Sections of the briefing were inaudible and unable to transcribe.

Analyst:
Yeah, look this absolute Tier 1 capital requirement of 14% to 18% that the document refers to at a system level. First of all, look it's obviously very wide-ranging and you know, it begs the question in terms of how that would be decomposed whether or not that includes P2G and I suppose look, in light of your comments on this call around the SyRB, I'm just a bit… I'm just trying to understand better how you would decompose that wide-range. And then as well, separately, look, I mean this is you know, I think I typed this in before you made your comments on the SyRB, but could institutions of greater systemic importance be facing an even higher Tier 1 capital requirement than that 14% to 18% range? Thanks.

Vasileios Madouros, Director of Financial Stability:
Thanks. I can start and others can jump in. So, I mean first of all on the range as Rob said, I mean reflects the real uncertainties in judging the appropriate level of capital from the perspective of society and the economy right. And the costs and the benefits of different levels of capital from the perspective of the economy as a whole and society. In terms of the implementation of that, as we say, we're aiming for the lower part of that range and once you've stack up all of the capital demands. And in terms of the elements that make that up, they include minimum requirements, they include the conservation buffer, the 1.5% CCyB, the average O-SII that we have at the moment, the Pillar 2A requirements and then also used the average across the SSM for Pillar 2G as an example. Because we want to be taking into account the collective requirements across the system.

Analyst:
And just by way of a follow-up. So, clearly, O-SII you know, that would be you know, institution dependent. So, that could push presumably the 14% up a bit higher from the lower end of the range for certain institutions, please correct me if I'm wrong on that assertion. And then secondly, look that's it for now actually.

Robert Kelly, Head of Macro Financial Division, Financial Stability:
Yeah, I think that's very fair. While this is aggregated to the system level, we've the average O-SII for example. But as you state, that's calibrated on an individual institution basis, so is P2G for example. So, while it doesn't necessarily… every institution will lie within this, we're trying to give guidance at the system level. But of course, what we're calibrating is a capital requirement that's a system level. But you are correct. Individual institutions can lie within that range.

Analyst:
And sorry, just one final follow-up if I could. On the O-SII review, so again correct me if I'm wrong, but at the stage of the December FSR, that's when you're expecting to update in an O-SII context, is that right?

Robert Kelly, Head of Macro Financial Division, Financial Stability:
Yeah, so the O-SII review is always within the EBA timeframes towards the end of the year and we put it in the second FSR.

Analyst:

Great thanks. Just a clarification maybe first of all on the last point about the 14% to 18%. Do you factor in management buffers in that or is that just a pure regulatory requirement when we add up everything that you're going to include you know, when you get to the 1.5% neutral CCyB buffer?

Robert Kelly, Head of Macro Financial Division, Financial Stability:
So, maybe the way of thinking about this is they are the regulatory requirements is the way we think about them. But there is a separate piece which is capital planning and what might go in towards banks thinking taking this forward. Look, for example, all of the change within the system now, portfolio transfers. So, it doesn't include any of that capital planning piece banks may be doing. It includes, as Vas said, the stacking of the requirements in Tier 1 space of course instead of CET1.

Analyst:
Sure, that's clear. And just maybe a quick addendum or request even. I mean you talk about doing cost benefit analysis, other central banks you know, elsewhere have maybe published some of those maybe even at a high level, is that something that you might consider doing? Just so that we can understand better how you can come to that range you know, because it does look a little high you know, in terms of even at a Tier 1 level, a little high when you don't include you know, management buffers will always be there regardless of what's happening in the system. Every bank will run above its regulatory requirements. So, you know, it's just something that would be helpful perhaps for us to understand your thinking a little better.

