

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;
- 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 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)	- Adjust and/or Maintain an existing SRB		
2. Description of the notified measure			
2.1 Institutions covered by the intended SRB	<u>On consolidated basis:</u>		
	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	529900SXEWPJ1MRRX537
	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	529900BI5KIGX6YLX375

	<u>On individual basis:</u> <table><tr><th>Institution</th><th>Basis</th><th>LEI</th></tr><tr><td>Erste Group Bank AG</td><td>individual basis</td><td>PQOH26KWDF7CG10L6792</td></tr><tr><td>Raiffeisen Bank International AG</td><td>individual basis</td><td>9ZHRYM6F437SQJ6OUG95</td></tr><tr><td>UniCredit Bank Austria AG</td><td>individual basis</td><td>D1HEB8VEU6D9M8ZUXG17</td></tr><tr><td>Raiffeisenlandesbank Oberösterreich Aktiengesellschaft</td><td>individual basis</td><td>I6SS27Q1Q3385V753S50</td></tr><tr><td>Raiffeisenlandesbank Niederösterreich-Wien AG</td><td>individual basis</td><td>529900GPOO9ISPD1EE83</td></tr></table> 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 (SyRB of 1 %; SyRB of 0,75% in the case of public ownership): • 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 (SyRB of 0,5 %): • 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 (SyRB 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 (SyRB of 0,5 %): • 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 %	Institution	Basis	LEI	Erste Group Bank AG	individual basis	PQOH26KWDF7CG10L6792	Raiffeisen Bank International AG	individual basis	9ZHRYM6F437SQJ6OUG95	UniCredit Bank Austria AG	individual basis	D1HEB8VEU6D9M8ZUXG17	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	individual basis	I6SS27Q1Q3385V753S50	Raiffeisenlandesbank Niederösterreich-Wien AG	individual basis	529900GPOO9ISPD1EE83
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2.2 Buffer rate (Article 133(11)(f) of the CRD)																			

	List of identified institutions (consolidated)		
	29.12.2020 **.06.2021		
	Erste Group Bank AG	2,00%	1,00%
	Raiffeisen Bank International AG	2,00%	1,00%
	UniCredit Bank Austria AG	2,00%	1,00%
	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	1,00%	0,50%
	RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung	1,00%	0,50%
	BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft	1,00%	0,50%
	Volksbank Wien AG (gem. § 30a BWG für den Volksbanken Verbund)	1,00%	0,50%
	HYPO NOE Landesbank für Niederösterreich und Wien AG	0,50%	0,50%
	Hypo Vorarlberg Bank AG	0,50%	0,50%
	HYPO TIROL BANK AG	0,50%	0,50%
	Oberösterreichische Landesbank Aktiengesellschaft	0,50%	0,50%
		List of identified institutions (unconsolidated)	
29.12.2020 **.06.2021			
Erste Group Bank AG		2,00%	1,00%
Raiffeisen Bank International AG		2,00%	1,00%
UniCredit Bank Austria AG		1,00%	0,50%
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft		1,00%	0,50%
Raiffeisenlandesbank Niederösterreich-Wien AG*		1,00%	0,50%
*Has been addressed so far to RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung			
2.3 Exposures covered by the SRB	- All exposures.		
3. Timing of the measure			
3.1 Timing of the Decision	01.06.2021		
3.2 Timing of the Publication	The expected date of publication will be in June 2021. The exact date has not yet been set. This depends on the development of the parliamentary procedure for the implementation of CRD V into Austrian law.		
3.3 Disclosure	The amended Capital Buffer Regulation will be published in the Federal Law Gazette and on the FMA website.		

