

Bank Austria IR Release

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Bank Austria's results for the first three months of 2016:

Bank Austria posts net profit of EUR 59 million for the first quarter

- **Sound operating performance from customer business despite market interest rates which are at a historically low level and persistently weak economic trends**
 - Lending volume at a stable EUR 117 billion
 - Customer deposits in Austria and CEE total EUR 114 billion, up by 7 % on the same period of the previous year
- **Overall operating costs stable on account of strict cost management, down by 2 % in Austria**
- **Net write-downs of loans down by 31.4 % to EUR 144 million compared with the first quarter of the previous year**
- **Significant improvement in operating performance: net operating profit up by EUR 47 million or 11 % to EUR 471 million**
- **Total charge for bank levies and other systemic charges, which are largely recognised in the first quarter for the full year 2016, rises by 66.7 % to EUR 172 million**
- **Net profit amounts to EUR 59 million, down by 70.5 % on the Q1 2015 figure, mainly on account of two factors:**
 - Bank levies and other systemic charges up by EUR 69 million on the same period of the previous year
 - Integration/restructuring costs of EUR 206 million reflect an amendment to the Austrian General Social Insurance Act (ASVG) which was passed by the Austrian National Council and required the bank to increase the relevant provision
- **Total capital ratio¹ at 15.1 %, up by 27 basis points on year-end 2015; Common Equity Tier 1 capital ratio¹ up by 15 basis points to 11.2 %**
- **Excellent direct funding ratio underlines the bank's strong liquidity position**
 - Loans to customers funded with customer deposits and the bank's own issues to the extent of 121.8 %

Bank Austria's CEO Robert Zadrazil: "Operating performance in the first quarter of 2016 was satisfactory in a market and interest rate environment which remained challenging. Based on lower write-downs of loans in Austria and CEE and on strict cost management, we achieved a significantly higher net operating profit. Net profit was substantially lower than for the same period of the previous year, reflecting a new record burden of bank levies and other systemic charges totalling EUR 172 million

¹ Capital ratios have been calculated pursuant to Basel 3 transitional arrangements.

and a special charge resulting from the amendment to the Austrian General Social Insurance Act passed by the Austrian legislator.”

Items in the income statement²

Net interest continued to be the most important income component, accounting for 60.3 % of total operating income. In the first quarter of 2016, net interest was EUR 826 million (1-3 2015: EUR 820 million), up by 0.7 %, despite the persistently low interest rate environment.

Dividend income and other income from equity investments increased by 1.6 % to EUR 100 million (1-3 2015: EUR 98 million). Income from the Turkish joint venture is the largest component within this item.

Net fees and commissions were EUR 339 million, a slight decline of 0.7 % from the first quarter of the previous year (1-3 2015: EUR 341 million).

Net trading, hedging and fair value income was EUR 78 million, down by 27.9 % on the same period of the previous year (1-3 2015: EUR 108 million). The decrease was mainly due to credit value adjustments (CVA) and funding value adjustments (FVA) under the Basel 3 framework.

Total **operating income** in the first quarter of 2016 was EUR 1,369 million, down by 1.3 % on the first three months of the previous year (1-3 2015: EUR 1,387 million). The main reasons for the decrease were the persistently low interest rate environment and the credit and funding value adjustments pursuant to Basel 3.

Operating costs were more or less constant at EUR 755 million (1-3 2015: EUR 753 million) thanks to strict cost management; operating costs in Austria were further reduced, by 1.8 % to EUR 394 million (1-3 2015: EUR 401 million).

Operating profit amounted to EUR 615 million and was thus slightly lower, by 3 %, than in the same period of the previous year (1-3 2015: EUR 634 million). The decrease is explained by the historically low level of interest rates and the credit and funding value adjustments required under Basel 3.

Net write-downs of loans and provisions for guarantees and commitments in the first quarter of 2016 were EUR 144 million, down by 31.4 % on the same period of the previous year (1-3 2015: EUR 210 million). The provisioning charge in Austria declined by EUR 31 million to EUR 3 million (1-3 2015: EUR 34 million). Net write-downs of loans in CEE also

² To ensure comparability, the figures for the first three months of 2015 have been recast to reflect the consolidation perimeter and business structure in 2016. Ukrasbank continues to be reflected in the income statement item “Total profit or loss after tax from discontinued operations”. The contribution from the Turkish joint venture is included in the item “Dividend income and other income from equity investments”.

declined, by EUR 35 million to EUR 140 million (1-3 2015: EUR 175 million). The decrease was mainly due to developments in the Czech Republic, Hungary, Romania, Serbia and Slovenia.

Net operating profit – the key measure of operating performance – for the first quarter of 2016 was EUR 471 million, an increase of 11 % (1-3 2015: EUR 424 million) which was due to excellent risk management. While cost growth in the business divisions was contained through strict cost management, cost-cutting efforts were offset by a further increase in bank levies and other systemic charges, which had to be largely recognised in the first quarter for the full year 2016 and are shown on a combined basis in the line “Systemic charges” within non-operating items of the income statement.

The balance of **non-operating items** between net operating profit and profit before tax in the first quarter of 2016 was a net charge of EUR 354 million compared with a net charge of EUR 112 million in the same period of the previous year. Within the non-operating items, the largest item was the increase in the provision for the planned transfer of the defined-benefit obligation for active employees to the state pension system; the provision had to be increased by EUR 444 million following the amendment to the Austrian General Social Insurance Act passed by the Austrian National Council. Integration/restructuring costs therefore amounted to EUR 206 million.

