systemic importance

Bucket	O-SII score interval	O-SII buffer
6	4,000 and up	1.25%
5	3,000-3,999	1.00%
4	2,000-2,999	0.75%
3	1,000-1,999	0.50%
2	350-999	0.25%
1	0-349	0.00%

The decision to require an O-SII buffer for the three banking groups takes account of the following:

- the buffer requirement, together with the provision of a suitable transitional period, balances the need to strengthen the stability of systemic institutions with that of avoiding adverse effects on credit supply and on the economic recovery;
- the buffer requirement for Italian O-SIIs is consistent with the level playing field principle, given that similar measures have been adopted in other European jurisdictions;
- the recent [decision](#) to make the introduction of the capital conservation buffer more gradual eliminated one of the reasons why it had been decided not to require an O-SII buffer last year.¹

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.

¹ See the [press release](#) on the identification of Italian O-SIIs for 2016.