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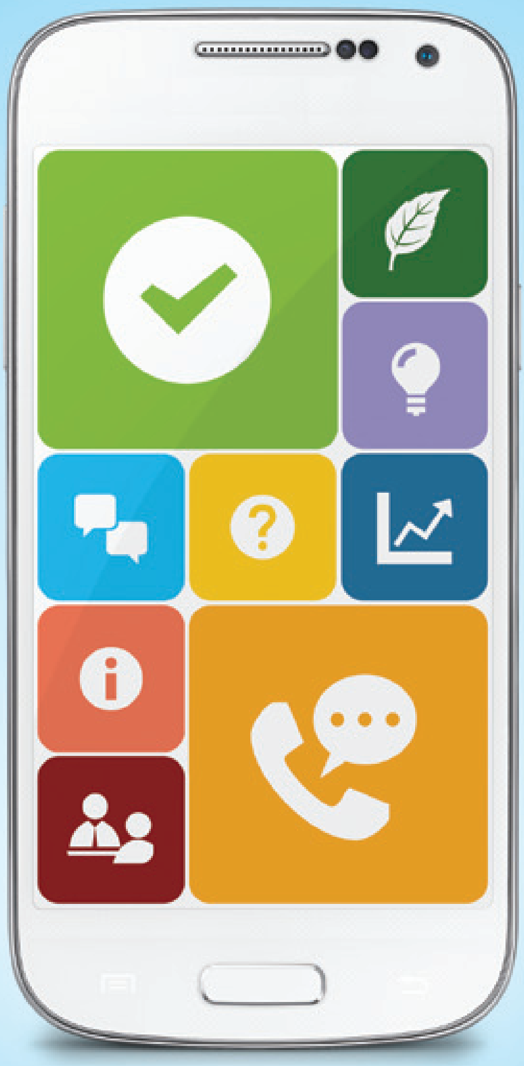

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Interim Report at 31 March 2014

15 years UniCredit

Contents

Bank Austria at a Glance

Income statement figures

(€ million)	Q1 2014	Q1 2013 1)	+/–
Net interest	841	855	–1.5%
Net fees and commissions	330	324	+1.8%
Net trading, hedging and fair value income	112	133	–16.0%
Operating income	1,376	1,472	–6.5%
Operating costs	–835	–844	–1.0%
Operating profit	541	628	–13.9%
Net write-downs of loans and provisions for guarantees and commitments	–190	–246	–22.6%
Net operating profit	350	382	–8.3%
Profit before tax	421	316	+33.2%
Net profit attributable to the owners of the parent company	350	281	+24.5%

Volume figures

(€ million)	31 MARCH 2014	31 DEC. 2013 1)	+/–
Total assets	179,158	177,857	+0.7%
Loans and receivables with customers	114,259	114,880	–0.5%
Primary funds (deposits from customers and debt securities in issue)	124,103	124,280	–0.1%
Equity	15,126	15,050	+0.5%
Risk-weighted assets (overall)	123,515	119,113	+3.7%

Key performance indicators

	31 MARCH 2014	2013 1)
Return on equity after tax (ROE)	9.9%	n.m.
Cost/income ratio 2)	56.5%	50.3%
Cost of risk (provisioning charge/avg. lending volume)	0.66%	1.10%
Loans and receivables with customers/primary funds	92.1%	92.4%
Leverage ratio 3)	12.0	11.9
Common Equity Tier 1 capital ratio (2013: Core Tier 1 capital ratio) 4)	11.1%	11.3%
Tier 1 capital ratio 4)	11.2%	11.6%
Total capital ratio 4)	13.6%	13.5%

n.m. = not meaningful

Staff

	31 MARCH 2014	31 DEC. 2013 1)	+/–
Bank Austria (full-time equivalent)	37,269	37,584	–315
Central Eastern Europe business segment	24,114	24,283	–168
Ukraine (held for sale)	6,090	6,145	–55
Austria (other business segments)	7,065	7,156	–92

Offices

	31 MARCH 2014	31 DEC. 2013 1)	+/–
Bank Austria	1,814	1,801	+13
Central Eastern Europe business segment	1,164	1,130	+34
Ukraine (held for sale)	388	402	–14
Austria (other business segments)	262	269	–7

1) Comparative figures for 2013 recast to reflect the current structure and methodology. / 2) Cost/income ratio without bank levies. / 3) Total assets/equity (without intangible assets). / 4) Capital ratios based on all risks; 2014 under Basel 3 (phase-in), 2013 under Basel 2.5; end of period.

The banking environment

● Economic activity in the **industrial countries** was gathering momentum in the first few months of 2014 although growth in emerging markets continued to weaken in the face of tighter financing conditions and as new risks emerged with the Ukraine crisis.
The scenario described in our 2013 Annual Report was thus confirmed. The **euro area** economy has overcome the recession seen in 2013 and recovery is becoming stronger and more broadly-based. This is confirmed by hard indicators such as order books, output and employment, and also by sentiment indicators including Purchasing Managers' Indices and consumer surveys. Resilience to geopolitical uncertainty also reflects the improvement in economic trends, which was recorded despite appreciation of the euro and a continued decline in lending activity. Benefiting from a mild winter, GDP probably rose by 0.4% in real terms compared with the preceding quarter (actual figures will only be published after completion of this report). This confirms our forecast of +1.5% for the year as a whole, which is at the upper end of the range. Confidence is supported by the impetus given by domestic demand, especially as investment in equipment is picking up after years of restraint. There are signs that these positive developments are beginning to have an influence on the labour market and the propensity to consume, primarily in Germany, which is still Europe's engine of growth. This means that fears of deflation, triggered by general price increases of just over zero, are likely to recede in the coming months. Internal depreciation in the South European countries to enhance their competitiveness is beginning to have positive effects after the initial negative impact of social costs. A decline in lending to businesses and the still insufficient transmission of monetary policy stimuli to problem regions in the euro area were causing concern in the first quarter of 2014; this suggests that the ECB may take further unconventional measures (possibly purchases of ABSs, or loans with conditions attached). The adjustments made by banks in their financial statements in the form of disinvestment and substantial loan loss provisions ahead of the asset quality review also acted as a brake.

● **Financial markets** saw a reassessment of previous investment favourites among emerging markets. Following extensive withdrawals of portfolio investments in the second half of 2013, developments were characterised by volatility. This had the strongest impact on countries experiencing balance-of-payments problems, where risks manifested themselves through currency depreciation and widening interest rate spreads. As tension between Russia and Ukraine escalated, demand for government bonds rose; yet the inflow of funds to safe havens was limited. The price of gold also increased only temporarily; most recently it stood at 1,285 US$/oz, down by almost one-quarter from a year earlier. As 10-year euro benchmarks (end of March: 1.58% p.a.) declined faster than their US counterparts (2.71%), the interest rate gap widened noticeably (117bp). Bond performance turned positive (€ benchmark price+coupon: +4.5%, end of March/end of December). Former problem countries were again able to place bonds on favourable terms, with spreads and CDS declining to levels below those seen in spring 2011 (weighted CDS spread: 90bp). Stock markets had reached very high levels by the end of 2013 and rose only slightly in the first quarter of 2014 (world: +0.7%, EuroStoxx: +3.4%). A year-on-year comparison shows the global rotation: US stock markets and EuroStoxx advanced by close to 25% from March 2013 to March 2014 while the BRIC index lost 4% and Emerging Europe was down by 5%. "Frontier Markets" (26 stock markets from Jamaica to Kuwait, Nigeria and Vietnam) proved attractive to investors with increases of 6% year-to-date and 19% over the previous year.

● The Bank Austria Business Indicator suggests that the **Austrian** economy remains on the path of recovery. Industrial companies take a favourable view of business prospects, believing that the outlook is better than on a multi-year average. The improvement is more broadly-based than before, even if domestic business activity has not yet picked up steam. For the time being, sentiment in Austria is being supported by sound upward trends in Germany and Italy, the two most important markets for Austrian products. The Bank Austria Purchasing Managers' Index rose to 51.4 points in April 2014, despite increased uncertainty over developments in Ukraine. GDP growth in the first quarter of 2014 was probably higher than in the final quarter of the previous year (Q4 2013: +0.3% compared with the preceding quarter; actual figures will only be published after completion of this report). While investment demand remained slightly below our expectations in the first quarter of 2014, private consumption rose more strongly, supported by low inflation averaging 1½% year-on-year. Two special effects were also supportive: first, the rate of the car and motorbike registration tax was increased with effect from 1 March 2014 and this led to accelerated purchases of cars; second, the construction industry and trading companies benefited from a mild winter and the early start of the season.

Credit demand remained low as the business sector enjoyed ample liquidity; corporate loans have been stagnant for a year. While credit demand from consumers and SMEs slightly declined, housing loans rose at more or less the same rate as nominal growth. Deposits were also stagnant as private individuals still preferred reducing their debts and investing in real estate. Mutual fund business also stagnated in the market as a whole, with net outflows of funds recorded in the year to date; as a result, total volume of mutual funds (€147 billion) was slightly lower than in the previous year.

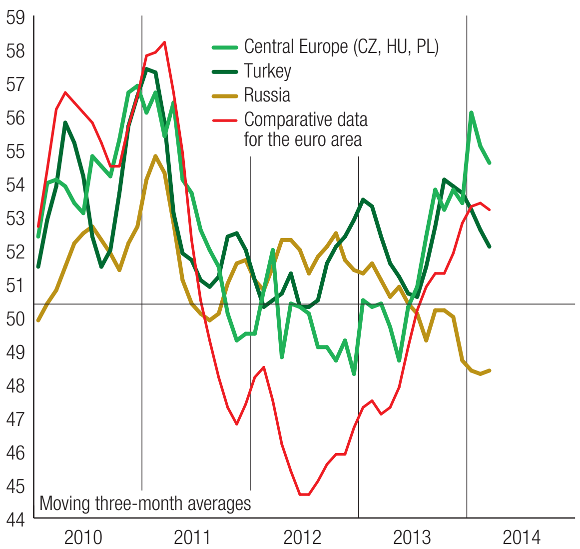
● The scenario outlined for **Central and Eastern Europe (CEE)** in our 2013 Annual Report – i.e. a rate of growth in the highly integrated Central European economies which exceeds the consensus forecast, and the expectation of stagnation in Russia and Turkey, which is significantly below the consensus forecast – has become more plausible in the first few months of 2014.

Industrial output in the four **Central European countries** (CZ, SK, H, SLO) continued to rise in the first quarter of 2014, with year-on-year growth rates of about 10% in January/February, continuing the

The banking environment (CONTINUED)

upswing experienced in the final months of 2013. As expected, exports to Western Europe and the automotive industry provided impetus and led to a strong increase in expected output (PMI) around the turn of the year. Growth has become more broadly-based and is spreading to the domestic business sector. Major accelerators are gradually gaining momentum: the propensity to invest and exceptionally low inflation rates close to zero are supporting real incomes, a development which is slowly translating into rising consumption (except in Slovenia). In response to Ukraine-related risks, Purchasing Managers' Indices have declined from their peak levels at the beginning of 2014 but the index levels are still comfortably above the growth threshold. The cyclical recovery intensified especially in the **Czech Republic**, supported by a currency depreciation policy in September 2013 (–6.9 % against the euro, Q1 2014 average compared with the previous year). The expansionary monetary environment and the relaxed fiscal policy are supporting growth after years of recession. In **Slovakia**, exports and industrial activity are beginning to have a positive impact on domestic demand; additionally, the economy benefited in the first quarter of 2014 from infrastructure investment (motorway construction) and a mild winter. In early 2014, **Hungary** benefited from strong positive carry-over effects from 2013; its economy probably expanded at a rate that significantly exceeded trend growth. In addition to exports, public infrastructure spending and consumption were the mainstays of growth (financed with taxes and levies imposed on the services sector). A weak point is the high level of external debt and public debt (about 125 % and 80 % of GDP, respectively). Although the current account has improved, the policy of reducing interest rates is repeatedly exerting downward pressure on the forint (–3.6 % against the euro, Q1 2014 average compared with the previous year; –3.4 % from December 2013 to March 2014). The banking sector is taking a defensive stance, with a decline in lending, a reduction of external debt, and larger additions to loan loss provisions. **Slovenia** is experiencing a modest recovery, the preceding quarter saw growth for the first time in two years. The workout in the banking sector is underway. But measures taken to deal with non-performing loans and with debt are burdening companies, the state and private households, and will not yet permit the domestic economy to grow in 2014.

Purchasing Managers' Indices (PMI) – CEE



In the **South-East European countries (SEE)**, record harvests in 2013 were among the factors which accelerated economic growth and reduced prices, an effect which is still noticeable. Apart from this, SEE is characterised by mixed trends. **Romania** achieved record growth of 5.4 % in the fourth quarter of 2013, which was supported by double-digit increases in the agricultural sector and in exports and will return to a more normal level of between 2 % and 2½ %. Exports of industrial products and services (transport, IT) are still expanding strongly, and domestic demand is growing as inflation is low, interest rates decline and real incomes rise. Lending volume is stagnant, however, local new loans are not yet sufficient to offset the decrease in foreign currency loans. Non-performing loans continue to rise. In **Bulgaria**, the economy is very slowly gathering momentum, the country is close to deflation. High growth of real incomes (wages and pension payments) has no impact on the value of debt in real terms, the main problem continues to be structurally low employment. 2014 will be the sixth year of recession in **Croatia**, all components of demand are down. In a year for which general elections are scheduled, the EU deficit procedure (EDP) could put pressure on the country to carry out structural reforms and make institutional improvements (including legal certainty), improving the conditions for eligibility for IMF assistance. The same applies to **Bosnia and Herzegovina**, where the participation rate in employment is 34 % and unemployment has reached 44 % of the labour force, and general elections will be held soon. **Serbia**'s foreign trade grew strongly, driven by foreign investment in the automotive industry (e.g. Fiat, Mercedes Trucks) and in the agricultural sector (cooperation with UAE) and by the start of construction work on the South Stream pipeline. GDP growth recorded in the fourth quarter of 2013 (+2.6 %) should continue, though at a lower rate. High interest rates of 8 % are stabilising the currency – depreciation (–3.5 % against the euro, Q1 2014 average compared with the previous year) resulted only from the USD / EUR exchange rate – in view of the fact that 80 % of the country's debt is denominated in foreign currency. The extension of the IMF stand-by arrangement is expected to enhance discipline with regard to budget policy.

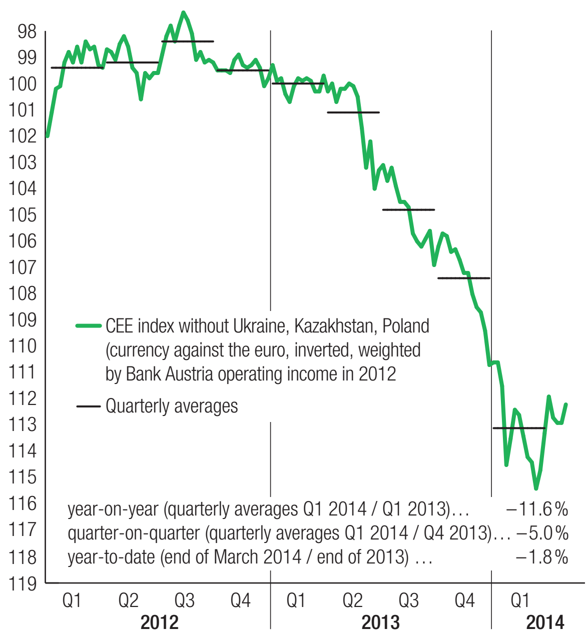
➔ Economic growth in the **SEE countries** is forecast at 1.3 % in real terms in 2014, which also reflects a base effect after stronger growth in the previous year (2013: +2.1 %)

The banking environment (CONTINUED)

In **Russia**, our expectation was confirmed: structural problems (insufficiently diversified production, inadequate capacity, labour market cleaned out) combined with cyclical factors (underinvestment, overconsumption, credit boom) and, most recently, geopolitical uncertainty (larger capital exports, rouble weakness, high interest rates). Increases in exports and production were lower than usual (also because of lower demand and weaker oil prices due to weather conditions). Real GDP is expected to have shrunk by 0.5% in the first quarter of 2014 compared with the preceding quarter, and there is a possibility that the economy will slide into a formal recession. Retail sales were at a high level, reflecting accelerated purchases because of fears of spiralling currency depreciation and import prices. However, investment continued to fall, a development which is in line with PMI levels, which have been significantly below the growth threshold of 50 for months. The inflation rate, currently 6.9%, is rising, and interest rates are also high (between 8.75% for 3 months and 9.25% for 10 years) after key interest rates were raised. Capital outflows were far in excess of the current account surplus, and the rouble depreciated by 7.1% against the euro from the end of 2013 to the end of March 2014 (–16.4% against the euro, Q1 2014 average compared with the previous year).

Turkey is currently undergoing economic adjustments to achieve sustainable growth while avoiding excessive trends and balance-of-payments problems. This is reflected in our forecast of a growth pause in 2014, although the economy is sound, as can be seen from continued strong growth of industrial output in the first few months of 2014 (January: +7%, February: +5% year-on-year). However, domestic demand is stabilising, in line with policy. Depreciation of the Turkish lira started in the middle of 2013 (with the global turnaround of portfolio investment following the debate on Fed tapering) and became more pronounced as political uncertainty increased; at the end of January 2014, the exchange rate against the euro reached a low of 3.2723, down by 9.8% in the year-to-date. Turkey's central bank responded by abruptly raising the key interest rate from 4.5% to 10%, with short-term and long-term market rates also settling at this level. The inflation rate rose to 8.4%, one of the reasons being currency depreciation. Current credit expansion slowed to 20% p.a. compared with a peak of 40% in August 2013; the central bank's target is 15%. This means that even with economic growth forecast at zero per cent in real terms, the system is expanding in monetary terms. But any new capital inflows in the future are intended to be siphoned from the market or warded off in order to avoid a renewed import boom.