Among the non-operating items, costs were also driven by **bank levies and other systemic charges**, which rose by a combined 66.7 % or EUR 69 million to EUR 172 million (1-3 2015: EUR 103 million) as a result of the new rules at EU level concerning contributions to bank resolution funds and deposit guarantee schemes and partly because the relevant charges were recognised in the first quarter for the full year 2016.

Within the item “Systemic charges”, the total charge in Austria amounted to EUR 90 million, of which EUR 34 million (1-3 2015: EUR 33 million) related to the bank levy and EUR 56 million related to contributions to the deposit guarantee scheme and the bank resolution fund. In CEE, the total charge was EUR 82 million, of which bank levies (in Hungary, the Czech Republic and Slovakia) accounted for EUR 14 million and other systemic charges, recognised in the first quarter for the full year, totalled EUR 68 million. Contributions to the bank resolution funds in Hungary, Bulgaria, Croatia, Slovenia, Romania, the Czech Republic and Slovakia totalled EUR 44 million. Contributions in CEE countries to deposit guarantee schemes totalled EUR 23 million for the first three months of the year.

Profit before tax for the first quarter of 2016 was EUR 117 million, down by 62.5 % (1-3 2015: EUR 313 million). The decline reflects the combined impact of weak economic growth, the low level of interest rates, one-off additional provisions for restructuring costs and a further increase in bank levies and other systemic charges. **Net profit** was EUR 59 million, down by 70.5 % on the same period of the previous year (1-3 2015: EUR 199 million).

The following key financial data have been calculated on the basis of the above-mentioned results:

- The cost/income ratio was 55.1 % (1-3 2015: 54.3 %).
- The risk/earnings ratio (net write-downs of loans as a percentage of net interest income) improved to 15.5 % (1-3 2015: 22.8 %).
- The total capital ratio³ (based on all risks) rose to 15.1 % (year-end 2015: 14.9 %).
- The Common Equity Tier 1 capital ratio³ (based on all risks) improved to 11.2 % (year-end 2015: 11.0 percent).

Mirko Bianchi, Chief Financial Officer of Bank Austria: "Bank Austria significantly improved its capital ratios in the first quarter of 2016 compared with year-end 2015: our total capital ratio is an outstanding 15.1 %, an increase of 27 basis points. Our Common Equity Tier 1 capital ratio has also risen by 15 basis points, or EUR 266 million, to an excellent 11.2 %. In absolute terms, total regulatory capital at the end of the first quarter of 2016 was EUR 19.5 billion, up by EUR 436 million versus the end of the previous year. Our long-term liquidity position has further improved as a result of continued deposit growth. The loan/direct funding ratio is an excellent 82.1 %. This means that our customer loans are more than fully covered by customer deposits and debt securities in issue."

Results of the Divisions

Bank Austria reports its results in four Divisions: Retail & Corporates, Corporate & Investment Banking (CIB), Private Banking, and Central Eastern Europe (CEE). The bank also shows results for the Corporate Center.

Profit before tax generated by the **Retail & Corporates** Division in the first quarter of 2016 was EUR 38 million, down by 8.7 % on the same period of the previous year (1-3 2015: EUR 41 million). Operating income was down by 3.8 %, reflecting the persistently low interest rate environment. The decline was only partly offset by measures to reduce costs. Asset quality in retail and corporate banking continued to improve, with the provisioning charge further declining by EUR 23 million. Net write-downs of loans and provisions for guarantees and commitments in Retail & Corporates were down by a substantial 77.6 % compared with the same period of the previous year. On this basis, net operating profit rose significantly, by 26.1 % to EUR 74 million. The decline in profit before tax is therefore mainly due to the fact that the total charge for the bank levy and other systemic charges rose substantially in Retail & Corporates, by EUR 23 million or 129.3 % to EUR 41 million (1-3 2015: EUR 18 million) compared with the same period of the previous year.

In the first quarter of 2016, the **Private Banking** Division achieved a profit before tax of EUR 8 million (1-3 2015: EUR 16 million). The decline was due to various factors: operating income was down by 11.6 % as net interest and net fees and commissions were lower than in the first quarter of the previous year. Moreover, the total charge which Private Banking had to absorb in connection with the bank levy and other systemic charges was EUR 3 million, up by EUR 2 million on the same period of the previous year.

³ Capital ratios have been calculated pursuant to Basel 3 transitional arrangements; net profit for the first three months is not included in the calculation of regulatory capital and capital ratios.

The **Corporate & Investment Banking (CIB)** Division generated a profit before tax of EUR 22 million for the first quarter of 2016 (1-3 2015: EUR 34 million). Performance was weighed down mainly by three developments: operating income declined by 6.5 % because net fees and commissions and net trading, hedging and fair value income were lower than in the same period of the previous year. On the other hand, operating costs rose by 13.9 %, primarily in connection with higher provisioning needs. Moreover, the bank levy and other systemic charges impacted CIB with EUR 16 million, an increase of 45.1 % over the same period of the previous year.

The **Central Eastern Europe (CEE)** Division generated a profit before tax of EUR 343 million for the first quarter of 2016 compared to EUR 323 million in the same period of the previous year. Despite adverse currency effects and prolonged geopolitical tensions this is an increase of 6.2 % at current rates. At constant rates, profit before tax grew by 12.4 % in a year-on-year comparison. Net profit amounting to EUR 284 million (1-3 2015: EUR 196 million) was up by 45 % at current rates and 67.7 % at constant rates, being strongly impacted by the net loss from discontinued operations in the first quarter of 2015. Revenues rose soundly in the first three months of 2016, compensating higher operating costs on a constant rate basis. Loan loss provisions were below previous year supported by lower provisioning needs in most of the countries.

