

Template for notifying the intended use of a systemic risk buffer (SRB)

Please send this template to

- notifications@esrb.europa.eu when notifying the ESRB;
- macropru.notifications@ecb.europa.eu when notifying the ECB;
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1. Notifying national authority and scope of the notification																																											
1.1 Name of the notifying authority	Austrian Financial Market Authority																																										
1.2 Type of measure intended (also for reviews of existing measures)	<ul style="list-style-type: none"> - Activate a new SRB - Maintain an existing SRB 																																										
2. Description of the notified measure																																											
2.1 Institutions covered by the intended SRB	On consolidated basis:																																										
	<table border="1"> <thead> <tr> <th>Institution</th> <th>Basis</th> <th>LEI</th> </tr> </thead> <tbody> <tr> <td>Erste Group Bank AG</td> <td>consolidated</td> <td>PQOH26KWDF7CG10L6792</td> </tr> <tr> <td>Raiffeisen Bank International AG</td> <td>consolidated</td> <td>9ZHRYM6F437SQJ6OUG95</td> </tr> <tr> <td>UniCredit Bank Austria AG</td> <td>consolidated</td> <td>D1HEB8VEU6D9M8ZUXG17</td> </tr> <tr> <td>Raiffeisenlandesbank Oberösterreich Aktiengesellschaft</td> <td>consolidated</td> <td>I6SS27Q1Q3385V753S50</td> </tr> <tr> <td>RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung</td> <td>consolidated</td> <td>529900GPOO9ISPD1EE83</td> </tr> <tr> <td>BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft</td> <td>consolidated</td> <td>529900ICA8XQYGIKR372</td> </tr> <tr> <td>Volksbanken Verbund</td> <td>consolidated</td> <td>529900D4CD6DIB3CI904</td> </tr> <tr> <td>HYPO NOE Landesbank für Niederösterreich und Wien AG</td> <td>consolidated</td> <td>5493007BWYDPQZLZ0Y27</td> </tr> <tr> <td>Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft</td> <td>consolidated</td> <td>NS54DT27LJMDYN1YFP35</td> </tr> <tr> <td>HYPO TIROL BANK AG</td> <td>consolidated</td> <td>0W5QHUNYV4W7GJO62R27</td> </tr> <tr> <td>Oberösterreichische Landesbank Aktiengesellschaft</td> <td>consolidated</td> <td>529900BI5KIGX6YLY375</td> </tr> <tr> <td>Sberbank Europe AG</td> <td>consolidated</td> <td>529900IZ8TASAYR3A694</td> </tr> <tr> <td>DenizBank AG</td> <td>consolidated</td> <td>529900ZVK4VTIS0TOT43</td> </tr> </tbody> </table>	Institution	Basis	LEI	Erste Group Bank AG	consolidated	PQOH26KWDF7CG10L6792	Raiffeisen Bank International AG	consolidated	9ZHRYM6F437SQJ6OUG95	UniCredit Bank Austria AG	consolidated	D1HEB8VEU6D9M8ZUXG17	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	consolidated	I6SS27Q1Q3385V753S50	RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung	consolidated	529900GPOO9ISPD1EE83	BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft	consolidated	529900ICA8XQYGIKR372	Volksbanken Verbund	consolidated	529900D4CD6DIB3CI904	HYPO NOE Landesbank für Niederösterreich und Wien AG	consolidated	5493007BWYDPQZLZ0Y27	Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft	consolidated	NS54DT27LJMDYN1YFP35	HYPO TIROL BANK AG	consolidated	0W5QHUNYV4W7GJO62R27	Oberösterreichische Landesbank Aktiengesellschaft	consolidated	529900BI5KIGX6YLY375	Sberbank Europe AG	consolidated	529900IZ8TASAYR3A694	DenizBank AG	consolidated	529900ZVK4VTIS0TOT43
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On individual basis:

Institution	Basis	LEI
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Based on the characteristics of the Austrian banking system, two main risk channels have been identified for the Austrian banking system: (1) systemic vulnerability and (2) systemic cluster risk.