CEE currencies: appreciation/depreciation against the euro,
weighted by countries' contribution to CEE operating income of Bank Austria, Q1 2013 average = 100



Bank Austria in the first quarter of 2014

Overview

● After the large valuation adjustments which impacted the fourth quarter of 2013 (full write-off of goodwill, additions to loan loss provisions to raise coverage ratios), Bank Austria's performance returned to normal as expected: **net profit** (attributable to the owners of the parent company) for the first quarter of 2014 was **€350 million**. The economic trends and geopolitical factors described in the introductory section had an impact on operating performance of major CEE banks – directly in local currency and even more significantly in euro terms, reflecting strong currency depreciation. Nevertheless, net profit attributable to the owners of the parent company for the first quarter of 2014 was up by 24.5% on the same period of the previous year (at constant CEE exchange rates, the increase was 37.0%). Without a one-off effect in Q3 2013 (gains on the sale of insurance operations in Turkey), net profit in Q1 2014 also exceeded the figure for that period.

Profit performance by quarter [1)]

2012				2013				2014
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
402	243	454	–680	281	281	525	–2,686	350

1) Net profit or loss attributable to the owners of the parent company.

▶ The trend in quarterly performance – both year-on-year and quarter-on-quarter – resulted from a **stable development of operations** in terms of volume and sustainable income components, which has been burdened since autumn 2013 by strong depreciation of CEE currencies in countries where the bank has large operations. Net write-downs of loans and provisions for guarantees and commitments in Q1 2014 were significantly lower than for the same period of the previous year and declined even more strongly when compared with the preceding quarter; the final quarter of 2013 saw massive additions to loan loss provisions with a view to raising coverage ratios. This was the main reason why net operating profit (operating profit less net write-downs of loans and provisions for guarantees and commitments), at €350 million, was up by 29.8% on the fourth quarter of 2013. A comparison with the first quarter of 2013 shows a decline of 8.3%, all of which was due to currency depreciation. If the contribution from CEE is translated at constant exchange rates prevailing at the end of 2012, this gives an increase of 2.6% in net operating profit of Bank Austria as a whole. Austrian – customer business remained weak and operating performance in the Central Eastern Europe business segment was affected by the economic slowdown and by restrictive economic policy measures and regulations in Turkey and Russia. Improvements in the other regions, primarily in Central Europe, and especially at our Czech banking subsidiary, offset temporary setbacks in these two large countries. Once again, this confirms the advantage of a well-diversified regional presence.

Profit performance in Q1 2014 compared with Q1 2013

€ million (2013 recast)

	Q1 2014	Q1 2013	+/– € MILLION	+/–%	*CONST*
Net operating profit	350	382	–32	–8.3%	*+2.6%*
Non-operating items [1)]	70	–67	+137	n.m.	*n.m.*
Profit before tax	421	316	+105	+33.2%	*+46.3%*
Non-operating items [2)]	–70	–34	–36	>100%	*>100%*
Net profit [3)]	350	281	+69	+24.5%	*+37.0%*

1) Provisions for risks and charges, integration/restructuring costs and net income from investments. / 2) Income tax, total profit or loss after tax from discontinued operations, non-controlling interests, Purchase Price Allocation effect, goodwill impairment charge. / 3) Net profit attributable to the owners of the parent company. / CONST = CEE translated into euro at constant exchange rates.

▶ Based on the stable operating performance, the increase in profits resulted from non-operating components of the income statement. In other words: net profit was not reduced by a large negative balance of non-operating items. (The relevant charge in the fourth quarter of 2013 was €2,956 million.) An **improvement** of €101 million in the net amount of **non-operating items** was also seen in a comparison with the first quarter of the previous year, as a result of one-off effects: while provisions for legal risks in Q1 2013 amounted to €63.5 million, there was no such charge in the first quarter of 2014. On the other hand, Q1 2014 benefited from gains totalling €71.9 million on the sale of two properties. As net operating profit in the first quarter of 2014 (€350 million) fully fed through to the bottom line, **net profit** also amounted to **€350 million** (see the above table).

● *Starting with the interim consolidated financial statements for the first quarter of 2014, our equity investment in the joint venture in **Turkey** is no longer accounted for using proportionate consolidation but using the **equity method**. The comparative figures for the previous year have been adjusted. This reflects the implementation of IFRS 10 and IFRS 11, which came into force at the beginning of 2014. In the income statement, the contribution from Turkey is shown in a single item, with the share of profit being included in "Dividend income and other income from equity investments". This change in the accounting method has no effect on profit trends. In the statement of financial position, the Turkish bank is no longer included with its pro-rata contributions to the various items but only with the carrying amount of the equity investment, shown in the item "Investments in associates and joint ventures". This has reduced total assets compared with previous periods, and also key volume figures derived from items in the statement of financial position, such as average lending volume. However, the operations in Turkey continue to be fully reflected in risk-weighted assets and capital ratios.*

● At the end of March 2014, **total assets** were **€179.2 billion**, slightly higher than at year-end 2013 (€177.9 billion, +0.7%) and down by 3.6% from the end of March 2013, on the basis of recast figures. This reflects economic developments, the targeted reduction of non-core activities outside core commercial banking, and also exchange rate movements. The change in the method of accounting for the investment in the Turkish bank resulted in a difference of €18.4 billion at the end of 2013 (9.4% of the original figure). The other major aggregates also declined by between 9% and 11% as a result of this effect.

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

Bank Austria in the first quarter of 2014 (CONTINUED)

Condensed income statement of Bank Austria[1)]

(€ million)

RECAST [2)]	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	CHANGE OVER PREVIOUS YEAR	
						+/– €	IN %
Net interest	855	857	876	868	841	–13	–1.5%
Dividend income and other income from equity investments	132	165	310	109	73	–59	–44.5%
Net fees and commissions	324	346	334	377	330	+6	+1.8%
Net trading, hedging and fair value income	133	180	157	321	112	–21	–16.0%
Net other expenses/income	28	3	44	20	20	–8	–29.5%
Operating income	1,472	1,551	1,721	1,694	1,376	–96	–6.5%
Payroll costs	–412	–421	–397	–403	–406	+5	–1.3%
Other administrative expenses	–381	–360	–363	–402	–385	–4	+1.0%
Recovery of expenses	0	1	0	0	0	–0	–62.0%
Amortisation, depreciation and impairment losses on intangible and tangible assets	–51	–53	–50	–87	–44	+7	–13.7%
Operating costs	–844	–834	–811	–892	–835	+8	–1.0%
Operating profit	628	718	910	802	541	–87	–13.9%
Net write-downs of loans and provisions for guarantees and commitments	–246	–267	–259	–532	–190	+55	–22.6%
Net operating profit	**382**	**451**	**651**	**270**	**350**	**–32**	**–8.3%**
Provisions for risks and charges	–63	–34	–17	–34	–4	+60	–94.4%
Integration/restructuring costs	–2	–4	–10	–117	–1	+1	–33.8%
Net income/loss from investments	–2	0	–26	–699	75	+77	n.m.
Profit or loss before tax	**316**	**413**	**598**	**–580**	**421**	**+105**	**+33.2%**
Income tax for the period	–38	–79	–66	–245	–64	–26	+66.9%
Total profit or loss after tax from discontinued operations	20	–43	8	–251	2	–18	–89.8%
Profit or loss for the period	298	292	540	–1,076	359	+61	+20.6%
Non-controlling interests	–14	–8	–13	60	–9	+5	–36.7%
Net profit or loss before PPA [3)]	284	284	527	–1,016	350	+66	+23.4%
Purchase Price Allocation effect	0	0	0	0	0	+0	n.m.
Goodwill impairment	–3	–3	–3	–1,670	0	+3	n.m.
Net profit or loss [3)]	**281**	**281**	**525**	**–2,686**	**350**	**+69**	**+24.5%**

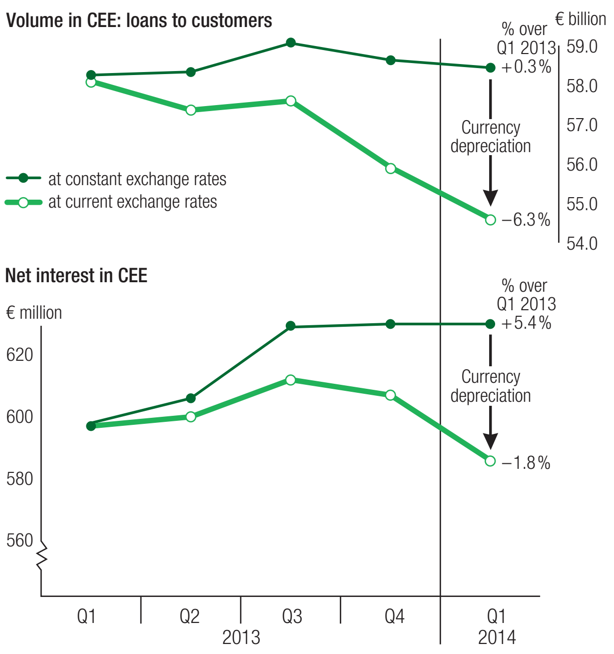
n.m. = not meaningful. /1) Bank Austria's income statement as presented in this table is a reclassified format corresponding to the format used for segment reporting. / 2) Recast to reflect the consolidation perimeter and business structure in 2014. / 3) Attributable to the owners of the parent company.

Bank Austria in the first quarter of 2014 (CONTINUED)

Details of the income statement

● Bank Austria's operating performance in early 2014 reflected economic trends in the various regions within the bank's perimeter. Overall, it remained resilient and stable. The nascent recovery in Austria proved to be not yet strong enough to lead to any noticeable increase in demand. However, growth was already seen in banking services including asset management. Central and Eastern Europe presented a mixed picture: the Central European countries – apart from Slovenia, which is experiencing structural problems – benefited strongly from industrial production integrated in a larger European context and recorded a turnaround in domestic demand, which also gave impetus to banking business. Our Czech banking subsidiary in particular got off to a very good start in 2014 although the currency depreciation policy of September 2013 lopped a few points off performance. The banking subsidiary in Hungary also showed a good operating performance. On the other hand, those countries which until recently had been the mainstays of dynamic growth were falling behind for economic reasons. While the banking sector in Russia continued to record strong volume growth, monetary policy measures taken to counteract capital flight and currency depreciation had a negative impact on banking business even before the Ukraine crisis escalated; trading activities were particularly hard hit. In Turkey, the government and the central bank implemented stabilisation measures which had a direct impact on banking business and interest income. Yet in both countries, currency depreciation against the euro was the main reason why operating income declined and profits were down.

Trends in CEE reflect exchange rate movements



● **Net interest** in the first quarter of 2014 was **€841 million**; at this level it was slightly lower than in the same period of the previous year (–1.5%) and significantly lower than in the fourth quarter of 2013 (–3.0%). Adjusted for currency movements (CEE included at constant exchange rates), net interest rose by 3.5% compared with the previous year. It should be noted that Austrian customer business (comprising the Retail & Corporates, Private Banking and Corporate & Investment Banking divisions) achieved an increase in net interest (+3.1% over Q1 2013, +1.3% over Q4 2013). While average lending volume continued to decline slightly, time deposits rose strongly. The campaign launched at the end of 2013 to attract deposits by offering attractive interest rates was very successful, especially in business with corporate customers. Moreover, these deposit products have longer maturities and are therefore a valuable factor in liquidity management under Basel 3 (Liquidity Coverage Ratio). The CEE business segment's contribution to net interest amounted to €584 million, slightly less than in the same period of the previous year (–1.8%); adjusted for exchange rate movements, net interest in CEE grew by 5.4%. Again, currency depreciation detracted from a good performance in major countries: Russia, for example, reported volume growth of 9.6% year-on-year and 4.6% compared with the preceding quarter, and the increase in net interest was even stronger (+18.6% and +7.0%, respectively). Yet translated at current exchange rates, such growth did not feed through in euro terms (net interest: –0.9%). Our Czech banking subsidiary, which includes business in Slovakia, presented a similar picture: strong loan growth in the second half of 2013 was maintained in early 2014, with lending volume expanding by 7.0% year-on-year and net interest growing by 8.9% while in euro terms, net interest increased slightly, by 1.1%. Net interest also rose strongly in Hungary and Croatia.

Net fees and commissions were **€330 million** in the first quarter of 2014, down by 12.5% from the very good fourth quarter of 2013; the decline was due, however, to a strong seasonal component (service, management and performance fees etc. payable at year-end). A comparison with the first quarter of 2013 shows an increase of 1.8% and growth in CEE, adjusted for exchange rate movements, was 5.1%. In the Austrian customer segments, net fees and commissions almost matched the previous year's level. This reflects developments in the Retail subdivision: asset management and sales of mutual funds offset structural declines in the payments sector. Net fees and commissions in CEE rose strongly, and across the board, by 6.5%; adjusted for exchange rate movements, the increase was almost double that figure (+12.8%). Our banks in the Central European countries generated the strongest growth in this context.

➔ The sum total of net interest and net fees and commissions – i.e. the sustainable income components – more or less matched the figure for the same period of the previous year (first quarter of 2014: €1,171 million/–0.6%); CEE recorded an increase of 3.9%, adjusted for currency movements.

Bank Austria in the first quarter of 2014 (CONTINUED)

Net trading, hedging and fair value income amounted to €112 million. Of this total, €23 million came from Austrian customer business, with the CIB Division achieving growth from €8 million to €20 million compared with the first quarter of 2013; the increase reflects the stabilisation of credit spreads. The comparative figure for Q1 2013 in the Retail & Corporates business segment included one-off income from the buy-back of Wohnbaubank bonds, resulting in a decrease year-on-year. The net trading performance was mainly determined by developments in CEE, especially in Russia. In the final quarter of 2013, net trading income in CEE reached a record level of €259 million (with Russia alone accounting for €172 million); the Q4 2013 figure included a significant special effect resulting from the sale of the remaining shares in MICEX, the Russian interbank trading platform, and gains realised on available-for-sale holdings of bonds in several countries as well as large turnover in foreign exchange trading. In the first quarter of 2014, the rouble came under stronger pressure, and the abrupt interest rate increase to almost double the level of key interest rates hit the Russian banking sector. Our Russian banking subsidiary recorded a small net trading loss (–€5 million) after the peak performance in the preceding quarter. This had an impact on the comparison with the overall figure for the previous year (CEE: –€54 million). The participation in profits of the UniCredit Markets product line, to which Bank Austria is still entitled this year (under the terms and conditions of the sale of UniCredit CAIB) was higher. Overall, net trading, hedging and fair value income declined by €21 million or 16.0% (adjusted for exchange rate movements: –15.1%).

As mentioned before, following implementation of IFRS 10 and IFRS 11, the item "Dividend income and other **income from equity investments**" also includes profit or loss from our interest in Yapı Kredi ve Bankasi, a joint venture with our partner Koç Group in Turkey, which is accounted for using the equity method (for details see the notes to the interim consolidated financial statements on page 27 of this report). The contribution from the Turkish joint venture represents our share in the joint venture's profits. Under the new accounting rules, the income statement items reflecting operating income now also indirectly include costs and non-operating components of profit or loss. In the first quarter of 2014, dividend income and other income from equity investments of Bank Austria amounted to €73 million, after €132 million in the same period of the previous year and €109 million in the fourth quarter of 2013. The contribution from Turkey was €50 million in Q1 2014 compared with €98 million in Q1 2013 and €104 million in Q4 2013.

Contribution to profit or loss from the Turkish joint venture (accounted for using the equity method) € million

	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14	CHANGE OVER Q1 13	
As reported	98	142	294	104	50	–48	–48.7%
Adjusted for exchange rate movements *)	98	144	315	129	65	–33	–33.9%

*) Translated from the local income statement at the exchange rate prevailing at the end of 2012.

The decline in the **Turkish** contribution to profit or loss reflects the period of temporary stabilisation, mentioned in the introductory section describing the economic environment, of the Turkish economy after years of high growth. Economic policy measures taken to counteract excessive trends were directly targeted at banking business. These measures included containing the credit card boom and credit expansion caused by capital inflows; introducing exchange controls; raising minimum reserve requirements; and finally, increasing interest rates strongly to stabilise the currency after capital outflows, with funding costs rising accordingly. Although growth remained strong (loans: +29%), net interest therefore fell (–22.6%), leading to a decline in profits from Turkey in local currency. Strong depreciation of the Turkish lira (–22.4% based on a comparison of quarterly averages) intensified the trend in euro terms (see table). However, the operations in Turkey continue to be an essential source of income and profits for the bank, in a market which is still recording the strongest growth within the CEE perimeter.

Operating income € million (2013 recast)

	Q1 2014	Q1 2013	+/– € MILLION	+/– %	*CONST*
Net interest	841	855	–13	–1.5%	*+3.5%*
Dividend income and other income from equity investments	73	132	–59	–44.5%	*–33.4%*
Net fees and commissions	330	324	+6	+1.8%	*+5.1%*
Net trading, hedging and fair value income	112	133	–21	–16.0%	*–15.1%*
Net other expenses/income	20	28	–8	–29.5%	*–28.3%*
Total operating income	1,376	1,472	–96	–6.5%	*–1.7%*
… without the contribution from Turkey	*1,325*	*1,373*	*–48*	*–3.5%*	*+0.7%*

CONST = CEE contributions translated at constant exchange rates prevailing at the end of 2012.

