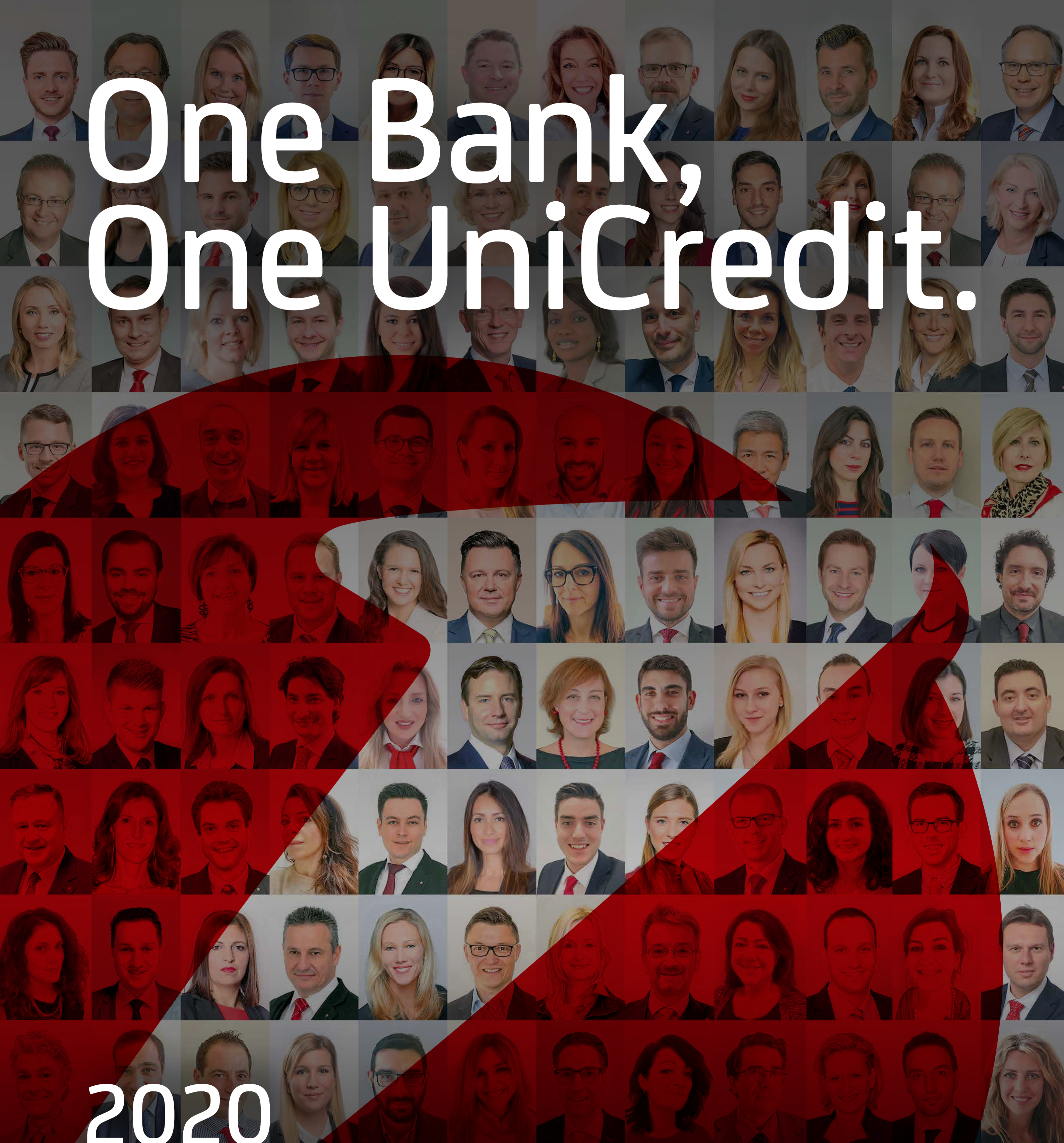
One Bank, One UniCredit.



2020

Half-Yearly Financial Report

Banking that matters.

Bank Austria
Member of UniCredit

Content

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Bank Austria at a glance

Income statement figures

(€ million)

	1H20	1H19	+/-
Net interest	460	476	-3.4%
Dividends and other income from equity investments	23	76	-69.3%
Net fees and commissions	328	336	-2.4%
Net trading, hedging and fair value income/loss	15	24	-38.1%
Operating income	850	939	-9.5%
Operating costs	(588)	(569)	3.2%
Operating profit	262	370	-29.0%
Net write-downs of loans and provisions for guarantees and commitments	(134)	13	n.a.
Net operating profit	128	382	-66.6%
Profit (loss) before tax	(41)	348	n.a.
Net Profit attrib. to the owners of the parent company	(36)	320	n.a.
Cost/income ratio	69.1%	60.6%	+8.5 PP
Cost of risk	42 bp	-4 bp	+46 bp

Volume figures

(€ million)

	30.06.2020	31.12.2019	+/-
Total assets	115,543	101,663	+13.7%
Loans and receivables with customers	63,766	63,258	+0.8%
Direct funding	71,255	69,232	2.9%
Loan / direct funding ratio	89.5%	91.4%	-1.9 PP
Equity	8,363	8,486	-1.4%
Risk-weighted assets (overall)	34,810	33,493	3.9%

Capital ratios

	30.06.2020	31.12.2019	+/-
Common Equity Tier 1 capital ratio	18.2%	18.9%	-0.7 PP
Tier 1 capital ratio	18.2%	18.9%	-0.7 PP
Total capital ratio	20.4%	21.3%	-0.9 PP
Leverage ratio	5.2%	5.7%	-0.5 PP

Staff

(Full-time equivalent)	30.06.2020	31.12.2019	+/-
Austria in Total	5,253	5,301	(48)

Offices

	30.06.2020	31.12.2019	+/-
BA AG - Privatkundenbank branches	122	122	0

Notes:
- Comparative figures for 2019 recast to reflect the current structure and methodology
- RWA are total regulatory risk-weighted assets
- Capital ratios based on all risks and pursuant to Basel 3 according to the current state of the transitional provisions
- n. m = not meaningful; PP = percentage point(s); bp = basis point(s)

Management Report

Economic environment – market developments

Pandemic causes global recession

Since the beginning of 2020, the global economy has been in the grips of COVID-19. To contain the pandemic, restrictions on public life have been imposed - in accordance with the respective course of infection. A lockdown was already implemented in China at the start of the year. Disruption to production, business closures and exit restrictions not only put pressure on the Chinese economy, but caused economic constraints as a result of disruption to global value chains throughout Asia, as well as in the USA and Europe, which initially were predominantly reflected in disruptions to the supply chains of the global industry. With the shift of the pandemic's epicentre to Europe and, subsequently, to the American continent, these supply-side disruptions to the economy have increasingly been replaced by problems with demand, as from March massive restrictions on economic life had to be imposed to contain the spread of coronavirus worldwide. The global economy subsequently slumped into the strongest recession since the Second World War. While China and the rest of Asia began to show signs of recovery following the sharp economic downturn in the first quarter of 2020, following the initial setback at the start of the year, the US and European economies were not fully affected by the influences of the protective measures against the further spread of the pandemic until the second quarter. Both international demand and the domestic demand for consumption and investment came to a standstill. Depending on the course of the infection, the steps towards easing the lockdown were already taking place in different regions during April, gradually enabling the start of a recovery phase in the USA and Europe before the middle of the year. Nevertheless, the US economy contracted by almost 5 percent year-on-year in the first half of 2020. The Eurozone saw the economy suffer a somewhat stronger setback due to longer and more restrictive restrictions and a higher export orientation, with a drop in GDP by 9 percent compared with the previous year.

Monetary and fiscal policy battle the economic consequences of the pandemic

To cushion the economic burden of the pandemic mitigation measures and to support the economic recovery from the recession, worldwide governments have taken fiscal policy initiatives and central banks have also adapted their monetary policy framework. In the European Union, the suspension of the strict debt regulations gave the member states fiscal flexibility, especially since the EU Commission has also relaxed the rules on state aid. However, the following fiscal policies of the individual states were not coordinated and the content was inconsistent. Measures across Europe were only implemented to a limited extent, e.g. through the European Investment Bank. However, the current proposal by the EU Commission for a development programme entitled "Next Generation EU", which aims to make common financial resources available, particularly to the most affected countries, could change the existing rules of the EU with regard to a common fiscal policy. While, in response to the economic impact of the pandemic, the Federal Reserve cut the federal funds target rate by 150 base points to a range of 0 to 0.25 percent by mid-2020, due to a limited room for manoeuvre the European Central Bank left the key interest rate at 0 percent and the deposit rate at minus 0.5 percent. Just like the Fed, however, the ECB adopted a series of unconventional monetary easing measures during the first half of 2020. To maintain favourable financing conditions and secure the transmission of monetary policy, in addition to regulatory facilities for commercial banks, the ECB has introduced an additional longer-term refinancing operation (TLTRO-III) to support lending to small and medium-sized enterprises and an additional emergency bond purchase programme (PEPP: Pandemic Emergency Purchase Programme) of more than €750 billion by the end of 2020. In view of low inflation expectations, this programme was increased by €600 billion at the beginning of June. In this environment, the yield on European government bonds fell from the start of the year until the middle of 2020. At the end of June 2020, the yield on the Austrian ten-year government bonds was also clearly in the negative range, at minus 0.28 percent. At the same time, the easing of monetary policy has helped equity markets, which fell sharply as a result of the pandemic. The Viennese stock market index ATX has nevertheless lost almost 30 percent from the beginning of the year to the middle of 2020.

Economic situation and market developments in Austria

After a good start to 2020, the lockdown from mid-March to contain the pandemic caused an abrupt and massive collapse of the economy in Austria, too. In the first quarter of 2020, economic output fell by almost 3 percent year-on-year. After the slump in April, the successive easing of measures, with the gradual opening up of some sectors of the economy, has already enabled a slight improvement in the economic situation in the months that followed. However, economic performance declined significantly more in the second quarter than at the beginning of the year. Lower infection rates and an earlier end to the initial lockdown measures have meant that the Austrian economy has not been so severely affected by the coronavirus crisis as other European countries. However, demand for consumption and investment has found it hard to get into full swing.

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The first half of 2020 saw the Austrian economy shrink by around 8 percent year-on-year. As a result, the unemployment rate was at a record high of almost 13 percent following the abrupt increase at the start of lockdown - and in mid-2020, at a seasonally adjusted 11.5 percent, it was significantly higher than at the start of the year (7.3 percent). Moreover, due to the weak demand and low oil prices, inflation was on a decline, with values around 1 percent year-on-year.

Despite the virus-related shutdown, the high dynamics of residential loans for households, which averaged just over 5 percent year-on-year, continued in the first months of 2020 and therefore, alongside the increased demand for corporate loans for liquidity cover (which grew by around 6 percent), was the decisive driver of the strong credit growth of just over 5 percent in Austria in the first half of 2020. However, consumer loans experienced a considerable drop and outstanding volume fell by more than 4 percent. Despite the low interest rate environment, deposits continued to grow strongly in the first half of 2020, with almost 4 percent on average, supported by household deposits, but above all by companies.

Management Report

Business development in the first half of 2020

Condensed income statement of Bank Austria [1)]

(Mio €)

		RECAST [2)]	CHANGE	
	1H20	1H19	+/- €	+/- %
Net interest	460	476	(16)	-3.4%
Dividends and other income from equity investments	23	76	(53)	-69.3%
Net fees and commissions	328	336	(8)	-2.4%
Net trading, hedging and fair value income/loss	15	24	(9)	-38.1%
Net other expenses/income	24	27	(3)	-11.4%
Operating income	850	939	(89)	-9.5%
Payroll costs	(303)	(300)	(3)	1.1%
Other administrative expenses	(262)	(247)	(14)	5.8%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(23)	(23)	0	1.3%
Operating costs	(588)	(569)	(18)	3.2%
Operating profit	262	370	(107)	-29.0%
Net write-downs of loans and provisions for guarantees and commitments	(134)	13	(147)	n.m.
Net operating profit	**128**	**382**	**(254)**	**-66.6%**
Provisions for risks and charges	6	72	(66)	-91.7%
Systemic charges	(118)	(115)	(3)	2.7%
Integration/ restructuring costs	0	1	(1)	n.m.
Net income from investments	(56)	8	(65)	n.m.
Profit (loss) before tax	**(41)**	**348**	**(389)**	**n.m.**
Income tax for the period	4	(26)	30	n.m.
Total profit or loss after tax from discontinued operations	1	3	(2)	-75.3%
Non-controlling interests	0	(6)	6	n.m.
Net profit or loss [3)]	**(36)**	**320**	**(356)**	**n.m.**

n.m. = not meaningful
1) Bank Austria's income statement as presented in this table is a reclassified format corresponding to the format used for segment reporting
2) Recast to reflect the consolidation perimeter and business structure in 2020
3) Attributable to the owners of the parent company

Management Report

Details of the income statement in the first half of 2020

The following commentary on Bank Austria's performance is based on the income statement structure used for segment reporting. The comparative figures for the first half of 2019 are recast to reflect the current structure and methodology.

Segment reporting *covers three business segments:* ***Privatkundenbank***, ***Unternehmerbank*** *and* ***Corporate & Investment Banking***. *The* ***Privatkundenbank*** *comprises the responsibility for individuals (including premium banking clients), independent professionals and business customers (with annual turnover of up to €3 million) as well as wealth management.* ***Unternehmerbank*** *as used here is the sum of corporate customer business, leasing and factoring activities. The* ***Corporate & Investment Banking*** *business segment includes major multinational and international customers with a need for capital market-related services and investment banking solutions, as well as FactorBank (previously assigned to Corporate Banking). Corporate & Investment Banking also serves financial institutions including banks, asset managers, institutional customers and insurance companies. Those parts of the bank that are not assigned to any segment are reported in the Corporate Centre segment.*

The first half of 2020 was significantly influenced by the ***COVID-19 pandemic***, *which gave rise to an abrupt negative change to the economic environment. The greatest impact was in the area of cost of risk; due to an updated macroeconomic scenario, the calculation of the ECL (expected credit loss) in accordance with IFRS 9 required changes in probability of default (PD) and loss-given default (LGD), which, as shown in the following section, significantly influenced the cost of risk. In the operating income area, particularly income from equity investments and net fees and commissions showed significant declines. There were numerous additional expenses in the operating costs, including in areas such as safety, hygiene/cleaning costs and IT (among others in connection with the switch to home office, since at the height of the crisis more than 90% of employees worked in their place of residence and continued to do so, even though this was to a lesser extent). The net income from investments was also significantly impacted by required impairment losses on individual equity investments.*

Operating income in the first half of 2020 was €850 million, down 9.5% from the previous year's level (€939 million). In the current environment, all income items declined, with the main drivers of this negative trend being dividends and other income from equity investments, mainly due to lower contributions from the 3-Banken Group (which includes Oberbank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft (BTV) and BKS Bank AG (BKS)).

Net interest represents just over half of the operating income and remains the most important earnings position, as in previous periods. At €460 million, net interest was 3.4% lower than in the previous year, also influenced by the in-part more intensified environment of extremely low, partly negative interest rates as a result of the COVID-19 crisis.

At €23 million, **dividends and other income from equity investments** were 69.3% below the previous year's figure; the item mainly comprises pro rata results from material equity investments such as the 3-Banken Group and the Oesterreichische Kontrollbank.

Net fees and commissions (€328 million) declined (-2.4%) compared to the same period of 2019. While the net fees and commissions from asset management increased slightly despite the difficult market environment, and commissions from the credit and guarantee business also grew, the payment transactions, which represent more than two-fifths of the total net fees and commissions, saw a considerable decline, among others as a result of the closure of many shops during the crisis which led to corresponding slumps in credit card sales.

Net trading, hedging and fair value income (€15 million) was 38.1% lower than the comparative figure for 2019, partly driven by valuation effects.

The income statement position **other net operating expenses/income** includes various items that are not allocated to the above-mentioned income items. Income of €24 million (compared to €27 million in the same period of the previous year) was generated in the first half of 2020.

Operating costs included various additional costs related to the COVID-19 pandemic in the first half of 2020. Operating costs increased by €18 million, or 3.2%, to €588 million (previous year: €569 million), the previous year's figure being influenced by a positive one-off effect with regard to social capital.

At €303 million, **payroll costs** were only slightly, i.e. €3 million or 1.1% higher than the previous year's figure, despite the aforementioned positive one-off effect with regard to social capital in the previous year. The moderate development is also due, among other things, to a further reduction in staff capacities (FTE).

Other administrative expenses increased by 5.8% to €262 million. Half of this resulted from additional costs associated with the COVID-19 pandemic. These range from complementary hygiene and health measures at all locations through to various security steps and IT expenditures to ensure the functioning of the IT infrastructure while dramatically expanding home office activities.

At €23 million, **amortisation, depreciation and impairment losses on intangible and tangible assets** (+1.3%) remained at the same level as in the previous year.

The **operating profit** reached €262 million and was thus down by -29% due to the aforementioned developments.

The **net write-downs of loans and provisions for guarantees and commitments** were heavily influenced by the changed environment due to the COVID-19 pandemic. After a positive amount of €13 million was achieved in the previous year, the new situation required an update to the macroeconomic scenario. As a result, in accordance with IFRS 9, the calculation of the ECL (expected credit loss) required changes in the probability of default and LGDs to be recognised, which led to a significant increase in the cost of risk for loans classified under IFRS 9 in stage 1 and stage 2. In total, net write-downs of loans and provisions for guarantees and commitments of €134 million were reported in the first half of 2020.

The **cost of risk**, expressed as the ratio of net write-downs of loans and provisions for guarantees and commitments and the average credit volume in base points (bp) (refer also to the glossary for alternative performance ratios in the Annex), reached 42 bp in the first half of 2020 (-4 bp in the same period of the previous year). The business segments had the following cost of risk: Retail Banking 48 bp, Corporate Banking 32 bp and CIB division 53 bp.

The operating result (**net operating profit**) in the first half of 2020 was €128 million, down -66.6% from €382 million in the same period of the previous year. Divisionally speaking, the Austrian customer segments contributed to operating performance as follows: Retail Banking +€14 million, Corporate Banking +€88 million and CIB division +€66 million.

The **provisions for risks and charges** included an amount of +€6 million (previous year: +€72 million). The high previous year's figure was largely related to the net release of provisions for risks and charges for sanctions following an agreement with U.S. authorities in the first quarter of 2019.

At -€118 million, the **systemic charges** were just above the previous year's figure (-€115 million in the same period in 2019). Of the total amount, the bank levy accounted for €56 million (including a pro rata special payment of €46 million) and contributions to the deposit guarantee scheme and the resolution fund totalled €62 million. The pro rata special payment of the bank levy, which was last paid in the reporting year (four instalments in the years 2017–20), is based on the new regulation of the Austrian bank levy introduced in 2016.

In the **net income from investments**, a negative contribution of -€56 million (previous year: +€8 million) was reported. This is mainly due to impairment losses on individual equity investments (3-Banken Group).

In total, a **result before tax** of -€41 million resulted from the operating and non-operating items cited. The significant decline compared with the first half of 2019 was mainly due to the slump in operating income, the high increase in net write-downs of loans and provisions for guarantees and commitments as well as the impairment losses shown in the net income from investments.

Income tax for the period showed a positive amount of €4 million (first half year of 2019: expenses of €26 million).

The **total profit or loss after tax from discontinued operations** includes the contribution of +€1 million (in the previous year: +€3 million) of the Real Estate Holding companies ("Immo Holding") including the result from the sale of property companies and properties held by these companies. Since the beginning of the sales process, most of these assets not required for operations have already been sold.

The **non-controlling interests** (minority interests) was zero (previous year: -€6 million).

Overall, a total result (**net result attributable to the owners of the Bank Austria**) of -€36 million was generated in the first half of 2020, following €320 million in the first half of 2019. The COVID-19 pandemic, which caused the strongest economic downturn since the Second World War and the continued environment of extremely low interest rates with corresponding margin pressure, are the main causes of the negative development of the result.

Management Report

Financial position and capital resources

The balance sheet total and loans and receivables along with deposits from banks show a significant increase as of 30/06/2020 compared to the end of 2019. This is mainly due to the Bank's participation in the Targeted Longer-Term Refinancing Operations (TLTRO III) in June 2020, a refinancing operation of the European Central Bank for European banks with the aim of stimulating lending in the difficult economic environment due to the COVID-19 pandemic.

Regarding the impact of the COVID-19 pandemic on credit risk, we also refer to the "Credit risk" section of the risk report in the notes.

Generally speaking, the Bank Austria Group's balance sheet at 30/06/2020 reflects the target structure which was to be strategically achieved through an **Austrian universal bank** focused on traditional commercial banking business with customers. **Loans and receivables with customers** is the largest item on the asset side by far with a proportion of 55%. The Unternehmerbank and Corporate & Investment Banking business segments accounted for approximately two-thirds of total lending volume, underscoring Bank Austria's leading position as a major lender to the Austrian business sector. Furthermore, the bank holds an important position in lending to Austrian retail customers. **Deposits from customers** represent more than half of liabilities and equity. Approximately 60% consists of deposits from Privatkundenbank and constitutes a solid refinancing basis for Bank Austria.

