

## 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 to 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 to 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.

As of October 1st, 2016 Bank Austria's equity interests in companies in CEE were transferred to the Milan-based Group holding company. Following that Own funds were strongly influenced. As of 4Q16 Bank Austria shows a solid CET1 ratio of 18% and a Common Equity ratio of 20.8%. Bank Austria therefore fully complies with the Own funds requirements according to Article 92 CRR in combination with Articles 129 ff of CRD IV (requirements according to Pillar I). From today's perspective the Bank is fully prepared and well capitalized for further credit growth or risk scenarios (e.g. regulatory changes).

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.

## Quantitative Disclosure pursuant to Article 438 CRR (Capital Requirements)

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

31.12.2016  
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	894.939	71.595
Art. 112 b) Exposures to regional governments or local authorities	14.542	1.163
Art. 112 c) Exposures to public sector entities	55.362	4.429
Art. 112 d) Exposures to multilateral development banks	0	0
Art. 112 e) Exposures to international organisations	0	0
Art. 112 f) Exposures to institutions	1.056.048	84.484
Art. 112 g) Exposures to corporates	4.041.815	323.345
Art. 112 h) Retail exposures	486.919	38.953
Art. 112 i) Exposures secured by mortgages on immovable property	299.996	24.000
Art. 112 j) Exposures in default	209.946	16.796
Art. 112 k) Exposures associated with particularly high risk	70.932	5.675
Art. 112 l) Exposures in the form of covered bonds	385	31
Art. 112 m) Items representing securitisation positions	0	0
Art. 112 n) Exposures to institutions and corporates with a short-term credit assessment	26.232	2.099
Art. 112 o) Exposures in the form of units or shares in collective investment undertakings ("CIUs")	50	4
Art. 112 p) Equity exposures	2.217.326	177.386
Art. 112 q) Other items	1.487.614	119.009
<b>Standardised approach total</b>	<b>10.862.105</b>	<b>868.968</b>

#### 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	47.804	3.824
Art. 147 (2) b) Exposures to institutions	2.488.158	199.053
Art. 147 (2) c) Exposures to corporates	10.724.365	857.949
Art. 147 (2) d) Retail exposures	6.175.438	494.035
Art. 154 (2) (3) Retail - Secured by real estate SME	202.145	16.172
Art. 154 (3) Retail - Secured by real estate non-SME	2.535.522	202.842
Art. 154 (4) Retail - Qualifying revolving	434.096	34.728
Art. 154 (2) Retail - Other SME	375.764	30.061
Art. 154 (1) Retail - Other non-SME	2.627.910	210.233
Art. 147 (2) e) Equity exposures	755.344	60.428
Art. 155 (3) PD-/LGD-Approach	639.032	51.123
Art. 155 (2) Simple risk weight approach	106.739	8.539
Art. 155 (4) Internal models approach	0	0
Art. 48 (4) Equity exposures subject to risk weights	9.573	766
Art. 147 (2) f) Items representing securitisation positions	365.901	29.272
Art. 147 (2) g) Other non credit-obligation assets	0	0
<b>IRB approach total</b>	<b>20.557.011</b>	<b>1.644.561</b>

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

Remaining Maturity	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
Category 1	0	0	0	0
Category 2	0	0	0	0
Category 3		0		0
Category 4		0		0
Category 5		0		0

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

	RWA	Capital requirement
<b>Simple risk weight approach Total</b>	<b>106.739</b>	<b>8.539</b>
Private equity exposures in sufficiently diversified portfolios	10.685	855
Exchange traded equity exposures	0	0
All other equity exposures	96.054	7.684

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	962.497	77.000

**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>i) Position risk</i>	0	0
	<i>ii) Large exposures exceeding the limits specified in Articles 395 to 401, to the extent an institution is permitted to exceed those limits</i>	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	354	28
	<i>i) Foreign-exchange risk</i>	0	0
	<i>ii) Settlement risk</i>	354	28
	<i>iii) Commodities risk</i>	0	0
Internes Modell Art. 92 (3) b-c	Risk exposure amount for Position, foreign exchange and commodities risks under internal models (IM)	146.552	11.724
	<b>Total risk exposure amount for Position, Foreign exchange and Commodities risks resp. Settlement risk</b>	<b>146.906</b>	<b>11.752</b>

**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)	0	0
Chapter 3	Standardised (STA) / Alternative Standardised (ASA) approaches	690.788	55.263
Chapter 4	Advanced measurement approaches (AMA)	3.160.796	252.864
	<b>Total Risk Exposure Amount For Operational Risk (Opr)</b>	<b>3.851.583</b>	<b>308.127</b>