

Content of question:

How shall a liable entity proceed in disclosing comparable information on capital requirements pursuant to Article 208, 3 of the Decree in case it determined capital requirements pursuant to Annex 32 to the Decree (in accordance with Basel I) in the previous periods? Are data on capital requirements calculated in accordance with "Basel I" and data on capital requirements calculated in accordance with "Basel II" deemed "comparable"? Or, must the liable entity recalculate the data for the period it used "Basel I" according to the methodology of "Basel II"?

Answered by: Jitka Svobodová

Approved by: Pavel Vacek

Date: 25 February 2008

Piece of law	Decree No. 123/2007 Coll.
Provision	Article 208, 3 and Article 232
Explanation	<p>A liable entity which stipulated capital requirements pursuant to Annex 32 to the Decree (Basel I) shall state thus determined capital requirements as comparable data in disclosing information on capital requirements as at the record date.</p> <p>The liable entity does not recalculate the capital requirements for the previous periods through the approach used as at the record date. This is relevant, for example, to the following situations:</p> <ul style="list-style-type: none">- the liable entity calculated the capital requirement for credit risk pursuant to Annex 32 to the Decree in the previous periods and uses the Standardised Approach or the IRB Approach as at the record date,- the liable entity used the Standardised Approach in calculating the capital requirement for market risk in the previous periods and uses an approach based on internal models (VaR) as at the record date,- the liable entity used the Standardised Approach in calculating the capital requirement for operational risk in the previous periods and uses the AMA Approach as at the record date. <p>Neither does the liable entity recalculate the capital requirements for the previous periods in case it used different methods within the same approach. This is relevant, for example, to the following situations:</p> <ul style="list-style-type: none">- the liable entity used the Financial Collateral Simple Method for the recognition of financial collateral in calculating the capital requirement for credit risk in the previous periods and uses the Financial Collateral Comprehensive Method as at the record date,- the liable entity used the IRB Approach without own estimates of LGDs or conversion factors in calculating the capital requirement for credit risk in the previous periods and uses own estimates of these

	values as at the record date.
--	-------------------------------