

Dear All,

First let us thank you for the possibility to take part in the recent public hearing which is very useful to address open questions to the proposed guideline.

Please find below our the comments on behalf of Erste Bank and Bank Austria.

**Annex 4 Operational Risk - Operational Risk 2:**

**Applicable to institutions using simple approaches**

**Institutions should undertake a robust analysis of their major operational risks including stresses and analyses of historical and hypothetical operational risk events and an assessment of the adequacy of the capital calculated against these stressed events.**

**Paragraph 7... should involve expert opinion and include the macro-economic environment (e.g to reflect increasing fraud risk in an economic downturn)**

The section on requirements for institutions should make clear reference to the proportionality principle set out in the main document. Currently only paragraph 6 contains a specific reference to proportionality which can lead to the interpretation that the paragraphs 5 and 7 do not allow the application of the proportionality principle leading to the outcome that an institutions which under i.e. basic approach status may not have developed the operational risk function to the extent that the above requirements can be met under current legislation.

The proportionality principle may also be referenced in paragraph 1 to 4 of the Annex as the requirements extend the current scope of operational risk requirements coming from local law.

Best regards

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