Major items in the statement of financial position

(€ million)

	30.06.2020	31.12.2019	CHANGE	
			+/- € million	+/- %
Assets				
Cash and cash balances	83	270	(187)	-69.2%
Financial assets held for trading	1,202	1,016	+186	+18.3%
Loans and receivables with banks	25,869	13,451	+12,418	+92.3%
Loans and receivables with customers	63,766	63,258	+507	+0.8%
Other financial assets	19,135	18,496	+639	+3.5%
Hedging instruments	2,881	2,377	+503	+21.2%
Other assets	2,608	2,795	(187)	-6.7%
TOTAL ASSETS	**115,543**	**101,663**	**+13,880**	**+13.7%**
Liabilities and equity				
Deposits from banks	26,407	14,880	+11,528	+77.5%
Deposits from customers	58,331	56,730	+1,601	+2.8%
Debt securities in issue	12,519	12,049	+470	+3.9%
Financial liabilities held for trading	1,286	1,065	+222	+20.8%
Hedging instruments	2,758	2,243	+514	+22.9%
Other liabilities	5,878	6,210	(332)	-5.3%
o/w pensions and other post-retirement benefit obligations	3,949	4,025	(76)	-1.9%
Equity	8,363	8,486	(122)	-1.4%
TOTAL LIABILITIES AND EQUITY	**115,543**	**101,663**	**+13,880**	**+13.7%**

Management Report

Reconciliation of the short version of the balance sheet (see previous page) to the balance sheet items of the consolidated interim financial statements

Assets

(€ million)

	30.06.2020	31.12.2019
Cash and cash balances	83	270
Financial assets held for trading	1,202	1,016
Loans and receivables with banks	25,869	13,451
a) Financial assets at amortised cost	25,869	13,451
Loans and receivables with customers	63,766	63,258
a) Financial assets at amortised cost	62,757	62,156
b) Financial assets mandatorily at fair value	1,009	1,102
Other financial assets	19,135	18,496
a) Financial assets at amortised cost (banks)	912	799
b) Financial assets at amortised cost (customers)	738	330
c) Financial assets designated at fair value	-	-
d) Financial assets mandatorily at fair value	109	112
e) Financial assets at fair value through other comprehensive income	15,148	14,935
f) Investments in associates and joint ventures	2,228	2,319
Hedging instruments	2,881	2,377
a) Derivatives used for hedging	2,061	1,817
b) Fair value changes of the hedged items in portfolio hedge (+/-)	820	560
Other assets	2,608	2,795
a) Tangible assets	887	1,035
b) Intangible assets	2	3
of which goodwill	-	-
c) Tax assets	638	623
d) Non-current assets and disposal groups classified as held for sale	732	782
e) Other assets	348	353
TOTAL ASSETS	**115,543**	**101,663**

Liabilities and equity

(€ million)

	30.06.2020	31.12.2019
Deposits from banks	26,407	14,880
Deposits from customers	58,331	56,730
Debt securities issued	12,519	12,049
Financial liabilities held for trading	1,286	1,065
Hedging instruments	2,758	2,243
a) Derivatives used for hedging	2,194	1,819
b) Fair value changes of the hedged items in portfolio hedge (+/-)	564	425
Other liabilities	5,878	6,210
a) Financial liabilities designated at fair value	60	103
b) Tax liabilities	53	54
c) Liabilities included in disposal groups classified as held for sale	460	573
d) Other liabilities	909	974
e) Provisions for risks and charges	4,395	4,507
of which pensions and other post-retirement benefit obligations	3,949	4,025
Shareholders' equity	8,363	8,486
a) Revaluation reserves	(1,703)	(1,682)
b) Other provisions	4,239	3,605
c) Share premium reserve	4,137	4,136
d) Share capital	1,681	1,681
e) Minority interests (+/-)	45	48
f) Net profit or loss	(36)	698
TOTAL LIABILITIES AND EQUITY	**115,543**	**101,663**

Management Report

Compared to 31/12/2019, the **balance sheet total** rose by €13.9 billion, or 13.7%, to €115.5 billion.

The **loans and receivables with banks** grew sharply by €12.4 billion to €25.9 billion, mainly due to the placement of the volume acquired under the TLTRO III.

The **loans and receivables with customers** increased by €0.5 billion to €63.8 billion, whereby the CIB division and the Privatkundenbank in particular saw a significant increase in volume. The non-performing gross loans decreased by €0.2 billion to €1.9 billion compared to the end of 2019, which slightly reduced the gross NPL ratio to 2.9%. The net value of the NPL ratio was 1.5% at the reporting date.

Deposits from banks increased by €11.5 billion to €26.4 billion compared to the end of 2019 due to the Bank's participation in the TLTRO III. Bank Austria took up a new volume of €15.4 billion, while volumes from previous TLTROs were repaid.

Deposits from customers also increased by €1.6 billion (+2.8%) to €58.3 billion compared to the balance sheet date of 2019. The Unternehmerbank and the CIB division recorded increases, while deposits from retail customers remained stable.

The **debt securities in issue** rose slightly (+€0.5 billion) to €12.5 billion. In line with the Bank's liquidity strategy, a major Pfandbrief issue as well as a MREL-eligible Senior Non-Preferred issue were issued in the reporting period.

The excellent refinancing basis through non-banks is documented overall in the summarised "**direct funding**" item (customer deposits + debt securities in issue + financial liabilities designated at fair value), which amounted to €70.9 billion as at 30/06/2020. This means that loans to non-banks are covered by deposits from non-banks and debt securities in issue to the extent of about 111%.

The **provisions for risks and charges** amounted to around €4.4 billion at the half-year 2020, -€0.1 billion compared to the end of 2019. The largest item thereof is provisions for pensions and similar obligations, which amounted to €3.9 billion (31/12/2019: €4.0 billion). As of 30/6/2020, the interest rate for the social capital was 1%, unchanged from the end of 2019.

As of 30 June 2020, the reported **equity** amounted to €8.4 billion, which means that it fell slightly (-€0.1 billion) compared to the end of 2019.

Management Report

Capital resources and risk-weighted assets

Regulatory capital, capital requirements and regulatory capital ratios are calculated in accordance with the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD IV) to implement Basel 3 in the European Union. Under the Austrian CRR Supplementary Regulation and ECB Regulation 2016/445 on the exercise of options and discretions available in EU law, these provisions are not yet fully applicable, but will be gradually introduced over several years.

The regulatory provisions directly applicable as of the entry into force of Regulation (EU) 2019/876 (CRR II) are reflected in the determination of capital ratios as of 30/06/2020, as well as the provisions of Regulation (EU) 2020/873 amending Regulations (EU) 575/2013 and (EU) 2019/876 due to certain adjustments resulting from the COVID-19 pandemic.

Bank Austria Group calculates its consolidated regulatory capital and consolidated regulatory capital requirements on an IFRS basis.

The Bank Austria Group's **net capital resources** remained unchanged at **€7.1 billion** compared to 31/12/2019.
As of 30/06/2020, Bank Austria did not make use of the possibility of allocating the IFRS 9 credit risk effects over time.

The **Common Equity Tier 1 capital** (CET1) also remained unchanged at €6.3 billion.

Compared to the end of 2019, the **risk weighted assets (RWA)** increased from €33.5 billion to **€34.8 billion**. The first quarter 2020 was characterized by a business-induced increase in RWA of €0.5 billion. In the 2nd quarter 2020, the COVID-19-induced increase in the credit risk of €0.9 billion was offset by supporting measures (such as a favourable SME factor due to COVID-19) and a reduction in RWA in subsidiaries. The market risk increased by €0.8 billion.

As a result of the increase in RWA, the capital ratios decreased, as shown in the table below. The ratios continue to significantly exceed the legal requirements.

Capital ratios (based on all risks)

	30.06.2020	31.12.2019
Common Equity Tier 1 (CET1) capital ratio	18.2%	18.9%
Tier 1 capital ratio	18.2%	18.9%
Total capital ratio	20.4%	21.3%

Without taking the transitional provisions defined in the CRR into account, the Common Equity Tier 1 capital ratio (fully loaded) was 18.2% and the total capital ratio (fully loaded) was 20.4%.

The **leverage ratio** pursuant to the Delegated Regulation (EU) 2015/62, based on the current status of transitional arrangements, was 5.2% as at 30 June 2020. Without taking the transitional provisions defined in the CRR into account, the value is also 5.2%.

Permanent establishments

There are no permanent establishments.

Management Report

Outlook

Macro-economic environment 2020

The global economy appears to have now passed through the low point caused by the pandemic. However, the path back to economic normality is expected to take some time. The global economy is expected to shrink by up to 5 percent in 2020, despite the expected recovery in the second half of the year. That said, after a strong rebound in the third quarter, the pace of recovery is expected to slow down again as the consequences of the crisis become more visible. An increasing number of corporate insolvencies, with consequently higher unemployment in the longer term, as well as rising public and private debt, will dampen demand. Moreover, the uncertainty about the further pandemic, the adaptation of consumer and business behaviour to the new framework conditions and the timing of the expiry of the fiscal support measures create considerable economic uncertainty.

Most of the developed countries are expected to suffer greater economic losses as a result of the pandemic compared to the rest of the world. For the USA, which has had a relatively short and less intense lockdown, the continued high infection rates will only allow a moderate recovery in the second half of the year, which should limit the decline in economic output for 2020 as a whole to around 4 percent. The European economy, which suffered from a more strict lockdown, is even expected to see a fall in GDP of around 8 percent. Key interest rates in both the USA and the Eurozone will remain at their current low levels for a long time, in view of the moderate economic recovery and low inflation expectations. The European Central Bank is expected to intensify its efforts in the second half of 2020 to maintain favourable financing conditions for companies and the public authorities that will drive the issue of bonds. The success story of the first half of the year, which led to the highest capital gains for the US Treasuries in about twenty years due to the sharp drop in interest rates and which also resulted in solid capital gains in the Eurozone, will not continue in the second half of the year with yield rates expected to be flat. The US dollar, which benefited from its status as a safe haven in the first half of the year, remained stable against the euro at an exchange rate of 1.12. In the second half of 2020, the weakness of the US economy and the reduced interest rate differential between the USA and the Eurozone tend to favour strengthening the euro. However, the upside potential is likely to be limited with an increase toward the $1.22 for a euro at the end of 2020.

The outlook for Austria

Following the gradual opening up of the economy from the lockdown, Austria should also see an economic recovery in the second half of 2020. However, the high expected growth figures in the third and fourth quarters compared to the respective previous quarters tends to indicate a recovery rate with the handbrake applied as a result of the sharp slump beforehand. The high degree of uncertainty and the general conditions characterized by distance management will slow down the demand dynamics. After short-term positive catch-up effects, private consumption, in particular, will only slowly be able to catch up to pre-crisis levels on account of the tense situation on the labour market. The same, although somewhat less so, also applies to the willingness of domestic companies to invest. Although inevitable replacement investments will be made, expansion investments will, for the time being, only be made cautiously this uncertain and restrained demand environment and this is likely to lack the strong impetus from abroad. Even though the government has presented a package of measures to mitigate the consequences of the pandemic and to support the recovery of the economy of now €50 billion, the risk increases that instead of an optimistic v-shaped recovery scenario – in any case with a much flatter second (upwards) part – a u-shaped economic development of the Austrian economy is more likely, even with the infection rates moving well. Given a high single-digit decline in GDP, economic output at the end of 2020 will therefore still be well below the real level before the outbreak of the COVID-19 crisis at the end of the previous year.

The development of financing and deposits in the second half of 2020 is, of course, subject to great uncertainty and depends on the development of the pandemic. However, from today's perspective, demand for housing finance is likely to remain strong in the second half of the year, while the need for corporate loans is likely to decline somewhat, but is still set to increase. The weak development in consumer credit is also likely to continue. Even toward the end of the first half of the year, Austrian households again showed a somewhat stronger demand for investment funds, although in the second half of 2020, most of the newly invested money from households is likely to be made in the form of deposits, but possibly less than in the first half of the year.

Management Report

Medium-term and long-term objectives

We are part of UniCredit, a successful pan-European commercial bank with a simple business model, fully integrated Corporate & Investment Banking and a unique network in Western, Central and Eastern Europe that we make available to our broadly diversified customer base.

In December 2019, UniCredit presented its new multi-annual strategic plan “**Team 23**” (2020-2023) with the aim of further strengthening its position as a pan-European winner. UniCredit is committed to achieving sustainable returns by leveraging its extensive and growing pan-European customer business and maximising productivity with its continuous cost optimisation and more efficient business processes.

The new "Team 23" plan is based on conservative macroeconomic assumptions and is structured as four pillars:

1. Growth and strengthening of the client franchise,
2. Transformation and maximization of productivity,
3. Disciplined risk management and controls and
4. Capital and balance sheet management.

A focus of the "Team 23" plan remains to expand and strengthen the customer portfolio through more efficient and optimized products and services, while improving the customer experience remains a key driver for all strategic initiatives. The central transformation goal of a "paperless bank" will be implemented by 2023 in all Western Europe markets of UniCredit. Fully digitized processes are designed to deliver the best customer experience while reducing costs and operational risk. At the same time, it will make UniCredit a simpler, faster, safer and more sustainable bank.

UniCredit will improve the service model for its retail customers, in particular by means of a further optimized mix of online and offline channels: The focus here is on direct channels for customer service and transactions, so that sales can devote itself fully to consulting. Moreover, direct channels for the service of the broad business will be made available in order to exploit growth opportunities through a greater coverage and improved investment services in Private Banking and wealth management. UniCredit is also focusing on the further expansion of digital solutions in the corporate customer sector, particularly in the support of small and medium-sized companies. With its fully integrated Corporate & Investment Banking (CIB), it also offers SME clients access to global capital markets and best-in-class solutions.

As UniCredit Bank Austria, we are expanding our existing competitive advantages in Austria so as to continue to operate profitably and, at the same time, become even more attractive and modern for our customers. With all our business units, we are therefore making a consistent contribution to achieving the Group-wide "Team 23 goals":

- **Privatkundenbank**: With the new service model, which is fully geared toward raising the customer's potential, we have created the basis for future success. Founded on this, we want to:
  - Further increase customer satisfaction and improve service quality in all segments and channels
  - Leverage business opportunities, especially in the SME sector, and build new pillars for future earnings growth
  - Consolidate business models and organisational changes to further improve our business results
  - Implement process simplification and automation to further reduce operational risk and increase effectiveness
- **Unternehmerbank**:
  - The **Unternehmerbank** defends its leading role in corporate banking on the Austrian market and also makes use of CIB's product capacities
  - Strategically selective credit growth targets
  - Continued defensive strategy in commercial real estate finance
- **Wealth Management**:
  - New service model with double coverage for key customers (recruitment of new investment experts and account managers)
  - Expansion of the product range, in particular by providing new products in CIB
  - Securities loans, structured products, insurance solutions and private equity investments are to become integral components of wealth management
  - Further growth in assets under management (AuM)

Management Report

- **Cross-divisional/Corporate Centre**:
  - The activities of the central units are to be linked even more closely to the business, as defined by the simplest possible interfaces to the front and mid-office and the greatest possible flexibility, adapted to the needs of sales
  - Redesign end-to-end processes using workflow tools, advanced automation, robotics, chat bots, and more, with an emphasis on improving the customer experience, especially with the use of optimized products and processes

In the course of **the COVID-19 crisis**, our bank has once again demonstrated its organisational strength and flexibility, as well as the high degree of commitment and know-how of our employees:

- With the move to our new headquarters on the Austria Campus in 2018, we have already enabled our employees to work 20 percent of their weekly working hours in the home office. This successful remote working concept made it possible that in the acute phase of the COVID-19-related lockdown, 96 percent of our 5300 employees continued to work in their permanent home offices within a few days, thus ensuring the best possible support for our customers in this exceptional situation.
- In the course of the further easing of government measures, we adjusted our protective measures in the branches and on the Austria Campus in June. This was a step closer to normal, as more employees were able to return to work, while still maintaining strict safety precautions to protect the health of our customers and employees. Toward the end of June, we again increased the physical presence of employees on the Austria Campus to a maximum of 50 percent of office workplaces.

With our **support for the economy during the COVID-19 crisis**, we are working in many areas at the same time:

- We are supporting companies directly through deferments, bridging loans, special credit limits for export losses and comprehensive advice.
- With an increase in deferments and framework increases, we ensure that our customers do not get into an emergency situation and remain liquid and thus can continue to contribute to the now-so-important domestic demand in Austria.
- Since the beginning of the crisis, we have lent up to €3 billion and implemented tens of thousands of deferments. Moreover, every second export guarantee was handled by OeKB, i.e. around 50 percent, via UniCredit Bank Austria, which is well above our usual market share of 30 percent. We have also been able to provide more guarantees on other guarantee schemes (aws, ÖHT) than we have in line with our market share. As one of the leading banks in the country, we are thus a reliable partner for our customers.
- As a leading Corporate Bank and preferred partner in funding advice, we are the ideal point of contact for all entrepreneurs who want to obtain an overview of the current funding opportunities. In recent months, our funding experts have advised and supported our customers mainly via telephone and video.
- To relieve the financial burden on domestic households, UniCredit Bank Austria will refrain from price adjustments for all account products this year.

In the COVID-19 crisis, the strength of our bank as one of the leading capital market players was impressively documented by **a series of highly visible transactions**:

- March 2020: We accompanied the Republic of Austria in the successful admission of €7.5 billion with a double-tranche bond (€5 billion 3-year and €2.5 billion 31-year), mainly to cover the increased need for funds due to COVID-19.
- April 2020: OMV, the largest Austrian and internationally active energy group, issued a senior bond with maturities of 4, 8 and 12 years and a volume of €1.75 billion in three tranches, despite a difficult market environment. UniCredit successfully acted as an active bookrunner and was the key to attracting investor interest, which was in the lead with over €4.25 billion.
- June 2020: UniCredit successfully acted as an active bookrunner for the 5-year €400 million Senior Bond issue of Wienerberger AG, a leading international provider of building materials and infrastructure solutions.
- June 2020: UniCredit Bank Austria has the mandate as coordinator, BMLA and documentation agent of a syndicated OeKB facility for €60 million (of which €20 million at UniCredit Bank Austria) for FACC, an Austrian supplier of structural components made of carbon fibre composite materials for the aircraft industry.

An important – and quite positive – effect of the COVID-19 crisis is the strong economic and social impetus in the field of **digitisation**. Many of our customers have also opted more strongly and convincingly for digital solutions in the past three months than in the past three years. Right at the start of the COVID-19 crisis, our bank strengthened its **multi-channel offering with additional remote advice and service offerings via digital channels** so as to continue to provide the best possible service.

Management Report

Throughout the bank, we see how the use of our digital offering is increasing:

- Direct contact with the advisers in order to handle bank transactions and deal with issues has recently increased by 50 percent on our digital channels as part of secure online advisory contact.
- In our mobile banking business, we recorded an increase in log-ins of around 20 percent.

In general, we see **digitisation as a driver of change** – both for our own business and for that of our customers. This reinforces our ongoing efforts to become a paperless retail bank by 2021. With this ambitious and promising project, our company not only becomes more efficient, but also contributes effectively to creating higher customer satisfaction thanks to improved products and services. The paperless bank is thus a key initiative within the framework of "Team 23". Our new permanent end-to-end rooms will also help us to improve our processes across the company.

With our **"Social Impact Banking**", launched in Austria in 2019, we continue to pool and strengthen our activities for a fairer and more inclusive society – by granting special loans, passing on economic and financial know-how and with the dedication of our employees. In addition, we are strengthening the public's financial knowledge with activities and cooperation in the field of education.

Management Report

Development of business segments

Privatkundenbank

(€ million)

	1H20	1H19 [1]	CHANGE	
			+/- € million	+/- %
Operating income	434	440	(6)	-1.3%
Operating costs	(375)	(374)	(1)	0.3%
Operating profit	59	66	(7)	-10.2%
Net write-downs of loans	(45)	1	(46)	n.m.
Net operating profit	14	67	(53)	-78.6%
Profit (loss) before tax	**(22)**	**36**	**(58)**	**n.m.**
Total Financial Assets	64,073	64,075	(2)	-0.0%
Loans to customers	18,925	18,490	435	2.4%
Deposits from customers	33,137	32,861	277	0.8%
Ø Risk-weighted assets (RWA) [2]	8,686	8,909	(223)	-2.5%
ROAC [3]	-5.8%	3.8%	-9.6 PP	n.m.

1) In segment reporting, the comparative figures for the previous year were recast to reflect the current structure and methodology (see section Segment Reporting in the Notes to the consolidated financial statements)
2) Average risk-weighted assets (all risks) under Basel 3
3) Calculation based on 12.5% allocated capital
n.m. = not meaningful
These comments also apply to the segment tables on the following pages.

