Bank Austria Member of UniCredit

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

You may find below the classification of 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

30.06.2016
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	7.584.181	606.735
Art. 112 b)	Exposures to regional governments or local authorities	511.129	40.890
Art. 112 c)	Exposures to public sector entities	181.161	14.493
Art. 112 d)	Exposures to multilateral development banks	160	13
Art. 112 e)	Exposures to international organisations	0	0
Art. 112 f)	Exposures to institutions	1.154.162	92.333
Art. 112 g)	Exposures to corporates	32.602.940	2.608.235
Art. 112 h)	Retail exposures	13.885.650	1.110.852
Art. 112 i)	Exposures secured by mortgages on immovable property	2.331.604	186.528
Art. 112 j)	Exposures in default	4.140.899	331.272
Art. 112 k)	Exposures associated with particularly high risk	86.464	6.917
Art. 112 l)	Exposures in the form of covered bonds	0	0
Art. 112 m)	Items representing securitisation positions	17.179	1.374
Art. 112 n)	Exposures to institutions and corporates with a short-term credit assessment	712.770	57.022
Art. 112 o)	Exposures in the form of units or shares in collective investment undertakings (“CIUs”)	14.833	1.187
Art. 112 p)	Equity exposures	3.140.718	251.257
Art. 112 q)	Other items	3.641.052	291.284
	Standardised approach total	**70.004.901**	**5.600.392**

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	555.668	44.453
Art. 147 (2) b)	Exposures to institutions	3.359.467	268.757
Art. 147 (2) c)	Exposures to corporates	33.000.695	2.640.056
Art. 147 (2) d)	Retail exposures	6.726.138	538.091
Art. 154 (2) (3)	*Retail - Secured by real estate SME*	*208.627*	*16.690*
Art. 154 (3)	*Retail - Secured by real estate non-SME*	*2.563.070*	*205.046*
Art. 154 (4)	*Retail - Qualifying revolving*	*394.752*	*31.580*
Art. 154 (2)	*Retail - Other SME*	*405.206*	*32.416*
Art. 154 (1)	*Retail - Other non-SME*	*3.154.483*	*252.359*
Art. 147 (2) e)	Equity exposures	543.497	43.480
Art. 155 (3)	*PD-/LGD-Approach*	*321.562*	*25.725*
Art. 155 (2)	*Simple risk weight approach*	*63.985*	*5.119*
Art. 155 (4)	*Internal models approach*	*0*	*0*
Art. 48 (4) *Art. 471 (2)*	*Equity exposures subject to risk weights*	*157.950*	*12.636*
Art. 147 (2) f)	Items representing securitisation positions	384.022	30.722
Art. 147 (2) g)	Other non credit-obligation assets	0	0
	IRB approach total	**44.569.486**	**3.565.559**

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

	RWA		Capital requirement	
Remaining Maturity	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	65.312	0	5.225
Category 2	119.875	202.562	9.590	16.205
Category 3	390.617		31.249	
Category 4	304.070		24.326	
Category 5	214		17	

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

	RWA	Capital requirement
Simple risk weight approach Total	**63.985**	**5.119**
Private equity exposures in sufficiently diversified portfolios	20.699	1.656
Exchange traded equity exposures	382	31
All other equity exposures	42.904	3.432

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	1.243.642	99.491

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	8	1
	i) Position risk	*8*	*1*
	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	288.878	23.110
	i) Foreign-exchange risk	*286.750*	*22.940*
	ii) Settlement risk	*2.127*	*170*
	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)	3.949.553	315.964
	Total risk exposure amount for Position, Foreign exchange and Commodities risks resp. Settlement risk	**4.238.438**	**339.075**

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)	2.046.403	163.712
Chapter 3	Standardised (STA) / Alternative Standardised (ASA) approaches	2.634.991	210.799
Chapter 4	Advanced measurement approaches (AMA)	5.532.264	442.581
	Total Risk Exposure Amount For Operational Risk (Opr)	**10.213.657**	**817.093**