Despite the recent turbulence in global financial markets, Central and Eastern Europe (CEE) entered 2016 on a strong note, with economic activity gaining pace and financial markets resilient. With growth in the euro area expected to hold up well, the ECB embarking on another round of quantitative easing, and the Fed adopting a dovish stance, growth should spread to all CEE countries this year and continue at a similar pace in 2017. Output expansion will be mainly driven by the ongoing recovery in domestic demand. However, growth will vary by pace and sustainability from country to country. In CEE-EU⁴ real GDP rose at its fastest pace since the global financial crisis last year and looks on track to repeat this performance also in 2016.

“Against a benign short-term outlook, our banks in Central and Eastern Europe show a solid operating performance. In the first quarter of 2016 revenues have exceeded our expectations, mainly driven by net interest income and fees. Cost of risk has dropped significantly”, says Carlo Vivaldi, Deputy CEO and Head of the CEE Division of Bank Austria. “The implementation of the new Strategic Plan, which also includes the transfer of CEE shareholdings from Vienna to Milan until year-end 2016, is well on track laying the foundation for a leaner governance structure and more effective capital and liquidity management within the Group.”

The CEE Division manages a network of about 2,300 branches (including the Turkish joint venture, which is accounted for using the equity method) in 13 countries in the region with about 47,600 employees. The Group continues to see itself as a

⁴ This group includes some of the countries that joined the EU in 2004 and 2007, namely Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia. Croatia is addressed separately.

long-term investor in this region and will expand its leading market position through sustainable growth in the coming years.

Statement of financial position⁵

Bank Austria's **total assets** as at 31 March 2016 were EUR 197.8 billion⁶, up by 2.2 % or EUR 4.2 billion on the end of the previous year (31 December 2015: EUR 193.6 billion).

On the assets side, **loans and receivables with customers** at the end of March 2016 were EUR 117.0 billion, up by 0.6 % or EUR 0.6 billion (31 December 2015: EUR 116.4 billion). **Loans and receivables with banks** increased by 5.1 % to EUR 33.9 billion (31 December 2015: EUR 32.2 billion).

On the liabilities side, **deposits from customers** rose by 3.2 % to EUR 113.8 billion (31 December 2015: EUR 110.3 billion), reflecting growth in Austria and CEE. **Debt securities in issue** declined slightly, by 1.7 % to EUR 28.3 billion (31 December 2015: EUR 28.8 billion) as a result of redemptions. **Direct funding**, i.e. the sum total of deposits from customers, debt securities in issue and financial liabilities at fair value, increased by EUR 2.9 billion or 2.1 % to EUR 142.6 billion. This gives an excellent **loans/direct-funding ratio** of 82.1 %, which means that customer loans are covered by customer deposits and debt securities in issue to the extent of 121.8 %.

Asset Quality

Net impaired loans declined to EUR 4.3 billion (-4.9 % year to date) while the coverage ratio rose to a sound 57.5% (+1.2 percentage points year to date). This means that asset quality at Bank Austria continued to develop positively. Gross impaired loans (EUR 10.2 billion) declined both in CEE (EUR 7.1 billion, -1.5 % year to date) and – due to a continuously favourable development – in Austria, where gross impaired loans totalled EUR 3.0 billion (-3.7 % year to date). The share of non-performing loans was 8,2 % (gross) resp. 3,7 % (net) and also was lower both in CEE and in Austria than as of the end of the previous year.

Regulatory capital resources and risk-weighted assets⁷

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 of 11 December 2013, these provisions are not yet fully applicable but will be gradually introduced over several years. For example, new deductions from Common Equity Tier 1 capital or capital components which are no longer eligible for inclusion under Basel 3 are not yet allowed to be fully taken into account

⁵ Comparisons are made with the published figures for the previous year.

⁶ Shareholding interest in Yapı Kredi in Turkey accounted for using the equity method (i.e. included only in the item "Investments in associates and joint ventures").

⁷ Calculated on an IFRS basis.

pursuant to CRR / CRD IV in the second year of the transition period but to the extent defined for 2016 in the Austrian CRR Supplementary Regulation.

Total **regulatory capital**⁸ was EUR 19.5 billion, up by EUR 0.4 billion on year-end 2015.

As at 31 March 2016, the **total capital ratio**⁹ based on all risks improved to 15.1 % (31 December 2015: 14.9 %).

The **Common Equity Tier 1 capital ratio** based on all risks rose to an excellent 11.2 % (31 December 2015: 11.0 %).

Risk-weighted assets (RWA) increased by EUR 0.4 billion resp. +0.5 % to EUR 128.9 billion. This increase is mainly due to higher market risk, mitigated by a decrease in operational risk.

Credit RWA increased by EUR +0.1 billion to EUR 113.3 billion (portfolios under the IRB approach were up by EUR +0.4 billion, portfolios under the standard approach were down by EUR -0.3 billion), with currency effects compensating each other (appreciation of the Russian Rouble while currencies in Turkey and Ukraine depreciated).

The risk exposure amount for market risk was up by EUR 0.8 billion to EUR 4.7 billion. This increase is partly due to larger security positions in CEE. The risk exposure amount for operational risk was down by EUR 0.3 billion to EUR 10.5 billion.

As at 31 March 2016, the **leverage ratio** to be calculated under Basel 3 was an excellent 5.8 % in conformity with Basel 3 transitional rules.