Operating profit
Despite the difficult market environment and the COVID-19 crisis, Privatkundenbank achieved an operating profit of €59 million in the first half of 2020 (first half of 2019: €66 million). Operating income was -€6 million (-1.3%) below the previous year's figure, partly due to the decline in net fees and commissions (-2.1%), which also reflects the currently challenging conditions in securities business.
Operating costs were maintained at €375 million due to continued strict cost management (up 0.3% on the previous year).

Net write-downs of loans and provisions for guarantees and commitments
Due to the COVID-19 crisis and the resulting changes in the probability of default and LGDs, an amount of -€45 million was provided. The comparative year-end 2019 figures were +€1 million.

Result before tax from continuing operations
After taking into account the high net write-downs of loans result before tax of the Privatkundenbank in the first half of 2020 was -€22 million (-€58 million compared to the previous year).

Loans to customers/customer deposits
At €18.9 billion, the loan volume was +€0.4 billion above the previous year's level, with new business in the construction and residential business continuing to be the most important driver. Customer deposits increased slightly by €0.3 billion to €33.1 billion.

In the **Privatkundenbank**, customers are ideally looked after and advised by means of tailor-made service models in the relevant segments – **Retail Banking, Premium Banking, Small Business Banking and Wealth Management**.

As a result, the offer for wealthy private customers will be considerably extended in **Premium Banking**. On the one hand, the entry level has been reduced from €500,000 to €300,000 for investment volume, and on the other hand, the consultancy service has been significantly expanded with 17 additional locations within the Bank Austria branch network, particularly in Vienna.

Small Business Banking segment also serves business customers and independent professionals with annual turnover of up to €3 million. Numerous growth initiatives were launched in the first half of 2020 in this business segment. Here we also benefit from the cooperation with strong partners. The branch network was also continually modernized during the reporting period and our consulting times were extended to suit the customer's behaviour in the best possible way. In most of our branches we offer consulting services by appointment from 8 a.m. to 7 p.m.

In addition, our retail as well as business customers and independent professionals can make use of advice over video wherever they are. This service is also available for deaf customers in sign language.

Management Report

The **Wealth Management** segment is concentrated in the **Schoellerbank**, which is considered a specialist in investment and retirement provision. Its core competence is asset management, where experts invest their customers' money according to the motto "invest, don't speculate". This traditional bank also supports its customers – who already entrust it with around €13 billion – in making all the financial decisions in their lives: From the coverage of basic financial services to financial planning, estate succession and foundation management. In the funds business, the partnership with **Amundi** and its innovative products have contributed to the good position. The bank's many years of experience and expertise have yielded many satisfied and loyal customers as well as all the key awards in the finance sector: Schoellerbank is frequently recognised in independent international industry tests; it has not only been Austria's most widely awarded private bank for many years, but this also continues to underscore its expertise and leading role in the Austrian private banking market. With 10 locations, Schoellerbank – a wholly-owned subsidiary of UniCredit Bank Austria AG − is also the only private bank represented throughout Austria.

In the investment area, due to the sustained low interest rate environment and the volatile markets due to geopolitical tensions, the focus was on the investment models *VermögensManagement 5Invest* and *Premium* which are managed by the experts. Our product range is rounded off by the flexible investment model *UNIVERS Exklusiv* with a lump-sum expenses agreement. In doing so, we rely on our experts who support consultants either locally or via video.

As a result of our customers' growing need to carry out daily transactions via digital channels, Bank Austria also continues to rely on the gradual expansion of its digital product range and services. Following the introduction of **24You** – Bank Austria's user-friendly Internet banking – in the last quarter of 2018, the focus for this year is on the development of a Group-wide app for the mobile sector. Moreover, digital services are constantly being supplemented and optimised, such as recently the contactless withdrawal option at our ATMs using the smartphone. Our customers have the opportunity to withdraw money quickly and conveniently without contact. The strong focus on the expansion of our digital sales channels allows us to focus on our core business and simplify processes.

Unternehmerbank

(€ million)

	1H20	1H19	CHANGE	
			+/- € million	+/- %
Operating income	227	244	(17)	-6.9%
Operating costs	(99)	(96)	(3)	3.1%
Operating profit	129	149	(20)	-13.4%
Net write-downs of loans	(41)	4	(45)	n.m.
Net operating profit	88	152	(65)	-42.5%
Profit (loss) before tax	**71**	**169**	**(98)**	**-58.2%**
Loans to customers	25,234	25,443	(208)	-0.8%
Deposits from customers	16,270	14,683	1,587	10.8%
Ø Risk-weighted assets (RWA)	9,662	9,383	279	3.0%
ROAC	9.0%	22.1%	-13.1 PP	n.m.

Operating profit
In the first half of 2020, operating income of €227 million was achieved in a continuing difficult interest rate environment and under the influence of COVID-19 (down -€17 million from the previous year). The fee and commission income remained unchanged, while the net interest declined in the difficult economic environment comparison to the same period of the previous year. The gains and losses on financial assets and liabilities held for trading were influenced by negative valuation effects.

Operating costs increased by €3 million to €99 million due to positive one-off effects on property, plant and equipment costs in 2019. Payroll costs declined further in 2020 and strict cost management remains in place. In total, an operating profit of €129 million (-13.4% compared to the previous year) was achieved.

Net write-downs of loans and provisions for guarantees and commitments
Due to the first effects of COVID-19, the net write-downs of loans and provisions for guarantees and commitments increased sharply to -€41 million (previous year: positive at €4 million).

Profit before tax from continuing operations
After taking into account the systemic charges and sales proceeds from property sales of +€6 million, profit before tax of the Unternehmerbank amounted to €71 million in the first half of 2020. The decrease compared with the previous year was mainly due to the normalization of the higher credit risk result in 2020 and the positive release of provisions for sanctions in the previous year following an agreement with the US authorities.

Loans to customers/customer deposits
At the end of the half-year, the loan volume was €25.2 billion (30/06/2019: €25.4 billion), customer deposits remained relatively stable compared with the previous year; at €16.3 billion, they were significantly higher than the comparable figure of 2019 (€14.7 billion).

For the Unternehmerbank, too, the first half of the year was heavily influenced by the COVID-19 crisis, but it was made up of two very different quarters. In the first quarter, a very good result was achieved in the continuation of the trends from 2019 and the companies still showed cautious optimism at the end of the economic cycle. The impact of the lockdown, which began on 16 March 2020, had not yet been felt in the course of business. After this "moment of shock", however, the picture took a clear turn, and from April, Austria's companies entered crisis mode – which, with a few exceptions, meant significant declines in sales and, of course, in all investment activities. With the gradual introduction of the various state-guaranteed crisis financing models, the Unternehmerbank experienced a high demand for these models, especially in April and May. Existing credit lines were also used more intensively during this period, but at the time of the publication of this report, a return to the long-standing moderate growth path was already apparent. Nevertheless, the course of business in the second quarter was, understandably, marked by the standstill of public life during the lockdown and thus a partial stop of economic activity.

Special attention has been and will continue to be paid to those sectors most affected by the crisis, such as tourism (operators and real estate) or highly export-dependent industries in international supply chains etc., as the public sector becomes increasingly important as a result of the crisis, the business intensity of Bank Austria in this segment also increases. However, the first half of 2020 has gratifyingly showed that the vast majority of the Unternehmerbank 's customers have reacted to the crisis in an extremely resilient manner so far. Bank Austria supports them in these difficult times with its high level of expertise and a wide range of financial solutions.

Management Report

With an extensive presence across Austria and recognized for the expertise and reliability of its advisers, Bank Austria continues to be a strategic financial partner for Austrian companies. A continuous increase in customer satisfaction and, despite the crisis, a sustained high profitability speak for themselves.

Corporate & Investment Banking

(€ million)

	1H20	1H19	CHANGE	
			+/- € million	+/- %
Operating income	199	194	5	2.6%
Operating costs	(83)	(84)	1	-1.6%
Operating profit	117	110	6	5.8%
Net write-downs of loans	(50)	3	(53)	n.m.
Net operating profit	66	113	(47)	-41.3%
Profit (loss) before tax	**32**	**130**	**(98)**	**-75.3%**
Loans to customers	19,255	18,532	723	3.9%
Deposits from customers	8,491	7,435	1,055	14.2%
Ø Risk-weighted assets (RWA)	10,034	10,189	(155)	-1.5%
ROAC	4.2%	16.5%	-12.2 PP	n.m.

Operating profit
In the CIB segment, the operating result in the first half of 2020 was €117 million, up 5.8% on the previous year's figure. Operating income increased by €5 million or 2.6% to €199 million, mainly due to the higher net interest of +€11 million as a result of the good performance of the treasury business and the positive development of the credit volume and deposit business. The positive interest result was partially offset by a decline in the fees business, which was affected by the COVID-19 crisis and negative valuation effects in the net trading, hedging and fair value income of -€4 million. At the same time, operating costs were reduced by 1.6% to €83 million thanks to strict cost management and efficiency-increasing measures.

Net write-downs of loans and provisions for guarantees and commitments
The update of the macroeconomic scenario (forward-looking information), induced by the COVID-19 crisis, resulted in a significant increase in the net write-downs of loans and provisions for guarantees and commitments to €50 million (previous year: net releases of €3 million), mainly in the non-risk portfolio (Stage 1 and Stage 2 according to IFRS 9).

Profit before tax from continuing operations
The CIB business segment posted a profit before tax of €32 million, a decrease of €98 million compared to the previous year, with the current period being strongly influenced by the cautious formation of credit facilities, while on the other hand, the same period of the previous year includes a share of the net release of provisions for sanctions following an agreement with the US authorities.

Loans to customers/customer deposits
In comparison to the first half year 2019, loan volume considerably increased by 3.9% to €19.3 billion. Customer deposits also grew by 14.2% to €8.5 billion.

UniCredit is one of the largest lenders to corporate customers in Europe. Since 2012, UniCredit has also been amongst the top three in Europe for syndicated financing and Euro bonds. In Austria, UniCredit is number two in all Austrian bonds, and number one in all Austrian syndicated loans. Furthermore, UniCredit is number one in all Austrian corporate loans. As a result, UniCredit made a significant contribution to the Austrian real economy.

UniCredit Bank Austria was voted Best Treasury & Cash Management Provider, Market Leader and Best Service in All Services in Trade Finance and additionally Best Sub-Custodian Bank in 2020.

The CIB business area further strengthened its leading market position among multinational corporates in the first six months of 2020. Despite the challenging COVID-19 economic environment we continued to provide intensive services to Austrian multinational corporates. CIB also continued to work on the extended core markets such as the Nordic countries on a sustainable basis.

The positive development is documented by further growth in business volumes especially in the loan market and capital markets business despite a persistently challenging and highly competitive market environment. CIB Austria further defended its position in Debt Capital Markets in the first half of 2020. CIB product lines are fully plugged-in to Bank Austria commercial banking and wealth management which serves as basis for further development of product know-how and services to our clients.

Consolidated Financial Statements in accordance with IFRSs

Notes

In this report, “Bank Austria” and “the Bank Austria Group” refer to the Group. To the extent that information relates to the parent company’s separate, unconsolidated financial statements, “UniCredit Bank Austria AG” is used.

In adding up rounded figures and calculating the percentage rates of changes, slight differences may result compared to totals and rates arrived at by adding up component figures which have not been rounded off.

The numbering of the tables listed in the Notes is not always consecutive or chronological as it is derived from the numbering in the consolidation system.

Consolidated Income Statement

Consolidated income statement

(€ million)

ITEMS	AS AT 30.06.2020	AS AT 30.06.2019 RESTATED [1]
10. Interest income and similar revenues	640	692
of which: interest income calculated with the effective interest method	*535*	*610*
20. Interest expenses and similar charges	(179)	(216)
30. Net interest margin	**460**	**476**
40. Fees and commissions income	417	438
50. Fees and commissions expenses	(89)	(102)
60. Net fees and commissions	**328**	**336**
70. Dividend income and similar revenues	3	1
80. Net gains (losses) on trading	9	(1)
90. Net gains (losses) on hedge accounting	1	-
100. Gains (Losses) on disposal and repurchase of:	3	10
a) financial assets at amortised cost	-	-
b) financial assets at fair value through other comprehensive income	2	10
c) financial liabilities	1	-
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	(5)	12
a) financial assets/liabilities designated at fair value	(6)	(5)
b) other financial assets mandatorily at fair value	1	17
120. Operating income	**799**	**835**
130. Net losses/recoveries on credit impairment relating to:	(111)	5
a) financial assets at amortised cost	(111)	6
b) financial assets at fair value through other comprehensive income	-	-
140. Gains/Losses from contractual changes with no cancellations	-	-
150. Net profit from financial activities	**689**	**840**
160. Net premiums	-	-
170. Other net insurance income/expenses	-	-
180. Net profit from financial and insurance activities	**689**	**840**
190. Administrative expenses:	(677)	(656)
a) staff costs	(303)	(300)
b) other administrative expenses	(374)	(356)
200. Net provisions for risks and charges:	(25)	81
a) commitments and financial guarantees given	(24)	9
b) other net provisions	(1)	72
210. Net value adjustments/write-backs on property, plant and equipment	(43)	(47)
220. Net value adjustments/write-backs on intangible assets	(1)	(1)
230. Other operating expenses/income	45	44
240. Operating costs	**(700)**	**(577)**
250. Gains (Losses) of equity investments	(43)	77
260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	(1)	-
270. Goodwill impairment	-	-
280. Gains (Losses) on disposals of investments	14	9
290. Profit (Loss) before tax from continuing operations	**(41)**	**348**
300. Tax expenses (income) for the period from continuing operations	4	(26)
310. Profit (Loss) after tax from continuing operations	**(37)**	**322**
320. Profit (Loss) after tax from discontinued operations	1	3
330. Profit (Loss) for the period	**(36)**	**325**
340. Minority profit (loss) for the period	-	(6)
350. Parent company's profit (loss) for the period	**(36)**	**320**

1) Figures as published as at 30 June 2019, but restated for the first-time adoption of IAS 40 in the items 210. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value and 280. Gains (Losses) on disposals on investments.

Consolidated Statement of Comprehensive Income

Earnings per share (in €, basic and diluted) 1)

(€)

POSITIONS	AS AT 30.06.2020	AS AT 30.06.2019
Earnings per share from profit (loss) after taxes from continuing operations	(0.16)	1.39
Earnings per share from profit (loss) after taxes from discontinued operations	-	0.01

1) The first time adoption of IAS 40 has an immaterial impact to the earnings per share as at 30 June 2019.

Consolidated statement of comprehensive income

(€ million)

ITEMS	AS AT 30.06.2020	AS AT 30.06.2019 RESTATED 1)
PROFIT (LOSS) FOR THE PERIOD	**(36)**	**325**
Other comprehensive income after tax not reclassified to profit or loss	**2**	**(213)**
Equity instruments designated at fair value through other comprehensive income	3	-
Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	-	-
Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
Property, plant and equipment	1	-
Intangible assets	-	-
Defined-benefit plans	1	(213)
Non-current assets and disposal groups classified as held for sale	-	-
Portion of valuation reserves from investments valued at equity method	(3)	-
Other comprehensive income after tax reclassified to profit or loss	**(23)**	**45**
Foreign investments hedging	-	-
Foreign exchange differences	-	-
Cash flow hedging	1	(36)
Hedging instruments (non-designated items)	-	-
Financial assets (different from equity instruments) at fair value through other comprehensive income	(16)	83
Non-current assets and disposal groups classified as held for sale	-	-
Part of valuation reserves from investments valued at equity method	(8)	(3)
Total other comprehensive income after tax	**(21)**	**(168)**
COMPREHENSIVE INCOME	**(58)**	**158**
Minority consolidated comprehensive income	-	(6)
Parent Company's consolidated comprehensive income	**(58)**	**152**
Earnings per share (in €, basic and diluted)	**(0.25)**	**0.68**

1) Figures as published as at 30 June 2019, but restated in accordance with IAS 40.

Consolidated Statement of Financial Position

Consolidated balance sheet

(€ million)

ASSETS	AMOUNTS AS AT 30.06.2020	AMOUNTS AS AT 31.12.2019
10. Cash and cash balances	83	270
20. Financial assets at fair value through profit or loss:	2,319	2,230
a) financial assets held for trading	1,202	1,016
b) financial assets designated at fair value	-	-
c) other financial assets mandatorily at fair value	1,117	1,215
30. Financial assets at fair value through other comprehensive income	15,148	14,935
40. Financial assets at amortised cost:	90,276	76,736
a) loans and advances to banks	26,781	14,250
b) loans and advances to customers	63,495	62,485
50. Hedging derivatives	2,061	1,817
60. Changes in fair value of portfolio hedged items (+/-)	820	560
70. Equity investments	2,228	2,319
80. Insurance reserves charged to reinsurers	-	-
90. Property, plant and equipment	887	1,035
100. Intangible assets	2	3
of which: goodwill	-	-
110. Tax assets:	638	623
a) current	12	8
b) deferred	626	615
120. Non-current assets and disposal groups classified as held for sale	732	782
130. Other assets	348	353
Total assets	**115,543**	**101,663**

Consolidated Statement of Financial Position

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 30.06.2020	31.12.2019
10. Financial liabilities at amortised cost:	97,602	84,009
a) deposits from banks	26,407	14,880
b) deposits from customers	58,676	57,080
c) debt securities in issue	12,519	12,049
20. Financial liabilities held for trading	1,286	1,065
30. Financial liabilities designated at fair value	60	103
40. Hedging derivatives	2,194	1,819
50. Value adjustment of hedged financial liabilities (+/-)	564	425
60. Tax liabilities:	53	54
a) current	48	48
b) deferred	5	6
70. Liabilities associated with assets classified as held for sale	460	573
80. Other liabilities	565	624
90. Provision for employee severance pay	-	-
100. Provisions for risks and charges:	4,395	4,507
a) commitments and guarantees given	207	186
b) post-retirement benefit obligations	3,949	4,025
c) other provisions for risks and charges	239	296
110. Technical reserves	-	-
120. Valuation reserves	(1,703)	(1,682)
130. Redeemable shares	-	-
140. Equity instruments	-	-
150. Reserves	4,239	3,605
160. Share premium	4,137	4,136
170. Share capital	1,681	1,681
180. Treasury shares (-)	-	-
190. Minority shareholders' equity (+/-)	45	48
200. Profit (Loss) for the period (+/-)	(36)	698
Total liabilities and shareholders' equity	**115,543**	**101,663**

Consolidated Statement of Changes in Equity

Statement of changes in Equity as at 30.06.2020

	BALANCE AS AT 31.12.2019	ALLOCATION OF PROFIT FROM PREVIOUS YEAR	
		RESERVES	DIVIDENDS
Share capital: a) ordinary shares	1,681	-	-
b) other shares	-	-	-
Share premium	4,136	-	-
Reserves: a) other reserve	3,605	698	(44)
b) foreign currency reserve	(1)	-	-
Revaluation reserves:	(1,682)	-	-
a) Cashflow Hedge Reserve	25	-	-
b) Revaluation Reserve @FVTOCI	311	-	-
c) Revaluation Reserve associates and joint ventures	16	-	-
d) Pension and similar liabilities IAS 19	(2,100)	-	-
e) Revaluation reserve tangible assets	67		
f) Revaluation Reserve Held for Sale	-		
Profit (Loss) for the year	698	(698)	-
Shareholders' Equity Group	**8,438**	**-**	**(44)**
Shareholders' Equity minorities	48	-	(1)
Total Shareholders' Equity	**8,486**	**-**	**(45)**

Consolidated Statement of Changes in Equity

(€ million)

CHANGES IN THE PERIOD					GROUP SHAREHOLDERS' EQUITY AS AT 30.06.2020
	SHAREHOLDERS' EQUITY TRANSACTIONS				
CHANGES IN RESERVES	CHANGES IN EQUITY INVESTMENTS	OTHER	TOTAL	OTHER COMPREHENSIVE INCOME	
-	-	-	-	-	1,681
-	-	-	-	-	-
-	-	1	1	-	4,137
(20)		- -	- -		4,239
-	-	-	-	-	(1)
-	-	-	-	(22)	(1,703)
-	-	-	-	1	25
-	-	-	-	(13)	298
-	-	-	-	(11)	5
-	-	-	-	1	(2,099)
(5)	-	-	-	1	63
5		-	-	-	5
-	-	-	-	(36)	(36)
(20)	**-**	**1**	**1**	**(58)**	**8,317**
-	(1)	-	(1)	-	45
(20)	**(1)**	**1**	**-**	**(58)**	**8,363**

Consolidated Statement of Changes in Equity

Statement of changes in Equity as at 30.06.2019

	BALANCE AS AT 31-12-2018 [1]	IAS 40 (FV Method) RESTATEMENT 31-12-2018	BALANCE AS AT 01-01-2019	ALLOCATION OF PROFIT FROM PREVIOUS YEAR	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Issued capital: a) ordinary shares	1,681	-	1,681	-	-
b) other shares	-	-	-	-	-
Share premium	4,136	-	4,136	-	-
Reserves: a) other reserve	3,153	-	3,153	639	- (201)
b) foreign currency reserve	(1)	-	(1)	-	-
Revaluation reserves:	(1,305)	-	(1,305)	-	-
a) Cashflow Hedge Reserve	77	-	77	-	-
b) Revaluation Reserve FA @FVTOCI	321	-	321	-	-
c) Revaluation Reserve associates and joint ventures	32	-	32	-	-
d) Pension and similar liabilities IAS 19	(1,735)	-	(1,735)	-	-
e) Revaluation reserve tangible assets	-	-	-	-	-
f) Revaluation Reserve Held for Sale	-	-	-	-	-
Net profit or loss for the period	637	3	639	(639)	-
Shareholders' Equity Group	**8,301**	**3**	**8,304**	**-**	**(201)**
Shareholders' Equity minorities	64	-	64	-	(29)
Total Shareholders' Equity	**8,365**	**3**	**8,368**	**-**	**(230)**

1) Figures as published, but restated by the first time adoption of IAS 40 as at 1 January 2018.
2) Figures as published as at 30 June 2019, but restated in accordance with IAS 40.

