

Qualitative Disclosure pursuant to Article 438 CRR (Capital Requirements)

Regulatory developments - Basel 3 / CRD IV, CRR

The 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 full implementation of the Basel 3 framework (2019) stricter capital requirements will apply with a minimum of Common Equity Tier 1 Capital of 4.5%, Total Tier 1 Capital of 6% and Total Capital of 8% of RWAs.

In addition, all banks are 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%). According legislation from December 2015 (Kapitalpuffer-Verordnung / KP-V) and starting with 1.1.2016 the countercyclical buffer for Austrian exposure was set to 0%. In addition, systemic risk buffers can be set by the authorities. Currently according KP-V a systemic risk buffer of 2% is foreseen starting with 2019. A transition regulation foresees a gradual increase (2016 0,25%; 2017 0,5%; 2018 1% and 2019 2%). Where an authority imposes the systemic risk buffer and the systemic bank surcharge (O-SII/D-SII buffer) is applicable, the higher of the two should apply.

In the first quarter 2016 the total capital ratio improved vs 2015 and Bank Austria fulfills with its capital base the relevant capital requirements acc. Art 92 CRR / Art 129 CRD IV.

You may find the classification of impaired loans and receivables - according to the regulations of UniCredit Group - in the quantitative disclosure pursuant to Art. 438 CRR. Basel 3 consists of 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 are required starting from 2016 phase-in 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.

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Disclosure Capital requirements according to CRR Article 438 – Bank Austria Group

31.03.2016

in Tsd. EUR

Article 438 c) Credit risk - Standardised approach

for institutions calculating the risk-weighted exposure amounts in accordance with Chapter 2 of Part Three, Title II, 8 % of the risk-weighted exposure amounts for each of the exposure classes specified in Article 112

Exposure classes	RWA	Capital requirement
Art. 112 a) Exposures to central governments or central banks	7.187.009	574.961
Art. 112 b) Exposures to regional governments or local authorities	534.623	42.770
Art. 112 c) Exposures to public sector entities	210.006	16.800
Art. 112 d) Exposures to multilateral development banks	170	14
Art. 112 e) Exposures to international organisations	0	0
Art. 112 f) Exposures to institutions	1.226.954	98.156
Art. 112 g) Exposures to corporates	32.056.934	2.564.555
Art. 112 h) Retail exposures	13.282.317	1.062.585
Art. 112 i) Exposures secured by mortgages on immovable property	2.353.147	188.252
Art. 112 j) Exposures in default	4.113.407	329.073
Art. 112 k) Exposures associated with particularly high risk	86.106	6.889
Art. 112 l) Exposures in the form of covered bonds	11	1
Art. 112 m) Items representing securitisation positions	14.848	1.188
Art. 112 n) Exposures to institutions and corporates with a short-term credit assessment	1.027.124	82.170
Art. 112 o) Exposures in the form of units or shares in collective investment undertakings ("CIUs")	14.678	1.174
Art. 112 p) Equity exposures	3.187.027	254.962
Art. 112 q) Other items	3.680.659	294.453
Standardised approach total	68.975.019	5.518.002

Article 438 d) Credit risk - IRB approach

for institutions calculating risk-weighted exposure amounts in accordance with Chapter 3 of Part Three, Title II, 8 % of the risk-weighted exposure amounts for each of the exposure classes specified in Article 147.

For the retail exposure class, this requirement applies to each of the categories of exposures to which the different correlations in Article 154 (1) to (4) correspond.