➔ Bank Austria's **operating income** in the first quarter of 2014 totalled **€1.4 billion**, of which net interest accounted for 61% and net fees and commissions were 24% (together 85%). The total figure was down by €96 million or 7% from the first quarter of the previous year; one-half of the decline was due to the Turkish contribution accounted for using the equity method. Without the contribution from Turkey, and on the basis of constant exchange rates, operating income matched the previous year's level (+0.7%).

● **Operating costs** were €835 million, down by 6.3% from the fourth quarter of 2013 and 1.0% lower than in the first quarter of the previous year. Costs in the three Austrian customer business segments rose (+2.3% over Q1 2013) mainly within other administrative expenses; this reflects the higher charge for bank levies and ongoing modernisation of the sales network. Payroll costs were more or less unchanged as a decline in effective employment of staff offset the wage drift: the average number of FTEs in the first quarter of 2014 was down by 157 FTEs from a year earlier. The promotion of various part-time models introduced under the Bank Austria 2020 initiative is gradually taking effect. The 4.2% decrease in costs in the CEE business segment was due to depreciation of the currencies of major countries; but even when adjusted for exchange rate movements, operating costs rose at a low rate of 1.1%. The strongest cost growth, driven by wage increases and additions to staff, was seen in Russia (at constant exchange rates: +11.0%). This compares with a reduction of operating costs at our

Bank Austria in the first quarter of 2014 (CONTINUED)

Czech banking subsidiary, created through the merger of the Czech and Slovak units in 2013, where costs declined in both euro terms (–12.6%) and local currency (–5.6%); one of the reasons was the fact that the Slovak bank levy was no longer applicable. Overall, operating costs at constant exchange rates were up by 1.7% on the same period of the previous year; translated at current exchange rates, costs declined by 1.0%. Bank levies and financial transaction taxes in the first quarter of 2014 amounted to about €70 million. The increase of the bank levy payable in Austria had a strong impact (+20.6% to €29 million for three months). Without bank levies and financial transaction taxes, operating costs would have declined by 1.8% (see table).

Operating costs € million (2013 recast)

	Q1 2014	Q1 2013	+/– € MILLION	+/– %	CONST
Austrian customer business	375	366	+9	+2.3%	
Central Eastern Europe (CEE)	404	422	–18	–4.2%	+1.1%
Corporate Center	56	56	–1	+1.4%	
Bank Austria as a whole	835	844	–8	–1.0%	+1.7%
… without bank levies and FTT	766	779	–14	–1.8%	
Types of costs					
Payroll costs	406	412	–5	–1.3%	
Other administrative expenses	385	381	+4	+1.0%	
… of which: bank levies/FTT	*70*	*64*	*+5*	*+8.1%*	
Amortisation, depreciation and impairment losses on intangible and tangible assets	44	51	–7	–13.7%	
Cost/income ratio (without bank levies)					
Austrian customer business	65.8%	64.4%	+1.4 percentage points		
Central Eastern Europe (CEE)	42.8%	39.5%	+3.3 percentage points		
Bank Austria as a whole	56.5%	53.5%	+3.0 percentage points		

FTT= financial transaction tax (Hungary and Slovenia), not included in the calculation of the adjusted cost/income ratio because it is a transitory item.

● **Net write-downs of loans and provisions for guarantees and commitments returned to a normal level** after the large additions to loan loss provisions in the fourth quarter of 2013. In the reporting quarter, the provisioning charge fell by €342 million, from €532 million in Q4 2013 to €190 million. Compared with the same period of the previous year, it was down by €55 million.

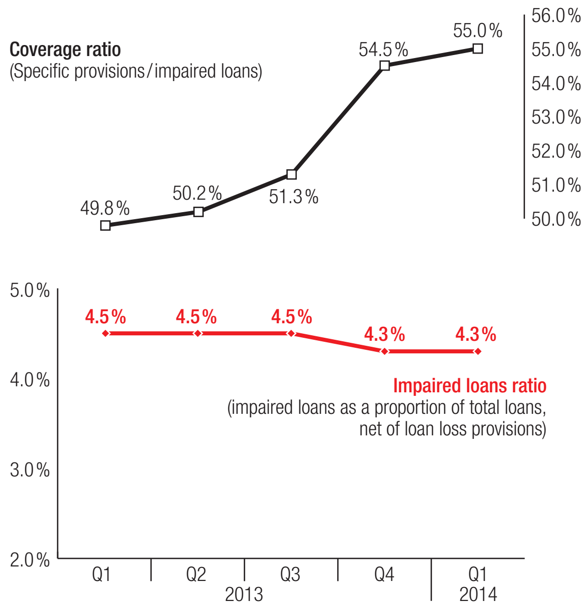
Net write-downs of loans and provisions for guarantees and commitments

	PROVISIONING CHARGE € million (2013 recast)			COST OF RISK as a proportion of lending volume		
	Q1 14	Q4 13	Q1 13	Q1 14	Q4 13	Q1 13
Austria incl. Corporate Center	56	47	58	38bp	32bp	37bp
Central Eastern Europe	134	485	188	97bp	342bp	135bp
Bank Austria as a whole	190	532	246	66bp	182bp	83bp

The risk profile in Austria was more or less unchanged, the cost of risk (provisioning charge/average volume of loans to customers) was 38 basis points. In CEE, the cost of risk improved significantly in almost all countries, in comparison with both the preceding quarter and the same quarter of the previous year. It should be noted that the provisioning charge in the fourth quarter of 2013 was exceptionally high (and mainly increased provisions for loans which were already classified as impaired loans). These large additions to loan loss provisions relieved the situation in the subsequent quarter to some extent. Moreover, in addition to further write-downs of loans, several countries (Croatia, Romania and Bulgaria) reported write-backs reflecting successful restructuring. Russia was the only country where net write-downs of loans rose at an accelerated pace (+20.2% adjusted for exchange rate movements); however, this is to be seen in the context of strong volume expansion, and therefore the cost of risk, at 57 basis points (bp), remained among the lowest in CEE countries. The cost of risk in the CEE business segment as a whole declined to 97bp; while this figure relates to a single quarter and should not be overrated, it more or less matches the cost of risk recorded in 2008 (91bp).

At the end of March 2014, **impaired loans** amounted to €11.0 billion, up by 3.2% on the figure a year earlier – after deduction of loans in Ukraine (held for sale) and Turkey (accounted for using the equity method). As a proportion of the declining gross volume of loans (–3.1%), impaired loans were 9.1% after 9.0% at the end of 2013 and 8.6% at the end of March 2013. On a net basis (after deduction of loan loss provisions), the impaired loans ratio remained unchanged, at **4.3%**, in the year to date and was thus better than a year earlier (4.5%). The extent to which impaired loans are covered by loan loss provisions improved from 49.8% at the end of March 2013 to 54.5% at the end of 2013 and **55.0%** at the end of March 2014.

Asset quality and loan loss provisions



Bank Austria as a whole (without Ukraine, without Turkey)

Bank Austria in the first quarter of 2014 (CONTINUED)

➔ In the first quarter of 2014, Bank Austria's **net operating profit** (operating profit less net write-downs of loans and provisions for guarantees and commitments) – without the contribution from the Turkish joint venture, which is accounted for using the equity method – amounted to €300 million, an increase of 5.6% over the first quarter of 2013; adjusted for exchange rate movements, net operating profit rose by 15.8%. The comparative figure for the fourth quarter of 2013 was €166 million, which reflected a charge of €532 million for net write-downs of loans; on this basis, net operating profit rose by 81.1%. The contribution from Turkey, accounted for under the equity method, was €50 million; despite the year-on-year decline resulting from the phase of economic stabilisation in that country, this is still a large contribution which – under the new accounting rules – also reflects other non-operating items down to the bottom line. Adjusted for currency movements (CEE at constant exchange rates prevailing at year-end 2012), Bank Austria's net operating profit in the first quarter of 2014 was up by 2.6% on the Q1 2013 figure.

Net operating profit € million (2013 recast)

	Q1 2014	Q1 2013	+/– € MILLION	+/– %	*CONST*
Operating income without Turkey	1,325	1,373	–48	–3.5%	*+0.7%*
Operating costs	–835	–844	+8	–1.0%	*+1.7%*
Operating profit without Turkey	490	530	–40	–7.5%	*–0.9%*
Net write-downs of loans and provisions for guarantees and commitments	–190	–246	+55	–22.6%	*–20.1%*
Net operating profit without Turkey	300	284	+16	+5.6%	*+15.8%*
Contribution from Turkey (at equity)	*50*	*98*	*–48*	*–48.7%*	*–33.9%*
Net operating profit of Bank Austria as a whole	350	382	–32	–8.3%	*+2.6%*

● The balance of **non-operating income/expenses** to be taken into account in calculating profit before tax was net income of €70 million for the first quarter of 2014, compared with a net expense of €67 million for the same period of the previous year. Additions to provisions for risks and charges in the first quarter of 2014 amounted to only €4 million; this compares with €63 million in Q1 2013, including a charge which had to be recognised for the last time in connection with a legal dispute which lasted many years (Bank Austria Switzerland). Net income from investments amounted to €75 million in the first quarter of 2014 (after a net loss of €2 million in the same period of the previous year), mainly resulting from gains on the sale of real estate (head office building in Vienna's Schottengasse and other property in Vienna). Integration/restructuring costs were €1 million, more or less unchanged compared with the first quarter of the previous year. A comparison with the preceding quarter is not meaningful because the fourth quarter of 2013 saw larger additions to provisions for risks and charges and for integration/restructuring, and above all extensive restructuring (leasing activities) and substantial valuation adjustments relating to equity interests; as a result, non-operating deductions to arrive at profit before tax totalled €850 million in Q4 2013.

➔ Net operating profit amounted to €350 million. Together with a positive balance of non-operating items of €70 million, **profit before tax** for the first quarter of 2014 was **€421 million**, a year-on-year increase of €105 million or **33.2%** (adjusted for exchange rate movements: +46.3%).

Profit before tax € million (2013 recast)

	Q1 2014	Q1 2013	+/– € MILLION	+/– %	*CONST*
Austrian customer business	110	115	–5	–4.1%	
Central Eastern Europe (CEE)	*332*	*374*	*–42*	*–11.2%*	*–0.2%*
… of which contribution from Turkey (at equity)	*50*	*98*	*–48*	*–48.7%*	*–33.9%*
… of which Russia	*110*	*152*	*–41*	*–27.2%*	*–12.9%*
… of which Central Europe	*52*	*30*	*+22*	*+74.3%*	*+77.2%*
… of which SEE	*133*	*131*	*+2*	*+1.7%*	*+2.6%*
… of which other countries and PCV	*–14*	*–37*	*+23*	*–61.4%*	*–62.5%*
Corporate Center	–22	–173	+152	–87.5%	
Bank Austria as a whole	**421**	**316**	**+105**	**+33.2%**	***+46.3%***

While the improvement was due to the turnaround in the balance of non-operating items, which benefited the Corporate Center, results were remarkably stable in the face of persistently weak economic growth, the low interest rate environment and new negative impacts experienced in various CEE regions, in addition to the charge for bank levies. In Austria, profit before tax was down by only 4.1% and the sustainable income components showed an upward quarter-on-quarter trend. Although profit before tax in Turkey and Russia declined, mainly as a result of currency depreciation, the CEE business segment achieved a profit before tax of €332 million, again accounting for three-quarters of total profit before tax from customer business. Translated at constant exchange rates, profit before tax in CEE was more or less unchanged (–0.2%), supported by a strong performance in Central Europe. This confirms the soundness of Bank Austria's broadly-based operations spanning a number of economic regions.

Profit performance in Q1 2014 compared with Q1 2013 € million (2013 recast)

	Q1 2014	Q1 2013	+/– € MILLION	+/– %	*CONST*
Net operating profit	350	382	–32	–8.3%	*+2.6%*
Non-operating items 1)	70	–67	+137	n.m.	*n.m.*
Profit before tax	421	316	+105	+33.2%	*+46.3%*
Non-operating items 2)	–70	–34	–36	>100%	*>100%*
Net profit 3)	**350**	**281**	**+69**	**+24.5%**	***+37.0%***

1) Provisions for risks and charges, integration/restructuring costs and net income from investments. / 2) Income tax, total profit or loss after tax from discontinued operations, non-controlling interests, Purchase Price Allocation effect, goodwill impairment charge. / 3) Net profit attributable to the owners of the parent company. / CONST = CEE translated into euro at constant exchange rates.

➔ The income tax charge for the first quarter of 2014 was €64 million, a significant increase of 66.9% over the figure for the same period of the previous year as profits improved and the effective tax rate was higher. Total profit or loss after tax from discontinued operations (Ukraine) was a small profit of €2 million. The amount attributable to non-controlling interests was €9 million. The first quarter of 2014 closed with a **net profit** (attributable to the owners of the parent company) of **€350 million**, which was 24.5% higher than for the first quarter of 2013 (adjusted for exchange rate movements, the increase was 37.0%) and more or less equalled net operating profit.

Bank Austria in the first quarter of 2014 (CONTINUED)

Financial position

In conformity with changes in accounting rules (implementation of IFRS 11), we are required to account for our investment in Yapı Kredi ve Bankasi (a joint venture with our partner Koç Group in Turkey) using the equity method rather than proportionate consolidation for periods beginning on 1 January 2014. This means that in the statement of financial position, the Turkish bank is no longer included with its pro-rata contributions to the various items but only with the carrying amount of the investment, included in the item "Investments in associates and joint ventures". Given the large size of the operations in Turkey, as a result of this change in the accounting method, total assets declined by €18.4 billion or 9.4 % compared with the figure determined as at year-end 2013. This also had a significant influence on key indicators of customer business: loans and receivables with customers were down by €14.2 billion or 11.0 %, and primary funds – i.e. the sum total of deposits from customers and debt securities in issue – declined by €13.9 billion (9.9 %). The figures in the statement of financial position as at the end of 2013 and as at 31 March 2013 were recast.

● As at 31 March 2014, Bank Austria's **total assets** were **€179.2 billion**, up by €1.3 billion or 0.7 % on the year-end 2013 level and down by €6.7 billion or 3.6 % from the figure as at 31 March 2013. The decrease in total assets compared with the end of March 2013 is partly explained by the fact that ATF Bank, Kazakhstan, was still included as at 31 March 2013, with €3.6 billion in the item "Non-current assets and disposal groups classified as held for sale" and with €3.8 billion in the item "Liabilities included in disposal groups classified as held for sale"; ATF Bank has been sold in the meantime. Moreover, the full write-off of goodwill in the 2013 financial statements resulted in a decline of €2.1 billion compared with the previous year. And finally, a year-on-year comparison is influenced by strong depreciation of the currencies of major CEE countries: the Russian rouble depreciated against the euro by 18.5 % (31 March 2014 / 31 March 2013) or 7.1 % (31 March 2014 / 31 December 2013); the Czech crown depreciated by 6.1 % and 0.1 %, respectively.

● On the **assets side, loans and receivables with customers** amounted to €114.3 billion, accounting for about 64 % of total assets. While loans and receivables with customers were more or less unchanged compared with year-end 2013 (–0.5 %), they were down by €5.0 billion or 4.2 % from the end of March 2013. Although loans to customers in Austrian customer business rose in the first quarter of 2014, total volume was still lower than a year earlier (–€1.7 billion or –3.0 %). The continued decline in CEE (–€3.5 billion or –6.0 % compared with 31 March 2013) had a stronger effect but all of it was due to currency movements: translated at constant exchange rates, loans to customers in CEE rose slightly, by 0.3 %. The highest rate of credit expansion in local currency was seen in Russia at 9.6 % compared with the previous year; in current euro terms, however, this translated into a 10.6 % decline. The strong increase of 7.0 % (adjusted for exchange rate movements) in loans and receivables with customers at our Czech banking subsidiary, which also includes the network in Slovakia, did not feed through to the statement of financial position in euro terms (+0.1 %). The limitation of banking business in the Baltic countries to focus on leasing activities reduced lending volume by €0.4 billion. Among the other major items on the assets side, **loans and receivables with banks** (including central banks) and **financial market investments** rose strongly, both in the year to date and year-on-year (see table). This is to be seen in the context of the Group's local and cross-regional liquidity management. Financial market investments rose mainly in the category of available-for-sale financial assets (€21.4 billion), by €1.6 billion over year-end 2013 and by €3.0 billion year-on-year; government bonds represent the bulk of this category. Within the holdings of sovereign debt securities, Austrian government bonds increased by €1.5 billion and €2.7 billion, respectively, to €8.4 billion. The three largest positions – Austrian (48 %), Czech (11 %) and Hungarian (10 %) government bonds – accounted for 69 % of total holdings (€17.5 billion). Holdings of Russian sovereign bonds amounted to €0.7 billion (4 % of the portfolio), and Italian government bonds totalled €0.5 billion (3 %).

