

Disclosure § 5 OffV (Capital Adequacy)

Qualitative Disclosure (Bank Austria Group – as of 30 June 2012)

Bank Austria, as part of UniCredit Group, has set a priority on Capital management and Capital allocation. The Bank's Capital management strategy is characterized by a strong commitment for a sound Capital base and an allocation of Capital to achieve the highest possible shareholder value.

Bank Austria's internal capital is set at a level that will cover adverse events with a probability of 99.97% (confidence interval). At the same time regulatory capital ratios targets (Core Tier 1) are set consistently with regulatory expectations and the Risk Appetite Framework defined by the bank. The Capital management activities are embedded in the Group's planning and budgeting process as well as within ICAAP/Pillar II processes. Bank Austria is monitoring regularly capital evolution and regulatory trends on country level as well as on group level, focusing especially on CEE region. The Capital management activities comprise:

- planning and budgeting processes:
 - proposals as to risk propensity, development and capitalization objectives
 - analysis of the impact of RWA development and changes in the regulatory framework on the Group's value and the 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 for Pillar I and Pillar II
 - analysis and monitoring of the capital ratios of BA Group as well as on a single entity level

- ICAAP/Pillar II
 - Risk identification
 - Risk profile measurement
 - Capital planning and definition of the risk appetite
 - Monitoring and reporting
 - Risk governance

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

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).

Capital Requirements

The own funds requirements are calculated according to § 22 Austrian Banking Act (BWG) and include the requirements for Credit Risk, for all risk types of the trading book, for Commodities Risk, for Foreign Exchange Risk outside of the trading book, and for Operational Risk.

Regulatory developments 2011:

Amendments to the EU Capital Requirements Directive (CRD III) became fully effective within 2011.

These include changes in:

- Remuneration policy (effective since 1 January 2011)
- Market risk/trading book (effective since 31 December 2011)
 - Incremental risk charge
 - Stressed Value at Risk
 - Securitization in trading book
- Increased capital requirements for re-securitization (effective since 31 December 2011)

Future regulatory developments - Basel III / CRD IV, CRR

The Basel Committee on Banking Supervision published a framework of global regulatory standards for capital adequacy and liquidity in December 2010 (original version). The framework for capital adequacy was slightly modified in June 2011 (modified version). The aim of the framework is to improve the banking sector's ability to absorb shocks, to refine risk management and governance, to improve liquidity and moreover to strengthen banks' transparency and disclosures.

In July 2011 the European Commission published the proposed rules for Basel III in the EU via a Regulation (mainly Pillar 1 and 3) and a Directive (mainly Pillar 2).

The Committee on Economic and Monetary Affairs of the European Parliament (ECON) decided its negotiation position on 14 May 2012 (vote on more than 2.000 requests for amendments to the proposal of the European Commission). The Council of the European Union decided its negotiation position on 15 May 2012 in a meeting of the ECOFIN. Controversial issues are being sorted out by the trilogue negotiations of the Council, the Parliament and the Commission. The plenary vote on the Regulation and the Directive is expected for this autumn.

The new legal framework will replace Capital Requirements Directives 2006/48/EC and 2006/49/EC and is planned to come into effect in 2013 with a transition period until 2019. For large Austrian banks Austrian authorities require an earlier adoption of parts of the framework concerning core tier 1 equity (minimum requirement and capital conservation buffer) as of January 2013.

After the framework is fully implemented, Basel III will consist of stricter requirements for regulatory capital with a minimum of common equity of 4.5 %, Tier 1 Capital of 6 % and Total Capital of 8%. In addition, all banks will be required to hold a capital conservation buffer of 2.5% on top of the new minimum requirements. This will lead to an effective total requirement of 7% common equity, 8.5% Tier 1 Capital and 10.5% Total Capital. Furthermore, Member States can set an additional buffer requirement to dampen excess lending growth (counter-cyclical buffer up to 2.5% or even higher). In addition, capital surcharges for systemic banks are under discussion.

From today's point of view Bank Austria, with its strong Core Tier 1 capital base, is well placed to meet the new capital adequacy requirements (Basel III). The further EU procedure in adopting the Regulation and the Directive as well as the implementation of the Directive into Austrian law and its implications will be carefully monitored.