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⁸ Calculated on an IFRS basis.

⁹ Capital ratios have been calculated pursuant to Basel 3 transitional arrangements; net profit for the first three months is not included in the calculation of regulatory capital and capital ratios.

Bank Austria at a Glance

Income statement figures

(€ million)	Q1 2016	Q1 2015 ¹⁾	+/-
Net interest	826	820	+0.7%
Dividend income and other income from equity investments	100	98	+1.6%
Net fees and commissions	339	341	-0.7%
Net trading, hedging and fair value income	78	108	-27.9%
Operating income	1,369	1,387	-1.3%
Operating costs	-755	-753	+0.2%
Operating profit	615	634	-3.0%
Net write-downs of loans and provisions for guarantees and commitments	-144	-210	-31.4%
Net operating profit	471	424	+11.0%
Profit before tax	117	313	-62.5%
Net profit attributable to the owners of the parent company	59	199	-70.5%

Volume figures

(€ million)	31 MARCH 2016	31 DEC. 2015	+/-
Total assets	197,827	193,638	+2.2%
Loans and receivables with customers	117,064	116,377	+0.6%
Direct funding ²⁾	142,608	139,695	+2.1%
Equity	15,655	15,394	+1.7%
Risk-weighted assets (overall) ³⁾	128,861	128,259	+0.5%

Key performance indicators

	31 MARCH 2016	31 DEC. 2015
Return on equity after tax (ROE) ¹⁾	1.7%	9.4%
Cost/income ratio ¹⁾	55.1%	52.4%
Cost of risk (provisioning charge/avg. lending volume) ¹⁾	0.49%	0.86%
Loans and receivables with customers/direct funding ^{1) 2)}	82.1%	83.3%
Leverage ratio ⁴⁾	5.8%	5.8%
Common Equity Tier 1 capital ratio ⁵⁾	11.2%	11.0%
Tier 1 capital ratio ⁵⁾	11.2%	11.0%
Total capital ratio ⁵⁾	15.1%	14.9%

Staff

	31 MARCH 2016	31 DEC. 2015 ¹⁾	+/-
Bank Austria (full-time equivalent)	35,208	35,534	-325
Central Eastern Europe business segment	24,148	24,158	-10
Ukraine (held for sale)	4,216	4,344	-128
Austria (other business segments)	6,844	7,031	-188

Offices

	31 MARCH 2016	31 DEC. 2015 ¹⁾	+/-
Bank Austria	1,495	1,510	-15
Central Eastern Europe business segment	1,062	1,065	-3
Ukraine (held for sale)	239	240	-1
Austria (other business segments)	194	205	-11

1) Comparative figures for 2015 have been recast to reflect the consolidation perimeter and the business structure in 2016.

2) Direct funding: deposits from customers, debt securities in issue and financial liabilities at fair value.

3) Regulatory risk-weighted assets, not adjusted.

4) Leverage ratio under Basel 3 based on the current status of transitional arrangements.

5) Capital ratios based on all risks under Basel 3 (transitional) and IFRS.

Condensed income statement of the Bank Austria Group¹⁾

for the first quarter of 2016

(€ million)

RECAST ²⁾	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	CHANGE OVER PREVIOUS YEAR	
						+/- €	IN %
Net interest	820	873	848	853	826	+5	+0.7%
Dividend income and other income from equity investments	98	136	107	193	100	+2	+1.6%
Net fees and commissions	341	373	350	375	339	-2	-0.7%
Net trading, hedging and fair value income	108	124	78	111	78	-30	-27.9%
Net other expenses/income	20	19	22	36	27	+7	+36.8%
Operating income	1,387	1,524	1,406	1,568	1,369	-18	-1.3%
Payroll costs	-392	-405	-385	-384	-375	+17	-4.3%
Other administrative expenses	-320	-339	-331	-367	-342	-22	+6.8%
Recovery of expenses	0	0	0	0	0	-0	-7.2%
Amortisation, depreciation and impairment losses on intangible and tangible assets	-42	-35	-36	-46	-38	+4	-8.5%
Operating costs	-753	-778	-752	-798	-755	-1	+0.2%
Operating profit	634	746	653	771	615	-19	-3.0%
Net write-downs of loans and provisions for guarantees and commitments	-210	-182	-365	-251	-144	+66	-31.4%
Net operating profit	424	565	288	520	471	+47	+11.0%
Provisions for risks and charges	-8	0	-43	-85	11	+19	n.m.
Systemic charges	-103	-72	-58	-94	-172	-69	+66.7%
Integration/restructuring costs	-1	-1	-3	317	-206	-205	>100%
Net income/loss from investments	0	2	0	-28	12	+13	n.m.
Profit or loss before tax	313	494	184	630	117	-196	-62.5%
Income tax for the period	-61	-69	-49	92	-58	+3	-4.7%
Total profit or loss after tax from discontinued operations	-60	-123	25	-145	12	+72	n.m.
Profit or loss for the period	192	301	160	577	72	-120	-62.7%
Non-controlling interests	7	-9	13	83	-13	-20	n.m.
Net profit or loss ³⁾	199	292	173	659	59	-140	-70.5%

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) Comparative figures for 2015 have been recast to reflect the consolidation perimeter and the business structure in 2016.

3) Attributable to the owners of the parent company.

