

## Disclosure § 5 OffV (Capital Adequacy)

### Qualitative Disclosure (Bank Austria Group – as of 31 December 2013)

Bank Austria, as part of UniCredit Group, places a high priority on capital management and capital allocation. The Bank's capital management strategy is characterised by a strong commitment to maintaining a sound capital base; the strategy is based on a risk-oriented and earnings-oriented allocation of capital to achieve the highest possible shareholder value.

From 2013 Bank Austria's internal capital is set at a level that will cover adverse events with a probability of 99.93 % (confidence interval).

At the same time regulatory capital ratio targets (Core Tier 1) are set so as to be consistent with regulatory expectations and the Risk Appetite Framework defined by the bank.

Capital management activities form a major part of the Group's planning and budgeting process as well as within ICAAP/ Pillar 2 processes. Bank Austria is regularly monitoring capital evolution and regulatory trends at country level and at Group level.

Capital management activities comprise:

- planning and budgeting processes:
  - proposals as to risk propensity, development and capitalization objectives
  - analysis of RWA development and changes in the regulatory framework
  - proposals for the financial plan and an appropriate dividend policy
- monitoring processes
  - analysis and monitoring of limits for Pillar 1 and Pillar 2
  - 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 an ongoing 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, all types of risk in the trading book, commodities risk and foreign-exchange risk outside the trading book and from operational risk.

### Regulatory developments - Basel 3 / CRD IV, CRR

The final Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD IV) for the implementation of Basel 3 in the European Union were published in the EU Official Journal on 27 June 2013. The new legal framework replaces Capital Requirements Directives 2006 /48/EC and 2006/49/ EC and came into force in Austria on 1 January 2014.

After the framework is fully implemented, Basel 3 will consist of stricter requirements for regulatory capital with a minimum of Common Equity Tier 1 Capital of 4.5% of RWA, 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 Common Equity Tier 1 Capital of 2.5 % on top of the new minimum requirements. This will lead to an effective total requirement of 7% Common Equity 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 %). In addition, systemic risk buffers (up to 3% in 2014, as from 2015 without limitation) and capital surcharges for systemically important banks (0–3.5 %) can be set by the authorities. Where an authority imposes the systemic risk buffer and the systemic bank surcharge is applicable, the higher of the two should apply.

With the steady improvement in its capital ratios in 2013, Bank Austria has a strong capital base to meet the new capital adequacy requirements (Basel 3).

As part of the Joint Risk Assessment and Decision (“JRAD”) process, the bank-specific minimum total capital ratio is currently being discussed. The JRAD process has not yet been completed.

## Quantitative Disclosure:

### Disclosure of Equity Requirement according to § 5 OffV – Bank Austria Group

(in EUR '000)	31/12/2013	31/12/2012
<b>Risk weighted assets for credit risks §§ 22a to 22h BWG</b>	<b>103,597,850</b>	<b>114,874,000</b>
thereof counterpart default risk from trading book	1,451,463	1,854,938
<b>Standardised approach (SA)</b>	<b>57,478,063</b>	<b>67,458,825</b>
SA exposure classes (excluding securitisation positions)	57,461,888	67,450,038
Central governments and central banks	3,404,950	4,415,788
Regional governments or local authorities	489,863	536,575
Administrative bodies and non-commercial undertakings owned by local authorities	226,825	277,638
Multilateral developments banks	0	0
Institutions	2,132,875	3,395,225
Corporates	24,609,500	33,372,600
Retail	17,171,400	13,198,663
Secured by real estate property	2,478,825	2,460,213
Past due items	1,989,913	3,607,750
Items belonging to regulatory high-risk categories	218,325	348,188
Covered bonds	788	800
Short-term claims on institutions and corporates	213,338	0
Collective investments undertakings (CIU)	28,563	29,063
Other items	4,496,725	5,807,538
Securitisation positions SA	16,175	8,788
<b>Internal ratings based approach (IRB)</b>	<b>46,119,788</b>	<b>47,415,175</b>
IRB approaches when neither own estimates of LGD nor conversion factors are used	14,228,838	14,732,850
Central governments and central banks	397,588	426,688
Institutions	626,075	754,563
Corporates	13,205,175	13,551,600
IRB approaches when own estimates of LGD and/or conversion factors are used	29,429,938	30,517,488
Central governments and central banks	83,800	119,463
Institutions	3,144,675	4,016,888
Corporates	19,719,713	19,647,313
Retail	6,481,750	6,733,825
Equity IRB	1,790,500	1,419,338
Exposures for which grandfathering applies	1,360,513	1,769,175
Securitisation positions IRB	670,513	745,500

