ERRATA – Interim Report at 31 March 2014

A review of the first-time application of Basel 3 including phase-in rules – more specifically, Regulation 2013/575/EU (Capital Requirements Regulation – CRR), which came into force on 1 January 2014 with phase-in rules until 2019, and Directive 2013/36/EU (Capital Requirements Directive IV) to implement Basel 3 – after completion of the Interim Report at 31 March 2014 has led to a different interpretation of the phase-in mainly with regard to the recognition of hybrid capital, resulting in a slight change in capital ratios. This means that due to the effects of rounding, the total capital ratio as at 31 March 2014 is 13.5% instead of 13.6%, and is thus unchanged compared with the year-end 2013 figure under Basel 2.5. On this basis there is a need for corrections to the following passages in the Interim Report published in the Internet on 11 May 2014 (corrected figures in red):

Page 3, “Bank Austria at a Glance”

Volume figures

(€ million)		31 MARCH 2014	31 DEC. 2013	+/–
(…)				
previously	Risk-weighted assets (overall)	123,515	119,113	+3.7 %
corrected	Risk-weighted assets (overall)	123,536	119,113	+3.7 %

(…)

Key performance indicators

	31 MARCH 2014, CORRECTED	31 MARCH 2014, PREVIOUSLY	2013
(…)			
Common Equity Tier 1 capital ratio (2013: Core Tier 1 capital ratio)	11.0 %	11.1 %	11.3 %
Tier 1 capital ratio	11.0 %	11.2 %	11.6 %
Total capital ratio	13.5 %	13.6 %	13.5 %

Page 7, "Bank Austria in the first quarter of 2014, Overview"

Corrected

● **Risk-weighted assets and capital ratios** are published in accordance with Basel 3 rules starting with these interim consolidated financial statements. The combined effect of regulatory requirements (current status in line with the phase-in over a number of years) and economic trends was an increase of 4.7% in regulatory capital, to a total of €16.7 billion. Risk-weighted assets (based on all risks) rose by 4.2% to €123.5 billion. The **total capital ratio** was **13.5%**, unchanged compared with year-end 2013.

Previously

● **Risk-weighted assets and capital ratios** are published in accordance with Basel 3 rules starting with these interim consolidated financial statements. The combined effect of regulatory requirements (current status in line with the phase-in over a number of years) and economic trends was an increase of 5.0% in regulatory capital, to a total of €16.8 billion. Risk-weighted assets (based on all risks) rose by 4.2% to €123.5 billion. This resulted in a slight improvement in the **total capital ratio** to **13.6%** after 13.5% at the end of 2013.

Page 14, right-hand column

Corrected

● **Risk-weighted assets** (RWAs) rose by €5.0 billion or 4.2% to €123.5 billion in the course of the first quarter of 2014. The increase was mainly due to Basel 3 implementation effects. The main factors behind the RWA increase were the 250% weighting of significant investments (mandatory deduction under Basel 2), new risk positions relating to the Asset Value Correlation (AVC) multiplier and the regulatory Credit Value Adjustment (CVA). The introduction of the SME supporting factor reduced RWAs.

Credit risk RWAs were more or less stable in the first quarter of 2014. The increase resulting from the new Basel 3 regulations and the transfer of CEE leasing companies to Bank Austria is offset by the switch to the IRB approach at the Russian subsidiary, exchange rate effects primarily in Russia and Ukraine, and a reduction of RWAs in UniCredit Bank Austria AG. Market risk RWAs rose by €3.5 billion in the first quarter of 2014, mainly because of regulatory changes and the buildup of a bond position in Russia. RWAs from operational risk were up by €0.4 billion from year-end 2013.

● **Total regulatory capital** was €16.7 billion, up by €0.7 billion on the year-end 2013 level. As large deductions were no longer applicable and transitional adjustments were applied, Tier 1 capital rose slightly, despite the more stringent Basel 3 rules. Tier 2 capital increased by €0.9 billion as a result of a new issue of qualifying Tier 2 in the amount of €0.5 billion and due to the fact that Basel 2 deductions were no longer applicable; Tier 3 capital was no longer eligible for inclusion under Basel 3, leading to a reduction of €0.2 billion.