The following indicators have been taken into account for the identification of the consolidated institutions in Austria:

1) Regarding the component systemic vulnerability (SRB of 1 %):

- Deposits secured DGS > 5 % of total secured deposits in AT and
- Total assets institution > 2 % of Total Assets Banking Sector and
- Exposure / Position in the AT banking network > 1 %

OR

- Public ownership
 - Public ownership > 50 % and
 - Total assets > 0,5 %

2) Regarding the component systemic cluster risk (SRB of 1 %):

- CESEE Exposure / Banks' Total Assets > 30 % and
- Bank-CESEE Exposure / AT-CESEE-Exposure > 2 % and
- Vulnerability vis-à-vis CESEE (long-term structural risk of a country weighted by the ultimate risk of a bank in the respective country, cross-correlation of CDS-country-spreads) > 3 %

The following indicators have been taken into account for the identification of the institutions on an individual basis:

1) Regarding the component systemic vulnerability (SRB of 1 %):

- Total assets institution > 2 % of Total Assets Banking Sector and
- Exposure / Position in the AT banking network > 1 %

2) Regarding the component systemic cluster risk (SRB of 1 %):

- CESEE Exposure / Banks' Total Assets > 15 % and
- Bank-CESEE Exposure / AT-CESEE-Exposure > 1.5 % and
- Vulnerability vis-à-vis CESEE (long-term structural risk of a country weighted by the ultimate risk of a bank in the respective country, cross-correlation of CDS-country-spreads) > 2 %

2.2 Buffer rate (Article 133(11)(f) of the CRD)	List of identified institutions (consolidated)			
		01.01.2018	01.01.2019	01.01.2020
	Erste Group Bank AG	1,00%	2,00%	2,00%
	Raiffeisen Bank International AG	1,00%	2,00%	2,00%
	UniCredit Bank Austria AG	1,00%	2,00%	2,00%
	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	1,00%	1,00%	1,00%
	RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung	1,00%	1,00%	1,00%
	BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft	1,00%	1,00%	1,00%
	Volksbanken Verbund	0,25%	0,50%	1,00%
	HYPO NOE Landesbank für Niederösterreich und Wien AG	1,00%	1,00%	1,00%
	Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft	1,00%	1,00%	1,00%
	HYPO TIROL BANK AG	1,00%	1,00%	1,00%
	Oberösterreichische Landesbank Aktiengesellschaft	1,00%	1,00%	1,00%
	Sberbank Europe AG	1,00%	1,00%	1,00%
	DenizBank AG	1,00%	1,00%	1,00%
		List of identified institutions (unconsolidated)		
		01.01.2018	01.01.2019	01.01.2020
	Erste Group Bank AG	1,00%	2,00%	2,00%
	Raiffeisen Bank International AG	1,00%	2,00%	2,00%
UniCredit Bank Austria AG	1,00%	1,00%	1,00%	
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	1,00%	1,00%	1,00%	
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Sberbank Europe AG	1,00%	1,00%	1,00%	
DenizBank AG	1,00%	1,00%	1,00%	
2.3 Exposures covered by the SRB	- All exposures.			
3. Timing of the measure				