For the equity exposure class, this requirement applies to:

- (i) each of the approaches provided in Article 155;
- (ii) exchange traded exposures, private equity exposures in sufficiently diversified portfolios, and other exposures;
- (iii) exposures subject to supervisory transition regarding own funds requirements;
- (iv) exposures subject to grandfathering provisions regarding own funds requirements;

Exposure classes	RWA	Capital requirement
Art. 147 (2) a) Exposures to central governments and central banks	614.560	49.165
Art. 147 (2) b) Exposures to institutions	3.442.016	275.361
Art. 147 (2) c) Exposures to corporates	32.484.592	2.598.767
Art. 147 (2) d) Retail exposures	6.737.175	538.974
Art. 154 (2) (3) Retail - Secured by real estate SME	211.696	16.936
Art. 154 (3) Retail - Secured by real estate non-SME	2.561.527	204.922
Art. 154 (4) Retail - Qualifying revolving	408.424	32.674
Art. 154 (2) Retail - Other SME	404.033	32.323
Art. 154 (1) Retail - Other non-SME	3.151.495	252.120
Art. 147 (2) e) Equity exposures	605.277	48.422
Art. 155 (3) PD-/LGD-Approach	293.046	23.444
Art. 155 (2) Simple risk weight approach	154.319	12.346
Art. 155 (4) Internal models approach	0	0
Art. 48 (4) Art. 471 (2) Equity exposures subject to risk weights	157.911	12.633
Art. 147 (2) f) Items representing securitisation positions	402.221	32.178
Art. 147 (2) g) Other non credit-obligation assets	0	0
IRB approach total	44.285.841	3.542.867

Exposures under Specialised lending slotting criteria in accordance with Table 1 of Article 153(5)

	RWA		Capital requirement	
	Less than 2,5 years	Equal or more than 2,5 years	Less than 2,5 years	Equal or more than 2,5 years
Remaining Maturity				
Category 1	0	64.531	0	5.162
Category 2	99.931	199.860	7.994	15.989
Category 3		390.098		31.208
Category 4		278.475		22.278
Category 5		0		0

Exposures under Simple risk weight approach in accordance with Article 155(2)

	RWA	Capital requirement
Simple risk weight approach Total	154.319	12.346
Private equity exposures in sufficiently diversified portfolios	31.984	2.559
Exchange traded equity exposures	382	31
All other equity exposures	121.954	9.756

Article 438 d) iv) exposures subject to grandfathering provisions regarding own funds requirements

	RWA	Capital requirement
Article 438 d) iv) exposures subject to grandfathering provisions regarding own funds requirements	1.261.165	100.893

Article 438 e) Total risk exposure amount for Position, Foreign exchange and Commodities risks resp. Settlement risk

own funds requirements calculated in accordance with points (b) and (c) of Article 92(3)

		RWA	Capital requirement
Standard-ansatz Art. 92 (3) b	Own funds requirements, determined in accordance with Title IV of this Part or Part Four, as applicable, for the trading-book business of an institution, for the following	0	0
	i) Position risk	0	0
	ii) Large exposures exceeding the limits specified in Articles 395 to 401, to the extent an institution is permitted to exceed those limits	0	0
Art. 92 (3) c	Own funds requirements determined in accordance with Title IV or Title V with the exception of Article 379, as applicable, for the following	158.321	12.666
	i) Foreign-exchange risk	157.528	12.602
	ii) Settlement risk	794	63
	iii) Commodities risk	0	0
Internes Modell Art. 92 (3) b-c	Risk exposure amount for Position, foreign exchange and commodities risks under internal models (IM)	4.577.596	366.208
	Total risk exposure amount for Position, Foreign exchange and Commodities risks resp. Settlement risk	4.735.917	378.873

Article 438 f) Operational Risk (OpR)

own funds requirements calculated in accordance with Part Three, Title III, Chapters 2, 3 and 4 and disclosed separately

		RWA	Capital requirement
Chapter 2	Basic indicator approach (BIA)	2.042.090	163.367
Chapter 3	Standardised (STA) / Alternative Standardised (ASA) approaches	2.569.888	205.591
Chapter 4	Advanced measurement approaches (AMA)	5.849.643	467.971
	Total Risk Exposure Amount For Operational Risk (Opr)	10.461.621	836.930