

**Qualitative disclosure pursuant to Art. 442 CRR  
(Credit risk adjustments)**

**Definition of non-performing, impaired (IAS 39), past-due and forbearance exposures**

**Non-performing exposures** are divided into the following categories according to UniCredit Group rules:

- **Bad loans:** credit exposures, formally considered uncollectible, to insolvent borrowers, even if insolvency has not been judicially ascertained. The impairment loss assessment is performed in general on an analytical basis (including the validation of the provision with coverage levels statistically defined for certain loan portfolios below a set threshold). If the individual loan amounts are not significant, the assessment of impairment loss is performed on a collective basis aggregating similar exposures;
- **Unlikely to pay:** on-balance sheet and off-balance sheet exposures which do not meet the conditions to be classified as “bad loans”. The classification as “unlikely to pay” derives from the assessment of the debtor’s unlikeliness, without actions such as realisation of collateral, to fully repay his/her credit obligation (principal and/or interest). The classification within the “unlikely to pay” category is not necessarily related to the explicit presence of anomalies (repayment failure) but rather is tied to the existence of evidence of a debtor’s risk of default. The impairment loss assessment is performed in general on an analytical basis (also checking the coverage level which is statistically defined for certain loan portfolios below a set threshold) or on a collective basis aggregating similar exposures.
- **Past-due:** exposures other than those classified among “bad loans” or “unlikely to pay”, which at the reference date have amounts that are more than 90 days past due or over limits. Impaired past-due amounts can be determined by reference to the individual debtor or to the individual transaction.

**Performing loans:**

- **Past-due:** loans which are performing: exposures to borrowers where past-due amounts or unauthorised overdrafts at the reporting date were between 1 and 90 days overdue.
- **Other exposures:** borrowers not included in the other categories.

**Forborne exposure:**

The new requirements for reporting on forbearance were defined by Commission Implementing Regulation (EU) 2015/1278 amending Implementation Regulation (EU) No

680/2014. Under the definition, forbearance measures are concessions made by a bank to a debtor facing or about to face difficulties in meeting its financial commitments. These may take the form of a modification of the terms and conditions of a contract that would not have been agreed if the debtor had not been in financial difficulties, or the form of total or partial refinancing. Debtors that are classified as “forborne” are subject to special monitoring requirements and are to be clearly marked as such. Forbearance measures include, for example, a rescheduling agreement, renegotiated pricing at interest rates below the market level, the conversion of a partial amount of the loan into shares, or a reduction of the principal amount.

Forborne exposures can be classified in the categories “non-performing exposures” and “performing exposures” as defined by the same EBA standards. With reference to the assessments of impairment and provisions for forborne exposures, the accounting policies applied are the general criteria in accordance with IAS 39 requirements.

## Description of methodology applied to determine write-downs

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised on the date of contract signing, which normally coincides with the date of disbursement to the borrower.

These items include debt instruments with the above characteristics (including host contracts of hybrid instruments from which an embedded derivative has been bifurcated) or those subject to portfolio reclassification in accordance with the rules of IAS 39 and the net value of finance leases of assets under construction or awaiting lease, provided the leases have the characteristics of contracts entailing the transfer of risk.

After initial recognition at fair value, which usually is the price paid including transaction costs and income directly attributable to the acquisition or issuance of the financial asset (even if not paid), a loan or receivable is measured at amortised cost, which can be adjusted to take account of any write-downs/write-backs resulting from the valuation process..

A gain or loss on loans and receivables is recognised in profit or loss:

- when a loan or receivable is derecognised: in the item *“Gains (losses) on disposal of loans”*;

or:

- when a loan or receivable is impaired: in the item *“Impairment losses on loans”*.

Interest on loans and receivables is recognised in profit or loss on an accrual basis by using the effective interest rate method under the item *“Interest income and similar revenues”*.

Delay interest is taken to the income statement on collection or receipt.

Loans and receivables are reviewed in order to identify those that, following events occurring after initial recognition, show objective evidence of possible impairment. These impaired loans are reviewed and analysed periodically at least once a year.

A loan or receivable is deemed impaired when it is considered that it will probably not be possible to recover all the amounts due according to the contractual terms, or equivalent value.

Allowances for impairment of loans and receivables are based on the present value of expected cash flows of principal and interest; in determining the present value of future cash flows, the basic requirement is the identification of estimated collections, the timing of payments and the rate used.

The amount of the loss on impaired exposures classified as Bad and Unlikely to pay according to the categories specified above, is the difference between the carrying value and the present value of estimated cash flows discounted at the original interest rate of the financial asset.

If the original rate is not directly available, or if obtaining it is too burdensome, its best approximation will be applied.