3.4 Timing of Application	The expected date of application will be in June 2021. The exact date has not yet been set. This depends on the development of the parliamentary procedure for the implementation of CRD V into Austrian law.
3.5 Phasing in	See 2.2.
3.6 Review/deactivation of the measure	So far, in Austria the higher of the respective systemic risk buffer and O-SII buffer has been applied. CRD V, which is scheduled for implementation in June 2021, provides for the addition of the systemic risk buffer (Art 133 CRD V) and O-SII buffer (Art 131 CRD V). It should be noted that the optimal implementation of CRD V in the sense of a complete recalibration in the current environment is not feasible due to the high uncertainty about the further course of the crisis. In order to prevent an increase in the effective buffer requirements merely due to the formal-legal changes, the new additivity of SyRB and O-SII buffers is taken into account accordingly when setting the systemic risk buffer. Therefore, based on a comprehensive assessment, a SyRB of up to 1% of risk-weighted assets in common equity tier 1 (CET1) should be maintained. Keeping the combined buffer constant is justified because the structural risks for the Austrian banking system have largely remained unchanged since the assessment done in 2019. Given that systemic risks may manifest themselves both on the consolidated and the unconsolidated level and that, in particular within cross-border banking groups, capital allocation in crises would not be flexible, the SyRB will be maintained also on the unconsolidated level. For the "Hypothekenbanken" which are mortgage banks with guarantees from the federal states resulting from public ownership, the buffer has already been reduced applicable from 29.12.2020 due to the substantial decrease of the amount of the public guarantees for these banks. So in case one of these banks faces solvency problems and the public guarantees must be drawn, the guaranteed amount is now much lower than until 2018 and therefore the burden for the federal states as guarantors and thus the systemic risk is lower, which justified the reduction in the SyRB. Therefore, for the four Hypothekenbanken (HYPO NOE, Hypo Vorarlberg, Hypo Tirol and Oberösterreichische Landesbank) the SyRB has been reduced from 1% to 0.5%. This assessment remains unchanged.
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)	Since it was first implemented on January 1 2016, the SyRB has been effective in reducing long-term systemic structural risks and strengthening banks' resilience to these risks by improving their capitalization. The SyRB provides for additional capital that banks can use to absorb losses in the event of a crisis. 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 • low structural profitability; • the large size of the Austrian banking system with its high level of exposure to emerging markets in Europe; • comparably low, though substantially improved, capitalization; and • 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	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 SyRB 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 future risk of a severe disruption to the financial system as a result of systemic or macroprudential risks with potential negative effects to the

financial system in your Member State (Article 133(11)(b) of the CRD)	real economy.
4.3 Indicators used for the activation of the measure	See 2.1.
4.4 Effectiveness and proportionality of the measure (Article 133(11)(c) of the CRD)	The SyRB aims at increasing 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. According to the quantitative analysis conducted by OeNB per year-end 2020, all banks should be able to meet the suggested change in capital requirements (total capital requirement and MDA trigger) at the unconsolidated and consolidated level. Therefore, no macroeconomic costs would occur. The OeNB analysis considers several scenarios: (1) applying banks' capital plans for the coming years while assuming that banks will retain planned dividends, (2) applying at that point in time most recent reporting data per year-end 2019 and (3) considering internal OeNB estimations of the impact of the COVID-19 pandemic on banks' CET1 ratios until 2022. Even under the conservative assumption employed in the impact assessment that banks will fully transfer the costs of holding additional CET1 on to borrowers the economic impact would be small.
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 (Article 133(11)(e) of the CRD)	O-SII Buffer: Addresses risks stemming from banks, which in the event of their failure present a significant risk for the stability of the financial system and therefore does not address other structural, systemic risks. Countercyclical capital buffer: Due to its limited scope and focus on cyclical risks, the countercyclical capital buffer is not suitable to address structural systemic risks. Pillar 2: The SSM Pillar 2 framework does not foresee addressing structural systemic risks.
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 (Article 133(11)(d) of the CRD and Recommendation ESRB/2015/2)	In line with the findings regarding the economic impact of the SyRB at the national level, no significant cross-border effects are expected as banks have no capital needs to fulfil the SyRB requirement. 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 respective foreign markets. It is not expected that the application of the SyRB on a consolidated basis will result in higher capital requirements on a subsidiary level in the individual countries.
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	N/A

5.3 Reciprocity by other Member States (Article 134(4) of the CRD and Recommendation ESRB/2015/2)	No.
6. Combination of the SRB with other buffers	
6.1 Combination with G-SII and/or O-SII buffers (Article 133(4) and (5) of the CRD)	Other systemically important institutions (O-SII) have also been identified and respective buffers will be assigned to them. These O-SII buffers will be lower than, or equal to, the SyRB for all Austrian banks, with the exception of Erste Bank der oesterreichischen Sparkassen AG and BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft on an individual basis, where no SyRB will be implemented.
6.2 Other relevant information	-
7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Ursula Hauser-Rethaller (ursula.hauser-rethaller@fma.gv.at) Lucas Grafl (lucas.grafl@fma.gv.at) Simon Smrechnik (simon.smrechnik@fma.gv.at)
7.2 Any other relevant information	The NCA will forward the information regarding the precise date of application/publication of the Capital Buffer Regulation in line with the implementation of CRD V into Austrian law which is scheduled for in June 2021, as soon as available.