

## Notification template for Article 131 of the Capital Requirements Directive (CRD) – Other Systemically Important Institutions (O-SIIs)

Template for notifying the European Central Bank (ECB) and the European Systemic Risk Board (ESRB) of the setting or resetting of an O-SII buffer under Article 131(7) CRD and of the identity of O-SIIs under Article 131(12) CRD

Please send/upload this template to:

- [macropru.notifications@ecb.europa.eu](mailto:macropru.notifications@ecb.europa.eu) when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation<sup>1</sup>);
- [DARWIN/ASTRA](#) when notifying the ESRB.

The ESRB will forward this notification to the European Commission, to the European Banking Authority (EBA) and to the competent and designated authorities of the Member States concerned without delay and will publicly disclose the names of the O-SIIs on its website. This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure<sup>2</sup>.

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. To facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority			
1.1 Name of the notifying authority	Czech National Bank		
1.2 Country of the notifying authority	Czech Republic		
2. Description of the measure			
2.1a Institution or group of institutions concerned	Name of institution	LEI	Consolidation level
	Československá obchodní banka, a.s.	Q5BP2UEQ48R75BOTCB92	The highest level of consolidation
	Komerční banka, a.s.	IYKCAVNFR8QGF00HV840	The highest level of consolidation
	Česká spořitelna, a.s.	9KOGW2C2FCIQJQ7FF485	The highest level of consolidation
	UniCredit Bank CZ and SK, a.s.	KR6LSKV3BTSJRD41IF75	The highest level of consolidation
	Raiffeisenbank, a.s.	31570010000000004460	The highest level of consolidation
	PPF Financial Holdings a.s.	31570014BNQ1Q99CNQ35	A sub-consolidated level

<sup>1</sup> 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).

<sup>2</sup> On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

<b>2.1b Changes to the list of institutions concerned</b>	Extending the list to include PPF Financial Holdings a.s.				
<b>2.2 Level of the buffer applied</b>	Institutions are subject to a buffer at both individual and (sub)consolidated level.				
	<b>Name of institution</b>	<b>New O-SII buffer</b>		<b>Previous O-SII buffer</b>	
	Československá obchodní banka, a.s.	2.5 %		2.5 %	
	Komerční banka, a.s.	2 %		2 %	
	Česká spořitelna, a.s.	2 %		2 %	
	UniCredit Bank CZ and SK, a.s.	1.5 %		1.5 %	
	Raiffeisenbank, a.s.	0.5 %		0.5 %	
	PPF Financial Holdings a.s.	0.5 %		-	
<b>2.3 Name of the ultimate EU parent institution</b>	<b>Name of identified O-SII</b>	<b>Ultimate EU parent institution</b>		<b>LEI of ultimate parent institution</b>	
	Československá obchodní banka, a.s.	KBC Group NV		213800X3Q9LSAKRUWY91	
	Komerční banka, a.s.	Société Générale SA		O2RNE8IBXP4R0TD8PU41	
	Česká spořitelna, a.s.	Erste Group Bank AG		PQOH26KWDF7CG10L6792	
	UniCredit Bank CZ and SK, a.s.	UniCredit S.p.A.		549300TRUWO2CD2G5692	
	Raiffeisenbank, a.s.	Raiffeisen Bank International AG		9ZHRYM6F437SQJ6OUG95	
	PPF Financial Holdings a.s.	PPF Group N.V		31570030000000000550	
<b>2.4 Names of subsidiaries</b>	N/A				
	<b>Name of parent O-SII identified</b>	<b>Name of O-SII subsidiary</b>		<b>LEI of O-SII subsidiary</b>	
<b>3. Timing for the measure</b>					
<b>3.1 Timing for the decision</b>	30/11/2022				
<b>3.2 Timing for publication</b>	30/11/2022				
<b>3.3 Disclosure</b>	The O-SIIs list and the O-SII buffer rates will be disclosed at the website of the Czech National Bank ( <a href="#">Link</a> ).				
<b>3.4 Timing for application</b>	01/01/2023				
<b>3.5 Phasing in</b>	No phase-in				
	<b>Name of institution</b>	<b>Date1</b>	<b>Date2</b>	<b>Date3</b>	<b>Date4</b>
		%	%	%	%
		%	%	%	%