Major items in the statement of financial position

	31 MARCH 2014	31 DEC. 2013 RECAST 1)	CHANGE OVER YEAR-END 2013		31 MARCH 2013 RECAST 1)	CHANGE OVER PREVIOUS YEAR	
ASSETS							
Other financial assets 2)	22,242	20,722	+1,519	+7.3 %	19,582	+2,660	+13.6 %
Loans and receivables with banks	23,680	22,316	+1,364	+6.1 %	19,842	+3,838	+19.3 %
Loans and receivables with customers	114,259	114,880	−621	−0.5 %	119,273	−5,014	−4.2 %
Investments in associates and joint ventures	4,485	4,463	+21	+0.5 %	5,434	−950	−17.5 %
Intangible assets	162	162	+0	+0.1 %	1,988	−1,826	−91.9 %
Non-current assets and disposal groups classified as held for sale 3)	2,883	3,714	−831	n.m.	7,491	−4,607	−61.5 %
Other asset items	11,446	11,598	−152	−1.3 %	12,205	−759	−6.2 %
Total assets	**179,158**	**177,857**	**+1,301**	**+0.7 %**	**185,816**	**−6,658**	**−3.6 %**
LIABILITIES AND EQUITY							
Deposits from banks	25,332	24,145	+1,187	+4.9 %	24,937	+395	+1.6 %
Deposits from customers	95,805	96,978	−1,173	−1.2 %	95,901	−96	−0.1 %
Debt securities in issue	28,298	27,302	+996	+3.6 %	26,631	+1,667	+6.3 %
Liabilities included in disposal groups classified as held for sale	1,576	2,242	−666	n.m.	5,855	−4,279	−73.1 %
Provisions for risks and charges	4,991	4,985	+6	+0.1 %	5,238	+6	−4.7 %
Equity	15,126	15,050	+76	+0.5 %	18,490	−3,364	−18.2 %
Other liability items	8,030	7,154	+876	+12.2 %	8,764	−734	−8.4 %
Total liabilities and equity	**179,158**	**177,857**	**+1,301**	**+0.7 %**	**185,816**	**−6,658**	**−3.6 %**

1) Equity investment in the Turkish Koç Group accounted for using the equity method (previously: proportionate consolidation) and included in the item "Investments in associates and joint ventures". / 2) Financial assets at fair value through profit or loss + available-for-sale financial assets + held-to-maturity investments. / 3) Ukrsotsbank, Ukraine, classified as held for sale; the comparative figure as at 31 March 2013 additionally includes ATF Bank, Kazakhstan, which has been sold in the meantime. / n.m. = not meaningful

Bank Austria in the first quarter of 2014 (CONTINUED)

Capital resources

● On the **liabilities side**, customer business remained stable, despite adverse exchange rate movements. **Primary funds** hardly changed, declining by 0.1 % from year-end 2013 and rising by 1.3 % compared with the end of March 2013; as at 31 March 2014, they totalled **€ 124.1 billion**, accounting for 69.3 % of total liabilities and equity. This means that customer loans are funded with primary funds to the extent of 109 %. Of the total volume of primary funds, Austria (customer business and the Corporate Center via issues of debt securities) accounted for € 76.7 billion (62 %). The gratifying increase in deposits in Austrian customer business during the first quarter of 2014 (+ € 0.9 billion/+ 1.9 % to € 51.5 billion) is to be seen in connection with efforts to attract time deposits and the objective of longer maturities ("Basel 3 products" ahead of new liquidity requirements). In the CEE business segment, primary funds rose by 2.5 % to € 47.5 billion compared with a year earlier, thereby continuing to catch up with the lending side. Adjusted for exchange rate movements, growth reached 10.3 % year-on-year, with all countries except Hungary and the Baltics contributing to this development. Disproportionately strong growth was achieved by our Romanian and Czech banking subsidiaries, which took over customer portfolios from third parties (RBS and AXA) in 2013. **Deposits from banks** rose less strongly than loans and receivables with banks. Financial liabilities held for trading, financial liabilities at fair value through profit or loss and hedging derivatives were lower than a year earlier, as were the corresponding items on the assets side.

As at 31 March 2014, IFRS **equity** amounted to **€ 15.1 billion**, matching the year-end 2013 figure (with a slight increase of 0.5 %). The leverage ratio – total assets/equity (based on the cash concept, without intangible assets) – was 12.0 after 11.9 at the end of 2013 and 11.1 at the end of March 2013. Equity declined by € 3.3 billion from the end of March 2013 to the end of March 2014, as a result of the goodwill impairment charge of € 1,957 million recognised at the end of 2013, and in connection with other adjustments in the statement of financial position which were disclosed in the 2013 Annual Report. The slight increase of € 76 million from the end of 2013 to 31 March 2014 is the net effect of changes in the consolidation perimeter (+ € 106 million), the inclusion of the net profit of € 359 million for the first quarter of 2014 (including non-controlling interests) and items within other comprehensive income totalling – € 389 million. Within these items, the foreign currency translation reserve, which reflects exchange differences from capital consolidation, had a negative impact of – € 278 million as a result of currency depreciation in the course of the first quarter of 2014. The change in value of disposal groups classified as held for sale (mainly Ukrsotsbank) reflected depreciation of the Ukrainian hryvnia and also had a negative impact of – € 228 million on equity. The first quarter of 2014 saw a combined positive effect of + € 156 million in reserves in accordance with IAS 39, which directly reflect market price volatility of financial market instruments (for cash flow hedges and available-for-sale financial assets).

Regulation 2013/575/EU (Capital Requirements Regulation – CRR) – with transition rules until 2019 – and Directive 2013/36/EU (Capital Requirements Directive IV) to implement Basel 3 in the European Union came into force on 1 January 2014.

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

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

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

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

Capital ratios based on all risks

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

Development of business segments

Retail & Corporates

	Business segment as a whole (incl. FactorBank)				**of which: Retail**				**of which: Corporates**			
(€ million)	Q1 2014	Q1 2013[1]	CHANGE		Q1 2014	Q1 2013[1]	CHANGE		Q1 2014	Q1 2013[1]	CHANGE	
Operating income	370	370	−0	−0.1%	191	190	+1	+0.6%	176	178	−2	−1.0%
Operating costs	−285	−282	−3	+1.0%	−188	−191	+3	−1.5%	−95	−89	−6	+6.2%
Operating profit	85	88	−3	−3.6%	3	−1	+4	n.m.	81	89	−7	−8.4%
Net write-downs of loans	−43	−45	+2	−4.4%	−13	−16	+3	−16.6%	−29	−28	−1	+2.4%
Net operating profit	42	43	−1	−2.9%	−10	−17	+7	−39.3%	52	60	−8	−13.4%
Profit before tax	**42**	**43**	**−2**	**−3.7%**	**−11**	**−17**	**+6**	**−37.2%**	**52**	**60**	**−8**	**−13.4%**
Loans to customers (avg.)	39,812	41,260	−1,448	−3.5%	13,696	14,410	−714	−5.0%	25,720	26,536	−815	−3.1%
Primary funds (avg.)	40,409	43,021	−2,612	−6.1%	21,408	22,988	−1,581	−6.9%	18,973	20,014	−1,041	−5.2%
Risk-weighted assets (avg.)[2]	17,309	17,974	−665	−3.7%	7,761	8,190	−429	−5.2%	9,243	9,513	−271	−2.8%
Average equity[3]	1,792	1,973	−181	−9.2%	704	891	−187	−20.9%	1,053	1,063	−10	−0.9%

1) For segment reporting purposes, the comparative figures for 2013 were recast to reflect the structure and methodology of the 2014 reporting period (see the segment reporting section in the notes to the consolidated financial statements on pages 40 to 41 of this report. / 2) Average risk-weighted assets (all risks) under Basel 3 (2014) and Basel 2.5 (2013), respectively. / 3) Standardised capital; capital allocation to subsidiaries reflects actual IFRS capital. The difference compared with the consolidated IFRS equity of Bank Austria is included in the Corporate Center. / This information applies to all business segment tables.

The Retail & Corporates business segment covers two large subdivisions: Retail, which comprises customer segments ranging from mass-market to affluent customers; and Corporates, the subdivision serving the entire range of business customers, SMEs and medium-sized and large companies which do not access capital markets (including Real Estate and Public Sector). Retail & Corporates also includes the specialised FactorBank AG (0.6% of revenues).

● Although the operating environment remained difficult – characterised by low interest rates, low credit demand and customers reducing their debts – Retail & Corporates started the year 2014 in a confident mood: the **sustainable income components** (net interest and net fees and commissions) totalled €353 million in the first quarter of 2014, an increase of **3.8%**, with both subdivisions, Retail and Corporates, contributing to growth (+3.3% and +4.4%, respectively). Both net interest and net fees and commissions were higher than in the first quarter of 2013. A comparison with Q4 2013 shows slight growth of net interest while net fees and commissions were somewhat lower. The latter trend was due to seasonal effects (fees, including performance fees, and commissions payable at year-end). **Operating income** totalled **€370 million** in the first quarter of 2014, matching the figure for the same period of the previous year (–0.1%) although net trading income declined by €15 million to €3 million. The decline in net trading performance was due to a one-off effect: the figure for Q1 2013 included gains on the early buyback of Wohnbaubank bonds. In operational terms, without this base effect, operating income rose by **3.1%**.

Net interest in the first quarter of 2014 was €230 million, slightly higher than in the fourth quarter of 2013 and up by 4.6% on the same period of the previous year. As lending business remained stable, growth was mainly driven by deposit business. Lending volume was slightly down from the first quarter of the previous year, as in the market as a whole, with medium-term and long-term loans showing a better trend. Spreads held up fairly well, however, as a result of ongoing repricing on the corporate banking side. A major contribution came from a successful marketing campaign launched to attract deposits: we offered regional savings accounts with fixed deposit periods between 6 and 24 months and interest rates exceeding other offers available in the market, with a view to attracting deposits with longer maturities ahead of new Basel 3 rules including the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). Our offer met with a strong response from corporate customers while retail customers showed more restraint. Time deposits in the Retail & Corporates Division rose by almost 40%; while this growth may have been partly due to a shift from sight deposits to time deposits, it was the main factor for the increase in net interest. **Net fees and commissions** in the first quarter of 2014 were €123 million, up by 2.4% year-on-year, as business picked up especially on the Retail side. Improvements over the preceding quarter and over the same period of the previous year were recorded mainly in commission income from sales of fund products and life insurance policies (+30% compared with Q1 2013) and in asset management fees (+29%). Loan commissions and guarantee fees also increased while fee income from payment transactions declined significantly.

● **Operating costs** were €285 million in the first quarter of 2014, up by a mere 1.0% on the same period of 2013. The increase is to be seen in connection with administrative expenses other than payroll costs (+1.5%), which also include the bank levy with a charge that was 26% higher than for the first quarter of the previous year. Payroll costs remained stable (–0.3%) despite salary increases. Average staff numbers employed in the Retail & Corporates Division in the first quarter of 2014 were 4,114 FTEs, down by 124 or 2.9% from the figure for the same period of the previous year. **Net write-downs of loans and provisions for guarantees and commitments** declined by 4.4%, mainly in the Retail subdivision, where the preceding quarter had seen a net release of provisions. Overall, the cost of risk remained at a very low level of 43 basis points of average lending volume. **Net operating profit** of Retail & Corporates reached **€42 million** in the first quarter of 2014. Profit before tax matched this figure and was down by 3.7% from Q1 2013 because of the above-mentioned one-off effect in the first quarter of the previous year; adjusted for the one-off effect, net operating profit would have increased by 31.3%.

Development of business segments (CONTINUED)

Private Banking

(€ million)	Q1 2014	Q1 2013	CHANGE	
Operating income	40	37	+3	+8.2%
Operating costs	−29	−28	−1	+3.3%
Operating profit	12	10	+2	+22.3%
Net write-downs of loans	0	0	+0	n.m.
Net operating profit	12	9	+2	+23.7%
Profit before tax	**12**	**9**	**+2**	**+24.9%**
Total financial assets (avg.)	19,784	18,681	+1,103	+5.9%
Primary funds (avg.)	8,136	7,738	+397	+5.1%
Loans to customers (avg.)	640	595	+44	+7.4%
Risk-weighted assets (avg.)	604	833	−229	−27.5%
Average equity	161	162	−1	−0.6%

n.m. = not meaningful

The Private Banking segment, with the two well-known brands Bank Austria Private Banking and Schoellerbank, is the undisputed market leader in Austria's private banking market. With a presence in 24 locations throughout Austria, the Private Banking Division's 534 employees (FTEs, end of March 2014) serve about 36,000 high net worth individuals and some 1,200 of the 3,000 Austrian private foundations.

● Private Banking continued the dynamic performance that characterised the final quarter of 2013 and achieved a very successful first quarter in 2014. In average terms for Q1 2014, **total financial assets** were €19.8 billion, an increase of 5.9% year-on-year. At the end of March 2014, they totalled €20.3 billion. The favourable developments are due to several factors. First, efforts to attract customer deposits were very successful: time deposits with long maturities and competitive terms (Basel 3 products) met with a strong response from major Private Banking customers seeking a liquidity investment. Second, assets under management continued to grow (+8.4% since March 2013 to €6.4 billion), boosted by good performance and net inflows of funds. The growing demand for asset management products and services was particularly gratifying, with volume rising by 24.2% to €2.5 billion by the end of March 2014. Despite a slight recovery in recent months, assets under custody were slightly below the level of Q1 2013 in line with the multi-year structural trend.

● The positive volume trend boosted net interest compared with the preceding quarter and the first quarter of the previous year, while net fees and commissions recorded a quarter-on-quarter decline due to seasonal factors (high levels achieved at the end of any year, performance fees) and remained at the level of Q1 2013. In the first quarter of 2014, **operating income** (€40 million) was 8.2% up on the first quarter of 2013. After deduction of costs (+3.3%), **profit before tax** came to **€12 million** (with virtually no net write-downs of loans and provisions for guarantees and commitments), an increase of **24.9%** on the figure recorded for Q1 2013.

Corporate & Investment Banking (CIB)

(€ million)	Q1 2014	Q1 2013	CHANGE	
Operating income	130	134	−5	−3.6%
Operating costs	−62	−57	−5	+8.5%
Operating profit	68	78	−10	−12.5%
Net write-downs of loans	−13	−13	−0	+1.3%
Net operating profit	55	65	−10	−15.3%
Profit before tax	**57**	**63**	**−6**	**−8.8%**
Loans to customers (avg.)	13,871	14,075	−204	−1.4%
Primary funds (avg.)	9,039	9,083	−45	−0.5%
Risk-weighted assets (avg.)	8,400	9,940	−1,540	−15.5%
Average equity	904	1,040	−136	−13.1%

Corporate & Investment Banking (CIB) focuses on serving multinational companies and large international customers, providing them with capital market services and/or investment banking solutions tailored to meet their specific needs. CIB also serves banks, asset managers, institutional customers, insurance companies and selected real estate customers and funds. Within the international network of UniCredit's CIB Division, and based on the financial market expertise of a major international market player, CIB also performs important functions as a product provider for other Divisions.

Although leading economic indicators improved, the business cycle was still far from the stage at which international trade intensifies, turnover accelerates significantly, and capacity utilisation and investments increase, ultimately stimulating demand for banking services also from large international companies. Liquidity in this specific customer segment has remained particularly high.

In this environment CIB generated a sound performance in the first quarter of 2014. **Profit before tax** has risen steadily over the past quarters, from €47 million (Q3 2013) to €55 million (Q4 2013) and recently **€57 million** (Q1 2014). At this level, profit before tax was down by 8.8% from the very good first quarter of 2013; the decline was partly due to a special effect reflected in the comparative figure for Q1 2013 (one-off dividend payment of €4 million). **Operating income** showed a similar trend, reaching €130 million in the first quarter of 2014; this figure was slightly lower than in the preceding quarter (–1.0%), due to the usual seasonal decrease in net fees and commissions after the end of a year. The year-on-year decline of €5 million (–3.6%) partly reflects the one-off effect a year earlier and lower operating income of CAIB Polska, which is assigned to the CIB Division. Within total operating income, net interest improved significantly in the past two quarters, yet it still fell short of the figure for the same period of the previous year. In commercial banking business, lending business made a lower contribution to net interest while interest spreads improved on the deposit side. A marketing campaign (promoting Basel 3 products) helped achieve strong growth in time deposits, though this came at the expense of sight deposits. Net interest generated by treasury operations failed to match the large figure of the previous year. On the other hand,

Development of business segments (CONTINUED)

net trading income was €20 million, significantly higher than in the preceding quarter (€15 million) and in Q1 2013 (€8 million); the €12 million increase over the previous year is to be seen in connection with the stabilisation of credit spreads. Operating costs were €62 million, up by 8.5%. Within the total figure, payroll costs were stable at €20 million; the average number of staff was 565 full-time equivalents (FTEs), down by 22 FTEs (–3.8%) from the same period of the previous year as a result of organisational streamlining. Other administrative expenses rose more strongly, also because the bank levy increased and IT costs were higher. Most recently, the cost/income ratio was 41.2%. Net write-downs of loans and provisions for guarantees and commitments amounted to €13 million, remaining at a low level. The cost of risk, at 38 basis points of average lending volume in the first quarter of 2014, matched the low level of the full year 2013 (37bp). With a profit before tax of €57 million, CIB accounted for over one-half (52%) of total profit before tax generated by Austrian customer business. Return on equity before tax was 25.3%.

Central Eastern Europe (CEE)

(€ million)	Q1 2014	Q1 2013	CHANGE		CONST[1]
Operating income	875	986	–111	–11.3%	*–4.2%*
Operating costs	–404	–422	+18	–4.2%	*+1.1%*
Operating profit	471	564	–94	–16.6%	*–8.1%*
Net write-downs of loans	–134	–188	+54	–28.5%	*–25.3%*
Net operating profit	337	377	–40	–10.6%	*+0.4%*
Profit before tax	**332**	**374**	**–42**	**–11.2%**	***–0.2%***
Loans to customers (avg.)	55,259	55,718	–459	–0.8%	*+5.8%*
Primary funds (avg.)	48,530	47,566	+964	+2.0%	*+8.8%*
Risk-weighted assets (avg.)[2]	80,986	87,093	–6,107	–7.0%	…
Average equity	13,847	14,348	–501	–3.5%	…

1) CONST = rates of change at constant exchange rates. / 2) Risk-weighted assets include Turkey on the basis of proportionate consolidation.