➔ As total regulatory capital and risk-weighted assets based on all risks increased more or less proportionately, the **total capital ratio** was unchanged at 13.5%. The Tier 1 capital ratio declined from 11.6% to 11.0%, reflecting higher RWAs. The Common Equity Tier 1 capital ratio as at 31 March 2014 was also 11.0%; this figure is not directly comparable with the Core Tier 1 capital ratio (excluding hybrid capital) as at year-end 2013 because of different calculation methods.

Capital ratios based on all risks

	31 MARCH 2014, BASEL 3	31 DEC. 2013, BASEL 2.5
Common Equity Tier 1 capital ratio	11.0%	–
Core Tier 1 capital ratio (excl. hybrid capital)	–	11.3%
Tier 1 capital ratio	11.0%	11.6%
Total capital ratio	13.5%	13.5%

Previously

● **Risk-weighted assets** (RWAs) rose by €5.0 billion or 4.2% to €123.5 billion in the course of the first quarter of 2014. The increase was mainly due to Basel 3 implementation effects. The main factors behind the RWA increase were the 250% weighting of significant investments (mandatory deduction under Basel 2), new risk positions relating to the Asset Value Correlation (AVC) multiplier and the regulatory Credit Value Adjustment (CVA). The introduction of the SME supporting factor reduced RWAs.

Credit risk RWAs were more or less stable in the first quarter of 2014. The increase resulting from the new Basel 3 regulations and the transfer of CEE leasing companies to Bank Austria is offset by the switch to the IRB approach at the Russian subsidiary, exchange rate effects primarily in Russia and Ukraine, and a reduction of RWAs in UniCredit Bank Austria AG. Market risk RWAs rose by €3.5 billion in the first quarter of 2014, mainly because of regulatory changes and the buildup of a bond position in Russia. RWAs from operational risk were up by €0.4 billion from year-end 2013.

● **Total regulatory capital** was €16.8 billion, up by €0.8 billion on the year-end 2013 level. As large deductions were no longer applicable and transitional adjustments were applied, Tier 1 capital rose slightly, despite the more stringent Basel 3 rules. Tier 2 capital increased by €0.9 billion as a result of a new issue of qualifying Tier 2 in the amount of €0.5 billion and due to the fact that Basel 2 deductions were no longer applicable; Tier 3 capital was no longer eligible for inclusion under Basel 3, leading to a reduction of €0.2 billion.

➔ With the increase in total capital, the **total capital ratio** improved slightly, from 13.5% to **13.6%**, in the 3-month period since the end of 2013. The Tier 1 capital ratio declined from 11.6% to 11.2%, reflecting higher RWAs. The Common Equity Tier 1 capital ratio as at 31 March 2014 was 11.1%; this figure is not directly comparable with the Core Tier 1 capital ratio (excluding hybrid capital) as at year-end 2013 because of different calculation methods.

Capital ratios based on all risks

	31 MARCH 2014, BASEL 3	31 DEC. 2013, BASEL 2.5
Common Equity Tier 1 capital ratio	11.1%	–
Core Tier 1 capital ratio (excl. hybrid capital)	–	11.3%
Tier 1 capital ratio	11.2%	11.6%
Total capital ratio	13.6%	13.5%

Page 52, “Additional disclosures”

Corrected

Consolidated capital resources and risk-weighted assets

(€ million)

BASEL 3		BASEL 2	
	31 MARCH 2014	31 DEC. 2013	
Paid-in capital instruments (excl. own common equity tier 1 instruments)	1,681	1,681	Paid-in capital
Reserves and minority interests	11,613	13,243	Reserves and minority interests
Adjustments to Common Equity Tier 1	–503	–419	Intangible assets
		–787	Deductions from Tier 1
Transitional adjustments to Common Equity Tier 1 *)	792		
Common Equity Tier 1 (CET1)	**13,583**		
Additional Tier 1 capital and qualifying Additional Tier 1 instruments issued by subsidiaries	0		
Adjustments to Additional Tier 1	–		
Transitional adjustments to Additional Tier 1 *)	0		
Additional Tier 1 (AT1)	**0**		
Tier 1 capital (T1=CET1+AT1)	**13,583**	**13,718**	**Original own funds (Tier 1)**
Tier 2 capital and qualifying Tier 2 instruments issued by subsidiaries	3,303	2,510	Subordinated liabilities eligible for inclusion
		239	Revaluation reserves and undisclosed reserves
Adjustments to Tier 2 capital	–145	–678	Deductions from Tier 2
Transitional adjustments to Tier 2 capital *)	–35		
Tier 2 capital (T2)	**3,123**	**2,071**	**Tier 2 (T2)**
–	–	169	Tier 3 (T3)
TOTAL REGULATORY CAPITAL (TC=T1+T2)	**16,707**	**15,958**	**TOTAL REGULATORY CAPITAL (TC=T1+T2+T3)**