3.6 Review of the measure	The next regular review should take place around mid-2023.																																																						
<b>4. Reason for O-SII identification and activation of the O-SII buffer</b>																																																							
<b>4.1 Scores of institutions or group of institutions concerned, as per EBA guidelines on the assessment of O-SIIs (Article 131.3 CRD)</b>	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>Size</th> <th>Substitutability</th> <th>Complexity</th> <th>Interconnectedness</th> <th>Overall Score</th> </tr> </thead> <tbody> <tr> <td>Československá obchodní banka, a.s.</td> <td>2306</td> <td>2259</td> <td>2384</td> <td>3372</td> <td>2580</td> </tr> <tr> <td>Komerční banka, a.s.</td> <td>1577</td> <td>1666</td> <td>2351</td> <td>1424</td> <td>1755</td> </tr> <tr> <td>Česká spořitelna, a.s.</td> <td>1953</td> <td>1839</td> <td>1054</td> <td>1410</td> <td>1564</td> </tr> <tr> <td>UniCredit Bank CZ and SK, a.s.</td> <td>1012</td> <td>996</td> <td>1439</td> <td>1039</td> <td>1121</td> </tr> <tr> <td>Raiffeisenbank, a.s.</td> <td>699</td> <td>880</td> <td>576</td> <td>406</td> <td>640</td> </tr> <tr> <td>PPF Financial Holdings a.s.</td> <td>596</td> <td>237</td> <td>737</td> <td>792</td> <td>591</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Name of institution	Size	Substitutability	Complexity	Interconnectedness	Overall Score	Československá obchodní banka, a.s.	2306	2259	2384	3372	2580	Komerční banka, a.s.	1577	1666	2351	1424	1755	Česká spořitelna, a.s.	1953	1839	1054	1410	1564	UniCredit Bank CZ and SK, a.s.	1012	996	1439	1039	1121	Raiffeisenbank, a.s.	699	880	576	406	640	PPF Financial Holdings a.s.	596	237	737	792	591												
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<b>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</b>	<p>Please provide information on:</p> <ol style="list-style-type: none"> <li>whether you followed the EBA guidelines on the assessment of O-SIIs; <b>The CNB fully follows the EBA guidelines on the assessment of O-SIIs.</b></li> <li>which threshold score has been set to identify O-SIIs; <i>In accordance with paragraph 9 of the Guidelines, the CNB raises the threshold for designating entities as O-SIIs to the highest level allowed by the Guidelines (425 basis points, i.e. 4.25%).</i></li> <li>whether relevant entities with relative total assets not in excess of 0.02% have been excluded from the identification process; <i>In accordance with paragraph 12 of the Guidelines, the CNB exempts investment firms from the calculation as they do not play a material role in the Czech financial system.</i></li> <li>the names and scores of all relevant entities not excluded from the identification process (could be sent in a separate Excel file, see 4.1); <i>A separate excel file has been sent with the notification.</i></li> <li>whether non-bank institutions have been included in the calculations. <b>No</b></li> </ol>																																																						
<b>4.3 Supervisory judgement</b>	<p>Have any of the institutions listed in 2.1 been identified by applying supervisory judgement as laid down in EBA guidelines on the assessment of O-SIIs? If yes, please list the respective institutions and provide information on:</p> <ol style="list-style-type: none"> <li>which of the optional indicators have been used to justify the supervisory assessment decisions, if any, and what the scores were; <i>Supervisory assessment decisions based on optional indicators are not relevant for the identification of O-SIIs. An institution is automatically designated as an O-SII when the institution is above the threshold score. There was no change in the O-SII list or the O-SII buffer rates based on a supervisory assessment.</i></li> <li>why these optional indicators are relevant for the Member State; -</li> <li>why the bank is systemically important in terms of those particular optional indicators. -</li> </ol>																																																						