Robert Kelly, Head of Macro Financial Division, Financial Stability:
Yeah, so actually on that one we have two papers to put out this week. One is exactly that, trying to quantify for an advanced economy, what the right level of capital… or not the right level, I won't be so presumptions. The trade-off between the costs and benefits to arrive at this range, along with the assumptions to get there. And then there's a second one which tries to decompose some structural features unique to Ireland such as the openness, and say what proportion of that range is attached to those. So, hopefully you will find those more informative but if there's anything else, we'd be very happy to engage and give more information because it's all about being as transparent as we can.

Vasileios Madouros, Director of Financial Stability:
Just to add one point. I mean to put it in the context of the top down assessment of different levels of capital and the costs and benefit was one of the inputs that we used. So, I think the main message we're trying to communicate today is around our intention to be setting the CCyB at 1.5% when risks are neither too elevated and/or too subdued. And this is really the key shift of our strategy, and evolution really, I'm not sure it's a significant change, it's an evolution, it provides more clarity to everyone about how we're intending to be responding in the future. But the range that we've been discussing, the stress testing, looking across jurisdictions, these are all inputs to inform that judgement. But ultimately, that is the main things we're trying to communicate today.

Analyst:
Great. And one final question if I can, appreciate your time. Just around the non-bank lending space more generally. Obviously, you talk about property and CRE funds you know, there's obviously a much more important role that non-bank lenders play in the domestic economy from both an SME and mortgage lending now than in the past. You know, I guess the mortgage lending side to an extent is covered by macroprudential rules in the same way that the banks are. But I mean how do you think about those types of lenders and you know, they obviously don't have capital rules in the same way

that a bank does? So, how do you, you know, they're important from an economic resilience point of view of lending which is you know, as you've referred to quite a bit in the presentation Rob. How do you think about those and is there something that you need to look at within the context of those or do you think they sit outside of rules?

Vasileios Madouros, Director of Financial Stability:
So, I mean the broad issue of changing nature of financial intermediation, increasing loans for non-banks, including in the lending markets as you mentioned both for SMEs and households, something that we've been looking at more closely will become increasingly important as well given the changes in the market. As you mentioned in the mortgage market, we already have mortgage rules that apply to both banks and non-banks. For lending to SMEs, this is an area that we want to be exploring in more detail in terms of understanding what are the balance sheets of the institutions, their funding structures and therefore what are the vulnerabilities. And that is really the first step. But yeah, and then to understand what does this then mean for macro financial risks more broadly. So, this is an area that we're looking increasingly into.

Analyst:
Yeah, I'll just start with one so there's space for everybody. I mean your message today is not that you're raising the CCyB by 50 basis points. Your message today is that you're giving us this 14% to 18% range. And I think, you know, some context, so Permo is valued at about 500 basis points in RWAs, they are about a thousand. So, this range of 400 is highly significant right, it's between 40% and 80% of market cap if you're a bank. And I don't see where it's come from. So, the CCyB, I understand you're not looking at the credit to GDP trends anymore because they aren't convenient, you've now got a holistic approach. Other central banks have followed the same route. But where's this 14% to… what do we do with that? Because in the past when the Central Bank of Ireland in particular has come up with a range like that with some big numbers, you then drag the system up to those big numbers with the result that two of your banks left. You had to let the remaining banks buy them out for cash. You had to let them re-lever and it looks like you're starting that cycle again. So, what comfort can you give us that the numbers embedded in the countercyclical buffer, the published capital requirements which are ECB consistent, are the numbers that we're constrained against and not that we should think about you finding some way of raising Irish bank capital requirements by another 300 to 400 basis points through something else you're going to come up with. So, I'm not comfortable with that range and this document does not substantiate it.