For all fixed rate positions the interest rate so determined is kept constant also in subsequent financial years, while for floating rate positions the interest rate is updated with respect to the floating component used as a reference while keeping the spread originally set constant.

Recovery times are estimated on the basis of business plans or forecasts based on historical recovery experience observed for similar classes of loans, taking into account the segment of the customers, the type of loan, the type of security and any other factors considered relevant.

Any subsequent change vis-à-vis initial expectations of the amount or timing of expected cash flows of principal and interest causes a change in allowances for impairment and is recognised in profit or loss in the item "*Impairment losses on loans*".

Write-downs of impaired loans are classified as specific in the relevant income statement item even when the calculation is portfolio-based or based on statistical data, as indicated below.

When the reasons for the impairment no longer exist, and this assessment is objectively attributable to an event such as an improvement in the debtor's credit worthiness occurred after the impairment, a reversal is made in the same profit or loss item, within the amount of the amortised cost that there would have been if there had been no impairments.

Derecognition of a loan or receivable in its entirety (write-off) is made when the legal rights on the loan have failed or the loan or receivable is deemed to be irrecoverable or is written off. Write-offs are recognised directly in profit or loss under the item "*Impairment losses on loans*" and reduce the amount of the principal of the loan or receivable. Reversals of all or part of amounts previously written off are recognised in the same item.

Loans under renegotiation involving a debt/equity swap are valued, pending swap finalisation, on the basis of the conversion agreements entered into on the balance-sheet date.

Any negative differences between the value of the loans and the fair value of the shares are taken to profit or loss as write-downs.

## Quantitative Disclosure according to Article 442 CRR (Credit risk adjustments) – Bank Austria Group

**31.12.2015**  
in EUR '000

(c) the total amount of exposures after accounting offsets and without taking into account the effects of credit risk mitigation, and the average amount of the exposures over the period broken down by different types of exposure classes

Breakdown of credit exposures by portfolio and credit quality (gross and net values) *)								(€ thousand)	
Portfolio/Quality	Non-performing assets			Performing			31 Dec. 2015	Average	
	Gross Exposure	Specific write-downs	Net exposure	Gross Exposure	Portfolio adjustments	Net exposure	Net exposure	Net exposure	
Available-for-sale financial assets	1.056	751	305	24.571.501	-	24.571.501	24.571.806	24.337.481	
Held-to-maturity financial instruments	16.916	9.123	7.793	475.713	-	475.713	483.506	375.776	
Loans and receivables with banks	20.327	18.088	2.239	32.211.884	46	32.211.838	32.214.077	30.722.061	
Loans and receivables with customers	10.381.168	5.842.025	4.539.143	112.686.933	849.399	111.837.534	116.376.677	116.912.077	
Financial assets at fair value through profit or loss	-	-	-	-	-	57.211	57.211	60.955	
Financial instruments classified as held for sale	1.745.133	742.752	1.002.381	594.856	9.745	585.111	1.587.492	1.679.219	
<b>TOTAL</b>	<b>12.164.600</b>	<b>6.612.739</b>	<b>5.551.861</b>	<b>170.540.887</b>	<b>859.190</b>	<b>169.738.908</b>	<b>175.290.769</b>	<b>174.087.567</b>	

\*) includes only items in the banking group's statement of financial position which are referred to as credit exposures, excluding equity investments and investment funds and other items such as investments in associates and joint ventures, tangible/intangible assets, tax assets, etc.; the banking group's scope of consolidation differs from that in the IFRS financial statements

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(d) the geographic distribution of the exposures, broken down in significant areas by material exposure classes, and further detailed if appropriate;

(h) the amount of the impaired exposures and past due exposures, provided separately, broken down by significant geographical areas including, if practical, the amounts of specific and general credit risk adjustments related to each geographical area

31.12.2015

in EUR '000

Banking Group - Distribution of BS and Off-BS exposures to banks by geographic area (IAS BS value*)							(€ thousand)
Banks	Austria		Other European Countries		Rest of the World		
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	
<b>A. Balance sheet exposures</b>							
Bad exposures	1.003	4.255	0	11.087	1.208	2.746	
Unlikely to pay	0	0	0	0	23	0	
Non performing past due exposures	0	0	5	0	0	0	
Other exposures	14.305.587	0	17.640.262	44	1.513.099	2	
<b>TOTAL A</b>	<b>14.306.590</b>	<b>4.255</b>	<b>17.640.267</b>	<b>11.131</b>	<b>1.514.330</b>	<b>2.748</b>	
<b>B. Off-balance sheet exposures</b>							
Bad exposures	20	0	0	0	0	0	
Unlikely to pay	66.008	0	0	0	0	0	
Non performing past due exposures	0	0	0	0	0	0	
Other exposures	8.580.029	0	1.873.535	5	539.472	2	
<b>TOTAL B</b>	<b>8.646.057</b>	<b>0</b>	<b>1.873.535</b>	<b>5</b>	<b>539.472</b>	<b>2</b>	
<b>TOTAL A+B</b>	<b>22.952.647</b>	<b>4.255</b>	<b>19.513.802</b>	<b>11.136</b>	<b>2.053.802</b>	<b>2.750</b>	