Consolidated Statement of Changes in Equity

(€ million)

CHANGES IN THE PERIOD					
	SHAREHOLDERS' EQUITY TRANSACTIONS				
CHANGES IN RESERVES	CHANGES IN CONSOLIDATION SCOPE	OTHER	TOTAL	COMPREHENSIVE INCOME 2)	SHAREHOLDERS' EQUITY GROUP AS AT 36-06-2019
-	-	-	-	-	1,681
-	-	-	-	-	-
-	-	1	1	-	4,137
(11)	-	15	15	- -	- 3,595
-	-	-	-	-	(1)
-	-	(2)	(2)	(168)	(1,474)
-	-	-	-	(36)	42
-	-	-	-	83	404
-	-	(2)	(2)	(3)	27
-	-	-	-	(213)	(1,947)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	320	320
(11)	**-**	**14**	**14**	**152**	**8,258**
-	-	2	1	6	42
(11)	**-**	**16**	**16**	**158**	**8,300**

Consolidated Statement of Cash Flows

Consolidated cash flow statement (indirect method)

(€ million)

	AS AT	
	30.06.2020	30.06.2019 RESTATED [1]
A. OPERATING ACTIVITIES		
1. Operations:	**227**	**256**
- profit (loss) of the period (+/-)	(36)	325
- gains/losses on financial assets held for trading and on other financial assets/liabilities at fair value through profit or loss (-/+)	8	3
- gains (losses) on hedge accounting (-/+)	(1)	-
- net losses/recoveries on impairments (+/-)	193	(9)
- net value adjustments/write-backs on property, plant and equipment and intangible assets (+/-)	45	47
- net provisions for risks and charges and other expenses/income (+/-)	39	(60)
- unpaid duties, taxes and tax credits (+/-)	(6)	23
- impairments/write-backs after tax on discontinued operations (+/-)	-	1
-other adjustments (+/-)	(15)	(73)
2. Liquidity generated/absorbed by financial assets:	**(14,313)**	**(1,692)**
- financial assets held for trading	(190)	(284)
- financial assets designated at fair value	-	-
- other financial assets mandatorily at fair value	100	55
- financial assets at fair value through other comprehensive income	(225)	578
- financial assets at amortised cost	(13,648)	(922)
- other assets	(349)	(1,119)
3. Liquidity generated/absorbed by financial liabilities:	**13,929**	**1,628**
- financial liabilities at amortised cost	13,567	923
- financial liabilities held for trading	222	336
- financial liabilities designated at fair value	(48)	(150)
- other liabilities	189	519
Net liquidity generated/absorbed by operating activities	**(156)**	**192**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by:	**73**	**88**
- sales of equity investments	-	-
- collected dividends on equity investments	20	37
- sales of property, plant and equipment	51	27
- sales of intangible assets	-	-
- sales of subsidiaries and business units	2	24
2. Liquidity absorbed by:	**(57)**	**(58)**
- purchases of equity investments	-	-
- purchases of property, plant and equipment	(56)	(57)
- purchases of intangible assets	-	-
- purchases of subsidiaries and business units	-	-
Net liquidity generated/absorbed by investment activities	**16**	**30**

1) Figures as published as at 30 June 2019 but restated in accordance with IAS 40.

Consolidated Statement of Cash Flows

(€ million)

	AS AT	
	30.06.2020	30.06.2019 RESTATED [1]
C. FUNDING ACTIVITIES		
- issue/purchase of equity instruments	-	-
- dividend distribution and other	(45)	(230)
- sale/purchase of minority control	-	-
- Proceeds from issues of subordinated liabilities	-	-
- Payments for repayment of subordinated liabilities	-	-
Net liquidity generated/absorbed by funding activities	**(45)**	**(230)**
NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR	**(185)**	**(8)**
CASH AND CASH EQUIVALENTS AT END OF PREVIOUS PERIOD	**270**	**98**
Cash flows from operating activities	(156)	192
Cash flows from investment activities	16	30
Cash flows from funding activities	(45)	(230)
Effects of changes in scope of consolidation	-	-
Effects of exchange rate changes	(1)	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**83**	**91**
PAYMENTS FOR TAXES, INTEREST AND DIVIDENDS		
Income taxes received (+)/ paid (–) from operating activities	(2)	(3)
Interest received	640	692
Interest paid	(179)	(216)
Dividends received	20	37

1) Figures as published as at 30 June 2019 but restated in accordance with IAS 40.

Notes to the Consolidated Financial Statements

Basis for the preparation of the financial statements

The interim consolidated financial statements for the first half of 2020 (January 2020 to June 2020) include the financial statements of UniCredit Bank Austria AG and its subsidiaries and the Group's interests in associates and jointly controlled entities (collectively referred to as Bank Austria). The interim consolidated financial statements were prepared in Euro, the reporting currency of the Group.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) by the International Accounting Standards Board (IASB) using IAS 34 "Interim Financial Reporting".

The interim consolidated financial statements of Bank Austria for the first half of 2020 are unaudited and have not been reviewed by the auditors. It comprises the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, the segment reporting and selected explanatory notes. The selected explanatory notes describe events and transactions that are relevant to understanding the changes in the financial position, the results of operations and the cash flows of the Group since the consolidated financial statements for the year ended 31 December 2019.

The interim consolidated financial statements do not contain all the information and data required for the consolidated financial statements for a financial year. The interim consolidated financial statements are to be read in conjunction with the audited consolidated financial statements of Bank Austria 2019, which were prepared using the same accounting principles.

In preparing financial statements in accordance with IFRS, estimates and assumptions by management are required for certain categories of assets and liabilities. These assumptions and estimates affect reported income and expense during the period, as well as the reported amounts of assets and liabilities, and contingent assets and contingent liabilities as of the balance sheet date. Actual results may differ from management's estimates and the reported results should not necessarily be considered as an indication of the full-year results to be expected.

Accounting and valuation methods

Compared to the consolidated financial statements of Bank Austria as at 31 December 2019, there were no significant changes in the accounting principles resulting from the application of new or amended standards.

Application of amended and new IFRS or IAS

First-time application of amended and new financial reporting standards and accounting methods

Amendments to IFRS 3 Business combinations
On 22 October 2018, the IASB adapted the criteria to define business operations. In order to classify the business operations, inputs and at least one substantive process is necessary which collectively contribute to the ability to generate outputs. Changes include guidelines and examples when there is a substantive process.

The change in standard leads to an optional concentration test. If the entire fair value of the acquired gross assets is concentrated on one or more assets of the same kind, then there is no business operations.

As a result, future acquisitions are to be accounted for as business combinations. This has corresponding effects on the recognition of goodwill, but also on the consideration of deferred taxes and transaction costs. The amendments are to be applied as of 1 January 2020. Bank Austria has no such transactions in the first half of 2020.

Notes to the Consolidated Financial Statements

Changes to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"
On 26 September 2019, the IASB introduced changes to IFRS 9 (Financial Instruments), IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 7 (Financial Instruments: Disclosures). The Board is responding to uncertainties related to the possible impact of the IBOR reform on financial reporting. The changes aim to ensure that hedge accounting relationships continue to exist despite the anticipated replacement of various reference interest rates. The amendments concern, in particular, certain simplifications with regard to provisions relating to hedge accounting regulations - accounting documentation and are mandatory for all hedging relationships directly affected by the reform of the reference interest rate.

The amendments are required to be applied for business years beginning on or after 1 January 2020. Bank Austria is already applying the changes described here (in particular, the Euribor benchmark reform is calculated in accordance with the calculation and the EONIA/ESTER conversion).

To further analyse the interest rate benchmark reform and the necessary preparations from a corporate policy, operational and legal perspective, Bank Austria has set up a correspondingly comprehensive project in which the necessary steps are taken in connection with the impact of the benchmark reform, including the findings and new market standards (European Working Group on Risk-Free Rates).

Changes to IAS 1 and IAS 8 with regard to the definition of materiality
The IASB issued the “Definition of material (changes to IAS 1 and IAS 8)” in order to strengthen the definition of “material” and to harmonise the various definitions in the framework concept and standards themselves. Information is material if it can be reasonably expected that its omission, erroneous presentation or concealment could influence the decisions of the primary recipients that are made based on this conclusion. The changes were applied from 1 January 2020, and have no effect.

Changes to the reference to the framework concept in IFRS standards
Together with the revised framework concept, the IASB also issued changes to the reference to the framework concept in IFRS standards. This includes changes to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. Not all changes shall apply however to the updating of these announcements with regard to the references to the framework concept or quotations contained therein. Some announcements are only updated to indicate the version of the framework concept they refer to (the IASC framework concept assumed by the IASB in 2001, the IASB framework concept of 2010 or the new, revised framework concept of 2018) or to indicate that the definitions of the standard were not updated in harmony with the new definitions developed in the revised framework concept. These amendments, provided they are updates, are to be applied to financial years starting on or after 1 January 2020. The impact on Bank Austria is insignificant.

Change to IFRS 16 leasing rental concessions relating to COVID-19 (published 28 May 2020)
The IASB has proposed a change to IFRS 16 leasing to facilitate the accounting of concessions, such as rent payment deferrals or lease price reductions, granted in direct connection with the outbreak of the coronavirus pandemic.

The amendment contained in the coronavirus pandemic-related rental concessions (amendment to IFRS 16) amends IFRS 16 to:
- Exempt the lessee from the assessment of whether a lease concession related to the coronavirus pandemic is a lease modification;
- Require the lessee, when applying the derogation, to account for the rental concessions related to the coronavirus pandemic as if they were not modifications to the lease;
- Require the lessee applying the derogation to disclose this fact; and
- Require the lessee to apply the exemption retrospectively in accordance with IAS 8, but not require it to adjusts the comparative figures for previous periods.

The main change from the draft is that the IASB had proposed that practical relief should be available only for lease payments originally due in 2020. However, after considering the feedback on the draft, the IASB decided to extend this period until June 2021, in order to include rental concessions that are currently granted and are valid for 12 months.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. The amendments have no effect on Bank Austria.

Notes to the Consolidated Financial Statements

New and amended financial reporting standards not yet adopted by the Group

IFRS 17 Insurance contracts
IFRS 17 governs the principles with regard to the formation, evaluation, disclosure and information for insurance contracts with the area of application of the standard. The standard was published on 18 May 2017 and must be applied as mandatory for the first time to financial years starting on or after 1 January 2023. Bank Austria does not expect any significant effect from this standard, but details, such as the effect on the off-balance sheet area, must still be analysed.

Classification of liabilities as short or long-term (Amendment of IAS 1)
On 23 January 2020, the IASB published amendments to IAS 1 "Presentation of Financial Statements" to clarify that the classification of short or long-term liabilities depends on the rights that exist at the end of the reporting period. The classification is independent of management's expectations as well as of any events after the balance sheet date (e.g. breach of contract after the balance sheet date). The amendment also clarifies what is meant by "compliance" with a liability in IAS 1. The changes are to be applied retrospectively in accordance with IAS 8 for financial years beginning on or after 1 January 2023. Premature application is permitted. Existing classifications will be analysed in the framework of the new regulations as to whether reclassifications are required.

Changes to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions for Risks and Charges, Contingent Liabilities and Contingent Assets and Annual Improvements (published 14 May 2020)
The changes to IAS 37 Provisions for Risks and Charges, Contingent Liabilities and Contingent Assets include the definition of the costs an enterprise will consider when assessing whether a contract will be loss-making. With this change, the IASB is responding to the clarification proposed by the IFRS Interpretations Committee on the definition of compliance costs. According to this, compliance costs are all costs directly related to the order. This means that costs that would not be incurred without the order, as well as other costs directly attributable to the contract, must be taken into account.

The changes to IFRS 3 Business Combinations concern a reference in IFRS 3 to the conceptual framework. The rules apply to business combinations with an acquisition date on or after 1 January 2022.

The changes to IAS 16 Property, Plant and Equipment make it clear that income received by a company through the sale of items manufactured while preparing the asset for its intended use (such as product samples) and the associated costs are to be recognised in the income statement. The inclusion of such amounts when calculating the acquisition costs is not permitted.

The annual improvements result in minor changes to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the explanatory examples of IFRS 16 leasing.

The amendments are to be applied as of 1 January 2022. Earlier application of the amendments is permitted, but requires an EU endorsement. The effects of this change must still be analysed.

Changes to IFRS 4 Insurance Contracts - postponement of IFRS 9 (published 25 June 2020)
Following the EFRAG Board meeting on 6 July 2020, the European Financial Reporting Advisory Group (EFRAG) issued a final acceptance recommendation on the "extension of the temporary exemption from the application of IFRS 9 (changes to IFRS 4)". In accordance with the postponement of the date of entry into force of IFRS 17 by two years to periods beginning on or after 1 January 2023, the fixed expiry date for the temporary exemption from the application of IFRS 9 financial instruments was postponed by two years with the changes to IFRS 4 so that companies are required to apply IFRS 9 for financial years beginning on or after 1 January 2023. The final adoption of the announcement is currently expected in the fourth quarter of 2020.

Notes to the Consolidated Financial Statements

Other matters

Impairment Test 3-Banken

As of 30 June 2020, the investments held by Bank Austria in Oberbank AG (Oberbank), Bank für Tirol und Vorarlberg Aktiengesellschaft (BTV) and BKS Bank AG (BKS), together referred to as "3-Banken", were tested for impairment - not least due to the COVID-19-pandemic.

With regard to Oberbank, the proportionate market capitalization is higher than the carrying amount, which did not result in any need for impairment.

In the case of BTV and BKS, the pro rata market capitalization was lower than the respective carrying amount. The required impairment test was performed on the basis of a discounted cash flow valuation model. For this purpose, the expected cash flows were discounted with an appropriate cost of equity, which was determined on the basis of the long-term risk-free interest rate, the credit risk premium for Austria and an appropriate beta.

As an updated business plan formally approved by BTV and BKS management was not available, the assumptions of the impairment test as of 31 December 2019, were used as a basis and subsequently adjusted to reflect the expected decrease in net profits in 2020 as well as the expected development in the coming years and to take into account the economic turbulences resulting from the COVID-19 pandemic.

The impairment test results in an impairment of €-63 million, of which BTV €-36 million and BKS €-27 million.

As the parameters and data used to test carrying amounts for impairment are significantly influenced by the overall economic environment and by market conditions, which may be subject to rapid unpredictable changes, the results of future impairment tests may differ from those which were used for the interim financial statements as of 30 June 2020.

Tax loss carryforwards

Based on a tax forecast, tax loss carryforwards were capitalized as of 31 December 2019, which remain unchanged as of 30 June 2020. It should be noted that assumptions have been made regarding the use of the loss carryforwards, which could change in the event of a change in the economic and other framework conditions and thus have an effect on the income tax treatment. With regard to the tax loss carryforwards attributable to the spun-off CEE segment, an appropriate factoring of the loss carryforwards was performed on the basis of assumptions.

Notes to the Consolidated Financial Statements

Information on fair value

This section presents information on the fair value disclosures as required by IFRS 13.

The determination of the fair values for the various holdings of financial instruments in the interim consolidated financial statements was disclosed in detail as at 31 December 2019, and remains valid.

The following tables show a breakdown of the financial assets and financial liabilities measured at fair value.

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

(€ million)

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AMOUNTS AS AT 30.06.2020			AMOUNTS AS AT 31.12.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at fair value through profit or loss	-	2,037	282	-	1,848	382
a) Financial assets held for trading	-	1,191	11	-	998	18
b) Financial assets designated at fair value	-	-	-	-	-	-
c) Financial assets mandatorily at fair value	-	846	271	-	850	364
2. Financial assets at fair value through other comprehensive income	13,433	1,632	83	13,673	1,165	97
3. Hedging derivatives	-	2,061	-	-	1,817	-
4. Property, plant and equipment	-	-	347	-	-	380
5. Intangible assets	-	-	-	-	-	-
Total	**13,433**	**5,730**	**712**	**13,673**	**4,831**	**859**
1. Financial liabilities held for trading	1	1,273	12	-	1,047	18
2. Financial liabilities designated at fair value	-	59	1	-	102	1
3. Hedging derivatives	-	2,194	-	-	1,819	-
Total	**1**	**3,527**	**13**	**-**	**2,967**	**19**

In the first half of 2020, there were no transfers between the fair value hierarchies of levels 1 and 2 for the holdings measured at fair value.

Assets valued at fair value: Sensitivity Analysis Fair Value Level 3

The sensitivity analysis for level 3 positions with respect to the unobservable model input is based on the following categories of model inputs:

Credit spreads (SP): in the absence of active markets for the issuer's credit risk premium, approximate values are used.

Interest rates (IR): in the absence of liquid interest rate swap markets the term structure of the yield curve is proxied.

Equity (EQ): in the absence of active markets, approximate values are used.
The reasonable alternative estimate for the model input is disclosed in the column "Fair Value Movements".

The sensitivity analysis for Bank Austria shows that the main level 3 positions are fair value loans, equity funds and stock options.

Notes to the Consolidated Financial Statements

The sensitivities for changing the non-observable parameters for the different categories of level 3 financial instruments that are valued at fair value are shown in the following table, with the change in value for derivatives on stocks, commodities and foreign exchange being reported in the event of a 1% shift in underlying volatility; for interest rate derivatives, the change in the underlying curves is indicated by 1 basis point; for credit derivatives, the change in the risk premium by 1 basis point or the effect of a 5% shift in the repayment rate on the CVA is indicated; for debt securities, the change in the risk premium is indicated by 1 basis point; for equities, the change in underlying volatility is reported by 1%; fund quotes indicate the change in inventory value by 1%.

1) The sensitivity in relation to the LGD of the CVA adjustment of counterparties, that are in default according to internal guidelines, amounts to € 0.4 million.

(€ million)

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AS AT 30.06.2020 FAIR VALUE ASSETS LEVEL 3	FAIR VALUE MOVEMENTS GIVEN REASONABLE POSSIBLE ALTERNATIVES	
1. Financial assets at fair value through profit or loss	282	+/-	0.6
a) Financial assets held for trading	11	+/-	0.3
b) Financial assets designated at fair value	-	+/-	-
c) Financial assets mandatorily at fair value	271	+/-	0.3
2. Financial assets at fair value through other comprehensive income	83	+/-	0.0
3. Hedging derivatives	-	+/-	-
4. Property, plant and equipment	347	+/-	-
5. Intangible assets	-	+/-	-
Total A	**712**	**+/-**	**0.6**
1. Financial liabilities held for trading	12	+/-	0.3
2. Financial liabilities designated at fair value	1	+/-	-
3. Hedging derivatives	-	+/-	-
Total B	**13**	**+/-**	**0.3**

Transfer between portfolios

Due to the unusual circumstances caused by the 2008 financial market crisis, ABS (asset-backed securities) were reclassified with effect of 1 July 2008, to the fair value determined on this reporting date from the trading portfolio to “Financial assets carried at cost”.

As at 30 June 2020, an amount of €83 million (31 December 2019: €91 million) in financial assets carried at cost is included under this heading.

Notes to the Consolidated Financial Statements

Consolidated companies and changes in consolidated companies of the Bank Austria Group for the first half of 2020

	CONSOLIDATED COMPANIES	COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD	TOTAL
Opening balance	**214**	**14**	**228**
Additions	**2**	**-**	**2**
Newly established companies	-	-	-
Acquired companies	2	-	2
Other changes	-	-	-
Changes in UniCredit Group	-	-	-
Disposals	**-5**	**-**	**-5**
Companies sold or liquidated	-2	-	-2
Mergers	-	-	-
Changes in UniCredit Group	-3	-	-3
CLOSING BALANCE	**211**	**14**	**225**

The number of Bank Austria companies declined from 228 to 225 in the first half of the year.

In the 2020 financial year, up to now the companies UniCredit OK1 Leasing GmbH and UniCredit Sterneck Leasing GmbH were acquired.

The scope of consolidation decreased due to deconsolidations due to immateriality and due to the sale of the companies Kunsthaus Leasing GmbH and Cards & Systems EDV-Dienstleistungs GmbH.

