

**OFFICIAL INFORMATION
OF THE CZECH NATIONAL BANK**
of 13 March 2023

**regarding the method for calculating risk weights for the purposes of setting
contributions to the Deposit Insurance Fund**

- I. This Official Information shall replace Annex 2 of Official Information of the Czech National Bank regarding the method for calculating risk weights for the purposes of setting contributions to the Deposit Insurance Fund, Issue 5/2018 of 5 March 2018 CNB Bull.
- II. This Official Information shall apply from the date of its publication.

Member of the Bank Board

Jan Procházka, duly signed

Annex

Regulation and International Cooperation Department

Annex 2 is worded as follows:

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Annex 2

List of risk indicators, their weights and boundaries for the calculation of the individual risk score

Risk indicator	Indicator weight (IW)			IRS function upper boundary (a) lower boundary (b)
	Min. weight	Flexible weight	Final weight	
Capital:	18.0%	6.0%	24.0%	
<p><u>Indicator No. 1:</u></p> <p>Leverage ratio as defined in Commission Regulation¹ = $\frac{\text{Tier 1 Capital}}{\text{Total exposure as defined in Regulation}} \cdot 100$</p> <p>(the resulting indicator value is set as the ratio of the average values at the end of Q1, Q2, Q3 and Q4 of the previous calendar year*; in %, to two decimal places)</p>	9.0%	3.0%	12.0%	<p>Decreasing function a = 10 b = 4</p>

¹ Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to the leverage ratio. A figure for branches of banks from non-Member States has been available since 1 January 2022 – on the basis of Article 12a(5)(d) of Act No. 21/1992 Coll., on Banks, Article 70a of Decree No. 163/2014 Coll., as amended by Decree No. 354/2021 Coll. (in compliance with Article 70a(1), capital for the purpose of calculating the leverage ratio of a branch of a bank from a non-Member State means Tier 1 Capital set similarly in line with Article 56(2) to (4) of the Decree) and Article 6(5) of Decree No. 346/2013 Coll., as amended.

<p>Note: Data on an individual basis reported in line with Regulation (EU) No. 2015/62 and Regulation (EU) No. 2021/451, as amended, are applied: Tier 1 Capital: corep_of_ind C_01.00 – Capital (l. 0015 c. 0010) Total exposure in line with Regulation (the total exposure measure of the leverage ratio – the use of a temporary definition of Tier 1 Capital): Q1, Q2 and Q3: corep_lr_ind C_47.00 – Calculation of the leverage ratio (l. 0300 c. 0010) Since 31 December 2022: corep_lr C_47.00 – Calculation of the leverage ratio (l. 0300 c. 0010)</p>				
<p>Indicator No. 2: CET1 ratio = $\frac{\text{Common Equity Tier 1 (CET1) Capital}}{\text{Total Risk Exposures}} \cdot 100$ (the resulting indicator value is set as the ratio of the average values at the end of Q1, Q2, Q3 and Q4 of the previous calendar year*; in %, to two decimal places)</p>	9.0%	3.0%	12.0%	<p>Decreasing function a = 22 b = 15</p>
<p>Note: Common Equity Tier 1: corep_of_ind C_01.00 – Capital (l. 0020 c. 0010) Total risk exposures (total volume of the risk exposure): corep_of_ind C 02.00 – Capital requirements (l. 0010 c. 0010)</p>				
Liquidity and funding	18.0%*	6.0%*	24.0%*	
<p>Indicator No. 3a: LCR under Commission Regulation No. 2015/61 = $\frac{\text{Liquidity buffer}}{\text{Net liquidity outflow}} \cdot 100$ (the resulting indicator value is set as the ratio of the average values at the end of Q1, Q2, Q3 and Q4 of the previous calendar year*; in %, to two decimal places)</p>	9.0%	3.0%	12.0%	<p>Decreasing function a = 180 b = 100</p>

Note:

Data on an individual basis reported in accordance with Regulation (EU) No. 2015/61, as amended, and Regulation (EU) No. 2021/451, as amended, are applied:

Liquidity buffer:

Q1, Q2 and Q3: corep_lcr_da_ind C 76.00.a – Liquidity coverage – calculations (l. 0010, c. 0010)

Since 31 December 2022: corep_lcr_da C 76.00.a – Liquidity coverage – calculations (l. 0010, c. 0010)

Net liquidity outflow:

Q1, Q2 and Q3: corep_lcr_da_ind C 76.00.a – Liquidity coverage – calculations (l. 0020, c. 0010)

Since 31 December 2022: corep_lcr_da C 76.00.a – Liquidity coverage – calculations (l. 0020, c. 0010)

In the case of a liquidity sub-group, the indicator value is set as described above for the sub-group as a whole and is applied to the individual sub-group members.