Bank Austria with its CEE business segment is UniCredit's sub-holding company for operations in Central and Eastern Europe, managing the leading banking network in CEE in 13 countries. The consolidated banks in CEE have 30,204 employees (FTEs), who work in 1,532 branches; added to this are 17,517 employees (FTEs) and 986 branches in our Turkish joint venture. Following changes in accounting rules (IFRS 11), the investment in the Turkish joint venture has been accounted for using the equity method instead of proportionate consolidation since the beginning of 2014. In the past two years the number of customers in CEE has risen by 1.4 million to a total of 15.2 million. In the first quarter of 2014, the CEE business segment accounted for 75.0% of profit before tax generated by Bank Austria's customer business (Bank Austria without the Corporate Center).

Economic trends in the highly integrated CEE countries which are EU member states in the first quarter of 2014 differed from those in Russia and Turkey, two large markets. Based on its widely diversified regional presence, the CEE Division generated a **profit before tax** which, adjusted for exchange rate movements, matched the figure for the same period of the previous year (–0.2%). The decline of 11.2% to €332 million on the basis of current exchange rates was due to currency depreciation in Turkey, Russia and the Czech Republic. All countries reported profits (with the exception of Slovenia, where the local bank's results were close to breakeven). The banks in Central European countries – including our banking subsidiaries in the Czech Republic (which also comprises the Slovak banking network) and in Hungary – achieved a strong improvement in profit before tax (up by a combined 65.8% to €52 million). Profit before tax rose significantly also in Bulgaria (+55.1% to €46 million) and Romania (+34.9% to €20 million) – see the table on the next page. In Croatia, profit before tax declined by 31.1% to €45 million), due to a base effect in net trading income. The contribution from our Russian banking subsidiary was €110 million (–27.2%); while volume expanded strongly and operating trends were generally favourable, the decline of 12.9% in profit before tax in local currency reflected developments in net trading income, which was impacted by abrupt interest rate increases to contain currency depreciation. The profit contribution from our equity investment in the Turkish joint venture, which is accounted for using the equity method in accordance with IFRS 11, fell significantly at current exchange rates (–48.7% to €50 million). The local income statement shows that the decline in local currency (–33.9%) was mainly due to the net interest performance, reflecting significantly narrower margins as a consequence of the central bank's interest rate policy.

Operating income was €875 million, down by 11.3% from the same period of the previous year (adjusted for exchange rate movements, –4.2%). One-half of the decrease was accounted for by the item "Dividend income and other income from equity investments" (essentially, the Turkish contribution), and the other half resulted from the net trading performance in Russia. Net interest generated in CEE held up well (–1.8%); at constant exchange rates, it rose by 5.4%. Net fees and commissions developed favourably (up by 6.5%; adjusted for exchange rate movements, +12.8%); improvements were seen in all countries, especially in Central Europe. Cost growth was moderate, at 1.1% based on constant exchange rates. The increase is partly explained by higher payroll costs in Russia, where FTE numbers also rose significantly. Translated at current exchange rates, operating costs declined by 4.2%. The cost/income ratio rose slightly, to 42.8% (Q1 2013: 39.5%), reflecting the trend in operating income; at this level the cost/income ratio is still well below the average for the bank as a whole (56.5%). After large additions to loan loss provisions made in the fourth quarter of 2013 (€485 million) to raise coverage ratios, net write-downs of loans and provisions for guarantees and commitments returned to a more normal level of €134 million in the first quarter of 2014, a figure that is also lower than in the first quarter of 2013 (€188 million). The cost of risk declined to 97 basis points (Q4 2013: 341bp, Q1 2013: 135bp). Translated at constant exchange rates, net operating profit rose slightly (+0.4%); at current exchange rates it amounted to €337 million (down by 10.6%). As the balance of non-operating items hardly changed, profit before tax was down by 0.2% at constant exchange rates; at current exchange rates, it declined by 11.2%.

Development of business segments (CONTINUED)

Income statement of the banks in CEE [1]

(€ million)

	CEE BUSINESS SEGMENT		CZECH REPUBLIC, SLOVAKIA		HUNGARY	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
Net interest	584	595	78	78	52	48
Dividends and income from equity investments	48	100	0	0	0	0
Net fee and commission income	180	169	29	27	29	23
Net trading income	57	111	14	11	9	9
Net other operating income/expenses	5	11	–1	1	1	1
Operating income	**875**	**986**	**121**	**117**	**91**	**82**
Operating costs	**–404**	**–422**	**–58**	**–67**	**–66**	**–67**
Operating profit	**471**	**564**	**63**	**50**	**24**	**16**
Net write-downs of loans	–134	–188	–17	–19	–13	–14
Net operating profit	**337**	**377**	**46**	**31**	**11**	**2**
Provisions for risks and charges	–3	–1	–3	0	0	–1
Integration/restructuring costs	–1	–2	–1	–2	0	0
Net income from investments	0	0	0	0	0	0
Profit before tax	**332**	**374**	**42**	**29**	**10**	**1**
Net profit or loss [2]	**263**	**307**	**35**	**24**	**8**	**1**
Customer loans (end of period)	54,606	58,092	11,822	11,812	3,005	3,250
Primary funds (end of period)	47,452	46,303	12,724	11,701	3,201	3,439
Exchange rate (period average)			27.442	25.566	307.93	296.50
Appreciation/depreciation against the euro	–7.4% [3]		–6.8%		–3.7%	

(€ million)

	SLOVENIA		BULGARIA		ROMANIA	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
Net interest	12	12	64	60	43	43
Dividends and income from equity investments	0	0	0	0	0	0
Net fee and commission income	7	6	23	23	16	17
Net trading income	–1	0	8	5	24	19
Net other operating income/expenses	0	0	0	0	0	5
Operating income	**18**	**19**	**96**	**88**	**84**	**84**
Operating costs	**–10**	**–10**	**–36**	**–35**	**–39**	**–39**
Operating profit	**7**	**8**	**60**	**52**	**44**	**45**
Net write-downs of loans	–8	–7	–14	–23	–25	–30
Net operating profit	**0**	**1**	**46**	**29**	**20**	**15**
Provisions for risks and charges	0	0	0	0	0	0
Integration/restructuring costs	0	0	0	0	0	0
Net income from investments	0	0	0	0	0	0
Profit before tax	**0**	**1**	**46**	**29**	**20**	**15**
Net profit or loss	**0**	**1**	**41**	**25**	**9**	**6**
Customer loans (end of period)	1,921	2,232	4,904	4,775	3,661	3,739
Primary funds (end of period)	1,383	1,274	4,467	4,094	3,152	2,664
Exchange rate (period average)	1.0000	1.0000	1.9558	1.9558	4.5023	4.3865
Appreciation/depreciation against the euro	0.0%		0.0%		–2.6%	

1) The CEE business segment for segment reporting purposes comprises the total figures for the CEE banks shown in this table and the Vienna-based CEE headquarters. / 2) Attributable to the owners of the parent company. / 3) Depreciation against the euro, weighted by operating income.

Development of business segments (CONTINUED)

(€ million)

	RUSSIA		BALTICS		TURKEY AT EQUITY[4]		FOR INFORMATION: TURKEY PRO QUOTA[4]	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
Net interest	165	167	4	5			147	212
Dividends and income from equity investments	0	0	0	0	50	98	1	2
Net fee and commission income	33	33	0	1			63	80
Net trading income	–5	40	0	1			12	11
Net other operating income/expenses	2	2	0	0			1	10
Operating income	**194**	**241**	**4**	**7**	**50**	**98**	**224**	**315**
Operating costs	**–67**	**–72**	**–2**	**–4**			**–113**	**–137**
Operating profit	**127**	**168**	**2**	**3**	**50**	**98**	**111**	**178**
Net write-downs of loans	–17	–17	–1	–2			–39	–44
Net operating profit	**110**	**152**	**1**	**1**	**50**	**98**	**72**	**133**
Provisions for risks and charges	0	0	0	0			–7	–11
Integration/restructuring costs	0	0	0	0			0	0
Net income from investments	0	0	0	0			1	1
Profit before tax	**110**	**152**	**1**	**1**	**50**	**98**	**66**	**123**
Net profit or loss	**87**	**120**	**0**	**0**	**50**	**98**	**50**	**98**
Customer loans (end of period)	11,908	13,324	414	825			15,131	15,020
Primary funds (end of period)	11,287	12,250	0	285			14,455	14,588
Exchange rate (period average)	48.0425	40.1518	0.7015 [5]	0.6996	3.0372	2.3577	3.0372	2.3577
Appreciation/depreciation against the euro	–16.4%		–0.3%		–22.4%		–22.4%	

(€ million)

	CROATIA		BOSNIA		SERBIA	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
Net interest	80	76	23	23	22	22
Dividends and income from equity investments	2	2	0	0	0	0
Net fee and commission income	29	28	8	8	4	4
Net trading income	1	25	1	1	2	3
Net other operating income/expenses	2	3	0	0	0	0
Operating income	**114**	**134**	**32**	**32**	**29**	**29**
Operating costs	**–58**	**–60**	**–18**	**–18**	**–11**	**–10**
Operating profit	**56**	**74**	**14**	**13**	**18**	**19**
Net write-downs of loans	–11	–8	–4	–4	–5	–7
Net operating profit	**45**	**65**	**10**	**9**	**12**	**12**
Provisions for risks and charges	0	0	0	0	0	0
Integration/restructuring costs	0	0	0	0	0	0
Net income from investments	0	0	0	0	0	0
Profit before tax	**45**	**66**	**10**	**9**	**12**	**12**
Net profit or loss	**30**	**44**	**7**	**7**	**11**	**10**
Customer loans (end of period)	9,359	9,264	1,539	1,479	1,286	1,334
Primary funds (end of period)	8,476	8,255	1,708	1,583	974	794
Exchange rate (period average)	7.6498	7.5838	1.9558	1.9558	115.67	111.65
Appreciation/depreciation against the euro	–0.9%		0.0%		–3.5%	

4) Turkey presented at equity in accordance with IFRS 11; additionally, pro-quota data for information purposes. / 5) Latvian lat (LVL).

Outlook

Economic scenario

● Hard and soft economic indicators have so far confirmed the general picture outlined in our 2013 Annual Report. **Global recovery** will become stronger in the coming quarters as expected, with growth gaining momentum in industrial countries and weakening in emerging markets (South America, China, quite apart from Russia). The **global** Purchasing Managers' Index (PMI) has recently proved resilient to regional disturbances and has far exceeded the growth threshold in major regions (with the exception of Japan, due to a temporary effect related to the increased rate of value-added tax). Among the industrial countries, the **US** will provide an important stimulus following a weak first quarter, which was affected by weather conditions. For 2014 we expect economic growth of 2.8%, about one percentage point more than in 2013. While budget consolidation and debt reduction in the private sector are a drag on economic trends, this effect should weaken. As recovery gathers momentum, the outlook for investment activity – a vital component of any self-sustaining upswing – will improve. Interest rates are expected to rise as and when the pace of US economic growth accelerates during the summer months. We anticipate a gradual reduction of open market intervention, yet the first move by the Fed to increase interest rates will probably not be seen before the second quarter of 2015.

GDP growth data for the **euro area** will only be available shortly after the editorial close of this report. Our economists estimate growth in the first quarter of 2014 at 1.6% p.a. For the second quarter the PMI increase (to 54.0 in April, despite the Ukraine/Russia conflict) suggests an expansion of 2.0% on an annualised basis. Our forecast for the year as a whole remains at 1.5%, the upper end of the consensus range. An accommodating monetary policy and pent-up demand for capital goods mean that investment activity will grow while a lesser need for consolidation, a very low inflation rate (without any real risk of deflation) and the emerging turnaround in the labour market should benefit private consumption. In regional terms, Germany will remain the engine of growth (GDP forecast: 2.5% growth for 2014); rising German imports in the first quarter of 2014 have shown that stronger domestic demand in Germany is having a positive impact on the rest of Europe. In the Mediterranean countries which are members of the euro area, the recovery which we have forecast (Italy: +0.9%, Spain: +1.0%) is taking concrete shape.

The **ECB** will continue to oppose the implicit financial tightening emanating from US monetary policy. The ECB's objective is to reactivate the Europe-wide transmission mechanism of monetary policy through targeted liquidity supply. Attention is increasingly also focusing on the strong euro while inflation remains low. This means that the June meeting may bring tangible measures (reduction of key interest rates, possibly in combination with a slightly negative deposit rate, and further long-term tenders with conditions attached).

● The **Austrian** economy will be picking up steam in the coming months. We continue to expect GDP to grow by up to 2.0% in the year as a whole (2013: +0.4%). For 2015 we forecast continued growth of 2.1%. The Bank Austria Purchasing Managers' Index recently rose slightly, to 51.4 points (April), indicating a further moderate improvement in industrial activity. Impetus continues to be provided by foreign demand. This means that export growth, which is still moderate, will accelerate in the coming months. We expect investment activity to become stronger from the second quarter of 2014, possibly supported by a further easing of monetary policy. The rate of capacity utilisation in the Austrian economy has risen visibly since the beginning of 2014, though it is still below the multi-year average. Uncertainty will need to be removed for investment activity to reach the high level which has been forecast. Private consumption will also tend to revive in the second half of 2014, contributing to economic growth. This development will be based on the expected stabilisation of the labour market situation. While the unemployment rate is likely to rise further, to about 5 per cent in 2014 (2013: 4.9 per cent), employment growth is gathering momentum. The increase in consumer prices will remain significantly lower than 2 per cent until the middle of the year, rising slightly later on (annual average: 1.7%). As a result of all these developments, and also because investment income will grow again, available incomes will rise more strongly than in the previous year and the savings ratio, which recently fell significantly, will stabilise, increasing from 6.5% to 6.8% in 2014 and 7.2% in 2015.

In commercial **banking business** we do not expect any major changes in demand. The longer-term trends in this area are largely determined by excess liquidity and by the interest rate environment, which is close to zero. There are still higher-yielding investments which were made in the past and are now maturing. In the first quarter of 2014, deposits held by private households declined to the level seen in the previous year. The switch from deleveraging and debt reduction to expansion and borrowing will proceed slowly. The usual time lag in response will also be a factor: for example, growth of corporate loans usually follows economic trends with a time lag of about three quarters. Although markets in 2013 anticipated a significant portion of business and earnings trends, and previous investment favourites (BRIC) have lost some of their attraction, we expect investors' risk appetite to grow. For this reason, and because of the moderate prospects offered by longer-term bonds when interest rates start to rise, investors are likely to remain interested in real estate and also in equities. **Banks** will continue to face difficult market conditions in 2014 and 2015: while the yield curve in the base scenario will gradually but steadily steepen, enabling banks to generate more income from maturity transformation, uncertainty will need to be overcome in connection with asset quality reviews and stress tests, the related measures to tap capital markets, and regulatory and fiscal burdens.

Outlook (CONTINUED)

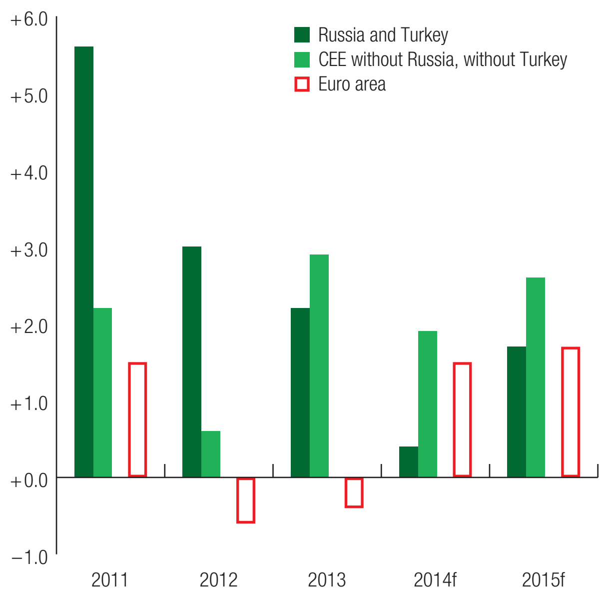
● The scenario which we outlined for **Central and Eastern Europe** in our 2013 Annual Report has become further accentuated: **Central European** economies which are closely integrated in Western Europe's value creation chains, and also Romania, are benefiting disproportionately strongly from the economic recovery and domestic demand is picking up. In several countries (Poland, Romania, Hungary, Czech Republic), real GDP growth could be about +3% compared with the previous year – official data will be published shortly after the publication of this report. The rate of inflation is below the central bank targets in some countries and will rise only slowly. However, the phase of interest rate reductions is likely to end in summer 2014. Supported by more buoyant demand from the business sector, credit expansion should become gradually stronger in CEE countries which are EU member states, especially in the Czech Republic and in Slovakia. It is important for these countries to better absorb EU financial assistance. Banks will probably no longer reduce their foreign liabilities as strongly as in 2013, in view of the fact that international liquidity will remain at a high level, not least because of the ECB's expansionary policy. In the base scenario, portfolio investments should also start to flow to CEE again, after a significant withdrawal in the second half of 2013.

