

Bank Austria

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 **UniCredit**

Disclosure Report as of 30 September 2020
pursuant to Part 8 of the Capital Requirements Regulation
(CRR) / Disclosure by Institutions (Pillar 3)

 **Bank Austria**
Member of  **UniCredit**

Disclosure of UniCredit Bank Austria AG as of 30 September 2020

UniCredit Bank Austria AG („Bank Austria“) is regarded as significant subsidiary of UniCredit S.p.A. pursuant to Article 13 (1) of EU Regulation No. 575/2013 ("CRR") and therefore is subject to the disclosure requirements of CRR (Article 13 (1) in connection with Part 8 CRR).

By means of this disclosure report, Bank Austria fulfills these information requirements on the basis of Bank Austria subgroup. These reports are being published on an annual (with year-end data) and on a quarterly basis on the website of Bank Austria (www.bankaustria.at/en) at „About Us “ / „Investor Relations“ / „Disclosure“.

The information required by Article 437 b) and c) CRR – i.e. a description of the main features of Bank Austria’s capital instruments and their final terms – are being published separately as well on the website of Bank Austria at „About Us “ / „Investor Relations“ / „Disclosure“.

Article 450 CRR requires disclosure of Bank Austria’s remuneration policy and practices for all staff categories if their roles have a major impact on the risk profile of the bank. This information is also disclosed in a separate report which is done annually (as of year-end) and is published in the following year also on the website of Bank Austria at „About Us “ / „Investor Relations“ / „Disclosure“.

Disclosures with regard to the COVID-19 Pandemic (in accordance with EBA Guidelines EBA/GL/2020/07, EBA/GL/2020/11 and EBA/GL/2020/12) are not included in this document, as the corresponding guidelines were only applicable on the level of the Group’s parent company (EBA Guideline EBA/GL/2020/07) resp. Bank Austria did not make use of the possibility to apply the relevant regulations (EBA Guidelines EBA/GL/2020/11 and EBA/GL/2020/12).

Disclosure pursuant to Article 437 CRR in combination with Article 492 CRR (Own funds)

Consolidated capital resources and capital ratios

Consolidated capital resources		(€ million)	
		30 Sept. 2020	31.12.2019
Paid-in capital instruments		1,681	1,681
Reserves and minority interests		6,631	6,725
Adjustments to Common Equity Tier 1		-2,035	-2,067
Transitional adjustments to Common Equity Tier 1	¹⁾	0	0
Common Equity Tier 1 (CET1)		6,278	6,338
Additional Tier 1 capital and qualifying Additional Tier 1 instruments issued by subsidiaries		2	2
Adjustments to Additional Tier 1		0	0
Transitional adjustments to Additional Tier 1	¹⁾	0	0
Additional Tier 1 (AT1)		2	2
Tier 1 capital (T1=CET1+AT1)		6,280	6,340
Tier 2 capital and qualifying Tier 2 instruments issued by subsidiaries		647	712
Adjustments to Tier 2 capital		91	92
Transitional adjustments to Tier 2 capital	¹⁾	0	0
Tier 2 capital (T2)		738	803
Total regulatory capital (TC=T1+T2)		7,018	7,144

¹⁾ according to the Austrian CRR Supplementary Regulation (CRR-Begleitverordnung) of 11 Dec. 2013

Capital ratios

		30 Sept. 2020	31.12.2019
Common Equity Tier 1 ratio	¹⁾	18.6%	18.9%
Tier 1 ratio	¹⁾	18.6%	18.9%
Total capital ratio	¹⁾	20.8%	21.3%

¹⁾ based on all risks

Disclosure pursuant to Article 438 CRR (Capital requirements)

The capital planning, budgeting and monitoring processes within UniCredit Bank Austria are carried out by the responsible local functions and are in line with the respective UniCredit Holding guidelines.

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 legal framework replaces Capital Requirements Directives 2006/48/EC and 2006/49/EC and came into force in Austria on 1 January 2014. The EU banking package introduced further, essential changes to the Basel 3 framework with regards to CRR (→ „CRR II“) and CRD IV (→ „CRD V“). It was published in the EU Official Journal on 7 June 2019 and entered into force on 27 June 2019.

Basel 3 framework (2019) asks for stricter capital requirements 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 (*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.