Indicator No. 3b:

$$\text{Net stable funding ratio (NSFR)} = \frac{\text{Available stable funding}}{\text{Required stable funding}} \cdot 100$$

(the resulting indicator value is set as the ratio of the average values at the end of Q1, Q2, Q3 and Q4 of the previous calendar year*; in %, to two decimal places)

9.0%

3.0%

12.0%

**Decreasing
function
a = 150
b = 100**

Note:

Data on an individual basis pursuant to Article 428b of Regulation of the European Parliament and of the Council (EU) No. 575/2013 as amended by Regulation 2019/876 (CRR2) reported in line with Regulation (EU) 2021/451, as amended:

Available stable funding:

Q1, Q2 and Q3: Corep-nsfr-ind C_84.00.a – NSFR summary (I) – available stable funding (l. 0120, c. 0030)

(note: the figure also includes available stable funding from derivatives)

Since 31 December 2022: Corep-nsfr C_84.00.d – NSFR summary (IV) – available stable funding, total (l. 0120, c. 0030)

Required stable funding:

Q1, Q2 and Q3: sum of data Corep-nsfr-ind C_84.00.a – NSFR summary (I) – required stable funding (l. 0010, c. 0020) and C 84.00.b NSFR summary (II) – RSF from derivatives (l. 0080, c. 0020)

Since 31 December 2022: Corep-nsfr C_84.00.c – NSFR summary (III) – required stable funding, total (l. 0010, c. 0020)

In the case of a liquidity sub-group, the indicator value is set as described above for the sub-group as a whole and is applied to the individual sub-group members.

Asset quality	13.0%	5.0%	18.0%	
<p>Indicator No. 4:</p> $\text{NPL ratio} = \frac{\text{Non-performing loans and receivables}}{\text{Total loans and receivables}} \cdot 100$ <p>(the resulting indicator value is set as the ratio of the average values at the end of Q1, Q2, Q3 and Q4 of the previous calendar year*; in %, to two decimal places)</p>	13.0%	5.0%	18.0%	<p>Increasing function a = 10 b = 1</p>
<p>Note:</p> <p><i>Data on an individual basis are applied:</i></p> <p><i>Non-performing loans and receivables:</i></p> <p><i>Q1, Q2 and Q3: finrep9_ind_ifrs F_18.00.a – Performing and non-performing exposures (I) (l.0090 c. 0060)+(l.0120 c. 0060)+(l. 0150 c. 0060)+(l. 0193 c. 0060)+(l. 0196 c. 0060)+(l. 0197 c. 0060)+(l. 0223 c. 0060)+(l. 0226 c. 0060)+(l. 0227 c. 0060)</i></p> <p><i>Since 31 December 2022: finrep9 F_18.00.a – Performing and non-performing exposures (I) (l.0090 c. 0060)+(l.0120 c. 0060)+(l. 0150 c. 0060)+(l. 0193 c. 0060)+(l. 0196 c. 0060)+(l. 0197 c. 0060)+(l. 0223 c. 0060)+(l. 0226 c. 0060)+(l. 0227 c. 0060)</i></p> <p><i>Total loans and receivables:</i></p> <p><i>Q1, Q2 and Q3: finrep9_ind_ifrs F_18.00.a – Performing and non-performing exposures (I) (l.0090 c. 0010)+(l.0120 c. 0010)+(l.0150 c. 0010)+(l.0193 c. 0010)+(l.0196 c. 0010)+(l.0197 c. 0010)+(l.0223 c. 0010)+(l.0226 c. 0010)+(l.0227 c. 0010)</i></p> <p><i>Since 31 December 2022: finrep9 F_18.00.a – Performing and non-performing exposures (I) (l.0090 c. 0010)+(l.0120 c. 0010)+(l.0150 c. 0010)+(l.0193 c. 0010)+(l.0196 c. 0010)+(l.0197 c. 0010)+(l.0223 c. 0010)+(l.0226 c. 0010)+(l.0227 c. 0010)</i></p> <p><i>The ratio is set as a ratio of non-performing and total loans and receivables from general government, non-financial corporations and households (gross) for financial assets at amortised cost, financial assets at fair value through OCI and financial assets other than for trading designated at fair value through profit/loss, and financial assets at fair value through profit and loss.</i></p> <p><i>If these loans and receivables comprise only receivables from payment services, the arithmetic mean of the values of the indicators of all other credit institutions and branches of banks from a non-Member State determined in accordance with the above formula in the given calendar year is applied to set the value of the indicator.</i></p>				