Segment reporting of the Bank Austria Group

1–3 2016/1–3 2015

(€ million)

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST)	RECASTING DIFFERENCES ¹⁾	BANK AUSTRIA GROUP (PUBLISHED) ²⁾
Net interest	1–3 2016	214	14	75	581	-58	826	0	826
	1–3 2015	222	15	73	581	-71	820	-4	816
Dividends and other income from equity investments	1–3 2016	11	0	0	75	14	100	0	100
	1–3 2015	4	0	0	73	22	98	0	98
Net fees and commissions	1–3 2016	123	27	17	174	-2	339	0	339
	1–3 2015	126	31	21	168	-4	341	0	341
Net trading, hedging and fair value income/loss	1–3 2016	-2	1	6	70	2	78	0	78
	1–3 2015	8	1	12	86	0	108	-1	107
Net other expenses/income	1–3 2016	6	0	0	12	9	27	0	27
	1–3 2015	5	1	0	3	11	20	0	20
OPERATING INCOME	1–3 2016	351	42	99	912	-35	1,369	0	1,369
	1–3 2015	365	48	106	910	-42	1,387	-5	1,383
OPERATING COSTS	1–3 2016	-270	-31	-60	-360	-32	-755	0	-755
	1–3 2015	-277	-31	-53	-352	-41	-753	3	-751
OPERATING PROFIT	1–3 2016	80	11	39	552	-67	615	0	615
	1–3 2015	88	17	53	558	-82	634	-2	632
Net write-downs of loans and provisions for guarantees and commitments	1–3 2016	-7	0	0	-140	3	-144	0	-144
	1–3 2015	-29	0	-8	-175	3	-210	0	-210
NET OPERATING PROFIT	1–3 2016	74	11	39	412	-64	471	0	471
	1–3 2015	59	17	45	383	-80	424	-2	422
Provisions for risks and charges	1–3 2016	0	0	0	12	0	11	0	11
	1–3 2015	0	0	0	-4	-4	-8	0	-8
Systemic charges	1–3 2016	-40	-3	-16	-86	-26	-172	0	-172
	1–3 2015	-18	-1	-11	-55	-18	-103	0	-103
Integration/restructuring costs	1–3 2016	0	0	0	-2	-204	-206	0	-206
	1–3 2015	0	0	0	-1	0	-1	0	-1
Net income/loss from investments	1–3 2016	5	0	0	7	1	12	0	12
	1–3 2015	1	0	0	-1	0	0	0	0
PROFIT BEFORE TAX	1–3 2016	38	8	22	343	-294	117	0	117
	1–3 2015	41	16	34	323	-101	313	-2	311
Income tax for the period	1–3 2016	-10	-2	-6	-53	12	-58	0	-58
	1–3 2015	-13	-4	-10	-61	27	-61	1	-60
Total profit or loss after tax from discontinued operations	1–3 2016	0	0	0	3	10	12	0	12
	1–3 2015	0	0	0	-74	15	-60	0	-60
PROFIT OR LOSS FOR THE PERIOD	1–3 2016	28	6	17	292	-272	72	0	72
	1–3 2015	28	12	24	187	-59	192	-2	190
Non-controlling interests	1–3 2016	-4	0	0	-9	0	-13	0	-13
	1–3 2015	-3	0	0	9	1	7	0	7
NET PROFIT OR LOSS ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	1–3 2016	24	6	17	284	-272	59	0	59
	1–3 2015	25	12	24	196	-59	199	-1	198

1) For segment reporting purposes, the comparative figures for 2015 have been recast to reflect the consolidation perimeter and the segment structure used in segment reporting for 2016. For Bank Austria as a whole the differences between recast figures for 2015 and published figures for 2015 are shown in the column "Recasting differences". These differences mainly relate to the transfer of Leasing subsidiaries in Croatia, Bosnia and Herzegovina, Slovenia and Serbia.

2) The figures for 2015 and 2016 reflect the original figures according to IFRS (accounting figures).

Segment reporting of the Bank Austria Group

1–3 2016/1–3 2015

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST)	RECASTING DIFFER- ENCES ¹⁾	BANK AUSTRIA GROUP (PUBLISHED) ²⁾
Risk-weighted assets (RWA) (avg.) ³⁾	1–3 2016	17,675	625	8,052	94,500	7,708	128,560	0	128,560
	1–3 2015	19,447	642	8,568	96,192	9,445	134,294	–225	134,069
Loans to customers (end of period)	1–3 2016	44,565	640	13,675	58,045	139	117,064	0	117,064
	1–3 2015	44,249	610	12,638	59,342	665	117,505	6	117,511
Direct funding (end of period) ⁴⁾	1–3 2016	43,644	9,714	9,741	61,123	18,387	142,608	0	142,608
	1–3 2015	42,987	9,856	9,086	54,563	20,357	136,848	33	136,881
Cost/income ratio excl. bank levy in %	1–3 2016	77.1	73.8	61.0	39.5	n.m.	55.1	n.m.	55.1
	1–3 2015	75.9	64.1	50.1	38.7	n.m.	54.3	n.m.	54.3
Risk/earnings ratio in % ⁵⁾	1–3 2016	2.9	0.9	n.m.	21.4	n.m.	15.5	n.m.	15.5
	1–3 2015	13.0	n.m.	10.9	26.8	n.m.	22.8	n.m.	23.0

1) For segment reporting purposes, the comparative figures for 2015 have been recast to reflect the consolidation perimeter and the segment structure used in segment reporting for 2016. For Bank Austria as a whole the differences between recast figures for 2015 and published figures for 2015 are shown in the column "Recasting differences". These differences mainly relate to the transfer of Leasing subsidiaries in Croatia, Bosnia and Herzegovina, Slovenia and Serbia.