3.1 Timing of the Decision	04.12.2017
3.2 Timing of the Publication	December 2017
3.3 Disclosure	The Capital Buffer Regulation will be published in the Federal Law Gazette and on the FMA website (including explanatory notes).
3.4 Timing of Application	01.01.2018
3.5 Phasing in	See 2.2.
3.6 Review/deactivation of the measure	<p>Given that systemic risks may manifest themselves both at the consolidated and the unconsolidated level and that - in particular within cross-border banking groups - capital allocation in crisis situations would not be flexible, the Austrian Financial Market Stability Board (FMSB) recommended that the SRB shall be activated also at the unconsolidated level, namely for seven credit institutions. Additionally, compared to the FMSB recommendation of 2015, two credit institutions have been added to the list of banks that are subjected to an SRB also on a consolidated basis.</p> <p>The overall SRB review will be completed by the end of the first half of 2018.</p>
4. Reasons for the intended SRB	
4.1 Description of the long-term non-cyclical systemic risk in your Member State (Article 133(11)a of the CRD)	<p>Since the SRB was activated on January 1, 2016, structural systemic risks have decreased; in particular as Austrian banks both improved their capitalization (without scaling back lending in Austria) and downsized their foreign business, which has resulted in a decrease in the overall size of the Austrian banking sector. Risk-mitigating factors notwithstanding, the structural systemic risk in the Austrian banking sector continues to be elevated. Central risks for the Austrian banking system emanate above all from</p> <ul style="list-style-type: none"> • Size of the Austrian banking sector in relation to the Austrian economy • the still substantial exposures to emerging markets in Europe • banks' specific ownership structures, which would not fully ensure the adequate recapitalization of banks in the event of a crisis.
4.2 Reasons why the dimension of the long-term non-cyclical systemic risk threatens the stability of the financial system in your Member State (Article 133(11)(b) of the CRD)	<p>The systemic risk buffer is intended to mitigate the vulnerability of the banking sector against risks emanating from the financial system as a whole or a part thereof by holding additional own funds in order to increase the loss-absorbing capacity and thus the resilience of the banking sector. The SRB will be applicable for those institutions that are most vulnerable to the identified systemic risks and described above under 2.1. This is intended to reduce the risk in the future of a severe disruption to the financial system as a result of systemic or macroprudential risks with potential negative effects to the real economy.</p>
4.3 Indicators used for the activation of the measure	See 2.1.

<p>4.4 Effectiveness and proportionality of the measure</p> <p>(Article 133(11)(c) of the CRD)</p>	<p>The SRB aims to increase the risk-bearing capacity of the Austrian banking system and, in a medium- and long-term perspective, to minimize risks to the Austrian banking system.</p> <p>The additional SRB-related capital requirement for the upcoming years does not, according to the impact assessment conducted by OeNB, result in any meaningful short- and medium-term impact on GDP growth, even though the OeNB assumes conservatively that banks will fully transfer the costs of holding additional CET1 to retail and corporate lending customers .</p>
<p>4.5 Justification of inadequacy of existing measures in the CRD or in the CRR, excluding Articles 458 and 459 of the CRR, to address the identified risks</p> <p>(Article 133(11)(e) of the CRD)</p>	<p>O-SII Buffer: Addresses risks stemming from banks that in the event of their failure present a significant risk for the stability of the financial system.</p> <p>Pillar 2: Within the SSM the Pillar 2 framework does not foresee to address structural systemic risks</p>
<p>5. Cross-border and cross-sector impact of the measure</p>	
<p>5.1 Assessment of cross-border effects and the likely impact on the internal market</p> <p>(Article 133(11)(d) of the CRD and Recommendation ESRB/2015/2)</p>	<p>In line with the findings on the economic impact of the SRB at the national level, cross-border effects are expected to be marginally positive.</p> <p>The exposure in CESEE is of particular importance as it is very large both in relation to the total assets of Austrian banks and in relation to the size of the target markets. It is not expected that the application of the SRB on the consolidated basis will result in higher capital requirements on subsidiary level in the individual countries.</p>
<p>5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</p>	<p>N/A</p>
<p>5.3 Reciprocation by other Member States</p> <p>(Article 134(4) of the CRD and Recommendation ESRB/2015/2)</p>	<p>No.</p>
<p>6. Combination of the SRB with other buffers</p>	
<p>6.1 Combination with G-SII and/or O-SII buffers</p> <p>(Article 133(4) and (5) of the CRD)</p>	<p>Other systemically important institutions (O-SII) have also be identified and respective buffers will be assigned to them; these O-SII buffers will be lower than, or equal to, the SRB for all Austrian banks. Given that both buffers are based on the principle of subsidiarity, the O-SII buffer will not affect any of the identified institutions.</p>
<p>6.2 Other relevant information</p>	<p>-</p>

7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Roland Salomon (roland.salomon@fma.gv.at) Lucas Grafl (lucas.grafl@fma.gv.at) Alexander Gruber (alexander.gruber@fma.gv.at)
7.2 Any other relevant information	-