Quantitative Disclosure:

Disclosure of Equity Requirement according to § 5 OffV

Bank Austria Group

(in EUR '000)	30/06/2012	31/12/2011
Risk weighted assets for credit risks §§ 22a to 22h BWG	115,078,600	109,164,613
thereof counterpart default risk from trading book	1,693,463	1,665,250
Standardised approach (SA)	72,969,113	69,234,263
SA exposure classes (excluding securitisation positions)	72,966,863	69,234,263
Central governments and central banks	5,715,300	4,613,350
Regional governments or local authorities	546,438	649,488
Administrative bodies and non-commercial undertakings owned by local authorities	338,163	335,113
Multilateral developments banks	0	0
Institutions	4,013,063	3,543,463
Corporates	36,666,250	35,844,850
Retail	12,930,400	11,977,450
Secured by real estate property	2,485,113	2,473,838
Past due items	3,919,700	3,798,325
Items belonging to regulatory high-risk categories	365,250	403,075
Covered bonds	14,213	14,750
Short-term claims on institutions and corporates	21,163	48,963
Collective investments undertakings (CIU)	32,800	32,363
Other items	5,919,013	5,499,238
Securitisation positions SA	2,250	0
Internal ratings based approach (IRB)	42,109,488	39,930,350
IRB approaches when neither own estimates of LGD nor conversion factors are used	11,247,675	11,025,000
Central governments and central banks	312,025	222,225
Institutions	461,188	428,100
Corporates	10,474,463	10,374,675
IRB approaches when own estimates of LGD and/or conversion factors are used	28,548,638	26,707,900
Central governments and central banks	93,800	210,500
Institutions	4,381,788	3,090,750
Corporates	17,627,025	16,614,450
Retail	6,446,025	6,792,200
Equity IRB	1,590,138	1,596,138
Exposures for which grandfathering applies	1,841,588	1,862,550
Securitisation positions IRB	723,038	601,313

Disclosure of Equity Requirement according to § 5 OffV

Bank Austria Group

(in EUR '000)	30/06/2012	31/12/2011
Total Capital Requirements	10,574,476	10,015,027
Capital requirements for credit risk according to §§ 22a to 22h BWG	9,206,288	8,733,169
thereof counterpart default risk from trading book	135,477	133,220
Standardised approach (SA)	5,837,529	5,538,741
SA exposure classes (excluding securitisation positions)	5,837,349	5,538,741
Central governments and central banks	457,224	369,068
Regional governments or local authorities	43,715	51,959
Administrative bodies and non-commercial undertakings owned by local authorities	27,053	26,809
Multilateral developments banks	0	0
Institutions	321,045	283,477
Corporates	2,933,300	2,867,588
Retail	1,034,432	958,196
Secured by real estate property	198,809	197,907
Past due items	313,576	303,866
Items belonging to regulatory high-risk categories	29,220	32,246
Covered bonds	1,137	1,180
Short-term claims on institutions and corporates	1,693	3,917
Collective investments undertakings (CIU)	2,624	2,589
Other items	473,521	439,939
Securitisation positions SA	180	0
thereof re-securitisation	0	0

Internal ratings based approach (IRB)	3,368,759	3,194,428
IRB approaches when neither own estimates of LGD nor conversion Factors are used	899,814	882,000
Central governments and central banks	24,962	17,778
Institutions	36,895	34,248
Corporates	837,957	829,974
IRB approaches when own estimates of LGD and/or conversion factors are used	2,283,891	2,136,632
Central governments and central banks	7,504	16,840
Institutions	350,543	247,260
Corporates	1,410,162	1,329,156
Retail	515,682	543,376
thereof retail secured by real estate	211,842	217,295
thereof qualified revolving retail exposures	21,571	23,595
thereof other retail exposures	282,269	302,486
Equity IRB	127,211	127,691
thereof all approaches according to § 77 SolvaV - simple risk weight approach	97,909	95,613
thereof all approaches according to § 77 SolvaV - PD/LGD approach	29,302	32,078
thereof all approaches according to § 77 SolvaV - internal model	0	0
Exposures for which grandfathering applies	147,327	149,004
Securitisation positions IRB	57,843	48,105
thereof re-securitisations	3,850	4,367
Settlement risk	0	0
Total capital requirements for position, foreign exchange and commodity risks	379,686	330,575
Position, foreign exchange and commodity risks under standardised approaches (SA)	18,111	21,752
thereof traded debt instruments	5,074	6,562
thereof equity	2	28
thereof foreign exchange	13,035	15,162
Position, foreign exchange and commodity risks under internal model (IM)	361,575	308,823
Total capital requirements for operational risks (OpR)	988,502	951,283
OpR Standardised (STA) / Alternative Standardised approach (ASA) / Advanced Measurement Approach (AMA)	988,502	951,283
OpR Basic Indicator Approach	166,866	165,437
OpR Alternative Standardised Approach	243,239	237,626
OpR Advanced Measurement Approach	578,397	548,220