2) The figures for 2015 and 2016 reflect the original figures according to IFRS (accounting figures).

3) Turkey consolidated not at equity but on a proportionate basis.

4) Direct funding: deposits from customers, debt securities in issue and financial liabilities at fair value.

5) Risk/earnings ratio: net write-downs of loans and provisions for guarantees and commitments measured against net interest and dividends and other income from equity investments.

n.m. = not meaningful

Segment reporting of the Bank Austria Group

Q1 2016/Q1 – Q4 2015

(€ million)

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST) ¹⁾
Net interest	Q1 2016	214	14	75	581	-58	826
	Q4 2015	223	15	74	596	-55	853
	Q3 2015	223	15	71	599	-60	848
	Q2 2015	224	15	74	619	-59	873
	Q1 2015	222	15	73	581	-71	820
Dividends and other income from equity investments	Q1 2016	11	0	0	75	14	100
	Q4 2015	5	0	0	132	56	193
	Q3 2015	4	0	0	67	36	107
	Q2 2015	17	0	0	92	27	136
	Q1 2015	4	0	0	73	22	98
Net fees and commissions	Q1 2016	123	27	17	174	-2	339
	Q4 2015	128	33	27	189	-2	375
	Q3 2015	125	26	20	178	0	350
	Q2 2015	127	26	35	184	1	373
	Q1 2015	126	31	21	168	-4	341
Net trading, hedging and fair value income/loss	Q1 2016	-2	1	6	70	2	78
	Q4 2015	9	1	10	88	4	111
	Q3 2015	-3	1	8	74	-2	78
	Q2 2015	18	1	17	83	5	124
	Q1 2015	8	1	12	86	0	108
Net other expenses/income	Q1 2016	6	0	0	12	9	27
	Q4 2015	9	0	4	14	9	36
	Q3 2015	8	0	0	4	11	22
	Q2 2015	3	0	0	7	9	19
	Q1 2015	5	1	0	3	11	20
OPERATING INCOME	Q1 2016	351	42	99	912	-35	1,369
	Q4 2015	373	49	116	1,018	12	1,568
	Q3 2015	357	41	100	923	-15	1,406
	Q2 2015	388	41	127	985	-17	1,524
	Q1 2015	365	48	106	910	-42	1,387
OPERATING COSTS	Q1 2016	-270	-31	-60	-360	-32	-755
	Q4 2015	-273	-31	-53	-402	-39	-798
	Q3 2015	-268	-30	-50	-361	-43	-752
	Q2 2015	-277	-31	-54	-373	-43	-778
	Q1 2015	-277	-31	-53	-352	-41	-753
OPERATING PROFIT	Q1 2016	80	11	39	552	-67	615
	Q4 2015	101	17	64	617	-27	771
	Q3 2015	88	11	50	562	-57	653
	Q2 2015	111	10	73	612	-60	746
	Q1 2015	88	17	53	558	-82	634
Net write-downs of loans and provisions for guarantees and commitments	Q1 2016	-7	0	0	-140	3	-144
	Q4 2015	-21	0	24	-266	11	-251
	Q3 2015	-7	0	1	-359	0	-365
	Q2 2015	30	1	7	-220	1	-182
	Q1 2015	-29	0	-8	-175	3	-210
NET OPERATING PROFIT	Q1 2016	74	11	39	412	-64	471
	Q4 2015	80	17	88	351	-16	520
	Q3 2015	81	10	51	202	-57	288
	Q2 2015	141	11	80	392	-59	565
	Q1 2015	59	17	45	383	-80	424

1) Quarterly segment reporting figures for comparative periods are based on recast data only (recast to reflect the consolidation perimeter and business structure in 2016).

Segment reporting of the Bank Austria Group

Q1 2016/Q1 – Q4 2015

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST) ¹⁾
Provisions for risks and charges	Q1 2016	0	0	0	12	0	11
	Q4 2015	-4	0	-8	-65	-8	-85
	Q3 2015	0	0	0	1	-44	-43
	Q2 2015	0	0	0	0	0	0
	Q1 2015	0	0	0	-4	-4	-8
Systemic charges	Q1 2016	-40	-3	-16	-86	-26	-172
	Q4 2015	-20	-1	-12	-41	-19	-94
	Q3 2015	-13	-1	-7	-26	-11	-58
	Q2 2015	-19	-2	-7	-33	-11	-72
	Q1 2015	-18	-1	-11	-55	-18	-103
Integration/restructuring costs	Q1 2016	0	0	0	-2	-204	-206
	Q4 2015	0	0	0	-4	321	317
	Q3 2015	0	0	0	-3	0	-3
	Q2 2015	0	0	0	-1	0	-1
	Q1 2015	0	0	0	-1	0	-1
Net income/loss from investments	Q1 2016	5	0	0	7	1	12
	Q4 2015	-18	0	-8	-3	1	-28
	Q3 2015	0	0	0	0	0	0
	Q2 2015	-3	0	0	0	4	2
	Q1 2015	1	0	0	-1	0	0
PROFIT BEFORE TAX	Q1 2016	38	8	22	343	-294	117
	Q4 2015	39	16	60	237	278	630
	Q3 2015	68	10	45	175	-113	184
	Q2 2015	119	9	73	359	-66	494
	Q1 2015	41	16	34	323	-101	313
Income tax for the period	Q1 2016	-10	-2	-6	-53	12	-58
	Q4 2015	-8	-4	-15	-38	157	92
	Q3 2015	-14	-2	-10	-17	-5	-49
	Q2 2015	-27	-2	-18	-54	32	-69
	Q1 2015	-13	-4	-10	-61	27	-61
Total profit or loss after tax from discontinued operations	Q1 2016	0	0	0	3	10	12
	Q4 2015	0	0	1	-192	46	-145
	Q3 2015	0	0	0	-11	37	25
	Q2 2015	0	0	0	-146	22	-123
	Q1 2015	0	0	0	-74	15	-60
PROFIT (LOSS) FOR THE PERIOD	Q1 2016	28	6	17	292	-272	72
	Q4 2015	30	12	46	8	481	577
	Q3 2015	54	7	34	146	-81	160
	Q2 2015	93	6	55	159	-12	301
	Q1 2015	28	12	24	187	-59	192
Non-controlling interests	Q1 2016	-4	0	0	-9	0	-13
	Q4 2015	-3	0	0	86	0	83
	Q3 2015	-4	0	0	16	1	13
	Q2 2015	-3	0	0	-8	1	-9
	Q1 2015	-3	0	0	9	1	7
NET PROFIT OR LOSS ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	Q1 2016	24	6	17	284	-272	59
	Q4 2015	27	12	46	93	482	659
	Q3 2015	50	7	34	162	-80	173
	Q2 2015	90	6	55	151	-12	292
	Q1 2015	25	12	24	196	-59	199