Notes to the income statement

1.1 Interest income and similar revenues: breakdown

(€ million)

ITEMS/TYPES	AS AT 30.06.2020 DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	AS AT 30.06.2019 TOTAL
1. Financial assets at fair value through profit or loss	**1**	**24**	**118**	**142**	**124**
1.1 Financial assets held for trading	-	-	118	118	96
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily at fair value	1	24	-	24	28
2. Financial assets at fair value through other comprehensive income	**70**	**-**	**X**	**70**	**86**
3. Financial assets at amortised cost	**1**	**464**	**X**	**465**	**524**
3.1 Loans and advances to banks	-	11	X	11	26
3.2 Loans and advances to customers	1	453	X	454	497
4. Hedging derivatives	**X**	**X**	**(65)**	**(65)**	**(64)**
5. Other assets	**X**	**X**	**7**	**7**	**7**
6. Financial liabilities	**X**	**X**	**X**	**21**	**15**
Total	**71**	**488**	**60**	**640**	**692**
of which: interest income on impaired financial assets	*-*	*18*	*-*	*18*	*19*
of which: interest income on financial lease	*-*	*29*	*-*	*29*	*34*

1.3 Interest expenses and similar charges: breakdown

(€ million)

ITEMS/TYPES	AS AT 30.06.2020 DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	AS AT 30.06.2019 TOTAL
1. Financial liabilities at amortised cost	**(61)**	**(105)**	**X**	**(166)**	**(215)**
1.1 Deposits from central banks	-	X	X	-	-
1.2 Deposits from banks	(32)	X	X	(32)	(45)
1.3 Deposits from customers	(29)	X	X	(29)	(41)
1.4 Debt securities in issue	X	(105)	X	(105)	(129)
2. Financial liabilities held for trading	**-**	**-**	**(117)**	**(117)**	**(96)**
3. Financial liabilities designated at fair value	**-**	**-**	**-**	**-**	**-**
4. Other liabilities and funds	**X**	**X**	**-**	**-**	**(1)**
5. Hedging derivatives	**X**	**X**	**122**	**122**	**114**
6. Financial assets	**X**	**X**	**X**	**(18)**	**(18)**
Total	**(61)**	**(105)**	**4**	**(179)**	**(216)**
of which: interest expenses on lease liabilities	*(5)*	*-*	*-*	*(5)*	*(5)*

Notes to the income statement

2.1 Fees and commissions income: breakdown

(€ million)

TYPE OF SERVICES/VALUES	AS AT 30.06.2020	AS AT 30.06.2019
a) Guarantees given	19	20
b) Credit derivatives	-	-
c) Management, brokerage and consultancy services	180	172
1. Securities trading	-	-
2. Currency trading	1	1
3. Portfolio management	111	106
3.1 Individual	29	25
3.2 Collective	82	81
4. Custody and administration of securities	43	26
5. Custodian bank	-	16
6. Placement of securities	-	3
7. Reception and transmission of orders	12	8
8. Advisory services	4	-
8.1 Relating to investments	-	-
8.2 Relating to financial structure	4	-
9. Distribution of third party services	10	11
9.1 Portfolio management	1	2
9.1.1 Individual	-	-
9.1.2 Collective	1	2
9.2 Insurance products	7	8
9.3 Other products	2	1
d) Collection and payment services	39	45
e) Securitisation servicing	-	-
f) Factoring	1	2
g) Tax collection services	-	-
h) Management of multilateral trading facilities	-	-
i) Management of current accounts	64	67
j) Other services	113	132
k) Security lending	-	-
Total	**417**	**438**

2.2 Fees and commissions expenses: breakdown

(€ million)

SERVICES/VALUES	AS AT 30.06.2020	AS AT 30.06.2019
a) Guarantees received	(1)	(7)
b) Credit derivatives	-	-
c) Management, brokerage and consultancy services	(36)	(32)
1. Trading financial instruments	(1)	(2)
2. Currency trading	-	-
3. Portfolio management	(7)	(7)
3.1 Own portfolio	(2)	(2)
3.2 Third party portfolio	(6)	(5)
4. Custody and administration of securities	(16)	(12)
5. Placement of financial instruments	-	-
6. Off-site distribution of financial instruments, products and services	(12)	(11)
d) Collection and payment services	(49)	(60)
e) Other services	(2)	(3)
f) Security lending	-	-
Total	**(89)**	**(102)**

Notes to the income statement

3.1 Dividend income and similar revenues: breakdown

(€ million)

ITEMS/REVENUES	AS AT 30.06.2020 DIVIDENDS	AS AT 30.06.2020 SIMILAR REVENUES	AS AT 30.06.2019 DIVIDENDS	AS AT 30.06.2019 SIMILAR REVENUES
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily at fair value	-	-	-	-
C. Financial assets at fair value through other comprehensive income	3	-	1	-
D. Equity investments	-	-	-	-
Total	**3**	**-**	**1**	**-**
Total dividends and similar revenues		**3**		**1**

4.1 Gains and losses on financial assets and liabilities held for trading: breakdown

(€ million)

TRANSACTIONS/P&L ITEMS	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A + B) – (C + D)]
1. Financial assets held for trading	**-**	**1**	**-**	**-**	**1**
1.1 Debt securities	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-
1.3 Units in investment funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	1	-	-	1
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Deposits	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**12**
4. Derivatives	**-**	**-**	**(4)**	**-**	**(4)**
4.1 Financial derivatives	-	-	(4)	-	(4)
- On debt securities and interest rates	-	-	(3)	-	(3)
- On equity securities and share indices	-	-	-	-	-
- On currency and gold	X	X	X	X	-
- Other	-	-	(1)	-	(1)
4.2 Credit derivatives	-	-	-	-	-
of which: economic hedges linked to the fair value option	*X*	*X*	*X*	*X*	-
Total 06.30.2020	**-**	**1**	**(4)**	**-**	**9**
Total 06.30.2019	**-**	**1**	**(16)**	**-**	**(1)**

Notes to the income statement

5.1 Fair value adjustments in hedge accounting: breakdown

(€ million)

P&L COMPONENT/VALUES	AS AT 30.06.2020	AS AT 30.06.2019
A. Gains on		
A.1 Fair value hedging instruments	245	519
A.2 Hedged financial assets (in fair value hedge relationship)	120	67
A.3 Hedged financial liabilities (in fair value hedge relationship)	-	-
A.4 Cash-flow hedging derivatives	-	-
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities (A)	**365**	**586**
B. Losses on		
B.1 Fair value hedging instruments	(362)	(499)
B.2 Hedged financial assets (in fair value hedge relationship)	-	-
B.3 Hedged financial liabilities (in fair value hedge relationship)	(1)	(86)
B.4 Cash-flow hedging derivatives	-	-
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities (B)	**(364)**	**(586)**
C. Net hedging result (A – B)	**1**	**-**
of which: net gains (losses) of hedge accounting on net positions	-	-

6.1 Gains (Losses) on disposal/repurchase: breakdown

(€ million)

	AS AT 30.06.2020			AS AT 30.06.2019		
ITEMS/P&L ITEMS	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
A. Financial assets						
1. Financial assets at amortised cost	-	-	-	-	-	-
1.1 Loans and advances to banks	-	-	-	-	-	-
1.2 Loans and advances to customers	-	-	-	-	-	-
2. Financial assets at fair value through other comprehensive income	3	-	2	10	-	10
2.1 Debt securities	3	-	2	10	-	10
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**3**	**-**	**2**	**10**	**-**	**10**
B. Financial liabilities at amortised cost						
1. Deposits from banks	1	-	1	-	-	-
2. Deposits from customers	-	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-	-
Total liabilities (B)	**1**	**-**	**1**	**-**	**-**	**-**
Total financial assets/liabilities			**3**			**10**

Notes to the income statement

7.1 Net change in other financial assets/liabilities at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

(€ million)

TRANSACTIONS/P&L ITEMS	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A + B) – (C + D)]
1. Financial assets	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Loans	-	-	-	-	-
2. Financial liabilities	**44**	**-**	**(51)**	**-**	**(6)**
2.1 Debt securities	1	-	-	-	1
2.2 Deposits from banks	44	-	(51)	-	(7)
2.3 Deposits from customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
Total 06.30.2020	**44**	**-**	**(51)**	**-**	**(6)**
Total 06.30.2019	**44**	**-**	**(49)**	**-**	**(5)**

7.2 Net change in other financial assets/liabilities at fair value through profit or loss: breakdown of other financial assets mandatorily at fair value

(€ million)

TRANSACTIONS/P&L ITEMS	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A + B) – (C + D)]
1. Financial assets	**12**	**-**	**(10)**	**(2)**	**1**
1.1 Debt securities	5	-	-	-	5
1.2 Equity securities	-	-	-	-	-
1.3 Units in investment funds	-	-	(4)	-	(4)
1.4 Loans	7	-	(5)	(2)	-
2. Financial assets: exchange differences	**X**	**X**	**X**	**X**	**-**
Total 06.30.2020	**12**	**-**	**(10)**	**(2)**	**1**
Total 06.30.2019	**22**	**2**	**(4)**	**(2)**	**17**

Notes to the income statement

8.1 Net impairment losses for credit risk relating to financial assets at amortised cost: breakdown

(€ million)

TRANSACTIONS/P&L ITEMS	AS AT 30.06.2020						AS AT 30.06.2019
	WRITE-DOWNS			WRITE-BACKS			
		LEVEL 3					
	LEVEL 1 AND 2	WRITE-OFF	OTHER	LEVEL 1 AND 2	LEVEL 3	TOTAL	TOTAL
A. Loans and advances to banks	**(1)**	**-**	**-**	**1**	**-**	**1**	**(1)**
- Loans	(1)	-	-	1	-	1	(1)
- Debt securities	-	-	-	-	-	-	-
of which: acquired or originated impaired loans	-	-	-	-	-	-	-
B. Loans and advances to customers	**(186)**	**(7)**	**(72)**	**91**	**63**	**(111)**	**7**
- Loans	(186)	(7)	(72)	91	63	(111)	5
- Debt securities	-	-	-	-	-	-	2
of which: acquired or originated impaired loans	*(1)*	-	-	-	-	*(1)*	*3*
Total	**(187)**	**(7)**	**(72)**	**92**	**63**	**(111)**	**6**

12.1 Staff expenses: breakdown

(€ million)

TYPE OF EXPENSES/VALUES	AS AT 30.06.2020	AS AT 30.06.2019
1) Employees	**(329)**	**(328)**
a) Wages and salaries	(228)	(238)
b) Social charges	(58)	(57)
c) Severance pay	-	-
d) Social security costs	-	-
e) Allocation to employee severance pay provision	-	-
f) Provision for retirements and similar provisions	(26)	(15)
- Defined contribution	-	-
- Defined benefit	(26)	(15)
g) Payments to external pension funds	(7)	(7)
- Defined contribution	(7)	(7)
- Defined benefit	(1)	(1)
h) Costs arising from share-based payments	(1)	(1)
i) Other employee benefits	(8)	(8)
2) Other staff	**(1)**	**(2)**
3) Directors and Statutory Auditors	**-**	**-**
4) Early retirement costs	**-**	**-**
5) Recoveries of payments for second employees to other companies	**31**	**32**
4) Early retirement costs	**(4)**	**(3)**
Total	**(303)**	**(300)**

Notes to the income statement

12.5 Other administrative expenses: breakdown

(€ million)

TYPE OF EXPENSES/SECTORS	AS AT 30.06.2020	AS AT 30.06.2019
1) Indirect taxes and duties	**(57)**	**(56)**
1a. Settled	(57)	(56)
1b. Unsettled	-	-
2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)	**(63)**	**(60)**
3) Guarantee fee for DTA conversion	**-**	**-**
4) Miscellaneous costs and expenses	**(255)**	**(240)**
a) Advertising marketing and communication	(13)	(12)
b) Expenses relating to credit risk	(2)	(2)
c) Indirect expenses relating to personnel	(3)	(5)
d) Information & Communication Technology expenses	(124)	(114)
Lease of ICT equipment and software	-	(1)
Software expenses: lease and maintenance	(5)	(5)
ICT communication systems	(3)	(2)
Services ICT in outsourcing	(111)	(102)
Financial information providers	(5)	(5)
e) Consulting and professionals services	(14)	(10)
Consulting	(11)	(7)
Legal expenses	(3)	(2)
f) Real estate expenses	(21)	(22)
Premises rentals	(2)	(2)
Utilities	(5)	(5)
Other real estate expenses	(14)	(14)
g) Operating costs	(78)	(76)
Surveillance and security services	(3)	(1)
Money counting services and transport	(3)	(3)
Printing and stationery	(2)	(3)
Postage and transport of documents	(9)	(9)
Administrative and logistic services	(54)	(51)
Insurance	(2)	(2)
Association dues and fees and contributions to the administrative expenses deposit guarantee funds	(5)	(6)
Other administrative expenses - other	(1)	-
Total (1+2+3+4)	**(374)**	**(356)**

Notes to the income statement

13.1 Net provisions for credit risk from loans commitments and financial guarantees given: breakdown

(€ million)

	PROVISIONS	REALLOCATION SURPLUS	TOTAL 06.30.2020	TOTAL 06.30.2019
Loan commitments	(26)	19	**(7)**	**(2)**
Financial guarantees given	(29)	12	**(17)**	**11**

13.3 Net provisions for risks and charges: breakdown

(€ million)

	AS AT 30.06.2020			AS AT 30.06.2019
ASSETS/P&L ITEMS	PROVISIONS	REALLOCATION SURPLUS	TOTAL	TOTAL [1]
1. Other provisions				
1.1 Legal disputes	(3)	6	3	78
1.2 Staff costs	-	-	-	-
1.3 Other	(4)	-	(4)	(6)
Total	**(7)**	**6**	**(1)**	**72**

1) The positive amount of €72 million as of 30 June 2019 is largely related to the net release of a provision for sanctions following an agreement with the US authorities in 1Q19.

16.1 Other operating expenses: breakdown

(€ million)

TYPE OF EXPENSE/VALUES	AS AT 30.06.2020	AS AT 30.06.2019
Costs for operating leases	-	-
Non-deductible tax and other fiscal charges	-	-
Write-downs on leasehold improvements	(6)	(6)
Costs relating to the specific service of financial leasing	-	-
Other	(15)	(13)
Total of other operating expenses	**(21)**	**(20)**

16.2 Other operating income: breakdown

(€ million)

TYPE OF REVENUE/VALUES	AS AT 30.06.2020	AS AT 30.06.2019
A) Recovery of costs	**-**	**-**
B) Other revenues	**66**	**64**
Revenues from administrative services	10	10
Revenues on rentals Real Estate investments (net of operating direct costs)	-	4
Revenues from operating leases [1]	32	26
Recovery of miscellaneous costs paid in previous years	-	5
Revenues on financial leases activities	-	1
Other	24	18
Total of other operating income (A+B)	**66**	**64**

1) Includes rental income from real estate investments as at 30 June 2020.

Notes to the income statement

17.1 Gains (Losses) of equity investments

(€ million)

	AS AT 30.06.2020	AS AT 30.06.2019
Joint Ventures	**-**	**-**
Associates	**-**	**-**
Income	**35**	**77**
Profits of associates	35	75
Gains on disposal	-	2
Write-backs	-	-
Other gains	-	-
Expense	**(78)**	**-**
Losses of associates	(15)	-
Impairment losses [1]	(63)	-
Losses on disposal	-	-
Other expenses	-	-
Net profit	**(43)**	**77**
TOTAL	**(43)**	**77**

1) This item includes the adjustment of the Bank für Tirol und Vorarlberg Aktiengesellschaft's valuation (€-36 million) & BKS Bank AG (€-27 million) enthalten.

20.1 Gains and losses on disposal of investments: breakdown

(€ million)

P&L-ITEMS/SECTORS	AS AT 30.06.2020	AS AT 30.06.2019 RESTATED [1]
A. Property		
- Gains on disposal	9	5
- Losses on disposal	-	-
B. Other assets	-	-
- Gains on disposal	3	1
- Losses on disposal	-	-
C. Equity investments	-	-
- Gains on disposal	2	4
- Losses on disposal	-	-
Total	**14**	**9**

1) Figures as published as at 30 June 2019 but restated in accordance with IAS 40.

22.1 Profit (Loss) after tax from discontinued operations: breakdown

(€ million)

P&L-ITEMS/SECTORS	AS AT 30.06.2020	AS AT 30.06.2019
1. Income	2	8
2. Expenses	(1)	(5)
3. Valuation of discontinued operations and related liabilities	-	-
4. Profit (Loss) on disposal	-	-
5. Tax	-	(1)
Profit (Loss) after tax from discontinued operations	**1**	**3**

Earnings per share

During the reporting period, no financial instruments with a dilutive effect on the bearer shares were outstanding. Therefore, basic earnings per share in accordance with IAS 33 equal diluted earnings per share in accordance with IAS 33.
Earnings per share are calculated on the basis of the average number of shares outstanding (231.2 million shares).

Notes to the statement of financial position

2.1 Financial assets held for trading: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 30.06.2020 LEVEL 1	LEVEL 2	LEVEL 3	AMOUNTS AS AT 31.12.2019 LEVEL 1	LEVEL 2	LEVEL 3
A. Financial assets (non-derivatives)						
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**
3. Units in investment funds	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Reverse Repos	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments						
1. Financial derivatives	**-**	**1,191**	**11**	**-**	**997**	**17**
1.1 Trading	-	1,119	11	-	883	17
1.2 Linked to fair value option	-	72	-	-	114	-
1.3 Other	-	-	-	-	-	-
2. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Trading	-	-	-	-	-	-
2.2 Linked to fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
Total (B)	**-**	**1,191**	**11**	**-**	**997**	**18**
Total (A+B)	**-**	**1,191**	**11**	**-**	**998**	**18**
Total Level 1, Level 2 and Level 3			**1,202**			**1,016**

2.5 Other financial assets mandatorily at fair value: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 30.06.2020 LEVEL 1	LEVEL 2	LEVEL 3	AMOUNTS AS AT 31.12.2019 LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**-**	**88**	**6**	**-**	**89**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	88	6	-	89	-
2. Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**
3. Units in investment funds	**-**	**7**	**8**	**-**	**7**	**16**
4. Loans	**-**	**751**	**257**	**-**	**754**	**349**
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	751	257	-	754	349
Total	**-**	**846**	**271**	**-**	**850**	**364**
Total Level 1, Level 2 and Level 3			**1,117**			**1,215**

Notes to the statement of financial position

3.1 Financial assets at fair value through other comprehensive income: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 30.06.2020			AMOUNTS AS AT 31.12.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**13,433**	**1,589**	**23**	**13,673**	**1,141**	**24**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	13,433	1,589	23	13,673	1,141	24
2. Equity instruments	**-**	**43**	**60**	**-**	**24**	**73**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**13,433**	**1,632**	**83**	**13,673**	**1,165**	**97**
Total Level 1, Level 2 and Level 3			**15,148**			**14,935**

4.1 Financial assets at amortised cost: breakdown by product of loans and advances to banks

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 30.06.2020						AMOUNTS AS AT 31.12.2019					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	STAGE 1 AND 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3
A. Loans and advances to Central Banks	**18,735**	**-**	**-**	**-**	**24**	**18,711**	**6,252**	**-**	**-**	**-**	**1**	**6,251**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserves [1]	18,547	-	-	X	X	X	6,251	-	-	X	X	X
3. Reverse repos	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	188	-	-	X	X	X	1	-	-	X	X	X
B. Loans and advances to banks	**8,046**	**-**	**-**	**134**	**7,320**	**636**	**7,999**	**-**	**-**	**-**	**7,481**	**563**
1. Loans	7,134	-	-	21	6,522	636	7,199	-	-	-	6,681	563
1.1 Current accounts and demand deposits	414	-	-	X	X	X	471	-	-	X	X	X
1.2 Time deposits	5,109	-	-	X	X	X	5,274	-	-	X	X	X
1.3 Other loans	1,611	-	-	X	X	X	1,455	-	-	X	X	X
- Reverse repos	667	-	-	X	X	X	472	-	-	X	X	X
- Lease Loans	-	-	-	X	X	X	-	-	-	X	X	X
- Other	945	-	-	X	X	X	984	-	-	X	X	X
2. Debt securities	912	-	-	113	798	-	799	-	-	-	799	-
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	912	-	-	113	798	-	799	-	-	-	799	-
Total	**26,781**	**-**	**-**	**134**	**7,344**	**19,346**	**14,250**	**-**	**-**	**-**	**7,481**	**6,814**
Total Level 1, Level 2 and Level 3						**26,824**						**14,295**

1) The item includes the placement of the volume acquired under the TLTRO III facility

Notes to the statement of financial position

4.2 Financial assets at amortised cost: breakdown by product of loans and advances to customers

(€ million)

	AMOUNTS AS AT 30.06.2020						AMOUNTS AS AT 31.12.2019					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
TYPE OF TRANSACTIONS/VALUES	STAGE 1 AND 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3
1. Loans	**61,792**	**982**	**4**	**-**	**23,732**	**40,503**	**61,156**	**1,019**	**5**	**-**	**25,563**	**37,761**
1.1 Current accounts	6,474	149	-	X	X	X	7,033	170	1	X	X	X
1.2 Reverse repos	-	-	-	X	X	X	-	-	-	X	X	X
1.3 Mortgages	12,821	21	-	X	X	X	12,434	28	-	X	X	X
1.4 Credit cards and personal loans, including wage assignment	335	36	1	X	X	X	354	40	-	X	X	X
1.5 Lease loans	2,094	102	-	X	X	X	2,194	114	-	X	X	X
1.6 Factoring	1,994	3	-	X	X	X	2,082	7	-	X	X	X
1.7 Other loans	38,073	671	3	X	X	X	37,059	660	4	X	X	X
2. Debt securities	**711**	**9**	**-**	**329**	**313**	**84**	**300**	**10**	**-**	**3**	**224**	**87**
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	711	9	-	329	313	84	300	10	-	3	224	87
Total	**62,504**	**992**	**4**	**329**	**24,045**	**40,587**	**61,456**	**1,029**	**5**	**3**	**25,788**	**37,848**

Total Level 1, Level 2 and Level 3	**64,961**	**63,639**

Notes to the statement of financial position

12.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type

(€ million)

	AMOUNTS AS AT	
	30.06.2020	31.12.2019
A. Assets held for sale		
A.1 Financial assets	456	611
A.2 Equity investments	-	-
A.3 Property, plant and equipment	192	75
of which: obtained by the enforcement of collateral	-	-
A.4 Intangible assets	11	10
A.5 Other non-current assets	44	57
Total (A)	**703**	**753**
of which: carried at cost	*590*	*629*
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	*113*	*124*
B. Discontinued operations		
B.1 Financial assets at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated at fair value	-	-
- Other financial assets mandatorily at fair value	-	-
B.2 Financial assets at fair value through other comprehensive income	-	-
B.3 Financial assets at amortised cost	-	-
B.4 Equity investments	23	23
B.5 Property, plant and equipment	-	-
of which: obtained by the enforcement of collateral	-	-
B.6 Intangible assets	-	-
B.7 Other assets	7	6
Total (B)	**29**	**29**
of which: carried at cost	-	-
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	*29*	*29*
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	172	174
C.2 Securities	-	-
C.3 Other liabilities	271	381
Total (C)	**443**	**555**
of which: carried at cost	*420*	*530*
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	*23*	*25*
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	17	18
Total (D)	**17**	**18**
of which: carried at cost	-	-
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	*17*	*18*

Notes to the statement of financial position

Discontinued operations
The total amount classified as discontinued operations relates to Immobilien Holding GmbH group (unsold assets of €29 million and liabilities of €17 million).

