

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-SI/D-SII buffer) is applicable, the higher of the two should apply.

In 2015 the total capital ratio improved vs 2014 and Bank Austria fulfills with its capital base the relevant capital requirements acc. Art 92 CRR / Art 129 CRD IV. In 2015 0,93 bn € Tier 2 capital have been issued.

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

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

31.12.2015

in EUR '000

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	7,178,957	574,317
Art. 112 b) Exposures to regional governments or local authorities	548,518	43,881
Art. 112 c) Exposures to public sector entities	215,115	17,209
Art. 112 d) Exposures to multilateral development banks	180	14
Art. 112 e) Exposures to international organisations	0	0
Art. 112 f) Exposures to institutions	1,361,096	108,888
Art. 112 g) Exposures to corporates	32,306,515	2,584,521
Art. 112 h) Retail exposures	13,029,116	1,042,329
Art. 112 i) Exposures secured by mortgages on immovable property	2,351,397	188,112
Art. 112 j) Exposures in default	4,253,142	340,251
Art. 112 k) Exposures associated with particularly high risk	90,059	7,205
Art. 112 l) Exposures in the form of covered bonds	11	1
Art. 112 m) Items representing securitisation positions	16,213	1,297
Art. 112 n) Exposures to institutions and corporates with a short-term credit assessment	1,136,001	90,880
Art. 112 o) Exposures in the form of units or shares in collective investment undertakings ("CIUs")	16,602	1,328
Art. 112 p) Equity exposures	3,175,222	254,018
Art. 112 q) Other items	3,562,371	284,990
Standardised approach total	69,240,515	5,539,241

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	522,814	41,825
Art. 147 (2) b) Exposures to institutions	3,541,269	283,302
Art. 147 (2) c) Exposures to corporates	31,966,545	2,557,324
Art. 147 (2) d) Retail exposures	6,847,831	547,827
Art. 154 (2) (3) Retail - Secured by real estate SME	210,836	16,867
Art. 154 (3) Retail - Secured by real estate non-SME	2,609,551	208,764
Art. 154 (4) Retail - Qualifying revolving	390,874	31,270
Art. 154 (2) Retail - Other SME	403,236	32,259
Art. 154 (1) Retail - Other non-SME	3,233,334	258,667
Art. 147 (2) e) Equity exposures	605,613	48,449
Art. 155 (3) PD-/LGD-Approach	296,504	23,720
Art. 155 (2) Simple risk weight approach	153,698	12,296
Art. 155 (4) Internal models approach	0	0
Art. 48 (4) Art. 471 (2) Equity exposures subject to risk weights	155,411	12,433
Art. 147 (2) f) Items representing securitisation positions	435,687	34,855
Art. 147 (2) g) Other non credit-obligation assets	0	0
IRB approach total	43,919,759	3,513,581

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	17,571	0	1,406
Category 2	58,620	105,718	4,690	8,457
Category 3		580,985		46,479
Category 4		325,085		26,007
Category 5		0		0

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

	RWA	Capital requirement
Simple risk weight approach Total	153,698	12,296
Private equity exposures in sufficiently diversified portfolios	31,832	2,547
Exchange traded equity exposures	382	31
All other equity exposures	121,485	9,719

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	1,249,554	99,964

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	153,014	12,241
	<i>i) Foreign-exchange risk</i>	153,013	12,241
	<i>ii) Settlement risk</i>	1	0
	<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)	3,821,045	305,684
	Total risk exposure amount for Position, Foreign exchange and Commodities risks resp. Settlement risk	3,974,059	317,925

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)	2,064,226	165,138
Chapter 3	Standardised (STA) / Alternative Standardised (ASA) approaches	2,514,165	201,133
Chapter 4	Advanced measurement approaches (AMA)	6,137,759	491,021
	Total Risk Exposure Amount For Operational Risk (Opr)	10,716,149	857,292