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BASEL III implementation in AUSTRIA

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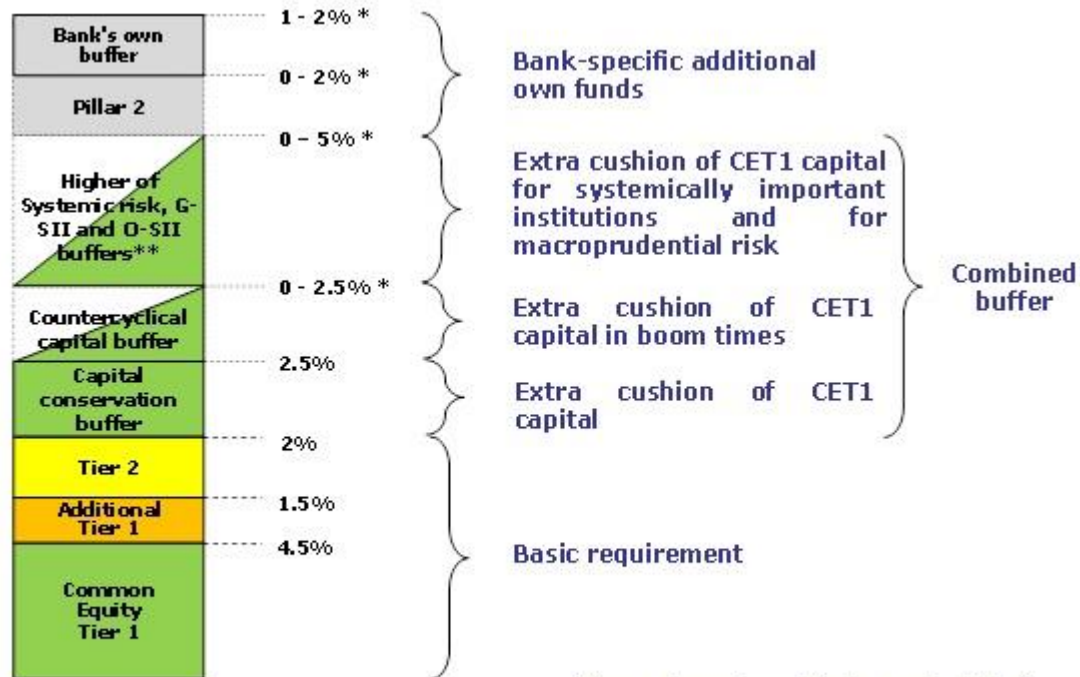


BASEL III framework

- Austria is a member of the EU → „CRD 4 package“ is applicable
 - Directive No. 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms („Capital Requirements Directive“)
 - Regulation No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms („Capital Requirements Regulation“)
- CRR applicable directly as of 1 January 2014
- CRD transposed into Austrian law by the the Amendment Law to the Austrian Banking Act and other related banking laws, Federal Gazette No. I 184/2013, which entered into force on 1 January 2014
- Gradual phase in of full framework



Minimum Capital Requirements in Austria



* Assumed upper bounds (values can be higher)
 ** In certain cases can be the sum of SII and systemic risk buffer.

European Commission
 MEMO/13/690, 16 July 2013



Largest Banks in Austria

Bank	balance sheet 2013	Tier 1 Ratio
Erste Group Bank AG	EUR 201.5 billion	11.4%
Unicredit Bank Austria AG	EUR 177.8 billion	11%
RZB Österreich AG	EUR 147.3 billion	12.6%
Raiffeisenlandesbank Oberösterreich AG	EUR 37.4 billion	9.8%
BAWAG PSK	EUR 36.4 billion	15.3%
Raiffeisen Holding W-NÖ	EUR 30.7 billion	13.3%
Österreichische Volksbanken AG	EUR 20.9 billion	14.1%
Sberbank Europe AG	EUR 11.4 billion	9.5%
VTB Bank (Austria) AG	EUR 5.5 billion	9.8%



Implementation of Basel III

- Austrian banks have achieved the new Basel III Tier 1 Ratios earlier than required
- However,
 - there is still uncertainty as to the required buffers and whether they can be achieved, which is causing some nervousness amongst the banks
 - low margins and interest rates and therefore equity is building up slowly
 - Banks with CEE exposure expected to have to build up higher buffers
 - Changes in the financing landscape - smaller tranches will be financed through traditional debt financing means



Systemically important institutions

The Austrian Financial Market Institution is required to publish (Art 69b BWG) certain information, such as

- a list of globally systemically important institutions (Art 23b BWG) and
 - a list of other systemically important institutions (Art 23c BWG)
- publications not yet available
- currently stress test of largest Austrian banks performed



Expected Effect of Basel III (CRD IV)

- banks are still uncertain as to their total capital requirements
- loans are expected to get more expensive
- alternative means of funding will play a larger role in commercial financing (e.g. bonds, crowd funding, alternative investments, possibly mezzanine capital)
- possible effect on competitiveness between banks of different jurisdictions with different requirements



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- Master of Laws (LLM) in 'International Banking & Finance' at University College London (UCL), Great Britain (2009)
- Attorney at Law/Associate in renowned international business law firms in Austria, England and Poland (2003-2011)
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- Main Practice Areas
 - Banking & Finance Law
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