Non-current assets held for sale
This item mainly includes card complete group which is classified as held-for-sale.

Financial liabilities at amortised cost: breakdown by product of deposits from banks

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 30.06.2020	AMOUNTS AS AT 31.12.2019
1. Deposits from central banks [1]	**15,474**	**3,968**
2. Deposits from banks	**10,933**	**10,911**
2.1 Current accounts and demand deposits	1,525	1,729
2.2 Time deposits	9,017	8,772
2.3 Loans	14	38
2.3.1 Repos	-	13
2.3.2 Other	14	25
2.4 Liabilities relating to commitments to repurchase treasury shares	-	-
2.5 Lease deposits	-	-
2.6 Other deposits	377	372
Total	**26,407**	**14,880**

1) The item includes the volume acquired under the TLTRO III facility

Financial liabilities at amortised cost: breakdown by product of deposits from customers

(€ million)

TYPE OF TRANSACTION/VALUES	AMOUNTS AS AT 30.06.2020	AMOUNTS AS AT 31.12.2019
1. Current accounts and demand deposits	51,904	50,627
2. Time deposits	6,376	6,050
3. Loans	3	5
3.1 Repos	-	-
3.2 Other	3	5
4. Liabilities relating to commitments to repurchase treasury shares	-	-
5. Lease liabilities	344	350
6. Other deposits	48	48
Total	**58,676**	**57,080**

Notes to the statement of financial position

1.3 Financial liabilities at amortised cost: breakdown by product of debt securities in issue

(€ million)

TYPE OF SECURITIES/VALUES	AMOUNTS AS AT 30.06.2020				AMOUNTS AS AT 31.12.2019			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Debt securities								
1. Bonds	12,353	5,754	6,901	-	11,894	5,767	6,309	89
1.1 Structured	755	-	757	-	776	-	784	-
1.2 Other	11,598	5,754	6,145	-	11,118	5,767	5,525	89
2. Other securities	165	-	143	-	156	-	143	-
2.1 Structured	-	-	-	-	-	-	-	-
2.2 Other	165	-	143	-	156	-	143	-
Total	**12,519**	**5,754**	**7,045**	**-**	**12,049**	**5,767**	**6,452**	**89**
Total Level 1, Level 2 and Level 3				**12,799**				**12,308**

2.1 Financial liabilities held for trading: breakdown by product

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 30.06.2020					AMOUNTS AS AT 31.12.2019				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
A. Cash liabilities										
1. Deposits from banks	-	-	-	-	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives instruments										
1. Financial derivatives	X	1	1,273	11	X	X	-	1,047	17	X
1.1 Trading derivatives	X	-	1,170	11	X	X	-	918	17	X
1.2 Linked to fair value option	X	-	103	-	X	X	-	129	-	X
1.3 Other	X	1	-	-	X	X	-	-	-	X
2. Credit derivatives	X	-	-	1	X	X	-	-	-	X
2.1 Trading derivatives	X	-	-	-	X	X	-	-	-	X
2.2 Linked to fair value option	X	-	-	1	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**1**	**1,273**	**12**	**X**	**X**	**-**	**1,047**	**18**	**X**
Total (A+B)	**X**	**1**	**1,273**	**12**	**X**	**X**	**-**	**1,047**	**18**	**X**
Total Level 1, Level 2 and Level 3				**1,286**					**1,065**	

Fair value* = Fair value calculated excluding the value changes due to the change of creditworthiness of the issuer compared to the issue date.

Notes to the statement of financial position

3.1 Financial liabilities designated at fair value: breakdown by product

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 30.06.2020					AMOUNTS AS AT 31.12.2019				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
1. Deposits from banks	**1**	**-**	**-**	**1**	**1**	**1**	**-**	**-**	**1**	**1**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	1	-	-	1	X	1	-	-	1	X
of which:										
- loan commitments given	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
2. Deposits from customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- loan commitments given	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
3. Debt securities	**60**	**-**	**59**	**-**	**58**	**91**	**-**	**102**	**-**	**101**
3.1 Structured	60	-	59	-	X	91	-	102	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**61**	**-**	**59**	**1**	**59**	**92**	**-**	**102**	**1**	**102**
Total Level 1, Level 2 and Level 3				**60**					**103**	

Fair value* = Fair value calculated excluding the value changes due to the change of creditworthiness of the issuer compared to the issue date.

10.1 Provisions for risks and charges: breakdown

(€ million)

ITEMS/COMPONENTS	AMOUNTS AS AT 30.06.2020	AMOUNTS AS AT 31.12.2019
1. Provisions for credit risk on commitments and financial guarantees given	207	186
2. Provisions for other commitments and other guarantees given	-	-
3. Pensions and other post-retirement benefit obligations	3,949	4,025
4. Other provisions for risks and charges	239	296
4.1 Legal and tax disputes	81	91
4.2 Staff expenses	113	161
4.3 Other	45	44
Total	**4,395**	**4,507**

As part of the spin-off of CEE Business, UniCredit S.p.A. provided a guarantee for the bank’s pension obligations until 31 December 2028.

Segment reporting

The table on the following two pages arranges the profit and loss account according to Controlling perspectives and allows for the reconciliation to the interim results and key figures used in segment reporting.

(€ million)

	AS AT	
	30.06.2020	30.06.2019 RESTATED [1]
Net interest	460	476
Dividends and other income from equity investments	23	76
Dividend income and similar revenue	3	1
Profit (loss) on equity investments – of which: Profits (losses) of joint ventures and associates	20	75
Net fees and commissions	328	336
Net trading, hedging and fair value income	15	24
Gains (losses) on financial assets and liabilities held for trading	*9*	*(1)*
Gains (losses) on disposals / repurchases on OCI financial assets	*2*	*10*
Gains (losses) on disposals / repurchases on deposits	*1*	*-*
Other operating expenses and earnings - Gold and Precious Metals Trading	*6*	*2*
Fair value adjustments in hedge accounting	*1*	*-*
Gains (losses) on financial liabilities designated at fair value through profit and loss	*(6)*	*(5)*
Gains (losses) on financial assets mandatorily at fair value through profit and loss	*1*	*17*
Net other expenses /income	24	27
Other net operating income	*45*	*44*
plus: Impairment on tangible and intangible assets – other operating leases	*(21)*	*(21)*
less: Other operating expenses – amortization on leasehold improvements	*6*	*6*
less: Other operating expenses – amortization on leasehold improvements - Intergration/restructuring costs	*-*	*-*
Other operating expenses and earnings - Gold and Precious Metals Trading	*(6)*	*(2)*
OPERATING INCOME	**850**	**939**
Payroll costs	(303)	(300)
Administrative costs – staff expenses	*(303)*	*(300)*
less: Integration costs	*-*	*-*
Other administrative expenses	(262)	(247)
Administrative costs – other administrative expenses	*(374)*	*(356)*
less: intergration/restructuring costs	*-*	*-*
less: Ex-ante contributions to resolution funds and deposit guarantee schemes and bank levies	*118*	*115*
plus: Other operating expenses – amortization on leasehold improvements	*(6)*	*(6)*
Recovery of expenses = Other net operating income – of which: Operating income – recovery of costs	-	-
Amortisation, depreciation and impairment losses on intangible and tangible assets	(23)	(23)
Impairment/ Write-backs on property, plant and equipment	*(50)*	*(47)*
less: Impairment losses / Write-backs on property owned for investment	*6*	*4*
less: Impairment on tangible and intangible assets – other operating leases	*21*	*21*
less: Integration costs	*-*	*(1)*
Impairment/ Write-backs on intangible assets	*(1)*	*(1)*
OPERATING COSTS	**(588)**	**(569)**
OPERATING PROFIT	**262**	**370**

1) Figures as published, but restated in accordance with IAS 40.

Segment reporting

	AS AT	
	30.06.2020	30.06.2019 RESTATED [1)]
Net writedowns on loans and provisions for guarantees and commitments	(134)	13
Provisions for risks and charges reserves – Other commitments	*(24)*	*9*
Impairment losses / write-backs on impairment on loans	*(110)*	*3*
NET OPERATING PROFIT	**128**	**382**
Provisions for risk and charges	6	72
Net provisions for risks and charges	*6*	*72*
Systemic charges	(118)	(115)
plus: Ex-ante contributions to resolution funds and deposit guarantee schemes and bank levies	*(118)*	*(115)*
Integration / restructuring costs	-	1
Net income from investments	(56)	8
plus: Impairment losses / write-backs on property owned for investment	*(6)*	*(4)*
Profit (loss) on equity investments [2)]	*(43)*	*77*
less: Profits (losses) of associates – Profits (losses) of joint ventures and associates	*(20)*	*(75)*
Gains and losses on tangible and intangible assets	*(1)*	*-*
Gains (losses) on disposal of investments	*14*	*9*
Financial assets at amortised cost – Impairment losses / writebacks on impairment on debt securities	*-*	*2*
Financial assets at fair value through OCI - Impairment losses / write-backs on impairment on debt securities	*-*	*-*
PROFIT BEFORE TAX	**(41)**	**348**
Income tax for the period	4	(26)
Total profit or loss after tax from discontinued operations	1	3
PROFIT (LOSS) FOR THE PERIOD	**(36)**	**325**
Non-controlling interests	-	(6)
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**(36)**	**320**

1) Figures as published, but restated in accordance with IAS 40.
2) this item includes the adjustment of the value of BTV (€-36 million) & BKS (€-27 million).

Segment reporting

Content of segment reporting

The segment reporting format is based on the internal reporting structure of business segments, which reflects management responsibilities in the Bank Austria Group. The business segments are presented as independent units with responsibility for their own results. The definition of business segments is primarily based on organisational responsibility for customers.

In order to ensure comparability of 2020 data with 2019, adjustments at segment level were required in the prior-year periods. The most significant adjustments were made as a result of the conversion of IAS 40 from the cost of acquisition model to the fair value model.

Segment reporting covers the following business segments (divisions):

Privatkundenbank

The Privatkundenbank (Retail Banking division) includes the customer segments Retail Banking, Premium Banking, Small Business Banking (freelancers and business customers with annual revenues of up to €3 million) and Wealth Management, whereby the Wealth Management segment is concentrated in Schoellerbank. Also included in Privatkundenbank are subsidiaries active in credit card business.

Unternehmerbank

The Unternehmerbank (Corporate Banking division) covers customers with an annual turnover of over €3 million, Real Estate, the Public Sector customer segment, leasing business including subsidiaries, Bank Austria Wohnbaubank and the Bank Austria Real Invest Group.

Corporate & Investment Banking (CIB)

The Corporate & Investment Banking business segment covers the customer segment of multinational companies and large international customers using capital market services and investment banking solutions. Corporate & Investment Banking also serves financial institutions including banks, asset managers, institutional customers and insurance companies. The product lines offered by CIB to these customers are Financing & Advisory (classic and structured lending business and capital market advisory services), Global Transaction Banking (including payment transactions, trade finance, cash management) and within Markets & Corporate Treasury Sales the services relating to customer-driven trading activities. The product specialists also support commercial banking activities of the bank’s other business segments. Since the beginning of 2020, the CIB Division has also included FactorBank.

Corporate Centre

In addition to current expenses relating to steering and administrative functions for the entire bank, the Corporate Centre comprises all equity interests that are not assigned to a business segment. Funding costs relating to consolidated subsidiaries are also assigned to the Corporate Centre. Also included are inter-segment eliminations and other items.

Segment reporting

Segment Reporting 1 - 6 2020 / 1 - 6 2019

(€ million)

		PRIVATKUNDEN-BANK	UNTERNEHMER-BANK	CORPORATE & INVESTMENT BANKING (CIB)	CORPORATE CENTER	AUSTRIA GROUP (RECAST)[1)]	RECASTING DIFFERENCES[2)]	BANK AUSTRIA GROUP[2)]
Net interest	1H20	204	148	147	-39	460	0	460
	1H19	197	157	136	-15	476	0	476
Dividends and other income from equity investments	1H20	1	7	0	15	23	0	23
	1H19	2	11	0	63	76	0	76
Net fees and commissions	1H20	224	62	41	1	328	0	328
	1H19	228	62	43	2	336	0	336
Net trading, hedging and fair value income/loss	1H20	6	-1	11	-2	15	0	15
	1H19	8	0	14	2	24	0	24
Net other expenses/income	1H20	0	12	0	13	24	0	24
	1H19	5	14	0	8	27	0	27
OPERATING INCOME	**1H20**	**434**	**227**	**199**	**-11**	**850**	**0**	**850**
	1H19	**440**	**244**	**194**	**60**	**939**	**0**	**939**
OPERATING COSTS	**1H20**	**-375**	**-99**	**-83**	**-31**	**-588**	**0**	**-588**
	1H19	**-374**	**-96**	**-84**	**-16**	**-569**	**0**	**-569**
OPERATING PROFIT	**1H20**	**59**	**129**	**117**	**-43**	**262**	**0**	**262**
	1H19	**66**	**149**	**110**	**45**	**370**	**0**	**370**
Net write-downs of loans and provisions for guarantees and commitments	1H20	-45	-41	-50	2	-134	0	-134
	1H19	1	4	3	5	13	0	13
NET OPERATING PROFIT	**1H20**	**14**	**88**	**66**	**-40**	**128**	**0**	**128**
	1H19	**67**	**152**	**113**	**50**	**382**	**0**	**382**
Provisions for risk and charges	1H20	0	5	1	0	6	0	6
	1H19	0	36	39	-3	72	0	72
Systemic charges	1H20	-31	-28	-35	-24	-118	0	-118
	1H19	-31	-24	-22	-38	-115	0	-115
Integration/restructuring costs	1H20	0	0	0	0	0	0	0
	1H19	0	0	0	1	1	0	1
Net income from investments	1H20	-6	6	0	-57	-56	0	-56
	1H19	0	5	0	4	8	0	8
PROFIT BEFORE TAX	**1H20**	**-22**	**71**	**32**	**-122**	**-41**	**0**	**-41**
	1H19	**36**	**169**	**130**	**13**	**348**	**0**	**348**
Income tax for the period	1H20	-9	-16	-7	36	4	0	4
	1H19	-11	-39	-31	56	-26	0	-26
Total profit or loss after tax from discontinued operations	1H20	0	0	0	1	1	0	1
	1H19	0	0	0	3	3	0	3
PROFIT (LOSS) FOR THE PERIOD	**1H20**	**-31**	**55**	**25**	**-85**	**-36**	**0**	**-36**
	1H19	**26**	**130**	**98**	**72**	**325**	**0**	**325**
Non-controlling interests	1H20	1	0	0	0	0	0	0
	1H19	-5	0	0	0	-6	0	-6
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**1H20**	**-31**	**54**	**25**	**-85**	**-36**	**0**	**-36**
	1H19	**20**	**129**	**98**	**72**	**320**	**0**	**320**
Risk-weighted assets (RWA) (avg.)	**1H20**	**8,686**	**9,662**	**10,034**	**5,675**	**34,057**	**0**	**34,057**
	1H19	**8,909**	**9,383**	**10,189**	**5,818**	**34,299**	**0**	**34,299**
Loans to customers (eop)	**1H20**	**18,925**	**25,234**	**19,255**	**351**	**63,766**	**0**	**63,766**
	1H19	**18,490**	**25,443**	**18,532**	**447**	**62,912**	**0**	**62,912**
Deposits from customers (eop)	**1H20**	**33,137**	**16,270**	**8,491**	**433**	**58,331**	**0**	**58,331**
	1H19	**32,861**	**14,683**	**7,435**	**-30**	**54,949**	**0**	**54,949**
Cost/income ratio in %	1H20	86.3	43.4	41.4	n.m.	69.1	n.m.	69.1
	1H19	84.9	39.2	43.2	n.m.	60.6	n.m.	60.6

1) For segment reporting purposes, the comparative figures for 2019 have been recast to reflect the consolidation perimeter and the segment structure used in segment reporting for 2020.
2) The reconciliation to the accounting values is shown in the column "Recasting differences".
n.m. = not meaningful

Segment reporting

Segment reporting Q1 - Q2 2020 / Q1 - Q4 2019

(€ million)

		PRIVATKUNDEN-BANK	UNTERNEHMER-BANK	CORPORATE & INVESTMENT BANKING (CIB)	CORPORATE CENTER	AUSTRIA GROUP (RECAST)[1]
Net interest	2Q20	99	73	76	-15	233
	1Q20	105	74	70	-23	227
	4Q19	107	77	68	-14	239
	3Q19	106	78	68	-7	245
	2Q19	101	80	70	-9	242
	1Q19	96	77	67	-6	234
Dividends and other income from equity investments	2Q20	0	4	0	-9	-5
	1Q20	1	3	0	24	28
	4Q19	0	9	0	40	49
	3Q19	0	8	0	47	54
	2Q19	0	10	0	36	46
	1Q19	2	1	0	27	30
Net fees and commissions	2Q20	101	30	20	-3	148
	1Q20	123	32	20	5	180
	4Q19	128	33	21	4	186
	3Q19	115	33	22	0	170
	2Q19	115	31	21	3	169
	1Q19	114	31	22	0	167
Net trading, hedging and fair value income/loss	2Q20	4	3	4	5	16
	1Q20	2	-3	7	-7	-1
	4Q19	1	18	12	0	31
	3Q19	3	5	1	-1	7
	2Q19	6	5	10	-1	20
	1Q19	2	-5	5	3	4
Net other expenses/income	2Q20	0	7	0	9	15
	1Q20	0	5	0	4	9
	4Q19	3	4	0	6	14
	3Q19	0	4	0	4	8
	2Q19	5	4	0	4	13
	1Q19	0	10	0	4	14
OPERATING INCOME	**2Q20**	**203**	**117**	**101**	**-14**	**407**
	1Q20	**232**	**110**	**98**	**3**	**443**
	4Q19	**240**	**141**	**101**	**36**	**518**
	3Q19	**224**	**127**	**91**	**42**	**484**
	2Q19	**227**	**130**	**100**	**32**	**490**
	1Q19	**213**	**114**	**94**	**28**	**449**
OPERATING COSTS	**2Q20**	**-184**	**-49**	**-41**	**-12**	**-286**
	1Q20	**-191**	**-50**	**-42**	**-19**	**-302**
	4Q19	**-183**	**-47**	**-42**	**-22**	**-294**
	3Q19	**-184**	**-47**	**-41**	**-14**	**-286**
	2Q19	**-185**	**-46**	**-41**	**3**	**-269**
	1Q19	**-189**	**-50**	**-42**	**-19**	**-300**
OPERATING PROFIT	**2Q20**	**19**	**68**	**61**	**-27**	**121**
	1Q20	**40**	**61**	**56**	**-16**	**141**
	4Q19	**57**	**94**	**59**	**14**	**224**
	3Q19	**39**	**80**	**50**	**29**	**198**
	2Q19	**42**	**84**	**59**	**36**	**220**
	1Q19	**24**	**65**	**51**	**9**	**149**