## Disclosure of Equity Requirement according to § 5 OffV

### Bank Austria Group

(in EUR '000)	31/12/2013	31/12/2012
<b>Total Capital Requirements</b>	<b>9,480,775</b>	<b>10,405,358</b>
<b>Capital requirements for credit risk according to §§ 22a to 22h BWG</b>	<b>8,287,828</b>	<b>9,189,920</b>
thereof counterpart default risk from trading book	116,117	148,395
<b>Standardised approach (SA)</b>	<b>4,598,245</b>	<b>5,396,706</b>
SA exposure classes (excluding securitisation positions)	4,596,951	5,396,003
Central governments and central banks	272,396	353,263
Regional governments or local authorities	39,189	42,926
Administrative bodies and non-commercial undertakings owned by local authorities	18,146	22,211
Multilateral developments banks	0	0
Institutions	170,630	271,618
Corporates	1,968,760	2,669,808
Retail	1,373,712	1,055,893
Secured by real estate property	198,306	196,817
Past due items	159,193	288,620
Items belonging to regulatory high-risk categories	17,466	27,855
Covered bonds	63	64
Short-term claims on institutions and corporates	17,067	0
Collective investments undertakings (CIU)	2,285	2,325
Other items	359,738	464,603
Securitisation positions SA	1,294	703
thereof re-securitisation	0	0

<b>Internal ratings based approach (IRB)</b>	<b>3,689,583</b>	<b>3,793,214</b>
IRB approaches when neither own estimates of LGD nor conversion Factors are used	1,138,307	1,178,628
Central governments and central banks	31,807	34,135
Institutions	50,086	60,365
Corporates	1,056,414	1,084,128
IRB approaches when own estimates of LGD and/or conversion factors are used	2,354,395	2,441,399
Central governments and central banks	6,704	9,557
Institutions	251,574	321,351
Corporates	1,577,577	1,571,785
Retail	518,540	538,706
thereof retail secured by real estate	213,755	215,632
thereof qualified revolving retail exposures	26,900	26,364
thereof other retail exposures	277,885	296,710
Equity IRB	143,240	113,547
thereof all approaches according to § 77 SolvaV - simple risk weight approach	38,345	87,221
thereof all approaches according to § 77 SolvaV - PD/LGD approach	104,895	26,326
thereof all approaches according to § 77 SolvaV - internal model	0	0
Exposures for which grandfathering applies	108,841	141,534
Securitisation positions IRB	53,641	59,640
thereof re-securitisations	1,763	4,169
<b>Settlement risk</b>	<b>1</b>	<b>0</b>
<b>Total capital requirements for position, foreign exchange and commodity risks</b>	<b>169,114</b>	<b>203,546</b>
Position, foreign exchange and commodity risks under standardised approaches (SA)	6,193	14,513
thereof traded debt instruments	5,216	9,819
thereof equity	0	0
thereof foreign exchange	977	4,694
Position, foreign exchange and commodity risks under internal model (IM)	162,921	189,033
<b>Total capital requirements for operational risks (OpR)</b>	<b>1,023,832</b>	<b>1,011,892</b>
<b>OpR Standardised (STA) / Alternative Standardised approach (ASA) / Advanced Measurement Approach (AMA)</b>	<b>1,023,832</b>	<b>1,011,892</b>
OpR Basic Indicator Approach	163,259	166,866
OpR Alternative Standardised Approach	225,754	239,676
OpR Advanced Measurement Approach	634,819	605,350