1) Quarterly segment reporting figures for comparative periods are based on recast data only (recast to reflect the consolidation perimeter and business structure in 2016).

Segment reporting of the Bank Austria Group

Q1 2016/Q1 – Q4 2015

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST) ¹⁾
Risk-weighted assets (RWA) (avg.) ²⁾	Q1 2016	17,675	625	8,052	94,500	7,708	128,560
	Q4 2015	17,971	641	8,329	95,002	7,609	129,552
	Q3 2015	18,517	628	8,819	97,057	7,704	132,725
	Q2 2015	19,357	629	8,805	98,736	8,888	136,413
	Q1 2015	19,447	642	8,568	96,192	9,445	134,294
Loans to customers (end of period)	Q1 2016	44,565	640	13,675	58,045	139	117,064
	Q4 2015	44,795	629	13,572	57,353	54	116,402
	Q3 2015	44,251	638	13,669	58,092	-120	116,530
	Q2 2015	44,514	618	13,087	59,069	-56	117,233
	Q1 2015	44,249	610	12,638	59,342	665	117,505
Direct funding (end of period) ³⁾	Q1 2016	43,644	9,714	9,741	61,123	18,387	142,608
	Q4 2015	42,715	9,223	10,426	58,728	18,590	139,683
	Q3 2015	43,208	9,601	10,939	57,806	18,816	140,370
	Q2 2015	43,107	9,235	10,013	56,103	18,690	137,147
	Q1 2015	42,987	9,856	9,086	54,563	20,357	136,848
Cost/income ratio excl. bank levy in %	Q1 2016	77.1	73.8	61.0	39.5	90.9	55.1
	Q4 2015	73.0	64.3	45.3	39.5	330.2	50.9
	Q3 2015	75.2	73.8	50.4	39.1	289.4	53.5
	Q2 2015	71.3	75.0	42.7	37.9	248.6	51.0
	Q1 2015	75.9	64.1	50.1	38.7	98.1	54.3
Risk/earnings ratio in % ⁴⁾	Q1 2016	2.9	0.9	n.m.	21.4	n.m.	15.5
	Q4 2015	9.1	0.3	n.m.	36.5	n.m.	24.0
	Q3 2015	3.3	2.0	n.m.	53.9	n.m.	38.2
	Q2 2015	n.m.	n.m.	n.m.	30.9	n.m.	18.0
	Q1 2015	13.0	n.m.	10.9	26.8	n.m.	22.8

1) Quarterly segment reporting figures for comparative periods are based on recast data only (recast to reflect the consolidation perimeter and business structure in 2016).

2) Turkey consolidated not at equity but on a proportionate basis.

3) Direct funding: deposits from customers, debt securities in issue and financial liabilities at fair value.

4) Risk/earnings ratio: net write-downs of loans and provisions for guarantees and commitments measured against net interest and dividends and other income from equity investments.

n.m. = not meaningful

Statement of Financial Position of the Bank Austria Group

at 31 March 2016

Assets

(€ million)

	31 MARCH 2016	31 DEC. 2015
Cash and cash balances	2,537	2,146
Financial assets held for trading	3,138	3,013
Financial assets at fair value through profit or loss	33	89
Available-for-sale financial assets	26,161	24,810
Held-to-maturity investments	482	484
Loans and receivables with banks	33,868	32,214
Loans and receivables with customers	117,064	116,377
Hedging derivatives	3,670	3,290
Changes in fair value of portfolio hedged items (+/-)	84	41
Investments in associates and joint ventures	4,786	4,741
Property, plant and equipment	2,111	2,132
<i>of which held for investment</i>	841	827
Intangible assets	227	221
Tax assets	420	448
a) current tax assets	89	94
b) deferred tax assets	331	353
Non-current assets and disposal groups classified as held for sale	2,104	2,467
Other assets	1,143	1,167
TOTAL ASSETS	197,827	193,638

Liabilities and equity

(€ million)