Should an authority impose 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 context of COVID-19, the ECB introduced some temporary capital relief measures to banks such as the possibility to partially use capital instruments that do not qualify as Common Equity Tier 1, for example Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements (P2R).

Furthermore, the ECB allows banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance (P2G) and below the Capital Conservation Buffer (CCB). Bank Austria did not take advantage of these relief measures.

In 3Q20, CET1 and Total Capital Ratios improved vs. previous quarter, mainly due to a decrease of Credit RWA related to lower exposure and due to a decrease of Market RWA.

Bank Austria continues to have a solid capital base to meet the own funds requirements pursuant to Art. 92 CRR / Art. 129 CRD IV.

With reference to EU law (CRR, CRD IV) the following applies:

Should there be a reference to stipulations of the EU Regulation “CRR” as mentioned in this document, the Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms and amending the Regulation (EU) No. 648/2012, lastly amended by EU Regulation 2019/876 dated 7 June 2019, has to be applied.

Should there be a reference to stipulations of the EU Directive “CRD IV” as mentioned in this document, the Directive (EU) No. 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, lastly amended by EU Directive 2019/878 dated 7 June 2019, has to be applied.

Internal Capital Adequacy Assessment Process (ICAAP)

Bank Austria deems as priority the activities of capital management and capital allocation based on the risks taken, with the aim of expanding business activities with respective value creation. Therefore, the capital and its allocation are of relevant importance in the definition of corporate strategies.

The ICAAP forms an integral part of the Pillar 2 requirements according to CRR. Maintaining an adequate level of capital is a core objective of Bank Austria, it is measured by the Risk-Taking Capacity (RTC). Bank Austria’s RTC calculates the economic risks across all relevant risk types and relates them to the available financial resources (AFR) which are held to cover such risks.

The risk side of the calculation serves to determine the economic capital requirement from unexpected losses with regard to credit, market, operational and other risks. The risk is calculated in a going concern approach and at a confidence level of 99.90%. The economic capital requirement is then related to the AFR, which are based on regulatory own funds and additional coverage positions available. The RTC is accounted for in the Risk Appetite Framework (RAF) of Bank Austria. The RAF defines, from a strategic perspective, the risk level that Bank Austria is willing to take on by setting limit, trigger and target for the respective Key Performance Indicators (KPIs). This setup enables management at any point in time to monitor the appropriateness and sufficiency of Bank Austria’s economic capital adequacy.

The management board and the risk committee are informed at least quarterly on the results of the risk taking capacity, showing also the development of the single components (economic capital, AFR). The calculation, monitoring and steering of the RTC forms a fundamental part of the management of risk and capital at Bank Austria.

Art. 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

(EUR million)

Exposure classes		RWA	Capital requirement
Art. 112 a)	Exposures to central governments or central banks	912.5	73.0
Art. 112 b)	Exposures to regional governments or local authorities	9.2	0.7
Art. 112 c)	Exposures to public sector entities	34.7	2.8
Art. 112 d)	Exposures to multilateral development banks	-	-
Art. 112 e)	Exposures to international organisations	-	-
Art. 112 f)	Exposures to institutions	228.7	18.3
Art. 112 g)	Exposures to corporates	2,684.2	214.7
Art. 112 h)	Retail exposures	359.5	28.8
Art. 112 i)	Exposures secured by mortgages on immovable property	200.5	16.0
Art. 112 j)	Exposures in default	182.5	14.6
Art. 112 k)	Exposures associated with particularly high risk	32.6	2.6
Art. 112 l)	Exposures in the form of covered bonds	0.1	0.0
Art. 112 m)	Items representing securitisation positions	-	-
Art. 112 n)	Exposures to institutions and corporates with a short-term credit assessment	5.8	0.5
Art. 112 o)	Exposures in the form of units or shares in collective investment undertakings ("CIUs")	0.2	0.0
Art. 112 p)	Equity exposures	1,182.7	94.6
Art. 112 q)	Other items	630.8	50.5
Standardised approach total		6,464.2	517.1

Art. 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;

(EUR million)