Vasileios Madouros, Director of Financial Stability:
So, it goes back to what I was saying earlier. We're trying to be explicit about some of the inputs that we used to inform our judgement around the setting of the CCyB. I mean all of this is simply to inform our strategy for setting macroprudential couple buffers, right. Of course, buffers for individual institutions and supervisory requirements are a different issue. But we've tried to do this taking into account various interactions with risk weight, with resolvability requirements. Did our…

Analyst:
But what do we do with 14% to 18%? What do we do with that right? We have to price stocks; banks have to manage their capital stack. What do they do with a 400-basis point range which is open-ended and unquantified as to where it's come from, when it might be implemented, what it means? What do we do with that?
Vasileios Madouros, Director of Financial Stability:

So, what we're saying is that by setting the CCyB and providing certainty around this, this is the main outcome of it and this has been one input into our overall judgement. And we're very explicit that we're aiming for implementation, which implies the setting of the CCyB when risks are neither elevated nor subdued, at the lower part of that range. Because we take into account the various other interactions including the resolution framework and risk weights and all those dimensions. So, the main outcome in terms of what to do with it is to better understand where we're aiming to have the CCyB when risks are neither elevated nor subdued and then you know, if risk change of course, the buffers will be changing.

Analyst:
I'm sorry, I'm going to ask again. What do I do with a 14% to 18%...? I understand the CCyB right. You've the right to create that number. You've showed us you're going to do it. You've said you're doing so holistically rather than pointing to the economic drivers, other central banks have done that. What do I do with 14% to 18%? Is that going to be…? I need to do 18% down the road once you've given me some other numbers? Is it going to be 16%? Is it never, is it aspirational? What do I do with that pricing bank stocks? As a bank manager, what do I do, allocating capital to my shareholders, to my business? What do I do with 14% to 18%? You haven't answered that at any point so far.

Robert Kelly, Head of Macro-Financial Division, Financial Stability:
So, maybe I can… yeah, so I think the way this needs to be seen, maybe it's been taken slightly out of context here. It is not that we're providing guidance that the capital will be within a range and we're going to set extra capital requirements to always lie within 14% to 18%. This was a piece of work to provide balance between the economic costs of capital and the gains in terms of resilience when you do it in terms of the economic aggregates. It's not the only way of thinking about the cost and benefits of capital. Of course, we used a stress scenario within the stress test. It's clearly in the document, it comes closer to the CCyB when you add it up in terms of what we've announced. We could have taken a view that we wanted to provide more resilience to support lending which gets you a higher rate. These are all elements which guide our judgement. In terms of the macroprudential and what we are saying, it is the CCyB will be going up 1.5% when we're at that point in the cycle where risks are neither elevated nor subdued. If there becomes elevation in terms of cyclical dynamics, of course the CCyB will respond to it. It is the point of the instrument. But we are not saying that, there's some hidden guide here that this is capital creep or anything like that. It is, this will… one piece of analysis that's informing our judgement. It's used widely across the world to try and understand in economic terms what the trade-offs are between holding more or less capital. That's all it is.

Analyst:
I think the Central Bank needs to provide, in writing, that commitment. Because you are saying in this document that your system may not be well capitalised according to some numbers that you've given us in print and if that's not what we should take away, you should write it down please.

Adrian Varley, Director of Prudential Analysis & Inspections:
It's Adrian here, I'd like to come in.
About the prudential side. I'd just like to confirm that the document doesn't say what you said. So, no, we will not be replying in writing to a question which you have decided to translate what it says into what you want it to say or rather what you don't want it to say. So, no is the response to you. Instead, I'd like you to be firmer about what a capital requirement is and what a piece of macro analysis is and they are not the same. And we're not going to get into a conversation where you blur the two on

purpose. So, now on the substance, so that's process. On the substance, banks need to hold capital to withstand a range of bank-specific factors, investment decisions, ability to purchase, investment. I actually forgot a good example what banks do too. And then banks need to then take your own judgements as to how to stable to capital requirements, which do not include the buffers, and make sure that they can withstand different levels of stress. That's really important. And then after the last crisis, we brought in across Europe, a system of buffers which are… there are automatic consequences if any financial institution goes into those buffers and that's to stop bad incentives. It's to protect the financial stability of the system. Those buffers do not include P2G. That is what the report is referring to today. And then, there is a top-down consideration which is; if you ignore all of the regulatory infrastructure, if you ignore the careful management and say on average through the years you look at the cost benefit of capital, but you do not factor in the regulatory infrastructure, then you get ranges based on over considerations. So, they are two dimensions of looking at the problem and confusing the two to be honest is very unhelpful. And so, the report is very precise on the language, the report needs reading and it's very clear about buffers versus requirements and forward looking and withstanding stress. And I think the two notes coming out this week provide additional detail on the inputs. And I'm happy if you wish to have clarification on you know, any of those topics, that's actually our job and our role. Thank you.