	31 MARCH 2016	31 DEC. 2015
Deposits from banks	23,366	23,432
Deposits from customers	113,822	110,346
Debt securities in issue	28,307	28,802
Financial liabilities held for trading	2,700	2,642
Financial liabilities at fair value through profit or loss	479	547
Hedging derivatives	3,087	2,782
Changes in fair value of portfolio hedged items (+/-)	-44	-101
Tax liabilities	244	214
a) current tax liabilities	47	46
b) deferred tax liabilities	197	169
Liabilities included in disposal groups classified as held for sale	1,707	1,977
Other liabilities	3,962	2,773
Provisions for risks and charges	4,542	4,830
a) post-retirement benefit obligations	3,818	3,697
b) other provisions	724	1,133
Equity	15,655	15,394
<i>of which non-controlling interests (+/-)</i>	253	238
TOTAL LIABILITIES AND EQUITY	197,827	193,638

Bank Austria Group: equity

(€ million)

Equity as at 1 January 2016	15,394
Forex translation reserve	70
Change in afs/cash-flow hedge reserve	93
Net profit (loss) for the period	59
Non-controlling interests	15
Other items	25
Equity as at 31 March 2016	15,655

Lending volume and asset quality¹⁾

(€ million)

	31 MARCH 2016	31 DEC. 2015	+/- €	+/-
Bank Austria as a whole				
Gross loans to customers	123,604	123,068	+535	+0.4%
Total write-downs	-6,539	-6,691	+152	-2.3%
Net loans to customers	117,064	116,377	+688	+0.6%
Gross non-performing exposures	10,154	10,381	-228	-2.2%
... % of gross loans to customers	8.2%	8.4%		-0.2pp
Specific write-downs	-5,836	-5,842	+6	-0.1%
Coverage ratio	57.5%	56.3%		+1.2pp
Net non-performing exposures	4,317	4,539	-222	-4.9%
... % of net loans to customers	3.7%	3.9%		-0.2pp
Central Eastern Europe (CEE)				
Gross loans to customers	62,260	61,439	+821	+1.3%
Total write-downs	-4,216	-4,337	+122	-2.8%
Net loans to customers	58,045	57,102	+942	+1.7%
Gross non-performing exposures	7,110	7,220	-109	-1.5%
... % of gross loans to customers	11.4%	11.8%		-0.3pp
Specific write-downs	-3,884	-3,857	-27	+0.7%
Coverage ratio	54.6%	53.4%		+1.2pp
Net non-performing exposures	3,226	3,363	-137	-4.1%
... % of net loans to customers	5.6%	5.9%		-0.3pp
Austria				
Gross loans to customers	61,343	61,629	-285	-0.5%
Total write-downs	-2,324	-2,354	+31	-1.3%
Net loans to customers	59,019	59,274	-255	-0.4%
Gross non-performing exposures	3,043	3,162	-118	-3.7%
... % of gross loans to customers	5.0%	5.1%		-0.2pp
Specific write-downs	-1,952	-1,985	+33	-1.7%
Coverage ratio	64.1%	62.8%		+1.4pp
Net non-performing exposures	1,091	1,177	-85	-7.2%
... % of net loans to customers	1.8%	2.0%		-0.1pp

1) Ukraine (classified as held for sale) and Turkey (accounted for using the equity method) are no longer included in the relevant items of the statement of financial position and the income statement. Comparative figures for 2015 reflect the figures in the statement of financial position.
pp = percentage points

Consolidated capital resources and risk-weighted assets

Consolidated capital resources

(€ million)

	31 MARCH 2016	31 DEC. 2015
Paid-in capital instruments (excl. own Common Equity Tier 1 instruments)	1,681	1,681
Reserves (Q1 16 excluding profit) and minority interests	13,816	13,602
Adjustments to Common Equity Tier 1	-859	-878
Transitional adjustments to Common Equity Tier 1 ^{*)}	-211	-244
Common Equity Tier 1 (CET1)	14,428	14,162
Additional Tier 1 capital and qualifying Additional Tier 1 instruments issued by subsidiaries	44	90
Adjustments to Additional Tier 1	0	0
Transitional adjustments to Additional Tier 1 ^{*)}	-44	-90
Additional Tier 1 (AT1)	0	0
Tier 1 capital (T1=CET1+AT1)	14,428	14,162
Tier 2 capital and qualifying Tier 2 instruments issued by subsidiaries	5,022	4,897
Adjustments to Tier 2 capital	168	158
Transitional adjustments to Tier 2 capital ^{*)}	-111	-146
Tier 2 capital (T2)	5,079	4,909
Total regulatory capital (TC=T1+T2)	19,506	19,070

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

Risk-weighted assets

(€ million)

	31 MARCH 2016	31 DEC. 2015
a) Credit risk pursuant to standardised approach	68,975	69,241
b) Credit risk pursuant to internal ratings-based (IRB) approach	44,286	43,920
c) Other (contribution to default fund of a central counterparty [CCP])	10	3
Credit risk	113,271	113,164
Settlement risk	1	0
Position, foreign exchange and commodity risk	4,735	3,974
Operational risk	10,462	10,716
Risk positions for credit value adjustments (CVA)	393	405
TOTAL RWAS	128,861	128,259

Capital ratios

	31 MARCH 2016	31 DEC. 2015
Common Equity Tier 1 ratio ^{*)}	11.2%	11.0%
Tier 1 ratio ^{*)}	11.2%	11.0%
Total capital ratio ^{*)}	15.1%	14.9%

*) based on all risks

Deviating from IFRS 11, the Yapı Kredi sub-group companies continue to be included on a proportionate basis in the calculation of consolidated capital resources and risk-weighted assets for regulatory purposes.