Exposure classes		RWA	Capital requirement
Art. 147 (2) a)	Exposures to central governments and central banks	289.1	23.1
Art. 147 (2) b)	Exposures to institutions	1,999.5	160.0
Art. 147 (2) c)	Exposures to corporates	12,591.9	1,007.4
Art. 147 (2) d)	Retail exposures	5,750.7	460.1
Art. 154 (2) (3)	Retail - Secured by real estate SME	10,522.0	841.8
Art. 154 (3)	Retail - Secured by real estate non-SME	202.5	16.2
Art. 154 (4)	Retail - Qualifying revolving	1,724.2	137.9
Art. 154 (2)	Retail - Other SME	-	-
Art. 154 (1)	Retail - Other non-SME	382.6	30.6
Art. 147 (2) e)	Equity exposures	630.6	50.4
Art. 155 (3)	PD-/LGD-Approach	308.1	24.6
Art. 155 (2)	Simple risk weight approach	46.0	3.7
Art. 155 (4)	Internal models approach	-	-
Art. 48 (4)	Equity exposures subject to risk weights	276.4	22.1
Art. 471 (2)			
Art. 147 (2) f)	Items representing securitisation positions	57.4	4.6
Art. 147 (2) g)	Other non credit-obligation assets	1,580.1	126.4
IRB approach total		22,899.2	1,831.9

Note: Total excl. 500.0 mn € due to temporary measure on internal credit risk models (linked to limitations raised by the Supervisor).

EU OV1 – Overview of RWAs (Template 4 - Art. 438 CRR)

(EUR million)

Categories			RWA		Capital requirements
			30.09.2020	30.06.2020	30.09.2020
	1	Credit risk (excluding CCR)	26,024.8	26,709.6	2,082.0
Art 438(c)(d)	2	of which the standardised approach	4,329.6	4,387.9	346.4
Art 438(c)(d)	3	of which the foundation IRB (FIRB) approach	-	-	-
Art 438(c)(d)	4	of which the advanced IRB (AIRB) approach	21,649.1	22,151.3	1,731.9
Art 438(d)	5	of which equity IRB under the simple riskweighted approach or the IMA	46.0	170.4	3.7
Art 107, Art 438(c)(d)	6	CCR	967.6	936.6	77.4
Art 438(c)(d)	7	of which mark to market	23.7	24.1	1.9
Art 438(c)(d)	8	of which Original Exposure	-	-	-
	9	of which standardised approach	-	-	-
	10	of which internal model method (IMM)	895.6	857.1	71.6
Art 438(c)(d)	11	of which risk exposure amount for contributions to the default fund of a CCP	2.5	7.0	0.2
Art 438(c)(d)	12	of which CVA	45.8	48.5	3.7
Art 438(e)	13	Settlement Risk	0.1	0.0	0.0
Art 449(o)(i)	14	Securitisation exposures in banking book (after the cap)	57.4	63.1	4.6
	15	of which SEC - IRBA	-	-	-
	16	of which SEC - SA	-	-	-
	17	of which SEC - ERBA	57.4	63.1	4.6
	18	of which internal assessment approach	-	-	-
	18a	of which 1250% / deduction	-	-	-
Art 438(e)	19	Market Risk	545.8	980.7	43.7
	20	of which the standardised approach	6.0	6.8	0.5
	21	of which IMA	539.8	973.8	43.2
Art 438(e)	22	Large exposures	-	-	-
Art 438(f)	23	Operational Risk	3,232.2	3,232.6	258.6
	24	of which Basic Indicator Approach	-	-	-
	25	of which Standardised Approach	557.0	557.8	44.6
	26	of which Advanced Measurement Approach	2,675.2	2,674.9	214.0
Art 437(2), 48,60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	2,362.0	2,387.8	189.0
Art 500	28	Floor adjustment	-	-	-
	29	Other calculation elements *)	500.0	500.0	40.0
	30	Total	33,689.8	34,810.4	2,695.2

*) Other calculation elements include:

500.0 mn EUR due to temporary measure on internal credit risk models (linked to limitations raised by the Supervisor)

Reduction in RWA is mainly due to lower credit risk, in particular under the advanced IRB approach, driven by lower business volumes and due to lower market risk.

