Disclosure § 5 OffV (Capital Adequacy)

Qualitative Disclosure
(Bank Austria Group – as of 31 December 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.

In 2012 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 form a major part of 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. 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
  - preparation and proposal of the financial plan and an appropriate dividend policy

- monitoring processes
  - analysis and monitoring of limits for Pillar I and Pillar II
  - analysis and monitoring of the capital ratios of BA Group as well as at single entity level

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.

Capital Requirements

The capital requirements pursuant to Section 22 of the Austrian Banking Act comprise requirements resulting from credit risk, from position risk in debt instruments, equities, commodities and foreign currencies, and from operational risk.

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 April 2013.

The new legal framework will replace Capital Requirements Directives 2006/48/EC and 2006/49/EC and is planned to come into effect in the beginning of 2014 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).

After the framework is fully implemented, Basel III will consist of stricter requirements for regulatory capital with a minimum of Core Tier 1 Capital of 4.5 %, total Tier 1 Capital of 6 % and Total Capital of 8%. In addition, all banks will be required to hold a capital conservation buffer consisting of Core Tier 1 Capital of 2.5% on top of the new minimum requirements. This will lead to an effective total requirement of 7% Core Tier 1 Capital, 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, systemic risk buffers and 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.

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Quantitative Disclosure:

Disclosure of Equity Requirement according to § 5 OffV

Bank Austria Group

(in EUR '000)	31/12/2012	31/12/2011
Risk weighted assets for credit risks §§ 22a to 22h BWG	**114,874,000**	**109,164,613**
thereof counterpart default risk from trading book	1,854,938	1,665,250
Standardised approach (SA)	**67,458,825**	**69,234,263**
SA exposure classes (excluding securitisation positions)	67,450,038	69,234,263
Central governments and central banks	4,415,788	4,613,350
Regional governments or local authorities	536,575	649,488
Administrative bodies and non-commercial undertakings owned by local authorities	277,638	335,113
Multilateral developments banks	0	0
Institutions	3,395,225	3,543,463
Corporates	33,372,600	35,844,850
Retail	13,198,663	11,977,450
Secured by real estate property	2,460,213	2,473,838
Past due items	3,607,750	3,798,325
Items belonging to regulatory high-risk categories	348,188	403,075
Covered bonds	800	14,750
Short-term claims on institutions and corporates	0	48,963
Collective investments undertakings (CIU)	29,063	32,363
Other items	5,807,538	5,499,238
Securitisation positions SA	8,788	0
Internal ratings based approach (IRB)	**47,415,175**	**39,930,350**
IRB approaches when neither own estimates of LGD nor conversion factors are used	14,732,850	11,025,000
Central governments and central banks	426,688	222,225
Institutions	754,563	428,100
Corporates	13,551,600	10,374,675
IRB approaches when own estimates of LGD and/or conversion factors are used	30,517,488	26,707,900
Central governments and central banks	119,463	210,500
Institutions	4,016,888	3,090,750
Corporates	19,647,313	16,614,450
Retail	6,733,825	6,792,200
Equity IRB	1,419,338	1,596,138
Exposures for which grandfathering applies	1,769,175	1,862,550
Securitisation positions IRB	745,500	601,313

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Disclosure of Equity Requirement according to § 5 OffV

Bank Austria Group

(in EUR '000)	31/12/2012	31/12/2011
Total Capital Requirements	**10,405,358**	**10,015,027**
Capital requirements for credit risk according to §§ 22a to 22h BWG	**9,189,920**	**8,733,169**
thereof counterpart default risk from trading book	148,395	133,220
Standardised approach (SA)	**5,396,706**	**5,538,741**
SA exposure classes (excluding securitisation positions)	5,396,003	5,538,741
Central governments and central banks	353,263	369,068
Regional governments or local authorities	42,926	51,959
Administrative bodies and non-commercial undertakings owned by local authorities	22,211	26,809
Multilateral developments banks	0	0
Institutions	271,618	283,477
Corporates	2,669,808	2,867,588
Retail	1,055,893	958,196
Secured by real estate property	196,817	197,907
Past due items	288,620	303,866
Items belonging to regulatory high-risk categories	27,855	32,246
Covered bonds	64	1,180
Short-term claims on institutions and corporates	0	3,917
Collective investments undertakings (CIU)	2,325	2,589
Other items	464,603	439,939
Securitisation positions SA	703	0
thereof re-securitisation	*0*	*0*

Internal ratings based approach (IRB)	**3,793,214**	**3,194,428**
IRB approaches when neither own estimates of LGD nor conversion Factors are used	1,178,628	882,000
Central governments and central banks	34,135	17,778
Institutions	60,365	34,248
Corporates	1,084,128	829,974
IRB approaches when own estimates of LGD and/or conversion factors are used	2,441,399	2,136,632
Central governments and central banks	9,557	16,840
Institutions	321,351	247,260
Corporates	1,571,785	1,329,156
Retail	538,706	543,376
thereof retail secured by real estate	*215,632*	*217,295*
thereof qualified revolving retail exposures	*26,364*	*23,595*
thereof other retail exposures	*296,710*	*302,486*
Equity IRB	113,547	127,691
thereof all approaches according to § 77 SolvaV - simple risk weight approach	*87,221*	*95,613*
thereof all approaches according to § 77 SolvaV - PD/LGD approach	*26,326*	*32,078*
thereof all approaches according to § 77 SolvaV - internal model	*0*	*0*
Exposures for which grandfathering applies	141,534	149,004
Securitisation positions IRB	59,640	48,105
thereof re-securitisations	*4,169*	*4,367*
Settlement risk	**0**	**0**
Total capital requirements for position, foreign exchange and commodity risks	**203,546**	**330,575**
Position, foreign exchange and commodity risks under standardised approaches (SA)	14,513	21,752
thereof traded debt instruments	9,819	6,562
thereof equity	0	28
thereof foreign exchange	4,694	15,162
Position, foreign exchange and commodity risks under internal model (IM)	189,033	308,823
Total capital requirements for operational risks (OpR)	**1,011,892**	**951,283**
OpR Standardised (STA) / Alternative Standardised approach (ASA) / Advanced Measurement Approach (AMA)	**1,011,892**	**951,283**
OpR Basic Indicator Approach	166,866	165,437
OpR Alternative Standardised Approach	239,676	237,626
OpR Advanced Measurement Approach	605,350	548,220