

## Disclosure § 5 OffV (Capital Adequacy)

### Qualitative Disclosure (June 30, 2010)

Bank Austria, as part of UniCredit Group, has set a priority on 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 portion of equity needed under 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 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 ratios shall correspond to values perceived as adequate from the standpoint of rating agencies for 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 respectively 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 a profound assessment is ensured and all necessary instructions can be given to implement relevant measures.

## Quantitative Disclosure:

### Disclosure of Equity Requirement according to § 5 OffV

#### Bank Austria Group

	30/06/2010	31/12/2009
<b>Risk Weighted assets for credit risks §§ 22a to 22h BWG</b>	<b>112,628,788</b>	<b>101,635,838</b>
of which: counterpart default risk from trading book	1,814,125	1,798,988
<b>Standardised approach (SA)</b>	<b>77,205,888</b>	<b>73,074,188</b>
SA exposure classes excluding securitization positions	77,085,438	72,473,063
Central governments or central banks	4,770,113	4,404,000
Regional governments or local authorities	367,838	360,475
Administrative bodies and non-commercial undertakings	365,238	433,613
Multilateral Developments Banks	588	100
Institutions	2,658,750	3,023,025
Corporates	42,153,063	41,898,375
Retail	10,922,463	9,364,975
Secured by real estate property	4,982,425	4,696,625
Past due items	3,837,725	1,565,925
Items belonging to regulatory high-risk categories	413,425	345,575
Covered bonds	77,588	205,025
Short-term claims on institutions and corporate	2,925	105,500
Collective investments undertakings (CIU)	123,300	123,425
Other items	6,410,000	5,946,425
Securitization positions SA	120,450	601,125
<b>Internal ratings based Approach (IRB)</b>	<b>35,422,900</b>	<b>28,561,650</b>
IRB approaches when own estimates of LGD and/or Conversion Factors are used	33,275,738	26,784,763
Central governments and central banks	89,125	93,663
Institutions	3,718,400	1,562,288
Corporates	20,287,813	18,526,313
Retail	9,180,400	6,602,500
Equity IRB	1,464,600	1,485,488
Exposures for which grandfathering applies	2,049,775	2,047,300
Securitization positions IRB	682,563	291,400

## Disclosure of Equity Requirement according to § 5 OffV

### Bank Austria Group

	31.12.2009	31.12.2008
<b>Total Capital Requirements</b>	<b>10,033,927</b>	<b>9,150,848</b>
<b>Capital requirements for credit risk according to §§ 22a bis 22h BWG</b>	<b>9,010,303</b>	<b>8,130,867</b>
of which: counterpart default risk from trading book	145,130	143,919
<b>Standardised approach (SA)</b>	<b>6,176,471</b>	<b>5,845,935</b>
SA exposure classes excluding securitization positions	6,166,835	5,797,845
Central governments or central banks	381,609	352,320
Regional governments or local authorities	29,427	28,838
Administrative bodies and non-commercial undertakings	29,219	34,689
Multilateral Developments Banks	47	8
Institutions	212,700	241,842
Corporates	3,372,245	3,351,870
Retail	873,797	749,198
Secured by real estate property	398,594	375,730
Past due items	307,018	125,274
Items belonging to regulatory high-risk categories	33,074	27,646
Covered bonds	6,207	16,402
Short-term claims on institutions and corporate	234	8,440
Collective investments undertakings (CIU)	9,864	9,874
Other items	512,800	475,714
Securitization positions SA	9,636	48,090

<b>Internal ratings based Approach (IRB)</b>	<b>2,833,832</b>	<b>2,284,932</b>
IRB approaches when own estimates of LGD and/or Conversion Factors are used	2,662,059	2,142,781
Central governments and central banks	7,130	7,493
Institutions	297,472	124,983
Corporates	1,623,025	1,482,105
Retail	734,432	528,200
hereof Retail secured by real estate	378,739	182,158
hereof qualified revolving retail exposures	41,669	64,607
hereof other retail exposures	314,024	281,435
Equity IRB	117,168	118,839
hereof all approaches according to § 77 SolvaV - simple risk weight approach	110,967	112,185
hereof all approaches according to § 77 SolvaV - PD/LGD approach	6,201	6,654
hereof all approaches according to § 77 SolvaV internal model	0	0
Exposures for which grandfathering applies	163,982	163,784
Securitization positions IRB	54,605	23,312
<b>Settlement Risk</b>	<b>0</b>	<b>0</b>
<b>Total Capital Requirements for position, foreign exchange and commodity risks</b>	<b>217,080</b>	<b>242,915</b>
Position, foreign exchange and commodity risks under standardised approaches (SA)	88,100	80,157
hereof Traded debt instruments	81,194	72,400
hereof Equity	2,691	2,211
Position, foreign exchange and commodity risks under internal models (IM)	128,980	162,758
<b>Total Capital Requirements for operational risks (OpR)</b>	<b>806,544</b>	<b>777,066</b>
<b>OpR Standardised (STA) / Alternative Standardised (ASA) approaches</b>	<b>806,544</b>	<b>777,066</b>
OpR Basic Indicator Approach	147,838	124,324
OpR Alternative Standardised Approach	293,714	314,881
OpR Advanced Measurement Approaches	364,992	337,861