Analyst:
Yeah, I was just thinking about the conversation there. Is it Adrian? Thanks for the clarification. Is it sort of say an optimum level of capital according to the CBI then in the system study?

Adrian Varley, Director of Prudential Analysis & Inspections:
Yeah, it should be, sorry.

Analyst:
Sorry, it's probably a cost benefit analysis, can we understand it that way? Because there have been various studied brought to optimum level of capital in the banking system. Should we understand it that way?

Vasileios Madouros, Director of Financial Stability:
Yes, just to make sure I understand your question. It's one of the inputs that we've used to inform our strategy for setting macroprudential buffers has been this cost and benefit analysis or different levels of capital in the banking system. And that is the range reflects the fundamental uncertainty around this and it comes across in a number of other similar studies and then we will have to make judgements. We have to make judgements reflecting this fundamental uncertainty. Is that… am I answering your question?

Analyst:
Yeah, no, no, I think the detail is in the report. I'd have to read it a bit more carefully. And the other question was do you think leverage ratio, because there is substantial still WRA variation. Do you take the leverage ratio into account or individual leverage ratio of the banks?

Vasileios Madouros, Director of Financial Stability:

I mean yes, we look at the leverage ratio of course. I mean in practice as you know yourself because of the level of risk weights it is not the binding requirements, but we do tend to focus more on the risk weighted version. But of course, we look at the leverage ratio too. But the reason why the leverage ratio is high is because you know, risk rates reflecting the higher level of risk are higher.

Analyst:
Because comparisons with other jurisdictions may not reflect the sort of, the underlying or the ….differences. I think the…might be a better comparison of when you compare different jurisdictions.

Vasileios Madouros, Director of Financial Stability:
But we've look at risk weights quite a lot during this work and the key question for us is does the you know, on an aggregate level, I mean of course the SSM has done years and years of work on these issues right. But at an aggregate level, do they reflect different levels of risks that are in the book? At an aggregate level, the bottom line seems broadly yes. There is one area that we outline which is around mortgage market and LGDs to some extent that reflecting some of the big stresses in the crisis, which is also by the way in addition to the issues that we have with realisation of mortgage collateral, right. It's not the only reason for higher mortgage LGPs. And we've taken that former bit into account as part of our overall work, yeah.

Analyst:
Hi, thanks for taking my question. If I could just come back on this 14% to 18% point, and I guess maybe I've also read it a little bit quickly today and I'll go back and wait for the further pages you're talking about for this week. But in terms of the upper end of that range, from what you're saying today, it sounds like if you sat down and you wanted to capitalise your banking system, that that very broad range is where you'd come out. But you're happy that the actual policy infrastructure currently is aligned with that, just at the lower end of the range. And the 18% is essentially not relevant for your future policy decisions. Is that what you're trying to say here in terms of these two separate pieces of work because like… I look at the 18% and think that seems very high. I start thinking about are you trying to incentivise banks to replace Tier 2 issuance with Tier 1 for instance, do you have a strong preference for Tier 1 issuance over Tier 2? Because that would be one way for the banks to approach that high requirement if that is ultimately where we ended up. Am I reading it correctly that basically the 18% is, that's the outcome from that work but it's not actually relevant to your policy decision insofar as the actual policy infrastructure happens to coincide with your range anyway and therefore, you're happy?

