Disclosure § 5 OffV (Capital Adequacy)

Qualitative Disclosure (December 31, 2009)

Bank Austria, as part of UniCredit Group, has made a priority of capital management and allocation (for both regulatory and internal capital) on the basis of the risk assumed in order to expand the Group's operations and create value. These activities are part of the Group planning and monitoring process and comprise:

- planning and budgeting processes:
  - proposals as to risk propensity and capitalisation objectives;
  - analysis of the impact on the Group's value and the creation of value for shareholders;
  - preparation and proposal of the financial plan and dividend policy;

- monitoring processes
  - analysis of performance achieved at total bank level and business unit level and preparation of management reports;
  - analysis and monitoring of limits;
  - analysis and performance monitoring of the capital ratios of the bank.

The Group has set itself the goal of generating income in excess of that necessary to remunerate risk (cost of equity), and thus of creating value, so as to maximise the return for its shareholders in terms of dividends and capital gains (total shareholder return). This is achieved by allocating capital to various business areas and business units on the basis of specific risk profiles and by a constant measurement and monitoring of the performance.

Capital and its allocation are therefore extremely important for the strategy, since capital is the object of the return expected by investors on their investment in the Group, and also because it is a resource that has to comply with regulatory provisions.

Capital at risk is dependant on the propensity for risk and is based on the target capitalisation level which is also determined in accordance with the bank's and the Group's credit rating.

If capital at risk is measured using risk management methods, it is defined as internal capital, if it is measured using regulatory provisions, it is defined as regulatory capital.
In detail:

- Internal capital is the portion of equity needed to cover total banking risk, which is measured using probability models over a specific confidence interval.

- Regulatory capital is the component of total capital represented by the portion of shareholders' equity put at risk (Core Equity or Core Tier 1) that is measured using regulatory provisions.

Internal capital and regulatory capital differ in terms of their definition and the categories of risk covered. The former is based on the actual measurement of exposure assumed, while the latter is based on schedules specified in regulatory provisions.

The relationship between the two different definitions of capital at risk can be obtained by relating the two measures to the Group's target credit rating (AA- by S&P) which corresponds to a probability of default of 0.03%. Thus, internal capital is set at a level that will cover adverse events with a probability of 99.97% (confidence interval), while regulatory capital shall correspond percentage-wise to the value of major international banking groups with at least the same target rating.

Capital is managed dynamically Bank Austria prepares the financial plan, monitors capital ratios for regulatory purposes on a monthly basis and anticipates the appropriate steps required to achieve its goals.

On the one hand, monitoring is carried out in relation to both shareholders' equity and the composition of capital for regulatory purposes, and on the other hand, in relation to the planning and performance of risk-weighted assets (RWA).

The dynamic management approach aims to identify the measures that are most suitable for achieving the bank's resp. the Group's goals. Potential measures are considered with regard to their cost and efficiency, measured using risk-adjusted performance measurement (RAPM). In this context, Bank Austria considers regulatory, accounting, financial, tax-related, risk management and other aspects and the changes affecting these aspects so that an profound assessment is ensured and all necessary instructions can be given to implement relevant measures.

Bank Austria
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Quantitative Disclosure:

Disclosure of Equity Requirement according to § 5 OffV

Bank Austria Group

	31/12/2009	31/12/2008
Risk Weighted assets for credit risks §§ 22a to 22h BWG	**101,635,838**	**118,003,088**
of which: counterpart default risk from trading book	1,798,988	2,298,225
Standardised approach (SA)	**73,074,188**	**92,107,470**
SA exposure classes excluding securitization positions	72,473,063	91,995,552
Central governments or central banks	4,404,000	4,436,625
Regional governments or local authorities	360,475	344,344
Administrative bodies and non-comercial undertakings	433,613	463,765
Multilateral Developments Banks	100	9,125
Institutions	3,023,025	5,005,550
Corporates	41,898,375	57,406,963
Retail	9,364,975	9,777,740
Secured by real estate property	4,696,625	4,310,249
Past due items	1,565,925	786,176
Items belonging to regulatory high-risk categories	345,575	418,763
Covered bonds	205,025	66,220
Short-term claims on institutions and corporate	105,500	283,764
Collective investments undertakings (CIU)	123,425	226,882
Other items	5,946,425	8,459,388
Securitization positions SA	601,125	111,918
Internal ratings based Approach (IRB)	**28,561,650**	**25,895,618**
IRB approaches when own estimates of LGD and/or Conversion Factors are used	26,784,763	25,035,688
Central governments and central banks	93,663	81,051
Institutions	1,562,288	2,394,767
Corporates	18,526,313	12,972,545
Retail	6,602,500	7,709,750
Equity IRB	1,485,488	2,003,419
Exposures for which grandfathering applies	2,047,300	1,940,480
Securitization positions IRB	291,400	734,086

Bank Austria
UniCredit Group

Disclosure of Equity Requirement according to § 5 OffV

Bank Austria Group

	31.12.2009	31.12.2008
Total Capital Requirements	**9,150,848**	**10,658,706**
Capital requirements for credit risk according to §§ 22a bis 22h BWG	**8,130,867**	**9,440,247**
of which: counterpart default risk from trading book	143,919	183,858
Standardised approach (SA)	**5,845,935**	**7,368,598**
SA exposure classes excluding securitization positions	5,797,845	7,359,644
Central governments or central banks	352,320	354,930
Regional governments or local authorities	28,838	27,547
Administrative bodies and non-comercial undertakings	34,689	37,101
Multilateral Developments Banks	8	730
Institutions	241,842	400,444
Corporates	3,351,870	4,592,557
Retail	749,198	782,219
Secured by real estate property	375,730	344,820
Past due items	125,274	62,894
Items belonging to regulatory high-risk categories	27,646	33,501
Covered bonds	16,402	5,298
Short-term claims on institutions and corporate	8,440	22,701
Collective investments undertakings (CIU)	9,874	18,151
Other items	475,714	676,751
Securitization positions SA	48,090	8,953

Internal ratings based Approach (IRB)	**2,284,932**	**2,071,649**
IRB approaches when own estimates of LGD and/or Conversion Factors are used	2,142,781	2,002,855
Central governments and central banks	7,493	6,484
Institutions	124,983	191,581
Corporates	1,482,105	1,037,804
Retail	528,200	616,780
hereof Retail secured by real estate	*182,158*	*226,083*
hereof qualified revolving retail exposures	*64,607*	*78,138*
hereof other retail exposures	*281,435*	*312,559*
Equity IRB	118,839	160,274
hereof all approaches according to § 77 SolvaV - simple risk weight approach	*112,185*	*154,481*
hereof all approaches according to § 77 SolvaV - PD/LGD approach	*6,654*	*5,792*
hereof all approaches according to § 77 SolvaV internal model	*0*	*0*
Exposures for which grandfathering applies	163,784	155,238
Securitization positions IRB	23,312	58,727
Settlement Risk	**0**	**7,020**
Total Capital Requirements for position, foreign exchange and commodity risks	**242,915**	**438,551**
Position, foreign exchange and commodity risks under standardised approaches (SA)	80,157	74,276
hereof Traded debt instruments	72,400	61,672
hereof Equity	2,211	5,378
Position, foreign exchange and commodity risks under internal models (IM)	162,758	364,276
Total Capital Requirements for operational risks (OpR)	**777,066**	**772,887**
OpR Standardised (STA) / Alternative Standardised (ASA) approaches	**777,066**	**772,887**
OpR Basic Indicator Approach	124,324	82,655
OpR Alternative Standardised Approach	314,881	434,811
OpR Advanced Measurement Approaches	337,861	255,421