Segment reporting

		PRIVATKUNDEN-BANK	UNTERNEHMER-BANK	CORPORATE & INVESTMENT BANKING (CIB)	CORPORATE CENTER	AUSTRIA GROUP (RECAST)[1)]
Net write-downs of loans and provisions for guarantees and commitments	2Q20	23	-25	-33	2	-33
	1Q20	-68	-16	-17	0	-102
	4Q19	14	-49	2	3	-30
	3Q19	-10	-10	2	0	-17
	2Q19	8	-3	2	-2	4
	1Q19	-7	7	1	8	9
NET OPERATING PROFIT	**2Q20**	**42**	**43**	**27**	**-24**	**88**
	1Q20	**-28**	**44**	**39**	**-16**	**39**
	4Q19	**71**	**45**	**60**	**17**	**194**
	3Q19	**30**	**71**	**52**	**29**	**181**
	2Q19	**49**	**81**	**61**	**33**	**224**
	1Q19	**17**	**72**	**52**	**17**	**158**
Provisions for risk and charges	2Q20	0	4	0	0	4
	1Q20	0	1	1	0	2
	4Q19	0	0	0	-5	-5
	3Q19	0	0	0	0	0
	2Q19	0	0	0	-5	-6
	1Q19	0	36	39	2	78
Systemic charges	2Q20	-1	-2	-3	-2	-8
	1Q20	-30	-26	-32	-23	-111
	4Q19	-2	-1	-1	-1	-5
	3Q19	-1	-1	-1	-2	-5
	2Q19	-1	-1	-1	-2	-5
	1Q19	-30	-23	-21	-36	-111
Integration/restructuring costs	2Q20	0	0	0	0	0
	1Q20	0	0	0	0	0
	4Q19	0	-3	-20	-151	-175
	3Q19	0	0	0	0	0
	2Q19	0	0	0	1	1
	1Q19	0	0	0	0	0
Net income from investments	2Q20	-3	6	0	-61	-59
	1Q20	-3	1	0	5	3
	4Q19	-6	-3	1	-5	-14
	3Q19	0	-1	0	-1	-3
	2Q19	0	3	0	0	2
	1Q19	0	3	0	4	6
PROFIT BEFORE TAX	**2Q20**	**38**	**51**	**24**	**-88**	**25**
	1Q20	**-60**	**20**	**8**	**-34**	**-66**
	4Q19	**63**	**38**	**40**	**-146**	**-4**
	3Q19	**29**	**68**	**51**	**26**	**174**
	2Q19	**48**	**82**	**59**	**27**	**217**
	1Q19	**-12**	**87**	**71**	**-14**	**132**
Income tax for the period	2Q20	-4	-12	-6	15	-7
	1Q20	-5	-4	-1	21	10
	4Q19	-16	-8	-12	255	218
	3Q19	-5	-15	-13	18	-15
	2Q19	-6	-18	-14	23	-16
	1Q19	-5	-21	-17	33	-10
Total profit or loss after tax from discontinued operations	2Q20	0	0	0	1	1
	1Q20	0	0	0	0	0
	4Q19	0	0	0	11	11
	3Q19	0	0	0	0	0
	2Q19	0	0	0	2	2
	1Q19	0	0	0	1	1

Segment reporting

		PRIVATKUNDEN-BANK	UNTERNEHMER-BANK	CORPORATE & INVESTMENT BANKING (CIB)	CORPORATE CENTER	AUSTRIA GROUP (RECAST)1)
PROFIT (LOSS) FOR THE PERIOD	**2Q20**	**34**	**39**	**19**	**-72**	**20**
	1Q20	**-65**	**16**	**6**	**-13**	**-56**
	4Q19	**47**	**30**	**28**	**119**	**225**
	3Q19	**24**	**53**	**38**	**44**	**159**
	2Q19	**42**	**64**	**45**	**51**	**203**
	1Q19	**-17**	**66**	**53**	**21**	**122**
Non-controlling interests	2Q20	1	0	0	0	1
	1Q20	0	0	0	0	0
	4Q19	-3	0	0	0	-3
	3Q19	-3	0	0	0	-3
	2Q19	-2	0	0	0	-2
	1Q19	-3	0	0	0	-3
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**2Q20**	**35**	**39**	**19**	**-72**	**20**
	1Q20	**-66**	**16**	**6**	**-13**	**-56**
	4Q19	**45**	**30**	**28**	**119**	**222**
	3Q19	**21**	**53**	**38**	**44**	**156**
	2Q19	**40**	**64**	**45**	**51**	**201**
	1Q19	**-20**	**65**	**53**	**21**	**119**
Risk-weighted assets (RWA) (avg.)	**2Q20**	**8,690**	**9,855**	**10,195**	**5,646**	**34,387**
	1Q20	**8,681**	**9,469**	**9,873**	**5,704**	**33,728**
	4Q19	**8,778**	**9,602**	**9,946**	**5,544**	**33,869**
	3Q19	**8,844**	**9,601**	**10,090**	**5,480**	**34,015**
	2Q19	**8,907**	**9,367**	**10,186**	**5,694**	**34,154**
	1Q19	**8,912**	**9,399**	**10,192**	**5,941**	**34,444**
Loans to customers (eop)	**2Q20**	**18,925**	**25,234**	**19,255**	**351**	**63,766**
	1Q20	**19,007**	**25,642**	**19,280**	**368**	**64,297**
	4Q19	**18,791**	**25,701**	**18,383**	**384**	**63,258**
	3Q19	**18,825**	**25,530**	**18,045**	**384**	**62,784**
	2Q19	**18,490**	**25,443**	**18,532**	**447**	**62,912**
	1Q19	**18,374**	**25,302**	**18,216**	**599**	**62,490**
Deposits from customers (eop)	**2Q20**	**33,137**	**16,270**	**8,491**	**433**	**58,331**
	1Q20	**32,405**	**15,908**	**8,653**	**-97**	**56,870**
	4Q19	**33,198**	**15,303**	**8,340**	**-111**	**56,730**
	3Q19	**32,550**	**14,859**	**7,519**	**-88**	**54,839**
	2Q19	**32,861**	**14,683**	**7,435**	**-30**	**54,949**
	1Q19	**32,676**	**14,931**	**8,292**	**-131**	**55,768**
Cost/income ratio in %	2Q20	90.6	41.8	40.1	n.m.	70.2
	1Q20	82.6	45.1	42.8	n.m.	68.2
	4Q19	76.3	33.3	41.5	n.m.	56.8
	3Q19	82.4	37.2	44.8	n.m.	59.0
	2Q19	81.6	35.6	41.2	n.m.	55.0
	1Q19	88.5	43.4	45.3	n.m.	66.8

1) Quarterly figures based on recast data. The adjustments are mainly due to IAS 40.
n.m. = not meaningful

Risk report

Credit risks[1]

The temporary restrictions on public life resulting from the COVID-19 pandemic and the associated negative economic effects resulted in additional criteria for evaluating and assessing credit risk in the first half of 2020. While the negative consequences of the economic slump in the first half of 2020 hardly show any effects in the form of actual credit losses, an increased loss potential in the form of additional expected credit losses can be assumed for the following months, taking into account the expiring state stabilisation measures.

COVID-19 induced moratoria and credit guarantees

In order to mitigate the economic impact of COVID-19 measures in the form of short-term operational or liquidity problems, Bank Austria granted its clients credit moratoria as well as loans secured with state guarantees.

- The legal credit moratoria (COVID-19 JuBG) concern the deferral of claims (repayment of capital and payment of interest due between 1 April 2020 and 31 October 2020) and apply to credit agreements with consumers and micro-enterprises concluded before 15 March 2020, provided that the resulting payment bottlenecks are due to the COVID-19 pandemic.
- Under the legal context, loans secured with state guarantees were granted in order to secure customer liquidity, whereby up to 100% of the loan is secured according to the specifications, depending on the guarantee scheme.

In addition to the EBA-compliant moratoria (according to the "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis", "EBA/GL/2020/02"), private moratoria are also granted independently of the legal regulations.

COVID-19 induced moratoria were mainly used by small companies in the tourism and services sector and by private customers for a total of €1.7 billion of the credit volume (before deduction of write-downs of €28 million). Around 40% of this is EBA-compliant on the basis of the 4th COVID-19 Law. The use of COVID-induced loans granted with state guarantees amounts to €150 million.

The following table shows the volume and quantity of moratoria provided by the BA Group as of 30 June 2020

	Number of obligors	Gross Book Value (€ million)	Net Book Value (€ million)
EBA-compliant Moratoria 1)	**7,066**	**(691)**	**(677)**
of which: Households	6,883	(642)	(629)
of which: Non-financial corporations	179	(49)	(48)
Non EBA-compliant Moratoria 2)	**1,149**	**(1,013)**	**(999)**
of which: Households	529	(81)	(79)
of which: Non-financial corporations	594	(880)	(868)

1) These positions show the most important categories; the rest are governments and other financial institutions.
2) The forbearance status of NON-EBA-Moratoria is partially still in evaluation, based on the latest EBA guidance.

The following table shows the volume of loans granted by the Group with public guarantees as at 30 June 2020.

	Number of obligors	Gross Book Value (€ million)	Net Book Value (€ million)	Public guarantee received in the context of COVID-19 crisis (€ million)
Newly originated loans and advances subject to public guarantee schemes	**613**	**(150)**	**(148)**	**(113)**
of which: Households	271	(14)	(14)	(14)
of which: Non-financial corporations	343	(136)	(133)	(99)

1 The figures in this chapter refer to the figures listed in the segment reporting

Risk report

Assessment of the potential loss due to COVID-19

Adjustment of the expected development of the economic environment (baseline scenario):
As a result of COVID-19, the development of the impairment losses for expected credit losses (expected credit loss) in the first half of 2020 was dominated by the expected deterioration of the macroeconomic environment. According to the IRFS, this outlook represents a key input variable for the calculation logic of expected credit losses. At the end of the first quarter, the bank had already decided to significantly correct the macro outlook, which means that, for example, the expected development of Austrian gross domestic product was no longer included in the calculation of the impairment losses with a growth of +1%, but with a high single-digit percentage decrease. The adjusted macroeconomic factors are translated into changes in credit risk parameters by the Group's macro dependency model ("Satellite Model"). As a result, at the end of March, the credit risk parameters used to calculate the expected credit risk losses – probability of default (PD) and loss in the event of default (LGD) significantly deteriorated. In addition to the immediate impact of the deterioration in credit risk parameters (PD, LGD), the deterioration in default probabilities also leads to a higher proportion of the non-default loan portfolio having moved from level 1 to level 2. The expected credit loss for these transactions is therefore no longer calculated on the basis of an expected 12-month loss; for level 2 transactions, the expected and thus higher loss is used over the entire term of the transaction.

Adjustment of alternative scenarios:
In addition to the adjustment of the basic scenario, which already took place at the end of the first quarter, the two alternative scenarios relevant for IFRS 9 were also adjusted at the end of the second quarter. This also increased the weight of the negative scenario at the expense of the weight of the baseline and positive scenario.

Deterioration of the IRB PDs:
In the first half of the year, individual customers were also able to see a very marked deterioration in the default probabilities of our internal rating models (IRB-PDs). These "through-the-cycle – TTC" calibrated PDs form the starting point for calculating the expected credit losses. For IFRS 9 purposes, these PDs are being recalibrated in an even more time-based ("point-in-time – PIT") and forward-looking ("FL") manner to reflect the current situation and the expectations of future economic development. The adjustment of the macro view mentioned above is an essential component for this.

Overall picture of the development of expected credit losses in the first half of the year:
These three aspects taken together (adjustment of the baseline scenario, adaptation of alternative scenarios and ongoing development of the credit risk parameters of the internal models) and secondary effects, which are based on the change from level 1 to 2, have led in the first half of the year to the level of impairment losses for non-performing loans (levels 1 and 2) increasing by about a quarter in comparison to the year end. This change in expected credit loss is thus also the dominant factor in the change in credit risk impairments in the first half of the year. The change in impairment losses in level 3 was comparatively small. This is consistent with the fact that we did not see a significant increase in the distressed loan portfolio in the first half of the year. The effects desired by IFRS 9 to show significantly higher impairment losses in levels 1 and 2 even before an expected increase in the non-performing credit portfolio was clearly confirmed in the first half of the year. At the end of 2019, the impairment charges for levels 1 and 2 were €328 million, up by around a quarter to €421 million as of June 2020. In comparison, the change/decrease in impairment losses in stage 3 plays a minor role in the first half of the year – at the end of the year €1038 million vs. €899 million as of 30 June 2020.

Non-performing loans

Bank Austria's lending volume increased in the first half of 2020 to €65.1 billion (before deducting risk provisions of €1.3 billion), compared with €64.6 billion at the end of 2019.
The non-performing volume (€1.9 billion) decreased by around €0.2 billion compared to the end of 2019, falling from 3.2% to 2.9% of the total portfolio. In particular, due to write-downs at the expense of write-downs (and the associated absolute decline in the value adjustment level for the non-performing portfolio) in CIB, the coverage ratio for the discontinued volume fell to around 47.7% (end of 2019: 50.4%).

Risk report

Development of credit risk costs

Bank Austria's credit portfolio, with a risk expense of €-134 million in the first half of the year, showed a sharp increase in cost of risk compared to the same period of the previous year (net surplus of €12.7 million). This increase of around €-105 million, as described above, mainly affects the performing portfolio (levels 1 and 2) and is mainly a result of the COVID-19-induced parameter adjustments. Broken down into segments, the development of the impairment losses for the performing portfolio results in the following picture: CIB €-46 million, Privatkundenbank €-41 million, Unternehmerbank €-18 million.
The cost of risk of the non-performing loans in level 3 remained at a moderate level at around €-30 million, with the Unternehmerbank contributing the largest amount of around €-23 million.

Risk strategy

After the continued decline of the distressed portfolio in recent years, Bank Austria is focusing its NPL strategy on stabilising the distressed portfolio at the current level and – in view of the continued growth in credit – on further optimising the quality of the credit portfolio. This is to be achieved through a set of measures, such as the ongoing sale of non-performing consumer loans and the timely write-downs of non-collectable receivables. The monitoring and control mechanisms (implementation of specific KPIs, optimised management reporting), risk processes (lending, monitoring including annual value verification of real estate collateral, early detection of problem loans, granting of sustainable forbearance measures, credit restructuring) and the general risk culture in sales are continuously developed.
Although, as mentioned above, there has been no increase in defaults so far, the monitoring and reporting of the credit portfolio has also been intensified in the face of the ongoing COVID crisis, with a special focus on forborne loans as well as COVID-induced new loans, which are partially covered by the state guarantee programmes. Another focus is placed on the ongoing monitoring and care of the most affected industries, such as tourism, automotive or trade.

CHF loan volume

The continued decline in the CHF credit volume continued in the first half of 2020. Compared with the end of 2019, the CHF loan volume fell by a further €0.3 billion to €5.1 billion (after deduction of impairment losses). Approximately 2.3% thereof was classified as non-performing. In terms of gross claims, around 91% of the CHF loan volume is attributable to the Privatkundenbank.

Country risk and sovereign risk

Risk associated with cross-border transactions with all customer groups is reflected in country risk ("transfer and convertibility risk"; country risk includes, for example, loans to foreign corporate customers or banks). Risk associated with the state itself (e.g. the purchase of government bonds) is reflected in sovereign risk, irrespective of whether such risk is cross-border or local risk. Both risks are assessed via a UniCredit Group-wide credit process. Country limits and sovereign limits are assessed by the responsible risk management team, approved by the relevant body having approval authority and assigned to UniCredit subsidiaries according to business needs. In general, cross-border business is not limited for countries which are presumed less risky, e.g. the US, Japan, core EU countries; for all other countries, cross-border business is limited via the assigned country limit. Sovereign risk is in each case limited via counter party limits. The overall bond exposure is monitored via nominal credit risk limits and market risk limits. Impairment losses are recognised, if necessary, according to international financial reporting standards.

Risk report

Breakdown of sovereign debt securities by country and portfolio

(€ million)

COUNTRY/PORTFOLIO	30.06.2020 NOMINAL VALUE	30.06.2020 BOOK VALUE	30.06.2020 FAIR VALUE	31.12.2019 NOMINAL VALUE	31.12.2019 BOOK VALUE	31.12.2019 FAIR VALUE
Austria	**5,109**	**5,571**	**5,575**	**4,972**	**5,435**	**5,439**
Held for trading (Net exposures)	-	-	-	-	-	-
Mandatorily at fair value	60	82	82	60	77	77
Fair value through other comprehensive income	5,008	5,448	5,448	4,819	5,264	5,264
Financial assets at amortised cost	41	41	45	93	94	98
Designated at fair value through profit or loss	-	-	-	-	-	-
Spain	**3,607**	**3,883**	**3,885**	**3,862**	**4,213**	**4,214**
Held for trading (Net exposures)	-	-	-	-	-	-
Mandatorily at fair value	-	-	-	-	-	-
Fair value through other comprehensive income	3,289	3,560	3,560	3,854	4,205	4,205
Financial assets at amortised cost	318	323	325	8	8	9
Designated at fair value through profit or loss	-	-	-	-	-	-
Italy	**620**	**697**	**697**	**770**	**864**	**864**
Held for trading (Net exposures)	-	-	-	-	-	-
Mandatorily at fair value	-	-	-	-	-	-
Fair value through other comprehensive income	620	697	697	770	864	864
Financial assets at amortised cost	-	-	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-	-	-
Luxembourg	**-**	**-**	**-**	**-**	**-**	**-**
Held for trading (Net exposures)	-	-	-	-	-	-
Mandatorily at fair value	-	-	-	-	-	-
Fair value through other comprehensive income	-	-	-	-	-	-
Financial assets at amortised cost	-	-	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-	-	-
Japan	**646**	**651**	**651**	**640**	**645**	**645**
Held for trading (Net exposures)	-	-	-	-	-	-
Mandatorily at fair value	-	-	-	-	-	-
Fair value through other comprehensive income	646	651	651	640	645	645
Financial assets at amortised cost	-	-	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-	-	-

Risk report

COUNTRY/PORTFOLIO	30.06.2020 NOMINAL VALUE	30.06.2020 BOOK VALUE	30.06.2020 FAIR VALUE	31.12.2019 NOMINAL VALUE	31.12.2019 BOOK VALUE	31.12.2019 FAIR VALUE
Poland	**349**	**389**	**389**	**434**	**481**	**481**
Held for trading (Net exposures)	-	-	-	-	-	-
Mandatorily at fair value	-	-	-	-	-	-
Fair value through other comprehensive income	349	389	389	434	481	481
Financial assets at amortised cost	-	-	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-	-	-
France	**9**	**9**	**9**	**-**	**-**	**-**
Held for trading (Net exposures)	-	-	-	-	-	-
Mandatorily at fair value	-	-	-	-	-	-
Fair value through other comprehensive income	9	9	9	-	-	-
Financial assets at amortised cost	-	-	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-	-	-
Romania	**204**	**216**	**216**	**165**	**182**	**182**
Held for trading (Net exposures)	-	-	-	-	-	-
Mandatorily at fair value	-	-	-	-	-	-
Fair value through other comprehensive income	204	216	216	165	182	182
Financial assets at amortised cost	-	-	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-	-	-
Belgium	**173**	**190**	**190**	**115**	**124**	**124**
Held for trading (Net exposures)	-	-	-	-	-	-
Mandatorily at fair value	-	-	-	-	-	-
Fair value through other comprehensive income	173	190	190	115	124	124
Financial assets at amortised cost	-	-	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-	-	-
Other Countries	**1,683**	**1,668**	**1,668**	**1,359**	**1,319**	**1,319**
Held for trading (Net exposures)	115	-	-	115	-	-
Mandatorily at fair value	-	-	-	-	-	-
Fair value through other comprehensive income	1,567	1,668	1,668	1,243	1,319	1,319
Financial assets at amortised cost	-	-	-	-	-	-
Designated at fair value through profit or loss	-	-	-	-	-	-
TOTAL	**12,401**	**13,274**	**13,280**	**12,317**	**13,262**	**13,267**

Risk report

Breakdown of sovereign debt securities by portfolio

(€ million)

	30.06.2020					
	HELD FOR TRADING (NET EXPOSURES)	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS AT AMORTIZED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
Book value of sovereign portfolio	0	82	12,828	364	0	13,274
Total portfolio of debt securities	0	93	15,046	1,632	0	16,772
% Portfolio	-	87.24%	85.26%	22.32%	-	79.15%
	31.12.2019					
	HELD FOR TRADING (NET EXPOSURES)	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS AT AMORTIZED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
Book value of sovereign portfolio	0	77	13,083	102	0	13,262
Total portfolio of debt securities	0	89	14,838	1,110	0	16,037
% Portfolio	-	86.06%	88.17%	9.23%	-	82.70%

Sovereign exposures are bonds issued by and loans granted to central banks, governments and other public sector entities. ABSs are not included.