Robert Kelly, Head of Macro-Financial Division, Financial Stability:
I can probably go first Vas. So, maybe a way of thinking about how we arrived at the 14% to 18%, it's a cost-benefit set up. That is done for the…from memory maybe it dates from the early '80s to now in terms of the economic trade-off between bank capital. A lot has changed within the policy architecture since then and that is determined… so when we arrive at this range, it doesn't take account for example of the risk weights just talked about for example, would need to be reflected and we need to reflect to what extent they need to be offset. We need to reflect, resolution has been introduced and a different resolution regime. And some of this needs to be reflected in what our view is in terms of where we are within that range when we think about how relevant it is to apply to current policy decisions now. So, I think when you do that and I'll let Vas and Adrian add more, but when you do that they would bring you towards the lower part of the range rather than pushing you towards the 18%. That's how I read the translation of what is a metric piece of work to the policy relevance.

Analyst:
That's fair. Okay, I mean that clarifies things quite a bit. Because I mean if I think about what the Bank of England have said, there was a debate a couple of years ago in relation to the previous decisions from the ICB process that happened in the UK and essentially the Bank of England argued that…was worth a five-percentage point reduction in capital requirements for the banks. And the Irish Central Bank has essentially replicated the Bank of England approach on co-issuance and quite a high MREL requirement. So, presumably that will be similarly material. And then I would guess that the RWAs would actually come on top of that. So, if anything, it surprises me that you're not a bit lower in terms of where we end up. With the lower end of that, the 14% sort of a policy outcome, is that meant to be… you've talked about the range being a function of the uncertainty around the capital. So, is the range really just uncertainty or is the range also trying to convey what you've just said, which is that actually if it was 18%, we'd need to knock a load off for all of the other things we've introduced? Or is it really 14% to 18% is probably what we would have needed over the last 40 years and then we split the difference, take 16% and then start knocking off? Because again, I think that would arguably come to a lower level of capital then the banks certainly are currently running with and arguably than they're targeting over time. Or do you think that resolution is less material as a benefit than say the Bank of England, who from memory, I think they said it was worth five-percentage points?

Robert Kelly, Head of Macro-Financial Division, Financial Stability:
Yeah, I'm familiar with the study. Maybe Vas and Adrian will come on this. But firstly, I can explain what generates the actual range. The range is not generated by these policy offsets per se. Very like the study you've talked about with the Bank of England, they all follow the same approach. It's dependent on your view for example on if there's a crisis, is there permanent effects? Are the effects temporary, how long do they go on? The discount factor, you discount losses on in the event of crisis. So, they're what I would describe as technical assumptions and you basically collect a reasonable range you feel reflect what is reasonable, like all of these studies, and that generates your range as a technical piece of work. The second piece, where you start to think about what's changed since then and the offset you do is a separate piece. Now in some ways you might think there's overlap, maybe you say you know the resolution framework has meant some of the losses are less likely to be as deep as they were previously and a condition some of the calibration of some of those elements. There's all types of things you can do in this realm. But the range is very much driven by the technical assumptions of a cost-benefit framework and not the policy.

Analyst:
Okay, that's clear. Thank you. So, I think we can probably park the 14% to 18% and think more bottom up, which I think is going to get us to a more sensible place. In terms of the other, this countercyclical buffer… how do you think about this interacting with Pillar 2G? Because obviously, P2G is there to be a stress related buffer, and I think in the first instance the countercyclical buffer is, by its nature, meant to be a stress related buffer. But I guess within your framework, it feels like those two things are going to be entirely additive because you're going to set the countercyclical buffer… I mean I'm not actually sure what the data is that you look at because we've, as Alastair said, I think you've got three different metrics of credit gap, none of which point to a requirement for a buffer at the moment. But you want it to go to 1.5% and then the P2G is just going to be spat out of the ECB process I guess in terms of the buckets for the different banks. So, those entirely additive in your mind but they're two stress related buffers, but there's no offset between them. If the bank came out with a big P2G, you're still going to be applying a blanket CCyB as well and there's no offset there.