Banking Group - Distribution of BS and Off-BS exposures to customers by geographic area (IAS BS value*)							(€ thousand)
Customers	Austria		Other European Countries		Rest of the World		
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	
<b>A. Balance sheet exposures</b>							
Bad exposures	177.512	1.185.034	1.505.702	3.094.656	739	14.203	
Unlikely to pay	1.431.769	1.083.555	2.133.391	1.082.429	3.103	4.758	
Non performing past due exposures	54.049	6.005	278.584	109.532	4.987	631	
Other exposures	73.349.211	368.058	60.687.980	486.774	3.199.062	3.808	
<b>TOTAL A</b>	<b>75.012.541</b>	<b>2.642.652</b>	<b>64.605.657</b>	<b>4.773.391</b>	<b>3.207.891</b>	<b>23.400</b>	
<b>B. Off-balance sheet exposures</b>							
Bad exposures	20.537	14.371	39.613	13.183	12	0	
Unlikely to pay	126.984	112.506	145.617	29.617	639	10.545	
Non performing past due exposures	166	159	1.576	245	4	0	
Other exposures	17.871.712	26.627	14.662.162	25.230	923.025	302	
<b>TOTAL B</b>	<b>18.019.399</b>	<b>153.663</b>	<b>14.848.968</b>	<b>68.275</b>	<b>923.680</b>	<b>10.847</b>	
<b>TOTAL A+B</b>	<b>93.031.940</b>	<b>2.796.315</b>	<b>79.454.625</b>	<b>4.841.666</b>	<b>4.131.571</b>	<b>34.247</b>	

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## Quantitative Disclosure according to Article 442 CRR (Credit risk adjustments) – Bank Austria Group

31.12.2015  
in EUR '000

- (e) the distribution of the exposures by industry or counterparty type, broken down by exposure classes;  
(g) by significant industry or counterparty type, the amount of:  
(i) impaired exposures and past due exposures, provided separately;  
(ii) specific and general credit risk adjustments;  
(iii) charges for specific and general credit risk adjustments during the reporting period

