

Notification template for Article 131 CRD – Other Systemically Important Institutions (O-SII)

Please send this template to

- notifications@esrb.europa.eu when notifying the ESRB;
- macropru.notifications@ecb.europa.eu when notifying the ECB;
- notifications@eba.europa.eu when notifying the EBA.

Emailing this template to the above-mentioned addresses constitutes an official notification, no further official letter is required. In order to facilitate the work of the notified authorities, please send the notification template in a format that allows electronically copying the information.

1. Notifying national authority																			
1.1 Name of the notifying authority	Czech National Bank																		
2. Description of the measure																			
2.1 Concerned institution or group of institutions	<p>The Czech Republic has designated as O-SIIs the following institutions on the basis of their highest consolidated levels:</p> <table border="1"> <thead> <tr> <th><i>Institutions</i></th> <th><i>Level of consolidation</i></th> <th><i>LEI code</i></th> </tr> </thead> <tbody> <tr> <td>Československá obchodní banka, a.s.</td> <td>Consolidated</td> <td>Q5BP2UEQ48R75BOTCB92</td> </tr> <tr> <td>Komerční banka, a.s.</td> <td>Consolidated</td> <td>IYKCAVNFR8QGF00HV840</td> </tr> <tr> <td>Česká spořitelna, a.s.</td> <td>Consolidated</td> <td>9KOGW2C2FCIOJQ7FF485</td> </tr> <tr> <td>UniCredit Bank CZ and SK, a.s.</td> <td>Consolidated</td> <td>KR6LSKV3BTSJRD41IF75</td> </tr> <tr> <td>Raiffeisenbank, a.s.</td> <td>Consolidated</td> <td>31570010000000004460</td> </tr> </tbody> </table>	<i>Institutions</i>	<i>Level of consolidation</i>	<i>LEI code</i>	Československá obchodní banka, a.s.	Consolidated	Q5BP2UEQ48R75BOTCB92	Komerční banka, a.s.	Consolidated	IYKCAVNFR8QGF00HV840	Česká spořitelna, a.s.	Consolidated	9KOGW2C2FCIOJQ7FF485	UniCredit Bank CZ and SK, a.s.	Consolidated	KR6LSKV3BTSJRD41IF75	Raiffeisenbank, a.s.	Consolidated	31570010000000004460
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2.4 Names of subsidiaries	Please see the list in the Annex 1 to the notification template.																		
3. Timing of the measure																			

3.1 Timing of the Decision	1 October 2021																																				
3.2 Timing of the Publication	1 October 2021																																				
3.3 Disclosure	The O-SIIs list and the O-SII buffer rates will be disclosed at the website of the Czech National Bank (Link).																																				
3.4 Timing of Application	1 October 2021																																				
3.5 Phasing in	No phase-in																																				
3.6 Review of the measure	The next regular review should take place around mid-2022.																																				
4. Reason for O-SII identification and activation of the O-SII buffer																																					
4.1 Scores of concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs (Article 131.3)	<table border="1"> <thead> <tr> <th><i>O-SII institution</i></th> <th><i>Overall score (in basis points)</i></th> <th><i>Size</i></th> <th><i>Importance</i></th> <th><i>Complexity</i></th> <th><i>Interconnectedness</i></th> </tr> </thead> <tbody> <tr> <td>Československá obchodní banka, a.s.</td> <td>2250</td> <td>2079</td> <td>2119</td> <td>1926</td> <td>2876</td> </tr> <tr> <td>Česká spořitelna, a.s.</td> <td>1564</td> <td>1957</td> <td>1747</td> <td>1041</td> <td>1516</td> </tr> <tr> <td>Komerční banka, a.s.</td> <td>1506</td> <td>1463</td> <td>1606</td> <td>1906</td> <td>1050</td> </tr> <tr> <td>UniCredit Bank CZ and SK, a.s.</td> <td>1104</td> <td>1125</td> <td>1043</td> <td>1566</td> <td>684</td> </tr> <tr> <td>Raiffeisenbank, a.s.</td> <td>674</td> <td>591</td> <td>757</td> <td>970</td> <td>379</td> </tr> </tbody> </table>	<i>O-SII institution</i>	<i>Overall score (in basis points)</i>	<i>Size</i>	<i>Importance</i>	<i>Complexity</i>	<i>Interconnectedness</i>	Československá obchodní banka, a.s.	2250	2079	2119	1926	2876	Česká spořitelna, a.s.	1564	1957	1747	1041	1516	Komerční banka, a.s.	1506	1463	1606	1906	1050	UniCredit Bank CZ and SK, a.s.	1104	1125	1043	1566	684	Raiffeisenbank, a.s.	674	591	757	970	379
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For further details, a separate excel file has been sent with notification.																																					
4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	<p>Please provide information on:</p> <p>a. whether you followed the EBA guidelines on the assessment of O-SIIs The CNB fully follows the EBA guidelines on the assessment of O-SIIs.</p> <p>b. which threshold score has been set to identify O-SIIs In accordance with the 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%).</p> <p>c. which overall score is attributed to the O-SIIs For the O-SII overall score, see section 4.1 above.</p> <p>d. which of the optional indicators have been used to justify supervisory assessment decisions, if any, and what are the scores. Supervisory assessment decisions based on optional indicators are not relevant for the identification of O-SIIs. An institution is automatically designated as O-SII when the institution is above the threshold score.</p> <p>e. why these optional indicators are relevant for the Member State -</p> <p>f. why the bank is systemically important in terms of those particular optional indicators -</p> <p>g. whether relevant entities with relative total assets not in excess of 0.02% have been excluded from the identification process In accordance with the 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.</p>																																				