Adrian Varley, Director of Prudential Analysis & Inspections:
Hi, it's Adrian again maybe on that one. Just again, sorry to be pedantic on it but I think it's needed. So, the CCyB is set and then for example as part of that reasonableness check etcetera, utilisation of stress test macro Rob referred to, the macro stress test considerations. When doing that, that is quite simply … you look at… I'm sure you know yourself, depletion level from different scenarios, range of outcomes. In this setting at the macro world, only looking at say credit related factors, not looking at other factors. If then when, as we're saying from the prudential side, when we're looking at on top of those buffers, additional guidance and then again looking for reasonable checks, we're looking at stressors which cover all the different risks and include things like transition effects, you know. It may be annoying to analysis but they're real you know, things that happened through the years, practical things and very bank-specific things. So, when looking at it from a lens of stress tests, P2G just isn't a requirement. It's just you look how much the depletion is and in what we're saying here is a 1.5% level gets you so far and then you look at your remaining capital depletion and that's where we go, and that's…factors. So, for example, there's a minimum coming from P2G, but actually there's bigger numbers coming from banks, so analysis… there's you know, it depends on what you look at. So, it's just to stop thinking of P2G as a requirement, that's all. So, have banks got sufficient capital? The supervisor will look at it and then you're right, for a short period the way they come out, CCyB comes out first, P2G comes out after and then we have to look at the risk captured. And in that P2G setting, look at the things which are captured and not captured et cetera in the round. And there is a point you're saying, a substance point, but it's not quite as processy as you're saying if you're…because not all the risks are captured by all the exercises. And at the end of the day, we have to say do we have enough capital for a range of scenarios and take that judgement.

Analyst:
Okay. So, I think I can read that as setting aside the timings of when these different judgements are made, there is some allowance for the fact that if you count cyclical buffers is mechanically larger, your stress performance is not actually deteriorating. So, if you judge that there's heightened risk and you put up the count cyclical buffer, but when the actual stress tests are run, performance is not actually deteriorating. It's not necessarily going to be a one for one addition to capital because P2G may be coming down somewhat against that, reflecting the actual stress performance.

Adrian Varley, Director of Prudential Analysis & Inspections:
No, it's basically… yeah, they have to be considered in the round together, things are not mechanical.

Vasileios Madouros, Director of Financial Stability:
I mean again, also to emphasise this point, nothing is mechanical right. They are all judgements that we use the range of analysis information to include them. So, for example, there is a box I think on the macroprudential stress test, the scenario that informs the depletion that is relevant for the CCyB, not for the full balance sheet, just the CCyB range, you know. Of course, for individual banks that will differ. We're also just looking at system wide averages because we're thinking of the CCyB and even the setting of the CCyB, the 1.5% wouldn't be capturing the full depletion because we're conscious that there are other you know, there is capital guidance for individual institutions and all that stuff. So, yeah.

Analyst:

Yeah, understand completely on it not being mechanical. But I guess, again coming back to the language around the 14% to 18% and why you've had a few questions on that because we are all aware that it isn't entirely mechanical and we can't actually just take the rule book and say and therefore, the target for Bank of Ireland should be this and the target for AIB should be that. We do look to what you say as the holistic outcome and that's why we've all looked to that 14% to 18% today as trying to read what you're saying the answer is. Whereas in fact, it's not really what you're trying to say. But yeah, okay, thank you very much.

Vasileios Madouros, Director of Financial Stability:
Again, just to be clear on this. Going back to what we were saying previously. All of these bits of analysis were input. The main message for today is we're using the CCyB, not the mix of the CCyB and SyRB because all of this is informing macroprudential buffers. That's number one. We're using the O-SSI buffer. Our two key macroprudential buffers are going to be the CCyB and the O-SII and the rest is still there but only if needed. And the CCyB will be set at 1.5% when risks are neither elevated nor subdued.