Business model and management	13.0%	4.0%	17.0%	
<p>Indicator No. 5:</p> $\text{Risk exposure ratio} = \frac{\text{Total Risk Exposures}}{\text{Total Assets}} \cdot 100$ <p>(the resulting indicator value is set as the ratio of the average values at the end of Q1, Q2, Q3 and Q4 of the previous calendar year*; in %, to two decimal places)</p>	6.5%	2.0%	8.5%	<p>Increasing function a = 100 b = 30</p>
<p>Note: Data on an individual basis are applied: Total risk exposures (total volume of the risk exposure): corep_of_ind C 02.00 – Capital requirements (l. 0010 c.0010) Total assets: Q1, Q2 and Q3: finrep9_ind_ifrs F 01.01 – Balance sheet: assets (l. 0380 c. 0010) Since 31 December 2022: finrep9 F 01.01 – Balance sheet: assets (l. 0380 c. 0010)</p>				
<p>Indicator No. 6:</p> $\text{Return on assets (RoA)} = \frac{\text{Profit (loss) after tax}}{\text{Total Assets}} \cdot 100$ <p>(the resulting indicator value is set as the ratio of the average value of profit as of 31 December for the previous two calendar years** to the average value of assets as of the end of Q1, Q2, Q3 and Q4 for the previous two calendar years***; in %, to two decimal places)</p>	6.5%	2.0%	8.5%	<p>Decreasing function a = 1.5 b = 0</p>
<p>Note: Data on an individual basis are applied: Profit (loss) after tax: Q1, Q2 and Q3: finrep9_ind_ifrs F 02.00 – Profit and loss statement (l. 0670 c. 0010) Since 31 December 2022: finrep9 F 02.00 – Profit and loss statement (l. 0670 c. 0010) Total assets: Q1, Q2 and Q3: finrep9_ind_ifrs F 01.01 – Balance sheet: assets (l. 0380 c. 0010) Since 31 December 2022: finrep9 F 01.01 – Balance sheet: assets (l. 0380 c. 0010)</p>				

Potential losses for the DGS	13.0%	4.0%	17.0%	
Indicator No. 7: Non-encumbrance of assets = $\frac{\text{Unencumbered Assets}}{\text{Covered Deposits}} \cdot 100$ (the resulting indicator value is set as the ratio of the average values at the end of Q1, Q2, Q3 and Q4 of the previous calendar year*; in %, to two decimal places)	13.0%	4.0%	17.0%	Decreasing function a = 500 b = 50
Note: Calculation for a bank and a branch of a bank from a non-Member State: <i>Unencumbered assets: ae_ind F_32.01 – Assets of the reporting institution (l. 010 c. 060)</i> <i>Covered deposits: DISIFE24, DIS24_01 – Insured client deposits (l. 1 c. 2)</i> Calculation for a credit union: <i>Unencumbered assets: ae_ind F_32.01 – Assets of the reporting institution (l. 010 c. 060)</i> <i>Covered deposits: DOZAS24, DIS24_01 – Insured client deposits (l. 1 c. 2)</i>				
Total (for all indicators)	75.0%	25.0%	100.0%	

* If a credit institution merged or demerged in the previous calendar year or later before the amount of the contribution was set, the average value is set as a quarter of the sum of values reported by all entities participating in the conversion (i.e. dissolved and successor credit institutions and branches of a bank from a non-Member State) at the end of Q1, Q2, Q3 and Q4 of the previous calendar year.

** If a credit institution merged or demerged in the previous calendar year or later before the amount of the contribution was set, the average value is set as half of the sum of values reported by all entities participating in the conversion (i.e. dissolved and successor credit institutions and branches of a bank from a non-Member State) as of 31 December for the previous two calendar years.

*** If a credit institution merged or demerged in the previous calendar year or later before the amount of the contribution was set, the average value is set as one-eighth of the sum of values reported by all entities participating in the conversion (i.e. dissolved and successor credit institutions and branches of a bank from a non-Member State) at the end of Q1, Q2, Q3 and Q4 for the previous two calendar years.

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