Breakdown of sovereign loans by country

(€ million)

COUNTRY	30.06.2020	31.12.2019
Austria	5,849	5,947
Indonesia	158	174
Gabun	109	118
Angola	89	95
Ghana	89	91
Laos	98	105
Philippines	67	73
Vietnam	69	69
Sri Lanka	88	87
Honduras	54	56
Bosnia and Herzegovina	20	22
Other	392	389
TOTAL SOVEREIGN LOANS	**7,082**	**7,225**

Risk report

Legal risks

In general, provisions are made for those procedures where imminent losses are probable or certain, but where the amount or timing of the occurrence of such losses is uncertain. In such cases, provisions are made in the amount deemed appropriate in the light of circumstances and in accordance with the accounting principles, respecting both the principle of prudence and the principle of reasonable, reliable estimation.

Legal risks for which provisions have been formed

In accordance with the principles described above provisions were formed for the following pending legal disputes and other proceedings in the amount of the assessed risk. In accordance with IAS 37, information does not have to be provided in case it would seriously compromise the position of the company in the legal dispute:

A) Madoff

Background
UCBA and some of its affiliates and indirect subsidiaries have been sued or investigated as a result of the Ponzi scheme operated by Bernard L. Madoff ("Madoff") through his company Bernard L. Madoff Investment Securities LLC ("BLMIS"), which was uncovered in December 2008.

Civil law procedures in Austria
Investors in the Primeo and Herald Madoff Feeder Funds have filed numerous civil suits, 13 of which are still open, with interest amounting to €5.2 million plus interest. The asserted claims in these proceedings are either that UCBA committed certain breaches of duty in its capacity as prospectus controller or that UCBA advised certain investors (directly or indirectly) to invest in these funds or a combination of these claims. The Austrian Supreme Court issued twenty-seven legally binding rulings with regard to the prospectus liability claims asserted in the proceedings. Regarding the proceedings concerning the Primeo Feeder funds, fourteen final decisions of the Austrian Supreme Court were taken in favour of UCBA. In two proceedings, the Supreme Court rejected UCBA's extraordinary appeal and therefore made the decision of the Court of Appeal, which had been issued in favour of the plaintiffs, final. With regard to the Herald Feeder Fund, the Austrian Supreme Court has ruled on the prospectus liability claims five times, twice in favour of UCBA and three times in favour of the plaintiffs. In a prospectus liability case where investments were made in Primeo and Herald, the Supreme Court ruled in favour of UCBA; in two further prospectus liability cases where investments were made in Primeo and Herald, the Supreme Court rejected the plaintiffs' extraordinary appeals, thereby ruling the decisions of the Court of Appeal to be legally binding in favour of UCBA.

The impact of these decisions on the remaining procedures cannot be predicted with certainty; future decisions could be detrimental to UCBA.

Concerning the Austrian civil proceedings pending against UCBA in connection with Madoff's fraud, Bank Austria has established provisions to the extent that it considers appropriate for the current risks.

Criminal proceedings in Austria
The UCBA was accused in a criminal case in Austria of suspected violation of the InvFG (Investment Fund Act), as well as allegations of fraud and infidelity in connection with the Madoff case. The prosecution case against UCBA and all accused persons was closed in November 2019. Private parties, on the other hand, have submitted requests for continuation; a decision is still pending.

Proceedings in the United States

Actions by the SIPA trustee
In December 2010, the insolvency administrator (the "SIPA Trustee") brought an action for the liquidation of BLMIS as well as other actions against dozens of defendants, including HSBC, UniCredit S.p.A., UCBA and certain affiliates, to a United States Federal Court (the "HSBC Proceedings").

Risk report

In the HSBC Proceedings, the SIPA Trustee filed civil claims and avoidance claims (also known as “clawback claims”) worth several billion US dollars. The civil claims were dismissed in 2011 and no further appeals are pending against this decision. In 2015, the SIPA Trustee dropped the avoidance claims against UniCredit S.p.A and the Alternative Investments Division of Pioneer (“PAI”) in the HSBC Proceedings, waiving the claims, as well as the avoidance claims against UCBA, without waiving the claims; this was done following claim adjustments that did not concern UniCredit S.p.A., PAI or UCBA and were considered by the SIPA trustee to satisfy the relevant claims. A judgement was issued by the Bankruptcy Court on 22 November 2016 which ordered the avoidance claims against BA Worldwide Fund Management Ltd (“BAWFM”) to be rejected. On 9 March 2017, the SIPA Trustee commented on the rejection of the avoidance claims against BAWFM in writing. On 16 March 2017, the SIPA Trustee appealed against the dismissal of the claims. In February 2019, the Court of Appeal annulled the decision of the Bankruptcy Court of 22 November 2016 and ruled that the SIPA trustee could recover the transfers of funds by BLMIS to BAWFM and other similar parties before their insolvency. BAWFM and other defendants requested a new hearing before the Court of Appeals by an "en banc" committee (then by all judges). The Court of Appeal rejected that request in April 2019. At the request of the defendant, the Court of Appeals shall leave the proceedings suspended so that the proceedings are not continued during the review process at the Supreme Court. BAWFM and the other defendants submitted a review on 30 August 2019. On 1 June 2020, the Supreme Court rejected this revision. The case was then referred back to the Bankruptcy Court for further proceedings. There is no significant potential claim for damages and therefore no pronounced risk profile for the UniCredit Group. Certain current or former related persons named as defendants in the HSBC Proceedings may be granted rights to indemnification by UniCredit S.p.A. and its affiliates.

Possible ramifications
In addition to the aforementioned proceedings and investigations against UCBA, its affiliates and some of their employees and former employees in connection with the Madoff case, additional actions may be brought in connection with this case in the future in the United States, Austria or other countries. Such possible future actions could be brought against UCBA, its affiliates and their employees and former employees. The pending proceedings and possible future actions may have a negative impact on UCBA.

UCBA and its affiliates intend to use all available means to defend themselves against the claims and allegations in connection with the Madoff case. Apart from the aforementioned issues, it is currently not possible to reliably estimate the time horizon and the outcomes of the various actions or to determine the level of responsibility – should responsibility be proven.

B) Alpine Holding GmbH

Alpine Holding GmbH issued one bond in 2010, one in 2011 and one in 2012. In 2010 and 2011, UCBA acted as joint lead manager together with another bank. In June/July 2013, Alpine Holding GmbH and Alpine Bau GmbH became insolvent and bankruptcy proceedings followed. Numerous bondholders then wrote to the banks involved in the bond issues to assert claims. At least as far as UCBA is concerned, the bondholders largely based their claims on the prospectus liability of the joint lead managers and, in fewer cases, also on flawed investment advice provided by the banks that sold the bonds to their customers. Investors have filed civil proceedings, including subpeonas for three class actions by the Federal Chamber of Labour (with claims amounting to some €20.26 million), in which UCBA is named as a defendant in addition to other banks. The significant cause of action is the prospectus liability. These civil proceedings are predominantly still pending at first instance. To date, no legally binding decisions have been issued by the Supreme Court against UCBA concerning prospectus liability. Most recently, the expert, who was appointed in a large part of the civil proceedings, issued an opinion which, according to UCBA, was largely in favour of UCBA and the other defendant emission banks. The plaintiff investors sometimes interpret the report differently, dispute its results and request that the experts answer supplementary questions. The final result of the report is therefore not yet foreseeable. In addition to the aforementioned proceedings against UCBA, further actions against UCBA have been threatened in connection with Alpine bankruptcy, which could be brought in the future. Pending or future actions may negatively affect UCBA. UCBA intends to use all available means to defend itself against these claims. Despite expert opinion, at present it is not possible to estimate the timing and outcome of the various proceedings or to assess the level of UCBA's possible responsibility, if any is proven.

Criminal proceedings in Austria
A number of accused persons are being prosecuted in Austria in connection with the Alpine bankruptcy case. UCBA had joined the criminal proceedings as a private operator. The preliminary proceedings were conducted by the Public Prosecutor’s Office also against unknown responsible persons of the issuing banks. With decisions taken in May 2017 and May 2018, the WKStA stopped the investigation process against all the accused without charging them. In July 2019, the Vienna Regional Court of Criminal Justice rejected the most recent requests for continuation by investors, on the other hand.

Risk report

(C) Procedures from export financing

UCBA has signed a credit agreement as a lender. With this loan agreement, the financing of three industrial machines was regulated under the cover of one guarantor. The financing of the purchase of the relevant machines was provided in two tranches according to the credit agreement. For the purchase of the relevant machines, the borrower has concluded two separate purchase agreements with the exporter, whereby the purchase of one of the machines did not occur at the request of the borrower. Nor has the amount of credit in this respect been paid out.

The first tranche was paid out and the machines were also bought and installed; the borrower is in default with instalments. The UCBA has therefore terminated the loan agreement due to default in payment and has requested the borrower to repay the total outstanding amount.

The borrower asserts claims in connection with the non-financing of the machines ultimately requested by the borrower, in particular fees and costs, amount of credit, contractual penalties for third parties and lost profits. In this regard, the borrower brought an arbitration action to the VIAC against which the UCBA has set itself the target with a corresponding counter note. A second round of documents and an interim procedure for the submission of documents have now been established. In the course of this interim procedure, the arbitral tribunal has, among other things, presented its views on the distribution of the burden of proof, which support the position of the UCBA. The claims made appear to be without substance and were also only slightly substantiated by the borrower. However, the oral proceedings for taking evidence, in particular for questioning the witnesses, are still pending. However, there is still the overwhelming chance of winning the trial on the basis of the principle.

In the current arbitration proceedings, the UCBA has brought a countersuit for the amount of the loan that is liable in the amount of approx. EUR 3.1 million. The borrower has only substantiated its opposition this countersuit. The odds of success of the countersuit are therefore still estimated at over 90%.

The legal costs are difficult to estimate, and provisions have been set up at an appropriate level with regard to the arbitration action.

Additional disclosures

Employees

	HY 2020	2019
Salaried staff	5,277	5,336
Other employees	-	-
TOTAL [1)]	**5,277**	**5,336**
of which: in Austria	5,213	5,261
of which: abroad	64	75

1) Average full-time equivalents of staff employed in the Bank Austria Group, excluding employees on unpaid sabbatical or maternity/paternity leave.

Events after the reporting date

Commerzialbank Mattersburg im Burgenland AG
In a letter dated 16 July 2020, Bank Austria was informed by Einlagensicherung AUSTRIA Ges.m.b.H. (deposit guarantee) that a deposit guarantee case has occurred at the “Commerzialbank Mattersburg im Burgenland AG” (commercial bank) in accordance with Section 9 Deposit Guarantee Schemes and Investor Compensation Act (ESAEG). It can be assumed that the annual payments to the deposit insurance fund will increase as a result of this deposit guarantee case. The amount of additional claims by Einlagensicherung AUSTRIA Ges.m.b.H., which are attributable to Bank Austria, is currently unknown.

Sale of Fuhrparkmanagement GmbH
At the beginning of July 2020, UniCredit Leasing Austria signed a contract to sell its stake in "Fuhrparkmanagement GmbH" (fleet management) to Arval, one of the most important European full-service leasing providers, and as part of this outsourcing, it entered into a long-term, exclusive sales cooperation with Arval for its fleet management services. Once the contract has been signed, the closing is expected to take place in September 2020, subject to the usual antitrust and other approvals.

Additional disclosures

Consolidated own funds and risk-weighted assets

Consolidated capital resources

(€ million)

	30.06.2020	31.12.2019
Paid-in capital instruments	1,681	1,681
Reserves (incl. profit) and minority interests	6,649	6,725
Adjustments to Common Equity Tier 1	(1,985)	(2,067)
Transitional adjustments to Common Equity Tier 1 [1)]	-	-
Common Equity Tier 1 (CET1)	**6,345**	**6,338**
Additional Tier 1 capital and qualifying Additional Tier 1 instruments issued by subsidiaries	2	2
Adjustments to Additional Tier 1	-	-
Transitional adjustments to Additional Tier 1 [1)]	-	-
Additional Tier 1 (AT1)	**2**	**2**
Tier 1 capital (T1=CET1+AT1)	**6,347**	**6,340**
Tier 2 capital and qualifying Tier 2 instruments issued by subsidiaries	670	712
Adjustments to Tier 2 capital	96	92
Transitional adjustments to Tier 2 capital [1)]	-	-
Tier 2 capital (T2)	**765**	**803**
Total regulatory capital (TC=T1+T2)	**7,113**	**7,144**

1) according to the Austrian CRR Supplementary Regulation of 11 December 2013.

Total risk exposure amount

(€ million)

	30.06.2020	31.12.2019
a) Credit risk pursuant to standardised approach	6,543	7,468
b) Credit risk pursuant to internal ratings-based (IRB) approach [1) 2)]	23,936	22,565
c) Other (securitisation and contribution to default fund of a central counterparty [CCP]) [2)]	70	45
Credit risk	30,549	30,078
Settlement risk	-	-
Position. foreign exchange and commodity risk	981	205
Operational risk	3,233	3,164
Risk positions for credit value adjustments (CVA)	48	46
TOTAL RWAs	**34,810**	**33,493**

1) Including RWA increase of €500 million from a change of model in the IRB approach.
2) Due to the new securitisation rules, in force since 1Q20, the disclosure is carried out separately from STA and IRB. The comparative figures as at 31 December 2019 have been adapted accordingly.

Key performance indicators

	30.06.2020	31.12.2019
Common Equity Tier 1 ratio [1)]	18.2%	18.9%
Tier 1 ratio [1)]	18.2%	18.9%
Total capital ratio [1)]	20.4%	21.3%

1) based on all risks

Statement by Management

We confirm to the best of our knowledge that the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the half-yearly management report of the group for the first six months gives a true and fair view of important events that occurred during the first six months of the financial year and their impact on the interim consolidated financial statements, and of the principal risks and uncertainties for the remaining six months of the financial year.

Vienna, 28 July 2020

The Management Board

Robert Zadrazil
Chief Executive Officer (CEO)

Gregor Hofstätter-Pobst
Chief Financial Officer (CFO Finance)

Jürgen Kullnigg
Chief Risk Officer (CRO Risk Management)

Mauro Maschio
Privatkundenbank

Günter Schubert
Corporate & Investment
Banking Division (CIB)

Susanne Wendler
Unternehmerbank

Additional Information

Additional Information

Glossary of alternative performance measures

The following list contains definitions of key financial indicators (alternative performance measures, APMs) used in addition to the applicable financial reporting framework as well as other terms used in this report.

Cost/income ratio: operating costs divided by operating income.

Cost of risk: net write-downs of loans and provisions for guarantees and commitments measured against loans and receivables with customers (average for the period), usually expressed in basis points (1bp = 1/100% = 0.01%). If the cost of risk is calculated for a period of less than a full year, net write-downs of loans and provisions for guarantees and commitments are annualized.

Coverage ratio: specific write-downs of loans measured as a percentage of non-performing exposures at the reference date.

Credit Value Adjustments (CVA): adjustment to the valuation of a portfolio of transactions reflecting the counterparties' credit risk, which is the risk that the counterparty to a transaction involving financial instruments might default prior to completing all agreed cash-flow exchanges.

Direct funding: sum total of deposits from customers, debt securities in issue and financial liabilities at fair value.

Direct funding ratio: direct funding measured against loans and receivables with customers as reflected in the statement of financial position.

Effective tax rate: income tax in the consolidated income statement measured against profit before tax.

FTE (full-time equivalent): number of full-time employees, with part-time employees being counted on the basis of effective working hours.

Funding Value Adjustments cover the funding cost / benefit stemming from hedging the market risk of OTC derivatives.

Loans/direct funding ratio: loans and receivables with customers measured against direct funding.

Net operating profit: operating profit less net write-downs of loans and provisions for guarantees and commitments.

Non-performing exposures (NPE) include (1) "bad loans", i.e. credit exposures, formally considered uncollectible, to insolvent borrowers, even if insolvency has not been judicially ascertained; (2) "unlikely to pay", i.e. 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 the credit obligation (principal and / or interest); (3) "past due": on-balance sheet 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.

NPE ratio: non-performing exposures as a percentage of loans to customers before deduction of loan loss provisions (NPE ratio in gross terms) and after deduction of loan loss provisions (loans to customers as reflected in the IFRS statement of financial position; NPE ratio in net terms) at the reference date.

Period averages: quarterly averages based on figures at reference dates are calculated as the mean value of the figure at the end of the preceding quarter and the figure at the end of the reporting period. The calculation of averages for longer reporting periods (first six months, first nine months or full year) is based on the averages for the quarters included in the reporting period.

ROAC (return on allocated capital): net profit measured against allocated capital (12.5% of risk-weighted assets). If the return on allocated capital is calculated for a period of less than a full year, net profit is annualized.

Systemic charges: bank levies and other systemic charges, including contributions to bank resolution funds and deposit guarantee schemes established on the basis of European or local regulations.

Additional Information

Total financial assets (TFA): sum of total financial assets held by customers, i.e. sum of deposits from customers, assets under management (fund and asset management products) and assets under custody (direct capital market investments/safe-custody business).

Investor Relations

Investor Relations, ratings, imprint, notes

UniCredit Bank Austria AG / Corporate Relations

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Ratings

	LONG-TERM / DEPOSITS	LONG-TERM / SENIOR UNSECURED	SUBORDINATED LIABILITIES	SHORT-TERM
Moody's 1)	A3	Baa1	Baa3	P-2
Standard & Poor's 1)	BBB+	BBB+	BBB-	A-2

Public-sector covered bonds and mortgage bonds of Bank Austria are rated Aaa by Moody's.
1) Securities issued before 31 December 2001 and therefore benefiting from the deficiency guarantee by the City of Vienna ("grandfathered debt" – exclusively subordinated debt), are rated Baa1 by Moody's and BBB- by Standard & Poor's.

Information and disclosure pursuant to Sections 24 and 25 of the Austrian Media Act (Mediengesetz):

Publisher and media owner:
UniCredit Bank Austria AG
Rothschildplatz 1, 1020 Vienna
Tel.: + 43 (0)5 05 05-0
Internet: www.bankaustria.at
e-mail: info@unicreditgroup.at
BIC: BKAUATWW
Austrian bank routing code: 12000
Register of firms: FN 150714p
LEI: D1HEB8VEU6D9M8ZUXG17
Data Processing Register number: 0030066
VAT number: ATU 51507409

Editor: Accounting, Reporting, Tax & Corporate Relations

Cover and introduction creative definition: UniCredit S. p. A.

Sorter pages creative definition: M&C Saatchi

Design, graphic development and production: UniCredit S. p. A.

Business objective:
Credit institution pursuant to Section 1 (1) of the Austrian Banking Act (Bankwesengesetz)

Persons (Management Board) authorised to represent the media owner:
Robert Zadrazil (CEO), Gregor Hofstätter-Pobst, Jürgen Kullnigg, Mauro Maschio, Günter Schubert, Susanne Wendler.

Supervisory Board of the media owner:
Gianfranco Bisagni (Chairman), Ranieri De Marchis (Deputy Chairman), Livia Aliberti Amidani, Christine Buchinger, Olivier Khayat, Adolf Lehner, Aurelio Maccario, Mario Pramendorfer, Eveline Steinberger-Kern, Ernst Theimer, Karin Wisak-Gradinger.

Interests held in the media owner pursuant to Section 25 of the Austrian Media Act:
UniCredit S. p. A. holds 99.996 % of the shares in the media owner (information on the shareholder structure of UniCredit S. p. A. is available at https://www.unicreditgroup.eu/en/governance/shareholder-structure.html).

"Betriebsratsfonds des Betriebsrats der Angestellten der UniCredit Bank Austria AG, Region Wien" (the Employees' Council Fund of the Employees' Council of employees of UniCredit Bank Austria AG in the Vienna area) and "Privatstiftung zur Verwaltung von Anteilsrechten" (a private foundation under Austrian law; founder: Anteilsverwaltung-Zentralsparkasse; beneficiary: WWTF – Wiener Wissenschafts-, Forschungs- und Technologiefonds) have a combined interest of 0.004 % in the media owner.

Notes
This report contains forward-looking statements relating to the future performance of Bank Austria. These statements reflect estimates which we have made on the basis of all information available to us at present. Should the assumptions underlying forward-looking statements prove incorrect, or should risks – such as those mentioned in this report – materialise to an extent not anticipated, actual results may vary from those expected at present. Market share data are based on the most recent information available at the editorial close of this report.

"Bank Austria" as used in this report refers to the group of consolidated companies. "UniCredit Bank Austria AG" as used in this report refers to the parent company.

In adding up rounded figures and calculating the percentage rates of changes, slight differences may result compared with totals and rates arrived at by adding up component figures which have not been rounded off.

Disclaimer
This edition of our Annual Report is prepared for the convenience of our English-speaking readers. It is based on the German original, which is the authentic version and takes precedence in all legal respects.

Banking that matters.

Bank Austria

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