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

1. Notifying national authority (If several designated authorities, please mention all of them)	
1.1 Name of the notifying authority	**Austrian Financial Market Authority (FMA)**
2. Buffer levels and the institutions to which they apply	
2.1 Type of measure intended (also for reviews of existing measures)	Activate a new SRB
2.2 Buffer level	Pending final implementation of the Capital Buffer Regulation, the SRB applicable to institutions directly supervised by the ECB will amount to 0.25% at the time the SRB enters into force on January 1, 2016. Up until the point when the **targeted SRB value of 2%** is reached, the SRB will be doubled at an annual interval. In other words, the SRB is scheduled to amount to 0.5% on January 1, 2017, to 1.0% on January 1, 2018, and, finally, for institutions that are exposed to both systemic vulnerability and systemic cluster risk, to 2% on January 1, 2019. There is no need for a phase-in for institutions **not directly supervised** by the ECB. For those institutions the SRB **will be set at 1 %** from January 1, 2016.
2.3 Institutions covered by the intended SRB	The capital buffer requirement for the systemic risk buffer shall be identified on a **consolidated basis**, and shall be calculated by multiplying the total amount of the respective rates (see below) by the respective **total risk exposure** calculated in accordance with Art. 92 para. 3 of Council Regulation (EU) No. 575/2013.

	Applicable systemic risk buffer			
	01.01.2016	**01.01.2017**	**01.01.2018**	**01.01.2019**
	% of risk weighted assets			
Erste Group Bank	0.25%	0.50%	1.00%	2.00%
Raiffeisen Zentralbank	0.25%	0.50%	1.00%	2.00%
Raiffeisen Bank International	0.25%	0.50%	1.00%	2.00%
UniCredit Bank Austria	0.25%	0.50%	1.00%	2.00%
Raiffeisenlandesbank Oberösterreich	0.25%	0.50%	1.00%	1.00%
Raiffeisenlandesbank Niederösterreich-Wien	0.25%	0.50%	1.00%	1.00%
BAWAG P.S.K.	0.25%	0.50%	1.00%	1.00%
Hypo NOE Gruppe Bank	1.00%	1.00%	1.00%	1.00%
Vorarlberger Landes– und Hypothekenbank	1.00%	1.00%	1.00%	1.00%
Hypo Tirol Bank	1.00%	1.00%	1.00%	1.00%
Oberösterreichische Landesbank	1.00%	1.00%	1.00%	1.00%
Sberbank	0.25%	0.50%	1.00%	1.00%

3. Reasons for the intended SRB	
3.1 Description of the structural systemic risk **(Article 133(1) of the CRD)**	• The Austrian banking sector is large in relation to the Austrian economy. • It is highly exposed to emerging markets. • It is insufficiently prepared for the reduction / removal of the implicit government guarantee. • It is undercapitalized in relation to its European peers. • It has a very specific ownership structure (high share of nonstock companies) that renders recapitalisation difficult in times of crisis. Based on these risk-amplifying characteristics two main risk channels have been identified for the Austrian banking system: (1) **systemic vulnerability** and (2) **systemic cluster risk**.
3.2 Analysis of the potential to have serious negative consequences for the financial system and the real economy in your Member State	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 below under 3.3.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.

3.3 Indicators used for activation of the measure	The following indicators have been taken into account for the identification of the institutions:
	
	Regarding the component <u>systemic vulnerability</u>:
	• Deposits secured DGS > 5 % of total secured deposits in AT
	• Total assets > 2 %
	• Exposure / Position in the AT banking network
	• Public ownership
	  o Public ownership > 50 %
	  o Total assets > 0,5 %
	
	Regarding the component <u>systemic cluster risk</u>:
	• CESEE Exposure / Banks' Total Assets > 30 %
	• Bank-CESEE Exposure / AT-CESEE-Exposure > 3 %
	• 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) > 10 %

3.4 Justification of the scope of the SRB	The activation of the SRB is considered an effective and suitable macroprudential tool as the SRB is the only macroprudential instrument that addresses the identified risks in a proportional manner and provides an incentive to reduce them. Other systemically important institutions (O-SII) will 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 result in additional own funds requirements for any

	of the identified institutions.
3.5 Suitability, effectiveness and proportionality of the measure	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. The additional SRB-related capital requirement for 2017 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.
3.6 Assessment of the likely impact on the internal market	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.
4. Combination of the SRB with other buffers and timing of the measure	
4.1 Combination with G-SII buffers (Article 133(4) and (5) of the CRD)	N/A
4.2 Combination with O-SII buffers (Article 133 (4) and (5) of the CRD)	N/A Other systemically important institutions (O-SII) will 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.
4.3 Combined buffer requirement (Article 133(6) and Article 133(7) of the CRD)	N/A
4.4 Timing of the measure	01.01.2016
4.5 Review of the measure	The SRB will be re-evaluated by the FMSB and FMA on an annual basis on the basis of an analysis by OeNB.

5. Miscellaneous	
5.1 Publication **(Article 133(16) of the CRD)**	The Capital Buffer Regulation will be published in the Federal Law Gazette and on the FMA website (including explanatory notes).
5.2 Contact person(s) at notifying authority	Roland Salomon (0043-1-249591116, roland.salomon@fma.gv.at) Thomas Stern (0043-1-249591112, thomas.stern@fma.gv.at) Philipp Hochreiter (0043-1-249594114, philipp.hochreiter@fma.gv.at)
5.3 Any other relevant information	-