<p><b>4.4 Calibrating the O-SII buffer</b></p>	<p>To determine the O-SII buffer rate the CNB applies the bucketing approach with six buckets with the same bandwidths (300 bp). The decision on the bucket allocation and buffer rate take into account the scores of institutions according to EBA methodology. The rate in the highest bucket is 3%. Based on this, the following buckets, their score ranges and rates were determined as follows:</p> <table border="1" data-bbox="580 369 919 633"> <thead> <tr> <th>Bucket</th> <th>Score</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>425–724</td> <td>0,5%</td> </tr> <tr> <td>2</td> <td>725–1024</td> <td>1,0%</td> </tr> <tr> <td>3</td> <td>1,025–1,324</td> <td>1,5%</td> </tr> <tr> <td>4</td> <td>1,325–1,624</td> <td>2,0%</td> </tr> <tr> <td>5</td> <td>1,625–1,924</td> <td>2,5%</td> </tr> <tr> <td>6</td> <td>≥1,925</td> <td>3,0%</td> </tr> </tbody> </table> <p>Once the CNB has determined the O-SII buffer rate, it compares the rate with the regulatory O-SII cap. In the next step, the CNB applies supervisory judgement. For more information, see <i>The CNB's approach to setting the capital buffer for other systemically important institutions: Past and present</i>.</p>	Bucket	Score	Rate	1	425–724	0,5%	2	725–1024	1,0%	3	1,025–1,324	1,5%	4	1,325–1,624	2,0%	5	1,625–1,924	2,5%	6	≥1,925	3,0%
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<p><b>4.5 Effectiveness and proportionality of measure</b></p>	<p>The six identified institutions represent 80 % of the total assets of the Czech banking system. The impact of the failure of a systemic bank on the domestic financial sector and the real economy is much larger than the impact of the failure of a non-systemic bank. Therefore, the probability of default of systemic banks should be significantly reduced.</p> <p>The aim of higher capital requirements for such institutions is to increase their loss-bearing capacity, and thus reduce the risk of the disruption of the institutions' activities with a severe negative impact on the financial system and the real economy.</p>																					
<p><b>5. Sufficiency, consistency and non-overlap of the policy response</b></p>																						
<p><b>5.1 Sufficiency of the policy response</b></p>	<p>The O-SII buffers applicable to Czech banks were calibrated accounting for the banks' systemic importance. For more information, see <i>The CNB's approach to setting the capital buffer for other systemically important institutions: Past and present</i>.</p> <p>However, in the case of two institutions, the limit for subsidiary institutions resulted in a decrease in the O-SII buffer rate indicated by the interval approach. Nevertheless, the scope of the O-SII identification process and the level of O-SII buffers applied should be sufficient to significantly mitigate the contagion effects these institutions could cause.</p>																					
<p><b>5.2 Consistency of application of the policy response</b></p>	<p>The policy response of setting an O-SII buffer is consistent with the goal of limiting the potential risks stemming from a failure of these institutions on the overall Czech banking market. The measure should strengthen the resilience of the financial infrastructure through a build-up of loss absorption capacity within systemically important institutions. The measure is not applied in a consistent manner due to the existence of a cap for subsidiary institutions (answer to question 7.3).</p>																					

<p><b>5.3 Non-overlap of the policy response</b></p>	<p>No other policy instruments are used to address the <u>same</u> systemic risk.</p>																																
<p><b>6. Cross-border and cross-sector impact of the measure</b></p>																																	
<p><b>6.1 Assessment of cross-border effects and the likely impact on the Internal Market (Recommendation ESRB/2015/2<sup>3</sup>)</b></p>	<p>The measure will support financial stability in the Czech Republic by increasing the resilience of the most important domestic institutions in the financial system and reducing the risk of possible contagion to other Member States and the internal market. On the other hand, from the internal market perspective, given the relatively small size of the domestic financial sector vis-a-vis its European counterparts, no impact is expected to materialise as a result of the domestic O-SII buffer.</p>																																
<p><b>6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</b></p>	<p>Leakages and regulatory arbitrage and cross-border effects are not expected as the level of buffer requirements for O-SIIs will increase for only one of the institutions and this institution has a sufficient capital surplus.</p>																																
<p><b>7. Combinations and interactions with other measures</b></p>																																	
<p><b>7.1 Combinations between G-SII and O-SII buffers (Article 131.14)</b></p>	<p>There are no G-SIIs in the Czech Republic.</p> <table border="1" data-bbox="571 1184 1445 1339"> <thead> <tr> <th data-bbox="571 1184 927 1227">Name of institution</th> <th data-bbox="930 1184 1211 1227">O-SII buffer</th> <th data-bbox="1214 1184 1445 1227">G-SII buffer</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">%</td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td style="text-align: center;">%</td> </tr> </tbody> </table>	Name of institution	O-SII buffer	G-SII buffer		%	%		%	%		%	%																				
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<p><b>7.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)</b></p>	<p>There are no SyRBs in the Czech Republic.</p> <table border="1" data-bbox="571 1386 1445 1771"> <thead> <tr> <th data-bbox="571 1386 887 1429">Name of institution</th> <th data-bbox="890 1386 1094 1429">SyRB rate</th> <th data-bbox="1098 1386 1251 1469">SyRB application level</th> <th data-bbox="1254 1386 1445 1469">Sum of G-SII/O-SII and SyRB rates</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td></td> <td style="text-align: center;">%</td> <td></td> <td style="text-align: center;">%</td> </tr> </tbody> </table>	Name of institution	SyRB rate	SyRB application level	Sum of G-SII/O-SII and SyRB rates		%		%		%		%		%		%		%		%		%		%		%		%		%		%
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<p><b>7.3 O-SII requirement for a subsidiary (Article 131.8 CRD)</b></p>	<p>The constraint due to the parent institution's O-SII buffer rate lead the Československá obchodní banka rate to decrease from 3% under the bucketing approach to 2.5% (KBC is subject to an O-SII buffer rate of 1.5%) and the Komerční banka rate to decrease from 2.5 % to 2.0 % (SG is subject to a G-SII buffer rate of 1 %).</p>																																