Analyst:
Thanks. Look, I just want to… and look go back over old ground in the context of….questions. But look, it's intensely important in the context of advising investors on behalf of pension fund monies around you know, what to expect in terms of capital return and all sorts of questions that we get on a routine basis. So, just to you know, we've done some workings ourselves and obviously I'm not asking you to comment on it. But that which would incorporate in a 1.5% CCyB requirement would suggest a Tier 1 capital requirement slightly below the range, the lower end of the range actually in the case of some of the listed banks. I just want to be very, very clear that look, we're not you know, the message I'm taking from this call is that you know, my first impression like the others was when I read the language in the document that you know, I'm going to have to move the dial up to 14% minimum here plus think about management buffers on top of that from a Tier 1 perspective. But actually, you know, actually I'm coming away now more comfortable, thinking that you know, below 14% would be fine. And look, I apologise for asking the question over and over again. But just I don't want to mislead any investors on the point.

Vasileios Madouros, Director of Financial Stability:
So, the one thing I would say then for your calculations, if you're thinking about… depending of course on the risk environment because all of these things depend on risks that you're facing, would be a main outcome of our strategy is the 1.5% CCyB. So, add that to the stack.

Analyst:
Okay, okay. Alright, thank you.

Analyst:
Thanks. If I could just ask on O-SII calibration. So, again, just in terms of your commentary around being data driven. When I look at the scores of the banks in your O-SII assessments and obviously there's various metrics of complexity and size and all that stuff. But when I look at what's happened to those over time, since you introduced the O-SII buffer plan, the trajectory up to 1.5%, they come down quite a bit actually. The scores have reduced, particularly for your largest banks, Bank of Ireland and AIB. But the O-SIIs have not changed. So, what is the process there? Is it just a case of we want it to be at 1.5%, a bit like the countercyclical, we want it to be at 1.5% and therefore that's what it's going to

be? Is there actually any way for either of those banks to reduce their O-SII given that their scores have been reducing quite meaningfully since you first introduced this back in, I think it was 2016?

Vasileios Madouros, Director of Financial Stability:
I mean, as you know one of the key reasons why they've grown is not because business situations are less systemically important from the perspective of Ireland. It's because we have a big change in the nature of the banking system and the composition of it and significant growth of internationally focussed institutions. So, as we say, both in this document and I think in other communications, again a key element of our approach is to have sufficient flexibility so that we don't ever end up with outcomes that wouldn't make sense, both from the perspective of the domestically focussed financial system and also from the perspective of the internationally focussed financial system. So, we use judgement both in the identification and the setting of O-SII buffers. But the main reason that they've come down or a big part of it at least is others are growing very fast because they've moved business to Ireland.

Analyst:
But those other firms have got lower O-SII buffers even though their scores are getting towards those of… I think potentially even above 2021, I need to check the data again, above those for your largest domestic banks on these O-SII scores yet they get a lower buffer. So, what's the… is it just a different rule is applied to the international firms?

Vasileios Madouros, Director of Financial Stability:
It's just that the fundamental channels of systemic risk they pose are very different. The internationally relevant firms are more important from a European financial stability perspective. The domestically focussed firms are more important from the domestic economy perspective. And of course, they're very important relative to the domestic economy. So, it's just different channels through which they matter for systemic risk.

Fergal McCann, Head of Function, Financial Stability:
I'm happy to take one more and then we might wrap it up given we've just drifted past four. Any last question out there? Okay, perfect. So, just one thing that struck me in case everyone wasn't aware, there is a separate document to the FSR outlining the capital framework in quite a bit more detail than what you'll see in the FSR. So, just in case anyone is only working off the FSR, please make sure to remember there are links within the document to our framework document that goes into a lot more detail which hopefully will help elaborate a bit on some of the discussion we've had here. So, we'll leave it at that. Thanks everyone for your engagement as always and have a lovely evening. All the best.