EU CR8 – RWA flow statements of credit risk exposures under the IRB approach (Template 23 - Art. 438 CRR)

(EUR million)

Description		a	b	Comments
		RWA amounts	Capital requirements	
1	RWAs as at the end of the previous reporting period	22,321.7	1,785.7	
2	Asset size	-356.6	-28.5	
3	Asset quality	106.0	8.5	1)
4	Model updates	0.0	0.0	
5	Methodology and policy	-313.0	-25.0	2)
6	Acquisitions and disposals	0.0	0.0	
7	Foreign exchange movements	-63.0	-5.0	
8	Other	0.0	0.0	
9	RWAs as at the end of the reporting period	21,695.1	1,735.6	

1) Portfolio movements - mainly due to COVID-19

2) Reclassification of subordinated loans acc. to OeNB requirements

Disclosure pursuant to Article 451 CRR (Leverage)

Reference date		30 September 2020
Entity name		UniCredit Bank Austria AG
Level of application		subconsolidated
Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures		
		Applicable amount in million €
1	Total assets as per published financial statements	115,962.0
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation or entities which are not fully/proportionally consolidated for accounting purposes but are inside the scope of regulatory consolidation	61.7
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429 (13) of Regulation (EU) No 575/2013)	0.0
4	Adjustments for derivative financial instruments	-2,637.0
5	Adjustment for securities financing transactions (SFTs)	230.9
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	9,577.4
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	0.0
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	0.0
7	Other adjustments	-1,007.5
8	Leverage ratio total exposure measure	122,187.5
Table LRCom: Leverage ratio common disclosure		
		CRR leverage ratio exposures in million €
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	113,138.2
2	(Asset amounts deducted in determining Tier 1 capital)	-1,625.6
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	111,512.7
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	1,087.0
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	373.6
EU-5a	Exposure determined under Original Exposure Method	0.0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0.0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-933.7
8	(Exempted CCP leg of client-cleared trade exposures)	0.0
9	Adjusted effective notional amount of written credit derivatives	60.0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.0
11	Total derivative exposures (sum of lines 4 to 10)	586.9
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	279.7
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.0
14	Counterparty credit risk exposure for SFT assets	230.9
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	0.0
15	Agent transaction exposures	0.0
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	0.0
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	510.6
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	37,090.8
18	(Adjustments for conversion to credit equivalent amounts)	-27,513.4
19	Other off-balance sheet exposures (sum of lines 17 to 18)	9,577.4
Exempted exposures in accordance with Article 429 (7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429 (7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0.0
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0.0
Capital and total exposure measure		
20	Tier 1 capital	6,279.9
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	122,187.5
Leverage ratio		
22	Leverage ratio	5.1%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	TRANSITIONAL
EU-24	Amount of derecognised fiduciary items in accordance with Article 429 (11) of Regulation (EU) No 575/2013	0.0

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		CRR leverage ratio exposures in million €
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	113,138.2
EU-2	Trading book exposures	0.5
EU-3	Banking book exposures, of which:	113,137.8
EU-4	Covered bonds	1.3
EU-5	Exposures treated as sovereigns	39,425.1
EU-6	Exposures to regional governments, MDB, international organisations and PSE <u>not</u> treated as sovereigns	1,829.6
EU-7	Institutions	7,324.9
EU-8	Secured by mortgages of immovable properties	13,368.8
EU-9	Retail exposures	5,407.0
EU-10	Corporate	37,990.4
EU-11	Exposures in default	990.6
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	6,800.1

Declaration by the Manager charged with preparing the financial reports

The undersigned Kurt Bachinger, in his capacity as the Manager charged with preparing the financial reports of UniCredit Bank Austria AG

DECLARES

that the information disclosed in this document corresponds to the document results, books and accounts records.

Vienna, 19 November 2020



Kurt Bachinger

Declaration pursuant to the EBA Guidelines 2016/11 on disclosure requirements under Part Eight of Regulation (EU) No 575/2013

The undersigned Gregor Hofstätter-Pobst (Chief Financial Officer) and Kurt Bachinger (as Manager charged with preparing the financial reports) of UniCredit Bank Austria AG

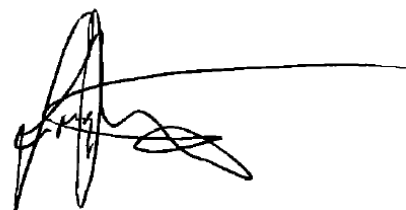
CERTIFY

that, pursuant to the EBA Guidelines 2016/11 on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 ("CRR") 4.2 paragraph – section C, disclosures provided according to the aforementioned Part Eight have been prepared in accordance with the internal control processes agreed upon at the management body level.

Vienna, 19 November 2020



Kurt Bachinger



Gregor Hofstätter-Pobst