

DEPARTMENT Banking Supervision

File No FMA-KI30 0100/0008-SYS/2009

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Österreichische Volksbanken-
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1090 Vienna

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Risk weighting – Guarantee of the Republic of Austria

Dear ladies and gentlemen,

In relation to your enquiry of 28 January 2009 regarding the implications of a government guarantee in connection with credit risk mitigation techniques, the Financial Market Authority ("FMA") has determined the following:

Based on the guarantee issued by the Republic of Austria attached to the enquiry at hand the FMA confirms that the general and special requirements for the acceptance as personal security in connection with credit risk mitigation are met on this basis and accordingly, the Secs 146 seqq of the Austrian Solvency Regulation (*Solvabilitätsverordnung*, the "SolvaV") (calculation of the credit risk mitigation effect of personal securities) may be applied.

Furthermore, we may point out that within the standardised approach to credit risk pursuant to Sec 4 para 4 of the SolvaV (SolvaV, BGBl II Nr. 374/2006 idF BGBl II NR 253/2007") for a claim against the government the 0% risk weight may be applied, provided that such claim is denominated in the national currency of the respective Member State and refinanced in said currency.

Financial Market Authority
on behalf of the Managing Board

Dr Bernhard Hörtnagl

Mag. Alina Czerny

electronically signed