<sup>3</sup> Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

	<p>Linking the subsidiary cap to the nature of the institution's owner implies potential volatility of this capital buffer in the event of an increase in acquisition and consolidation processes in the domestic and European banking sector. Another potentially sensitive issue is O-SII buffer rate volatility resulting from macroprudential authorities changing the buffer rates in the parent banks' home countries. This may make it difficult for the CNB to maintain a level playing field and lead to a situation of insufficient resilience compared to the identified risks associated with the systemic importance of the institutions.</p> <table border="1" data-bbox="571 465 1422 763"> <thead> <tr> <th data-bbox="571 465 890 555">Name of O-SII subsidiary</th> <th data-bbox="890 465 1251 555">Name of the EU parent of the O-SII subsidiary</th> <th data-bbox="1251 465 1422 555">Buffer applicable to O-SII EU parent</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 555 890 613">Československá obchodní banka, a.s.</td> <td data-bbox="890 555 1251 613">KBC Group NV</td> <td data-bbox="1251 555 1422 613">1.5%</td> </tr> <tr> <td data-bbox="571 613 890 649">Komerční banka, a.s.</td> <td data-bbox="890 613 1251 649">Société Générale SA</td> <td data-bbox="1251 613 1422 649">1 %</td> </tr> <tr> <td data-bbox="571 649 890 685">Česká spořitelna, a.s.</td> <td data-bbox="890 649 1251 685">Erste Group Bank AG</td> <td data-bbox="1251 649 1422 685">1 %</td> </tr> <tr> <td data-bbox="571 685 890 721">UniCredit Bank CZ and SK, a.s.</td> <td data-bbox="890 685 1251 721">UniCredit S.p.A.</td> <td data-bbox="1251 685 1422 721">1 %</td> </tr> <tr> <td data-bbox="571 721 890 763">Raiffeisenbank, a.s.</td> <td data-bbox="890 721 1251 763">Raiffeisen Bank International AG</td> <td data-bbox="1251 721 1422 763">1 %</td> </tr> </tbody> </table>	Name of O-SII subsidiary	Name of the EU parent of the O-SII subsidiary	Buffer applicable to O-SII EU parent	Československá obchodní banka, a.s.	KBC Group NV	1.5%	Komerční banka, a.s.	Société Générale SA	1 %	Česká spořitelna, a.s.	Erste Group Bank AG	1 %	UniCredit Bank CZ and SK, a.s.	UniCredit S.p.A.	1 %	Raiffeisenbank, a.s.	Raiffeisen Bank International AG	1 %
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<b>8. Miscellaneous</b>																			
<b>8.1 Contact person(s)/mailbox at notifying authority</b>	<p>Libor Holub, +420 224 412 502, <a href="mailto:libor.holub@cnb.cz">libor.holub@cnb.cz</a>  Safwan Naser, +420 224 413 419, <a href="mailto:safwan.naser@cnb.cz">safwan.naser@cnb.cz</a>  Lukáš Pfeifer, +420 224 412 638, <a href="mailto:lukas.pfeifer@cnb.cz">lukas.pfeifer@cnb.cz</a></p>																		
<b>8.2 Any other relevant information</b>																			
<b>8.3 Date of the notification</b>	27/10/2022																		