*) according to the Austrian CRR Supplementary Regulation (CRR-Begleitverordnung) of 11 December 2013

Previously

Consolidated capital resources and risk-weighted assets

(€ million)

BASEL 3		BASEL 2	
	31 MARCH 2014	31 DEC. 2013	
Paid-in capital instruments (excl. own common equity tier 1 instruments)	1,681	1,681	Paid-in capital
Reserves and minority interests	11,662	13,243	Reserves and minority interests
Adjustments to Common Equity Tier 1	–372	–419	Intangible assets
		–787	Deductions from Tier 1
Transitional adjustments to Common Equity Tier 1 *)	792		
Common Equity Tier 1 (CET1)	**13,763**		
Additional Tier 1 capital and qualifying Additional Tier 1 instruments issued by subsidiaries	68		
Adjustments to Additional Tier 1	–		
Transitional adjustments to Additional Tier 1 *)	–42		
Additional Tier 1 (AT1)	**26**		
Tier 1 capital (T1=CET1+AT1)	**13,789**	**13,718**	**Original own funds (Tier 1)**
Tier 2 capital and qualifying Tier 2 instruments issued by subsidiaries	3,146	2,510	Subordinated liabilities eligible for inclusion
		239	Revaluation reserves and undisclosed reserves
Adjustments to Tier 2 capital	–145	–678	Deductions from Tier 2
Transitional adjustments to Tier 2 capital *)	–35		
Tier 2 capital (T2)	**2,967**	**2,071**	**Tier 2 (T2)**
–	–	169	Tier 3 (T3)
TOTAL REGULATORY CAPITAL (TC=T1+T2)	**16,756**	**15,958**	**TOTAL REGULATORY CAPITAL (TC=T1+T2+T3)**

*) according to the Austrian CRR Supplementary Regulation (CRR-Begleitverordnung) of 11 December 2013

Page 52, "Additional disclosures"

Corrected

Risk-weighted assets

(€ million)

	31 MARCH 2014 BASEL 3	31 DEC. 2013 BASEL 2
a) Credit risk pursuant to standardised approach	55,155	57,478
b) Credit risk pursuant to internal ratings-based (IRB) approach	48,242	46,120
c) Other (contribution to default fund of a CCP)	105	–
Credit risk	103,501	103,598
Position, foreign exchange and commodity risk	5,614	2,114
Operational risk	13,215	12,798
Risk positions for credit value adjustments (CVA)	1,205	–
TOTAL RWAS	**123,536**	**118,510**

Capital ratios

	31 MARCH 2014 BASEL 3	31 DEC. 2013 BASEL 2
Common Equity Tier 1 ratio *)	11.0%	–
Core Tier 1 ratio (excl. hybrid capital) *)	–	11.3%
Tier 1 ratio *)	11.0%	11.6%
Total capital ratio *)	13.5%	13.5%

*) based on all risks

Previously

Risk-weighted assets

(€ million)

	31 MARCH 2014 BASEL 3	31 DEC. 2013 BASEL 2
a) Credit risk pursuant to standardised approach	55,137	57,478
b) Credit risk pursuant to internal ratings-based (IRB) approach	48,242	46,120
c) Other (contribution to default fund of a CCP)	105	–
Credit risk	103,484	103,598
Position, foreign exchange and commodity risk	5,614	2,114
Operational risk	13,212	12,798
Risk positions for credit value adjustments (CVA)	1,205	–
TOTAL RWAS	**123,515**	**118,510**

Capital ratios

	31 MARCH 2014 BASEL 3	31 DEC. 2013 BASEL 2
Common Equity Tier 1 ratio *)	11.1%	–
Core Tier 1 ratio (excl. hybrid capital) *)	–	11.3%
Tier 1 ratio *)	11.2%	11.6%
Total capital ratio *)	13.6%	13.5%

*) based on all risks