Banking group – On-balance sheet and off-balance sheet credit exposure to customers by segment *)																			(€ thousand)		
Counterparts/Exposures	Governments			Other public entities			Financial companies			Insurance companies			Non-financial companies			Other entities					
	Net Exposure	Specific Write-Downs	Portfolio adjustments	Net Exposure	Specific Write-Downs	Portfolio adjustments	Net Exposure	Specific Write-Downs	Portfolio adjustments	Net Exposure	Specific Write-Downs	Portfolio adjustments	Net Exposure	Specific Write-Downs	Portfolio adjustments	Net Exposure	Specific Write-Downs	Portfolio adjustments			
<b>A. Balance sheet exposures</b>																					
Bad exposures	21.617	223	X	1.649	1.722	X	42.757	59.452	X	1	53	X	922.606	3.201.960	X	695.318	1.030.485	X			
- of which: forbore exposures	0	0	X	54	15	X	2.117	5.321	X	0	0	X	284.627	394.507	X	220.526	195.511	X			
Unlikely to pay	0	21	X	46.751	12.152	X	23.866	44.593	X	0	1	X	3.340.278	1.972.427	X	157.365	141.551	X			
- of which: forbore exposures	0	0	X	40.723	10.042	X	1.602	10.981	X	0	1	X	1.728.611	1.080.280	X	72.367	56.982	X			
Non performing past due exposures	1.254	400	X	829	858	X	367	74	X	0	0	X	220.838	41.171	X	114.333	73.665	X			
- of which: forbore exposures	1.254	400	X	817	849	X	10	11	X	0	0	X	103.443	22.460	X	20.273	8.032	X			
Performing exposures	27.077.053	X	4.592	5.627.818	X	4.246	5.560.113	X	18.432	81.320	X	52	85.812.062	X	587.896	13.077.883	X	243.416			
- of which: forbore exposures	642	X	22	15.978	X	102	1	X	0	6	X	0	1.194.578	X	27.450	142.246	X	8.942			
<b>TOTAL A</b>	<b>27.099.924</b>	<b>644</b>	<b>4.592</b>	<b>5.677.047</b>	<b>14.732</b>	<b>4.246</b>	<b>5.627.103</b>	<b>104.119</b>	<b>18.432</b>	<b>81.321</b>	<b>54</b>	<b>52</b>	<b>90.295.784</b>	<b>5.215.558</b>	<b>587.896</b>	<b>14.044.899</b>	<b>1.245.701</b>	<b>243.416</b>			
<b>B. Off-balance sheet exposures</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Bad exposures	0	0	X	0	0	X	2	2	X	0	0	X	57.463	21.989	X	2.698	5.564	X			
Unlikely to pay	1	0	X	0	0	X	10.574	0	X	0	0	X	260.409	81.715	X	2.258	70.949	X			
Other non-performing exposures	0	0	X	0	0	X	0	0	X	0	0	X	1.189	240	X	557	162	X			
Performing exposures	452.202	X	424	511.500	X	184	2.799.785	X	476	19.449	X	5	28.713.470	X	46.905	960.491	X	4.163			
<b>TOTAL B</b>	<b>452.203</b>	<b>0</b>	<b>424</b>	<b>511.500</b>	<b>0</b>	<b>184</b>	<b>2.810.361</b>	<b>2</b>	<b>476</b>	<b>19.449</b>	<b>0</b>	<b>5</b>	<b>29.032.531</b>	<b>103.944</b>	<b>46.905</b>	<b>966.004</b>	<b>76.675</b>	<b>4.163</b>			
<b>TOTAL A+B</b>	<b>27.552.127</b>	<b>644</b>	<b>5.016</b>	<b>6.188.547</b>	<b>14.732</b>	<b>4.430</b>	<b>8.437.464</b>	<b>104.121</b>	<b>18.908</b>	<b>100.770</b>	<b>54</b>	<b>57</b>	<b>119.328.315</b>	<b>5.319.502</b>	<b>634.801</b>	<b>15.010.903</b>	<b>1.322.376</b>	<b>247.579</b>			

\*) includes only items in the banking group's statement of financial position which are referred to as credit exposures, excluding equity investments and investment funds and other items such as investments in associates and joint ventures, tangible/intangible assets, tax assets, etc.;  
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**Quantitative Disclosure according to Article 442 CRR (Credit risk adjustments) – Bank Austria Group**

(f) the residual maturity breakdown of all the exposures, broken down by exposure classes, and further detailed if appropriate

Banking group: breakdown by residual contractual maturity of financial assets and liabilities *)									
	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
<b>On-balance sheet assets</b>	<b>20.101.928</b>	<b>4.709.545</b>	<b>3.132.275</b>	<b>5.228.346</b>	<b>13.099.198</b>	<b>7.959.539</b>	<b>12.634.449</b>	<b>52.781.668</b>	<b>57.523.755</b>
Government securities	166	41.991	3.876	124.758	348.946	537.706	1.237.106	11.954.524	7.846.798
Other debt securities	4.322	3.936	2.907	30.273	249.372	591.059	1.574.980	1.758.912	2.202.134
Units in investment funds	807	-	-	-	-	-	-	-	-
Loans	20.096.633	4.663.618	3.125.492	5.073.315	12.500.880	6.830.774	9.822.363	39.068.232	47.474.823
- Banks	8.681.967	3.885.456	2.069.698	1.161.197	8.037.878	2.041.048	936.469	987.571	2.156.139
- Customers	11.414.666	778.162	1.055.794	3.912.118	4.463.002	4.789.726	8.885.894	38.080.661	45.318.684
<b>On-balance sheet liabilities</b>	<b>69.809.457</b>	<b>1.773.668</b>	<b>3.661.047</b>	<b>4.289.349</b>	<b>12.586.179</b>	<b>9.091.508</b>	<b>13.646.655</b>	<b>32.185.646</b>	<b>18.051.423</b>
Deposits and current accounts	68.336.267	1.442.417	3.037.516	3.989.461	6.038.799	6.745.780	9.785.113	12.574.502	1.195.055
- Banks	2.551.783	139.751	705.442	138.138	145.351	85.486	623.175	1.560.173	786.796
- Customers	65.784.484	1.302.666	2.332.074	3.851.323	5.893.448	6.660.294	9.161.938	11.014.329	408.259
Debt securities	10.128	46.431	266.720	102.665	546.095	1.951.746	2.785.685	12.389.902	11.277.943
Other liabilities	1.463.062	284.820	356.811	197.223	6.001.285	393.982	1.075.857	7.221.242	5.578.425
<b>Off-balance sheet transactions</b>	<b>- 1.587.857</b>	<b>- 4.702</b>	<b>- 30.118</b>	<b>- 177.662</b>	<b>- 283.993</b>	<b>- 381.589</b>	<b>- 409.693</b>	<b>- 17.558.159</b>	<b>- 62.273.921</b>
Physically settled fin. derivatives	-	- 1	-	- 2	- 1	- 1	- 1	- 1	-
- Long positions	190.603	1.317.937	134.371	568.168	1.276.570	626.670	812.601	2.520.717	136.641
- Short positions	190.603	1.317.938	134.371	568.170	1.276.571	626.669	812.602	2.520.716	136.641
Cash settled Fin. derivatives	- 173.217	2.832	14.949	- 8.856	- 342	- 5.577	- 18.953	- 31.067	- 9.345
- Long positions	246.021	1.624.041	2.149.586	2.201.869	4.422.536	3.313.348	4.654.997	19.384.078	13.268.166
- Short positions	419.238	1.621.209	2.134.637	2.210.725	4.422.878	3.318.925	4.673.950	19.415.145	13.277.511
Deposit to be received	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-
Irrevocable commitments to disburse funds	- 164.961	-	-	165.618	- 81.799	17.367	34.631	17.853	-
- Long positions	1.601.937	5.393	29.792	374.661	610.209	836.964	3.370.384	8.008.876	5.106.927
- Short positions	1.766.898	5.393	29.792	209.043	692.008	819.597	3.335.753	7.991.023	5.106.927
Written guarantees	152.413	969	12.471	16.248	213.264	110.687	325.792	1.385.662	732.534
Financial guarantees received	1.773.622	902	2.698	4.654	152.871	259.111	68.224	16.185.710	61.550.732
Physically settled credit derivatives	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	5.400	-
- Short positions	-	-	-	-	-	-	-	5.400	-
Cash settled Credit derivatives	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	5.400	314.300	60.000
- Short positions	-	-	-	-	-	-	5.400	314.300	60.000