	<p>h. names and scores of all relevant entities not excluded from the identification process (could be sent in a separate excel file, see 4.1) A separate excel file has been sent with the notification.</p> <p>i. whether non-bank institutions have been included in the calculations No</p>																					
4.3 Supervisory judgement	There was no change in the O-SII list or the O-SII buffer rates based on the supervisory judgement.																					
4.4 Calibrating the O-SII buffer	<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, following buckets, its score range and rate were determined:</p> <table border="1"> <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, compares rate with the regulatory O-SII cap. In the next step, the CNB applies the supervisory judgement, when takes into account a specificities of the institution, in particular the risks associated with its activities in third countries. For more information see thematic article on financial stability <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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4.5 Effectiveness and proportionality of measure	<p>Five identified institutions represent 71 % 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 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 severe negative impact on the financial system and the real economy.</p>																					
5. Cross-border and cross-sector impact of the measure																						
5.1 Assessment of cross-border effects and the likely impact on the internal market (Recommendation ESRB/2015/2)	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 reduces the risk of possible contagion to other Member States and the internal market.																					

5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	Leakages and regulatory arbitrage and cross-border effects are not expected as the level of buffer requirements for O-SIIs is lower than the systemic risk buffer previously used to limit the risks associated with systemic importance of institutions.																								
6. Combinations and interactions with other measures																									
6.1 Combinations between G-SII and O-SII buffers (Article 131.14)	There are no G-SIIs in the Czech Republic.																								
6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	No institutions will be subject to a systemic risk buffer from 1 October 2021.																								
6.3 O-SII requirement for a subsidiary (Article 131.8)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><i>O-SII institution</i></th> <th style="text-align: left;"><i>Ultimate parent</i></th> <th style="text-align: left;"><i>G-SII buffer</i></th> <th style="text-align: left;"><i>Final O-SII buffer</i></th> </tr> </thead> <tbody> <tr> <td>Československá obchodní banka, a.s.</td> <td>KBC Group NV</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1.5 %</td> </tr> <tr> <td>Komerční banka, a.s.</td> <td>Société Générale SA</td> <td style="text-align: center;">1 %</td> <td></td> </tr> <tr> <td>Česká spořitelna, a.s.</td> <td>Erste Group Bank AG</td> <td style="text-align: center;">-</td> <td style="text-align: center;">2%</td> </tr> <tr> <td>UniCredit Bank CZ and SK, a.s.</td> <td>UniCredit S.p.A.</td> <td style="text-align: center;">1 %</td> <td></td> </tr> <tr> <td>Raiffeisenbank, a.s.</td> <td>Raiffeisen Bank International AG</td> <td style="text-align: center;">-</td> <td style="text-align: center;">2%</td> </tr> </tbody> </table>	<i>O-SII institution</i>	<i>Ultimate parent</i>	<i>G-SII buffer</i>	<i>Final O-SII buffer</i>	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	-	2%	UniCredit Bank CZ and SK, a.s.	UniCredit S.p.A.	1 %		Raiffeisenbank, a.s.	Raiffeisen Bank International AG	-	2%
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Raiffeisenbank, a.s.	Raiffeisen Bank International AG	-	2%																						
6.4 Interaction with other measures	There are no interaction with other measures.																								

7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Libor Holub, +420 224 412 502, libor.holub@cnb.cz Lukáš Pfeifer, +420 224 412 638, lukas.pfeifer@cnb.cz
7.2 Any other relevant information	