Two large countries, **Turkey and Russia**, are experiencing a longer-term process of structural adjustment. In **Turkey**, the gradual reduction of the large current account deficit and of external financing needs is making progress, though at the expense of a restrictive economic policy including interest rate increases. This is one of the reasons why the Turkish lira has stabilised: depreciation against the euro since the end of 2013 did not exceed 9.8% (27 January 2014); since the middle of March, the currency has strengthened and recently it was up by 3.3% on the year-end 2013 value (2.9467 EUR/TRY). Despite economic adjustments, the long-term outlook for local banking business remains bright in view of Turkey's young population and given the fact that financial intermediation and market penetration with banking products are making good progress. **Russia** recorded a downward trend even before the onset of the Ukraine crisis, due to economic reasons (lower demand for commodities and declining commodity prices, capacity bottlenecks) and structural weaknesses (industrial sector focused on commodities, outdated production facilities); the situation is aggravated by increasing capital exports, currency depreciation and an interest rate policy aimed at counteracting these developments. Funding costs in the banking sector are therefore rising. The country may see a recession in the coming quarters. Depreciation of the Russian rouble against the euro (low point on 14 March 2014: −11.5%) has receded somewhat but is still significant (most recently, −6.5% compared with year-end 2013).

➔ Our forecast is likely to remain largely intact even if new economic data include revisions. Provided that there will be no further escalation of the Ukraine/Russia conflict, with more severe sanctions and/or a breakdown of the local economy, our forecast reflects our expectation that developments in Russia and Turkey will be offset by an upswing in the other CEE countries.

A further escalation of the national crisis in **Ukraine** is the most serious risk also at an economic level, especially if followed by international sanctions and measures of retorsion. While there are no strong direct bilateral links between the euro area and Ukraine in economic terms, unforeseeable developments in the geopolitical situation cannot be ruled out, which could affect third markets, prompt investors to start a renewed flight to quality, and ultimately jeopardise the economic upturn in Europe.

Real economic growth in CEE



Outlook (CONTINUED)

Outlook for Bank Austria's performance

● We expect that Bank Austria's performance will move sideways in the next few quarters. Economic recovery has not yet advanced to the point where credit demand starts to rise. The business sector still enjoys ample liquidity, and restructuring and strategic projects require stronger confidence and more certainty for planning. Even if medium-term and long-term interest rates should start to rise later in the year, in the wake of interest rate increases in the US, the ECB will oppose such developments. This means that the situation will continue to be characterised by low interest rates and customers' behaviour in response to this environment. Income from maturity transformation will remain limited. Banks will continue to compete intensively for longer-term deposits (ahead of the introduction of the liquidity coverage ratio and net stable funding ratio) helping them to meet Basel 3 rules, and this will require them to offer attractive interest rates. Net fees and commissions in securities business show an upward trend supported by a higher propensity to invest and a stronger risk appetite. Nevertheless, growth of operating income as a whole compared with the previous year will be limited, all the more so as currency depreciation will still have an impact.

We are vigorously pursuing our strategic projects: Smart Banking with the digitalisation of customer business, and Bank Austria 2020 with internal adjustments and more flexible employment of human resources. Austria will very soon see the opening of new pilot branches implementing the bank's differentiated approach as a basic services bank and as an advisory bank while enhancing efficiency. Putting retail sales activities on a digital basis and modernising branches have also become focal areas of business policy in CEE countries, where network structures are younger. As regards net write-downs of loans, it is encouraging that additions to impaired loans have been slowing. The workout process in connection with impaired loans that have already been classified as such is likely to lag some way behind the business cycle and may require some time. However, the fact that the coverage ratio was raised in the fourth quarter of 2013 has, for the time being, relieved current additions to loan loss provisions. Overall, under the base scenario for 2014, we continue to expect a stable net operating profit, which will also feed through to the bottom line to a greater extent than in the previous year.

● The unforeseeable developments in **Ukraine** currently present the most serious local **risk**, which may have cross-regional negative impacts. **Ukrsotsbank** was classified as held for sale, long before the onset of the geopolitical conflict and the national political crisis in the country. Over the past few years, the bank's local sales operations have been modernised and administrative structures have been streamlined. The intention to sell Ukrsotsbank was and is in line with the current multi-year plan; one of its key elements is a concentration on defined core markets and thus the optimisation of capital employment.

The Ukrainian economy is experiencing a sharp downturn as the crisis proceeds. The country's currency has depreciated by 33% against the euro in the year to date, with strong fluctuations. The unclear legal circumstances in Crimea made it necessary to close the local branches. No direct operational risks have materialised at our banking subsidiary as yet. In this context it is difficult to provide a precise assessment of the direct risks to UniCredit Bank Austria AG (at the parent company level) in relation to the valuation of the equity interest, the impact of further currency depreciation, and the development of intra-group financing flows. The bank has been operating in an orderly fashion up to now, relying to a large extent on local deposits to fund the balance sheet. This means that the risk of losses is significantly lower than the gross lending volume would suggest. Moreover, UniCredit Bank Austria's net position vis-à-vis its Ukrainian banking subsidiary and the transfer risk are partly guaranteed by national and supranational institutions.

Apart from a conceivable collapse of the local banking sector, there is a risk of a **cross-regional escalation** of the geopolitical conflict including **Russia**, triggered by sanctions and countermeasures which might lead to a restriction of foreign trade and financing flows and to a capital flight from Eastern Europe. Our Russian banking subsidiary currently operates at a high level of profitability and with a focus on corporate banking business with the top segment of the market.

We hope that geopolitical tensions in the region will come to a peaceful solution, and we still consider ourselves a strategic long-term investor in Central and Eastern Europe.

Consolidated Income Statement

of the Bank Austria Group for the first quarter of 2014

Income statement

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013 1)
Interest income and similar revenues	1,528	1,550
Interest expense and similar charges	–686	–702
Net interest margin	**841**	**847**
Fee and commission income	433	414
Fee and commission expense	–103	–91
Net fees and commissions	**330**	**323**
Dividend income and similar revenue	–	6
Gains and losses on financial assets and liabilities held for trading	80	97
Fair value adjustments in hedge accounting	–	–
Gains and losses on disposal of:	25	29
a) loans	3	3
b) available-for-sale financial assets	21	12
c) held-to-maturity investments	–	3
d) financial liabilities	–	11
Gains and losses on financial assets/liabilities at fair value through profit or loss	11	9
OPERATING INCOME	**1,286**	**1,312**
Impairment losses on:	–194	–242
a) loans	–202	–238
b) available-for-sale financial assets	–	–
c) held-to-maturity investments	–	–
d) other financial assets	8	–4
Net income from financial activities	**1,093**	**1,069**
Administrative costs:	–792	–786
a) staff expense	–406	–411
b) other administrative expense	–385	–375
Provisions for risks and charges	–3	–63
Impairment/write-backs on property, plant and equipment	–33	–34
Impairment/write-backs on intangible assets	–12	–17
Other net operating income	19	26
OPERATING COSTS	**–820**	**–875**
Profit (loss) of associates	73	123
Gains and losses on tangible and intangible assets measured at fair value	–	–
Impairment of goodwill	–	–3
Gains and losses on disposal of investments	76	1
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**421**	**316**
Tax expense (income) related to profit or loss from continuing operations	–64	–39
Total profit or loss after tax from continuing operations	**357**	**277**
Total profit or loss after tax from discontinued operations	2	19
NET PROFIT OR LOSS FOR THE PERIOD	**359**	**296**
Attributable to:		
Owners of the parent company from continuing operations	348	266
from discontinued operations	2	19
Non-controlling interests from continuing operations	9	11
from discontinued operations	–	–
Earnings per share (in €, basic and diluted) from continuing operations	1,51	1,15
from discontinued operations	0,01	0,08

1) Prior year figures were restated due to IFRS 10 and IFRS 11. This relates to the inclusion of the real estate investment fund "Real Invest Europe" in the consolidation perimeter, and to the presentation of the entities of the Yapı Kredi Group using the equity method instead of proportionate consolidation.

Consolidated Statement of Comprehensive Income

of the Bank Austria Group for the first quarter of 2014

Statement of comprehensive income

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013 [1]
Total profit or loss after tax from continuing operations	**357**	**277**
Total profit or loss after tax from discontinued operations	**2**	**19**
NET PROFIT OR (–) LOSS FOR THE PERIOD	**359**	**296**
Other comprehensive income		
Items that will not be reclassified to profit or loss	**–**	**–**
Actuarial gains or (–) losses on defined benefit plans	–	–
Income tax relating to items that will not be reclassified	–	–
Items that may be reclassified to profit or loss	**–389**	**6**
Foreign currency translation	–278	26
Translation gains or (–) losses taken to equity	*–278*	*26*
Transferred to profit or loss	–	–
Cash flow hedges [effective portion]	9	–50
Valuation gains or (–) losses taken to equity	*8*	*–49*
Transferred to profit or loss	*1*	*–2*
Available-for-sale financial assets	147	–6
Valuation gains or (–) losses taken to equity	*159*	*–11*
Transferred to profit or loss	*–12*	*5*
Non-current assets and disposal groups held for sale	–228	26
Valuation gains or (–) losses taken to equity	*–228*	*26*
Transferred to profit or loss	–	–
Share of other recognised income and expense of investments in subsidaries and joint ventures	–3	–3
Income tax relating to items that may be reclassified to profit or (–) loss	–37	13
Gains/losses on assets available for sale (available-for-sale reserve)	*–28*	*–1*
Gains/losses on assets available for sale (available-for-sale reserve) of associates	*–6*	*3*
Gains/losses on cash flow hedges (cash flow hedge reserve)	*–3*	*12*
Gains/losses on cash flow hedges (cash flow hedge reserve) of associates	–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**–30**	**301**
Comprehensive income after tax from continuing operations	**196**	**256**
Comprehensive income after tax from discontinued operations	**–226**	**45**
Attributable to non-controlling interests from continuing operations	–1	11
from discontinued operations	–71	–
Attributable to owners of the parent company from continuing operations	197	245
from discontinued operations	–155	45

Earnings per share (in €, basic and diluted)

(€)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Earnings per share from comprehensive income after tax from continuing operations	0.85	1.11
Earnings per share from comprehensive income after tax from discontinued operations	–0.98	0.20

1) Prior year figures were restated due to IFRS 10 and IFRS 11. This relates to the inclusion of the real estate investment fund "Real Invest Europe" in the consolidation perimeter, and to the presentation of the entities of the Yapı Kredi Group using the equity method instead of proportionate consolidation.

Statement of Financial Position

of the Bank Austria Group at 31 March 2014

Assets

(€ million)

	31 MARCH 2014	31 DEC. 2013 [1]
Cash and cash balances	1,904	2,375
Financial assets held for trading	2,323	2,207
Financial assets at fair value through profit or loss	242	343
Available-for-sale financial assets	21,376	19,746
Held-to-maturity investments	624	633
Loans and receivables with banks	23,680	22,316
Loans and receivables with customers	114,259	114,880
Hedging derivatives	2,883	2,839
Changes in fair value of portfolio hedged items (+/–)	–	33
Investments in associates and joint ventures	4,485	4,463
Insurance reserves attributable to reinsurers	–	–
Property, plant and equipment	2,134	2,096
of which held for investment	*848*	*800*
Intangible assets	162	162
Tax assets	960	945
a) current tax assets	87	72
b) deferred tax assets	872	872
Non-current assets and disposal groups classified as held for sale	2,883	3,714
Other assets	1,244	1,103
TOTAL ASSETS	**179,158**	**177,857**

Liabilities and equity

(€ million)

	31 MARCH 2014	31 DEC. 2013 [1]
Deposits from banks	25,332	24,145
Deposits from customers	95,805	96,978
Debt securities in issue	28,298	27,302
Financial liabilities held for trading	1,703	1,505
Financial liabilities at fair value through profit or loss	731	797
Hedging derivatives	2,453	2,220
Changes in fair value of portfolio hedged items (+/–)	4	–
Tax liabilities	599	508
a) current tax liabilities	55	21
b) deferred tax liabilities	543	487
Liabilities included in disposal groups classified as held for sale	1,576	2,242
Other liabilities	2,539	2,124
Provisions for risks and charges	4,991	4,985
a) post-retirement benefit obligations	4,648	4,630
b) other provisions	344	355
Equity	15,126	15,050
of which non-controlling interests (+/–) [2]	*266*	*340*
TOTAL LIABILITIES AND EQUITY	**179,158**	**177,857**

1) Prior year figures were restated due to IFRS 10 and IFRS 11. This relates to the inclusion of the real estate investment fund "Real Invest Europe" in the consolidation perimeter, and to the presentation of the entities of the Yapı Kredi Group using the equity method instead of proportionate consolidation.

2) Due to an error in the calculation of the additional non-controlling interests in Ukrsotsbank as a consequence of the merger of both Ukrainian banks and the simultaneous capital increase in December 2013, the non-controlling interest in Bank Austria Group as at 31 December 2013 was shown too high, by €145 million, while the group's own retained earnings were shown too low by the same amount. The figures have been restated. There was no effect on total equity as at 31 December 2013.

Statement of Changes in Equity

of the Bank Austria Group for the first quarter of 2014

(€ million)

	SUB-SCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION	CASH FLOW HEDGE RESERVE	AVAILABLE-FOR-SALE RESERVE	CASH FLOW HEDGE AND AFS RESERVE ASSOCIATES	ACTUARIAL LOSSES IN ACCORDANCE WITH IAS 19	SHARE-HOLDERS' EQUITY	NON-CON-TROLLING INTERESTS	EQUITY
As at 1 January 2013 1)	**1,681**	**7,100**	**10,805**	**–1,735**	**350**	**582**	**212**	**–1,332**	**17,662**	**530**	**18,192**
Changes in the group of consolidated companies									0	–9	–9
Shares in controlling companies		3							3		3
Net profit for the period			285						285	11	296
Other comprehensive income			–3	51	–39	6	–8	0	7	–1	6
Dividend paid									0	–1	–1
AS AT 31 MARCH 2013	**1,681**	**7,103**	**11,087**	**–1,684**	**311**	**589**	**204**	**–1,332**	**17,957**	**531**	**18,488**
	SUB-SCRIBED CAPITAL	**CAPITAL RESERVES**	**RETAINED EARNINGS 2)**	**FOREIGN CURRENCY TRANSLATION2)**	**CASH FLOW HEDGE RESERVE**	**AVAILABLE-FOR-SALE RESERVE**	**CASH FLOW HEDGE AND AFS RESERVE ASSOCIATES**	**ACTUARIAL LOSSES IN ACCORDANCE WITH IAS 19**	**SHARE-HOLDERS' EQUITY2)**	**NON-CON-TROLLING INTERESTS 2)**	**EQUITY**
As at 1 January 2014 1)	**1,681**	**6,052**	**10,287**	**–2,577**	**194**	**400**	**25**	**–1,351**	**14,710**	**340**	**15,050**
Changes in the group of consolidated companies			116						116	–10	106
Shares in controlling companies		1							1	0	1
Net profit for the period			350						350	9	359
Other comprehensive income				–412	9	67	18	0	–318	–72	–389
Dividend paid									0	–1	–1
AS AT 31 MARCH 2014	**1,681**	**6,053**	**10,752**	**–2,988**	**203**	**467**	**43**	**–1,351**	**14,860**	**266**	**15,126**

1) Prior year figures were restated due to IFRS 10 and IFRS 11. This relates to the inclusion of the real estate investment fund "Real Invest Europe" in the consolidation perimeter, and to the presentation of the entities of the Yapı Kredi Group using the equity method instead of proportionate consolidation.

2) Due to an error in the calculation of the additional non-controlling interests in Ukrsotsbank as a consequence of the merger of both Ukrainian banks and the simultaneous capital increase in December 2013, the non-controlling interest in Bank Austria Group as at 31 December 2013 was shown too high, by €145 million, while the group's own retained earnings were shown too low by the same amount. The figures have been restated. There was no effect on total equity as at 31 December 2013.

Notes to the Consolidated Financial Statements

Accounting methods

As Bank Austria's shares are not listed on a stock exchange, we are not required to prepare **quarterly financial statements** as at 31 March and 30 September. However, with a view to maintaining a high level of transparency in the market, we continue to publish condensed **interim reports** as at 31 March and 30 September.

The income statement and the statement of financial position contained in this condensed **interim report** have been prepared in accordance with International Financial Reporting Standards (IFRSs) complemented by explanatory information.

Except as described below, the accounting policies applied by the Group in this condensed **interim report** are the same as those applied by the Group in its consolidated financial statements for the year 2013.

Introduction of IFRS 10, IFRS 11 and IFRS 12 as well as amendments to IAS 27 and IAS 28

In May 2011 the IASB issued IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, a revised IAS 27 Separate Financial Statements, which was amended as IFRS 10 was issued, while leaving the existing rules for separate financial statements unchanged, and a revised IAS 28 Investments in Associates and Joint Ventures, which was adjusted as IFRS 10 and IFRS 11 were issued. These Standards were endorsed by the EU in December 2012. The amendments to IFRS 10, IFRS 11 and IFRS 12 with regard to transition provisions and the amendments to IFRS 10, IFRS 12 and IAS 27 with regard to investment entities were also endorsed by the EU in 2013.

The Group has applied IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28, and the consequential amendments since 1 January 2014.

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities and establishes a single control model that applies to all entities, including special purpose entities previously considered under SIC-12. IFRS 10 specifies that an investor controls an investee when the investor is exposed or has rights to variable returns from its investment with the investee and has the ability to use power over the investee to influence such returns. Control is to be assessed on the basis of all current facts and circumstances and is to be reassessed as facts and circumstances change. The Group has assessed the consolidation perimeter under the new control concept of IFRS 10 in detail. The effect on the consolidated financial statements as a result of this change is negligible.

IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 classifies joint arrangements as either joint operations or joint ventures and focuses on the nature of the rights and obligations of the arrangement. For joint ventures IFRS 11 requires the use of the equity method of accounting, eliminating the option to use the proportionate consolidation method, previously applied by the Group. IFRS 11 has had an effect on the financial statements of the Bank Austria Group as our investment in Yapı Kredi ve Bankasi, a joint venture with our partner Koç Group in Turkey, and all the subsidiaries belonging to Yapı Kredi Group, which in the consolidated financial statements were accounted for using proportionate consolidation based on IAS 31 until 31 December 2013, have been accounted for using the equity method since 1 January 2014.

This has a substantial effect on our consolidated financial statements and led to a reduction of about €18,353 million in total assets as at 31 December 2013. The comparative figures of the income statement for the previous year were also adjusted accordingly. This led to a shift within the income statement as the profit-or-loss components of subsidiaries belonging to Yapı Kredi Group are no longer included in the various items of the income statement but are presented on a combined basis in the item "Profit (loss) of associates".

IFRS 12 requires an entity to disclose the nature, associated risks, and financial effects of interests in subsidiaries, associates and joint arrangements and of unconsolidated structured entities. IFRS 12 requires more comprehensive disclosures in the notes than IAS 27 or SIC-12.
As a preparation for the new and extended disclosure requirements resulting from IFRS 12, the Group invests in database modules for the consolidation software in order to be able to meet the new requirements with the first annual financial statements as at 31 December 2014.

Introduction of IFRIC 21 Levies

IFRIC Interpretation 21 Levies contains new rules for accounting for levies in the financial statements. The Interpretation would generally be applicable for annual periods beginning on or after 1 January 2014, but it has not yet been endorsed by the EU. This Interpretation is of relevance for our Group in the context of accounting for bank levies in various countries. The first-time application of IFRIC Interpretation 21 is not expected to result in any changes with regard to the method of accounting for bank levies which has been used so far.

Notes (CONTINUED)

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments refer to minor changes in the disclosures regarding recoverable amounts of non-financial assets and in particular cash-generating units. They would generally have become effective on 1 January 2014 but have not yet been endorsed by the EU. The Group will apply the amendments from the date when they are endorsed by the EU.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

This amendment to IAS 39 allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met. The amendment is a response to changes in laws and regulations for over-the-counter derivatives, requiring many of them to be transacted with a central counterparty or entity acting in a similar capacity. The amendment would have become effective on 1 January 2014 but has not yet been endorsed by the EU. Whether these amendments will have effects on the Bank Austria Group will depend on the ESMA's final technical standard.

Transfers between portfolios

In accordance with the amendments to IAS 39 and IFRS 7, Reclassification of Financial Assets, published in October 2008, and in response to the rare circumstances presented by the financial market crisis, we had reclassified asset-backed securities (ABSs/specific securitised assets) from financial assets held for trading into loans and receivables with customers with effect from 1 July 2008 at the fair values determined at that date.

The following table shows the effects of this reclassification by item in the statement of financial position and by income statement item as at 31 March 2014:

Reclassified financial assets: carrying amount, fair value and effects on comprehensive income (€ million)

TYPES OF INSTRUMENTS	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION	CARRYING AMOUNT AS AT 31 MARCH 2014	FAIR VALUE AS AT 31 MARCH 2014	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAXES)		INCOME/EXPENSES RECOGNISED DURING THE PERIOD (BEFORE TAXES)	
					FROM MEASUREMENT	OTHER	FROM MEASUREMENT	OTHER
Debt securities								
	HFT	AFS	–11	–11	–	–	–	–
	HFT	HTM	–18	–19	–1	1	–	1
	HFT	Loans to banks	–	–	–	–	–	–
	HFT	Loans to customers	–586	–578	42	17	–6	15
	AFS	Loans to banks	–2,946	–3,012	25	37	–	52
TOTAL			**–3,561**	**–3,620**	**67**	**55**	**–6**	**68**

Notes (CONTINUED)

Consolidated companies and changes in consolidated companies of the Bank Austria Group in the first quarter of 2014

	CONSOLIDATED COMPANIES	COMPANIES ACCOUNTED FOR UNDER THE PROPORTIONATE CONSOLIDATION METHOD	COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD	TOTAL
Opening balance	**149**	**15**	**27**	**191**
Additions	**25**	**–**	**2**	**27**
Newly established companies	1	–	–	1
Changes as a result of IFRS 10 and IFRS 11	1	–	1	2
Changes in UniCredit Group	23	–	1	24
Disposals	**–4**	**–15**	**–5**	**–24**
Companies sold or liquidated	–4	–	–1	–5
Changes as a result of IFRS 10 and IFRS 11	–	–15	–3	–18
Changes in UniCredit Group	–	–	–1	–1
CLOSING BALANCE	**170**	**–**	**24**	**194**

Application of IFRS 10 and IFRS 11 for the first time resulted in the following changes in the group of companies included in consolidation:
The companies of the Yapı Kredi Group, which were previously accounted for using the proportionate consolidation method or the equity method, have been accounted for as a consolidated group using the equity method since 1 January 2014; this has reduced the total number of companies by 18, while one company has been added to those accounted for using the equity method. Moreover, Real Invest Europe, a real estate investment fund managed by Bank Austria Real Invest Immobilien-Kapitalanlage GmbH, has been included in consolidation since 1 January 2014.

The newly established company is UCTAM Hungary Kft.

Additions resulting from changes in UniCredit Group relate to additions of one leasing company accounted for using the equity method and 23 consolidated leasing companies in Russia, the Czech Republic and Slovakia, which were taken over from UniCredit Leasing SpA as part of the restructuring of leasing business. One of the newly added leasing companies (OOO "UniCredit Leasing", Russia) was previously accounted for using the equity method and is therefore shown within disposals resulting from changes in UniCredit Group.

Previously consolidated companies which are no longer part of the group of consolidated companies relate to the sale of Domus Clean Reinigungs GmbH, Mezzanin Finanzierungs AG and Schottengasse 6–8 Immobilien GmbH und Co KG as well as the liquidation of UCTAM RK Limited Liability Company, Kazakhstan.

The disposal of the company which was previously accounted for using the equity method relates to the sale of our interest in UniCredit Leasing SpA.

Notes to the income statement

Interest income / Interest expense

Interest income and similar revenues

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Financial assets held for trading	114	28
Financial assets at fair value through profit or loss	1	1
Available-for-sale financial assets	145	149
Held-to-maturity investments	7	8
Loans and receivables with banks	54	72
Loans and receivables with customers	1,107	1,169
Hedging derivatives	98	121
Other assets	2	1
TOTAL	**1,528**	**1,550**

Interest expense and similar charges

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Deposits from central banks	–23	–23
Deposits from banks	–74	–103
Deposits from customers	–293	–367
Debt securities in issue	–186	–186
Financial liabilities held for trading	–106	–19
Financial liabilities at fair value through profit or loss	–2	–2
Other liabilities	–1	–1
Hedging derivatives	–2	–3
TOTAL	**–686**	**–702**

Fee and commission income / Fee and commission expense

Fee and commission income

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Guarantees given	43	40
Credit derivatives	–	–
Management, brokerage and consultancy services	130	125
Collection and payment services	181	167
Factoring	1	1
Other services	78	81
TOTAL	**433**	**414**

Fee and commission expense

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Guarantees received	–23	–10
Credit derivatives	–3	–4
Management, brokerage and consultancy services	–17	–20
Collection and payment services	–53	–51
Other services	–6	–7
TOTAL	**–103**	**–91**

Notes to the income statement (CONTINUED)

Gains and losses on financial assets and liabilities held for trading

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Financial assets held for trading	–48	16
Financial liabilities held for trading	–	–
Other financial assets and liabilities: exchange differences	140	24
Derivatives	–13	56
TOTAL	**80**	**97**

Gains and losses on disposals/repurchases

(€ million)

	1 JAN.–31 MARCH 2014			1 JAN.–31 MARCH 2013		
	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
Financial assets						
Loans and receivables with banks	–	–	–	–	–	–
Loans and receivables with customers	4	–	3	3	–	3
Available-for-sale financial assets	30	–8	21	31	–19	12
Held-to-maturity investments	–	–	–	4	–	3
TOTAL ASSETS	**33**	**–8**	**25**	**38**	**–19**	**18**
Financial liabilities						
Deposits from banks	–	–	–	–	–	–
Deposits from customers	–	–	–	–	–	–
Debt securities in issue	–	–	–	11	–	11
TOTAL LIABILITIES	**–**	**–**	**–**	**11**	**–**	**11**
TOTAL	**33**	**–9**	**25**	**49**	**–20**	**29**

Net change in financial assets and liabilities at fair value through profit or loss

(€ million)

	1 JAN.–31 MARCH 2014					1 JAN.– 31 MARCH 2013
	UNREALISED PROFITS	REALISED PROFITS	UNREALISED LOSSES	REALISED LOSSES	NET PROFIT	NET PROFIT
Financial assets	**1**	**3**	**–2**	**–**	**1**	**6**
Debt securities	1	–	–	–	–	–
Equity instruments	–	–	–	–	–	–
Units in investment funds	–	3	–2	–	1	6
Loans	–	–	–	–	–	–
Financial liabilities	**11**	**–**	**–7**	**–**	**4**	**23**
Debt securities	11	–	–7	–	4	23
Deposits from banks	–	–	–	–	–	–
Deposits from customers	–	–	–	–	–	–
Credit and financial derivatives	**6**	**–**	**–**	**–**	**6**	**–20**
TOTAL	**17**	**3**	**–9**	**–**	**11**	**9**

Notes to the income statement (CONTINUED)

Impairment losses

(€ million)

	1 JAN.–31 MARCH 2014						1 JAN.– 31 MARCH 2013
	WRITE-DOWNS			WRITE-BACKS			
	SPECIFIC						
	WRITE-OFFS	OTHER	PORTFOLIO	SPECIFIC	PORTFOLIO	TOTAL	TOTAL
Impairment losses on loans and receivables	**–14**	**–360**	**–16**	**167**	**21**	**–202**	**–238**
Loans and receivables with banks	–	–	–	2	–	2	–
Loans and receivables with customers	–14	–360	–16	165	21	–204	–238
Impairment losses on available-for-sale financial assets	**–**	**–**	**X**	**–**	**X**	**–**	**–**
Debt securities	–	–	X	–	X	–	–
Equity instruments	–	–	X	x	X	–	–
Units in investment funds	–	–	X	–	X	–	–
Impairment losses on held-to-maturity investments	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Debt securities	–	–	–	–	–	–	–
Impairment losses on other financial transactions	**–**	**–11**	**–1**	**14**	**6**	**8**	**–4**
Guarantees given	–	–9	–1	11	5	5	–6
Credit derivatives	–	–	–	–	–	–	–
Commitments to disburse funds	–	–1	–	3	1	3	1
Other transactions	–	–	–	1	–	–	–
TOTAL	**–14**	**–371**	**–17**	**182**	**27**	**–194**	**–242**

Payroll

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Employees	**–393**	**–397**
Wages and salaries	–282	–285
Social charges	–65	–66
Severance pay	–	–
Social security costs	–	–
Allocation to employee severance pay provision	–	–
Provision for retirement payments and similar provisions	–61	–61
Payments to external pension funds	–5	–6
Costs/recoveries related to share-based payments	–2	–3
Other employee benefits	–15	–17
Recovery of compensation*)	38	40
Others	**–14**	**–14**
TOTAL	**–406**	**–411**

*) This includes recovery of staff costs relating to Bank Austria employees who are not active within the Group.

Notes to the income statement (CONTINUED)

Other administrative expenses

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Indirect taxes and duties	**–75**	**–69**
Miscellaneous costs and expenses	**–310**	**–306**
Advertising, marketing and communication	–24	–23
Expenses related to credit risk	–3	–3
Expenses related to personnel	–12	–12
Information and communication technology expenses	–100	–95
Consulting and professional services	–13	–16
Real estate expenses	–69	–66
Other functioning costs	–91	–90
TOTAL	**–385**	**–375**

Net provisions for risks and charges

(€ million)

	1 JAN.–31 MARCH 2014			1 JAN.– 31 MARCH 2013
	PROVISIONS	REALLOCATION SURPLUS	TOTAL	TOTAL
Other provisions				
Legal disputes	–6	2	–3	–65
Staff costs	–	–	–	–
Other	–	–	–	2
TOTAL	**–6**	**2**	**–3**	**–63**

Other net operating income

Other operating expenses

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Costs for operating leases	–	–
Non-deductible tax and other fiscal charges	–	–
Write-downs on improvements of goods owned by third parties	–1	–1
Costs related to the specific service of financial leasing	–	–
Other	–10	–11
TOTAL OTHER OPERATING EXPENSES	**–12**	**–13**

Other operating income

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Recovery of costs	**–**	**–**
Other income	**31**	**38**
Revenue from administrative services	11	10
Revenues from rentals of real estate investments (net of direct operating costs)	3	5
Revenues from operating leases	4	3
Recovery of miscellaneous costs paid in previous years	1	–
Revenues from finance lease activities	–	–
Others	12	20
TOTAL OTHER OPERATING INCOME	**31**	**38**
OTHER NET OPERATING INCOME	**19**	**26**

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

Financial assets held for trading

(€ million)

	31 MARCH 2014				31 DEC. 2013			
	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL
Financial assets (non-derivatives)	**294**	**131**	**12**	**437**	**288**	**238**	**10**	**537**
Debt securities	292	131	12	434	278	238	10	527
Equity instruments	3	–	–	3	10	–	–	10
Units in investment funds	–	–	–	–	–	–	–	–
Derivative instruments	**1**	**1,882**	**3**	**1,886**	**1**	**1,666**	**3**	**1,670**
Financial derivatives	1	1,881	3	1,884	1	1,665	2	1,668
Credit derivatives	–	1	–	1	–	1	1	2
TOTAL	**296**	**2,012**	**15**	**2,323**	**290**	**1,904**	**13**	**2,207**

Financial assets at fair value through profit or loss

(€ million)

	31 MARCH 2014				31 DEC. 2013			
	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL
Debt securities	–	145	32	177	4	236	31	271
Equity instruments	–	–	–	–	–	–	–	–
Units in investment funds	16	–	48	64	17	–	55	72
TOTAL	**16**	**145**	**80**	**242**	**21**	**236**	**86**	**343**

This item shows assets in respect of which Bank Austria used the option to designate financial instruments as at fair value through profit or loss in order to avoid inconsistencies in the valuation of assets and liabilities which are connected with each other. Most of these assets are complex structures with embedded derivatives.

Available-for-sale financial assets

(€ million)

	31 MARCH 2014				31 DEC. 2013			
	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL
Debt securities	14,851	5,168	688	20,708	12,454	5,846	689	18,990
Equity instruments	22	–	593	615	25	–	591	616
Units in investment funds	–	–	53	53	–	82	59	141
Loans	–	–	–	–	–	–	–	–
TOTAL	**14,874**	**5,168**	**1,334**	**21,376**	**12,479**	**5,928**	**1,339**	**19,746**

Loans and receivables with banks

(€ million)

	31 MARCH 2014	31 DEC. 2013
Loans to central banks	**7,642**	**6,499**
Loans to banks	**16,038**	**15,817**
Current accounts and demand deposits	3,947	4,327
Time deposits	5,433	4,259
Other loans	3,211	3,785
Debt securities	3,447	3,446
TOTAL (CARRYING AMOUNT)	**23,680**	**22,316**
Loan loss provisions deducted from loans and receivables	21	23

Notes to the statement of financial position (CONTINUED)

Loans and receivables with customers

(€ million)

	31 MARCH 2014			31 DEC. 2013		
	PERFORMING	IMPAIRED	TOTAL	PERFORMING	IMPAIRED	TOTAL
Loans	**108,606**	**4,947**	**113,553**	**109,211**	**4,916**	**114,127**
Current accounts	10,994	426	11,420	11,126	404	11,530
Reverse repos	1,518	–	1,518	1,394	–	1,394
Mortgages	24,420	1,844	26,264	24,406	1,955	26,360
Credit cards and personal loans, including wage assignment loans	5,356	61	5,417	5,590	56	5,646
Finance leases	1,672	112	1,785	516	66	582
Factoring	963	17	981	1,119	19	1,138
Other loans	63,683	2,487	66,169	65,059	2,416	67,476
Debt securities	**686**	**20**	**706**	**733**	**21**	**754**
TOTAL (CARRYING AMOUNT)	**109,292**	**4,967**	**114,259**	**109,943**	**4,937**	**114,880**
Loan loss provisions deducted from loans and receivables	620	6,066	6,686	618	5,905	6,523

Non-current assets and disposal groups classified as held for sale

(€ million)

	31 MARCH 2014	31 DEC. 2013
Individual assets		
Financial assets	100	5
Equity investments	–	200
Tangible assets	8	101
Intangible assets	–	–
Other non-current assets	29	1
Total	**136**	**307**
Asset groups classified as held for sale		
Financial assets held for trading	63	38
Financial assets designated at fair value	–	–
Available-for-sale financial assets	146	199
Held-to-maturity investments	–	–
Loans and receivables with banks	121	197
Loans and receivables with customers	2,134	2,477
Equity investments	–	–
Tangible assets	232	316
Intangible assets	50	67
Other assets	2	113
Total	**2,747**	**3,407**
ASSETS	**2,883**	**3,714**

This item includes non-current assets and disposal groups whose sale is highly probable. They are recognised at the lower of their carrying amount and fair value less costs to sell and are stated separately in the consolidated financial statements.