\*) including items classified as held for sale

## Quantitative Disclosure according to Article 442 CRR (Credit risk adjustments) – Bank Austria Group

(i) the reconciliation of changes in the specific and general credit risk adjustments for impaired exposures, shown separately. The information shall comprise:

(i) a description of the type of specific and general credit risk adjustments;

(ii) the opening balances;

(iii) the amounts taken against the credit risk adjustments during the reporting period;

(iv) the amounts set aside or reversed for estimated probable losses on exposures during the reporting period, any other adjustments including those determined by exchange rate differences, business combinations, acquisitions and disposals of subsidiaries, and transfers between credit risk adjustments;

(v) the closing balances.

Banking group – On-balance sheet exposure to banks and customers: changes in overall impairment* ) (€ thousand)						
Source/Categories	Exposures to banks			Exposures to customers		
	Bad exposures	Unlikely to pay	Non performing past due	Bad exposures	Unlikely to pay	Non performing past due
<b>Opening balance (gross amount)</b>	<b>17.113</b>	-	-	<b>5.209.197</b>	<b>1.479.153</b>	<b>137.027</b>
Sold but not derecognised	-	-	-	-	-	-
<b>Increases</b>	<b>1.062</b>	-	-	<b>1.913.038</b>	<b>1.648.735</b>	<b>186.818</b>
Writedowns	-	-	-	870.277	887.486	132.660
Losses on disposal	-	-	-	8.755	1.702	1.290
Transfers from other Non performing exposure	-	-	-	249.650	606.175	5.499
Other increases	1.062	-	-	784.356	153.372	47.369
<b>Reductions</b>	<b>87</b>	-	-	<b>2.828.342</b>	<b>957.146</b>	<b>207.677</b>
Write-backs from assessments	-	-	-	128.521	66.343	20.798
Write-backs from recoveries	59	-	-	415.130	341.479	27.016
Gains on disposal	-	-	-	11.042	264	102
Write-offs	-	-	-	974.102	161.417	7.860
Transfers to other Non performing exposures	-	-	-	519.568	224.339	117.418
Other decreases	28	-	-	779.979	163.304	34.483
<b>Closing balance (gross amounts)</b>	<b>18.088</b>	-	-	<b>4.293.893</b>	<b>2.170.742</b>	<b>116.168</b>
Sold but not derecognised	-	-	-	-	-	-

The table above excludes performing exposures.

The overall amount of net write-downs related to the Banking Group, performing exposures included, booked in the income statement 2015 amounts to:

Loans to banks	14
Loans to customers	- 1.020.865

\*) the banking group's scope of consolidation differs from that in the IFRS financial statements