

Identification of other systemically important institutions (2015)

The MNB completed the identification of other systemically important institutions (O-SIIs) in Hungary, and identified nine credit institutions as systemically important. The total share of institutions qualified as systemically important calculated on the basis of their total asset values exceeds 83 per cent in the Hungarian banking sector. The set of other systemically important institutions can be considered robust, as the score of the largest institution not qualified as important is well below the 350 basis point threshold.

In order to strengthen these institutions' shock absorbing capacity, the MNB's Financial Stability Board decided to introduce an additional capital buffer of 0.5–2 per cent. The calibration of the additional capital buffer was based on the scores that determine systemic importance in a complex manner in conformity with the MNB methodology. The additional capital requirement for other systemically important institutions strengthens the stability of the domestic banking sector through increasing the shock absorbing capacity of the credit institutions concerned. Moreover, investor and consumer confidence in the financial intermediary system may also increase.

The credit institutions concerned will have to meet the new capital buffer requirement from 1 January 2017. The adequately long phase-in period ensures that market participants will be able to easily comply with the new capital requirement even as they increase their lending activity. At the same time, as currently the capital adequacy of the banking sector is sufficiently high, in most cases the measure is not expected to require considerable capital injections. The timing of the introduction of the additional capital requirement supports the smooth operation of the credit market, the strengthening of financial stability and the banking sector's ability to contribute to economic growth in a sustainable manner over the longer term.

Scores and expected capital buffer rates of other systemically important institutions

Name of the institution	Scores		Expected buffer rate values
	Standard methodology	MNB methodology	
OTP Bank Nyrt.	2856	2685	2.0%
Kereskedelmi és Hitelbank Zrt.	864	863	1.0%
UniCredit Bank Hungary Zrt.	630	786	1.0%
Erste Bank Hungary Zrt.	557	513	0.5%
Raiffeisen Bank Zrt.	552	571	0.5%
Magyar Takarékszövetkezeti Bank Zrt.	506	461	0.5%
MKB Bank Zrt.	492	480	0.5%
CIB Bank Zrt.	451	483	0.5%
FHB Jelzálogbank Nyrt.	374	330	0.5%

Source: MNB.

Note: The identification was based on audited consolidated data of 31 December 2014. The MNB carries out the identification every year. The final values of the capital buffers required as of 1 January 2017 will be determined on the basis of the scores of the 2016 identification.