The item includes the companies Vienna DC Tower 2 Liegenschaftsbesitz GmbH and UniCredit CAIB Poland S.A. AG, which are intended to be sold pursuant to a resolution passed by the Management Board.

Moreover, Public Joint Stock Company Ukrsotsbank and its subsidiaries continue to be classified as a disposal group held for sale as at 31 March 2014.

Notes to the statement of financial position (CONTINUED)

Deposits from banks

(€ million)

	31 MARCH 2014	31 DEC. 2013
Deposits from central banks	**5,615**	**5,057**
Deposits from banks	**19,717**	**19,088**
Current accounts and demand deposits	2,672	2,134
Time deposits	5,413	5,641
Loans	11,513	11,202
Other liabilities	119	110
TOTAL	**25,332**	**24,145**

Deposits from customers

(€ million)

	31 MARCH 2014	31 DEC. 2013
Current accounts and demand deposits	50,784	54,245
Time deposits	40,109	40,277
Loans	802	1,282
Liabilities in respect of commitments to repurchase treasury shares	707	695
Other liabilities	3,402	478
TOTAL	**95,805**	**96,978**

Debt securities in issue

(€ million)

	31 MARCH 2014				31 DEC. 2013			
	CARRYING AMOUNT	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	CARRYING AMOUNT	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3
Securities								
Bonds	28,129	7,759	20,792	121	27,138	7,686	19,786	118
Other securities	169	–	169	–	164	–	164	–
TOTAL	**28,298**	**7,759**	**20,961**	**121**	**27,302**	**7,686**	**19,949**	**118**

Financial liabilities held for trading

(€ million)

	31 MARCH 2014				31 DEC. 2013			
	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL
Financial liabilities	**35**	**–**	**–**	**36**	**31**	**–**	**–**	**31**
Deposits from banks	–	–	–	–	–	–	–	–
Deposits from customers	35	–	–	36	31	–	–	31
Derivative instruments	**–**	**1,662**	**5**	**1,667**	**–**	**1,467**	**7**	**1,474**
Financial derivatives	–	1,643	5	1,648	–	1,447	7	1,455
Credit derivatives	–	19	–	19	–	19	–	19
TOTAL	**35**	**1,663**	**5**	**1,703**	**31**	**1,467**	**7**	**1,505**

Notes to the statement of financial position (CONTINUED)

Financial liabilities at fair value through profit or loss

(€ million)

	31 MARCH 2014				31 DEC. 2013			
	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL
Deposits from banks	–	–	–	–	–	–	–	–
Deposits from customers	–	–	–	–	–	–	–	–
Debt securities	–	725	6	731	–	788	9	797
TOTAL	**–**	**725**	**6**	**731**	**–**	**788**	**9**	**797**

This item shows liabilities in respect of which Bank Austria used the option to designate financial instruments as at fair value through profit or loss in order to avoid inconsistencies in the valuation of assets and liabilities which are connected with each other. Most of these liabilities are debt securities and complex structures with embedded derivatives.

Liabilities included in disposal groups classified as held for sale

(€ million)

	31 MARCH 2014	31 DEC. 2013
Liabilities associated with assets classified as held for sale		
Deposits	12	1
Securities	–	–
Other liabilities	8	–
Total	**20**	**2**
Liabilities included in disposal groups classified as held for sale		
Deposits from banks	326	307
Deposits from customers	1,212	1,906
Debt securities in issue	3	4
Financial liabilities held for trading	–	1
Financial liabilities at fair value through profit or loss	–	–
Provisions	–	–
Other liabilities	15	22
Total	**1,557**	**2,240**
LIABILITIES	**1,576**	**2,242**

Provisions for risks and charges

(€ million)

	31 MARCH 2014	31 DEC. 2013
Pensions and other post-retirement benefit obligations	**4,648**	**4,630**
Other provisions for risks and charges	**344**	**355**
Legal disputes	102	103
Staff expenses	132	135
Other	110	117
TOTAL	**4,991**	**4,985**

Segment reporting

The table on the following two pages presents the income statement in the format used for controlling purposes and permits a reconciliation to the interim results and key indicators used for segment reporting.

Reconciliation of reclassified accounts to mandatory reporting schedule

(€ million)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Net interest	841	847
Dividends and other income from equity investments	73	131
Dividend income and similar revenue	0	6
minus: dividends from equity instruments held for trading	*0*	*0*
Profit (loss) of associates – of which: income (loss) from equity investments valued at net equity	73	126
Net fees and commissions	330	323
Net trading, hedging and fair value income	112	133
Gains (losses) on financial assets and liabilities held for trading	80	97
plus: dividends from equity instruments held for trading	*0*	*0*
Fair value adjustments in hedge accounting	*0*	*0*
Gains (losses) on disposal and repurchase of available-for-sale financial assets	*21*	*12*
Gains (losses) on disposal and repurchase of held-to-maturity investments	*0*	*3*
Gains (losses) on disposal or repurchase of financial liabilities	*0*	*11*
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss	*11*	*9*
Net other expenses/income	20	29
Gains (losses) on disposals/repurchases of loans and receivables – not impaired	0	3
Premiums earned (net)	0	0
Other income (net) from insurance activities	0	0
Other net operating income	19	26
minus: other operating income – of which: recovery of expenses	*0*	*0*
plus: impairment on tangible assets – other operating leases	*0*	*0*
minus: Other operating expenses – write-downs on improvements of goods owned by third parties	*1*	*1*
OPERATING INCOME	**1,376**	**1,463**
Payroll costs	–406	–411
Administrative costs – staff expenses	–406	–411
minus: integration/restructuring costs	*0*	*0*
Other administrative expenses	–385	–374
Administrative costs – other administrative expenses	–385	–375
minus: integration/restructuring costs	*1*	*2*
plus: Other operating expenses – write-downs on improvements of goods owned by third parties	*–1*	*–1*
Recovery of expenses = Other net operating income – of which: Other operating income – recovery of costs	0	0
Amortisation, depreciation and impairment losses on intangible and tangible assets	–44	–51
Impairment/Write-backs on property, plant and equipment	–33	–34
minus: impairment losses/write-backs on property held for investment	*0*	*0*
minus: impairment on tangible assets – other operating leases	*0*	*0*
Impairment/Write-backs on intangible assets	–12	–17
minus: integration/restructuring costs	*0*	*0*
minus: Purchase Price Allocation effect	*0*	*0*
OPERATING COSTS	**–835**	**–836**
OPERATING PROFIT	**541**	**627**

Segment reporting (CONTINUED)

	1 JAN.– 31 MARCH 2014	1 JAN.– 31 MARCH 2013
Net write-downs of loans and provisions for guarantees and commitments	–190	–242
Gains (losses) on disposal and repurchase of loans	3	0
Impairment losses on loans	–202	–238
Impairment losses on other financial assets	8	–4
NET OPERATING PROFIT	**350**	**385**
Provisions for risks and charges	–4	–63
Net provisions for risks and charges	–3	–63
minus: integration/restructuring costs	*0*	*0*
Integration/restructuring costs	–1	–2
Net income from investments	75	–2
Impairment losses on available-for-sale financial assets	0	0
Impairment losses on held-to-maturity investments	0	0
plus: impairment losses/write-backs on property held for investment	*0*	*0*
Profit (loss) of associates	73	123
minus: profit (loss) of associates – income (loss) from equity investments valued at net equity	*–73*	*–126*
Gains and losses on tangible and intangible assets	0	0
Gains (losses) on disposal of investments	76	1
PROFIT BEFORE TAX	**421**	**319**
Income tax for the period	–64	–39
Tax expense (income) related to profit or loss from continuing operations	–64	–39
minus: taxes on Purchase Price Allocation effect	*0*	*0*
Total profit or loss after tax from discontinued operations	2	19
Profit or loss after tax from discontinued operations	2	19
PROFIT (LOSS) FOR THE PERIOD	**359**	**299**
Non-controlling interests	–9	–11
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY BEFORE PPA	**350**	**288**
Purchase Price Allocation effect	0	0
Impairment of goodwill	0	–3
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**350**	**285**

Segment reporting (CONTINUED)

Description 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 in 2014. 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.

Segment reporting covers the following business segments:

Retail & Corporates

The Retail & Corporates business segment comprises business with private individuals (Retail), including the Mass Market and Affluent customer segments except Private Banking customers, and thus encompasses the entire multi-channel distribution network. Also included in this Division are subsidiaries active in credit card business and FactorBank. The Corporates subdivision covers the customer segments SMEs (small and medium-sized businesses) and corporate customers with an annual turnover of over €50 million, and Real Estate including various subsidiaries (e.g. Wohnbaubank, Bank Austria Real Invest Group) and the Public Sector customer segment.

Private Banking

Private Banking has responsibility for private customers with investments exceeding €500,000. Schoellerbank AG and various other small subsidiaries are also included in the Private Banking business segment.

Corporate & Investment Banking (CIB)

The Corporate & Investment Banking 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 continue to support commercial banking activities of the bank's other business segments.

Central Eastern Europe (CEE)

The CEE business segment includes the commercial banking units of the Bank Austria Group in the region of Central and Eastern Europe (including Turkey). On the basis of a strategic decision on risk reduction, the equity interest in Ukrsotsbank was classified as a discontinued operation at the end of 2013. Profit or loss of Ukrsotsbank continues to be included in the CEE business segment in the income statement item "Total profit or loss after tax from discontinued operations"; figures for previous periods were adjusted accordingly. The companies of the Yapi Kredi Group were previously accounted for using proportionate consolidation or the equity method. As a result of first-time application of IFRS 11, these companies are accounted for as a consolidated group using the equity method starting with 2014; figures for previous periods were adjusted accordingly.
In the context of the realignment of leasing business, UniCredit Leasing SpA transferred leasing companies in Russia, the Czech Republic and Slovakia to Bank Austria in the first quarter of 2014.

Corporate Center

The item "Total profit or loss after tax from discontinued operations" in the Corporate Center's income statement in the fourth quarter of 2013 included the other effects resulting from the classification of Ukrsotsbank as a discontinued operation. The previous periods included effects from the sale (including profit or loss until the sale) of JSC ATF Bank and its subsidiaries. In addition to current expenses relating to steering and administrative functions for the entire bank, the Corporate Center comprises all equity interests that are not assigned to a business segment. The equity interest in UniCredit Leasing SpA, classified in the fourth quarter of 2013 as a disposal group held for sale, was sold in March 2014.

Funding costs relating to consolidated subsidiaries are also assigned to the Corporate Center. Also included are inter-segment eliminations, other items which are not to be assigned to the business segments, and impairment losses on goodwill.

Segment reporting (CONTINUED)

Methods

Net interest is split up according to the market interest rate method. Costs are allocated to the individual business segments from which they arise.

The result of each business segment is measured by the profit earned by the respective segment. The interest rate applied to investment of equity allocated to the business segments is determined for one year in advance as part of the budgeting process. Essentially, it is composed of the 1-month EURIBOR and a liquidity cost margin based on the average term of balance sheet volume.

Overhead costs are allocated to the business segments according to a key of distribution applied within the Group on a uniform basis (50% costs, 20% revenues, 20% FTEs and 10% proportionately).

Capital allocated to the business segments in UniCredit Bank Austria AG, based on the Tier 1 capital ratio, is 9% of risk-weighted assets.

Recasting:

A number of structural changes took place within the business segments and in the group of consolidated companies. This means that results for 2014 are not fully comparable with those for 2013. For this reason, the segment results for 2013 have been adjusted to the new structure. The difference compared with Bank Austria's overall results is presented in a separate column showing "Recasting differences".

The main pro-forma adjustments are as follows:

- As part of the restructuring of leasing business, companies were taken over from UniCredit Leasing SpA in Latvia in the second quarter of 2013 and in Bulgaria in the fourth quarter of 2013. These companies are included in the recast figures for all previous periods in 2013. Moreover, in the first quarter of 2014, further companies in the Czech Republic, Slovakia and Russia were taken over from UniCredit Leasing SpA and newly included in the group of consolidated companies of the Bank Austria Group. The companies were assigned to the CEE business segment; figures for previous periods were adjusted accordingly.
- To enhance data comparability, further adjustments were made at segment level; these are mainly structural adjustments resulting from organisational changes.

Segment reporting (CONTINUED)

Segment reporting 1–3 2014/1–3 2013

(€ million)

		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]
Net interest	1–3 2014	230	15	85	584	–73	841	–	841
	1–3 2013	220	11	89	595	–61	855	–8	847
Dividends and other income from equity investments	1–3 2014	9	–	–	48	16	73	–	73
	1–3 2013	7	–	4	100	21	132	–	131
Net fees and commissions	1–3 2014	123	25	24	180	–22	330	–	330
	1–3 2013	120	25	30	169	–21	324	–1	323
Net trading, hedging and fair value income/loss	1–3 2014	3	–	20	57	31	112	–	112
	1–3 2013	18	–	8	111	–4	133	–	133
Net other expenses/income	1–3 2014	4	–	–	5	10	20	–	20
	1–3 2013	5	–	3	11	9	28	–	29
OPERATING INCOME	**1–3 2014**	**370**	**40**	**130**	**875**	**–38**	**1.376**	**–**	**1.376**
	1–3 2013	**370**	**37**	**134**	**986**	**–56**	**1.472**	**–8**	**1.463**
OPERATING COSTS	**1–3 2014**	**–285**	**–29**	**–62**	**–404**	**–56**	**–835**	**–**	**–835**
	1–3 2013	**–282**	**–28**	**–57**	**–422**	**–56**	**–844**	**7**	**–836**
OPERATING PROFIT	**1–3 2014**	**85**	**12**	**68**	**471**	**–95**	**541**	**–**	**541**
	1–3 2013	**88**	**10**	**78**	**564**	**–112**	**628**	**–1**	**627**
Net write-downs of loans and provisions for guarantees and commitments	1–3 2014	–43	–	–13	–134	–	–190	–	–190
	1–3 2013	–45	–	–13	–188	–	–246	3	–242
NET OPERATING PROFIT	**1–3 2014**	**42**	**12**	**55**	**337**	**–95**	**350**	**–**	**350**
	1–3 2013	**43**	**9**	**65**	**377**	**–112**	**382**	**3**	**385**
Provisions for risks and charges	1–3 2014	–	–	–	–3	–	–4	–	–4
	1–3 2013	–	–	–	–1	–62	–63	–	–63
Integration/restructuring costs	1–3 2014	–	–	–	–1	–	–1	–	–1
	1–3 2013	–	–	–	–2	–	–2	–	–2
Net income/loss from investments	1–3 2014	–	–	2	–	73	75	–	75
	1–3 2013	–	–	–2	–	–	–2	–	–2
PROFIT BEFORE TAX	**1–3 2014**	**42**	**12**	**57**	**332**	**–22**	**421**	**–**	**421**
	1–3 2013	**43**	**9**	**63**	**374**	**–173**	**316**	**3**	**319**
Income tax for the period	1–3 2014	–8	–3	–15	–51	12	–64	–	–64
	1–3 2013	–6	–2	–15	–51	37	–38	–1	–39
Total profit or loss after tax from discontinued operations	1–3 2014	–	–	–	–4	6	2	–	2
	1–3 2013	–	–	–	3	17	20	–1	19
PROFIT OR LOSS FOR THE PERIOD	**1–3 2014**	**34**	**9**	**43**	**277**	**–3**	**359**	**–**	**359**
	1–3 2013	**37**	**7**	**47**	**326**	**–120**	**298**	**1**	**299**
Non-controlling interests	1–3 2014	–1	–	–	–14	7	–9	–	–9
	1–3 2013	–2	–	1	–19	6	–14	3	–11
NET PROFIT OR LOSS ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY BEFORE PPA	**1–3 2014**	**32**	**9**	**43**	**263**	**3**	**350**	**–**	**350**
	1–3 2013	**35**	**7**	**49**	**307**	**–114**	**284**	**4**	**288**
Purchase Price Allocation effect	1–3 2014	–	–	–	–	–	–	–	–
	1–3 2013	–	–	–	–	–	–	–	–
Goodwill impairment	1–3 2014	–	–	–	–	–	–	–	–
	1–3 2013	–	–	–	–	–3	–3	–	–3
NET PROFIT OR LOSS ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**1–3 2014**	**32**	**9**	**43**	**263**	**3**	**350**	**–**	**350**
	1–3 2013	**35**	**7**	**49**	**307**	**–117**	**281**	**4**	**285**

Segment reporting (CONTINUED)

		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 2014**	**17,309**	**604**	**8,400**	**80,986**	**14,016**	**121,314**	**–**	**121,314**
	1–3 2013	**17,974**	**833**	**9,940**	**87,093**	**16,429**	**132,268**	**–1,346**	**130,922**
Loans to customers (end of period)	**1–3 2014**	**39,723**	**636**	**14,161**	**54,606**	**5,134**	**114,259**	**–**	**114,259**
	1–3 2013	**40,758**	**592**	**14,864**	**58,092**	**5,744**	**120,051**	**–778**	**119,273**
Primary funds (end of period) 4)	**1–3 2014**	**40,518**	**8,585**	**8,886**	**47,452**	**18,661**	**124,103**	**–**	**124,103**
	1–3 2013	**42,442**	**7,761**	**9,776**	**46,303**	**16,179**	**122,461**	**71**	**122,531**
Cost/income ratio excl. bank levy in %	*1–3 2014*	*73.9*	*70.3*	*41.2*	*42.8*	*n.m.*	*56.5*	*n.m.*	*56.5*
	1–3 2013	*73.7*	*73.9*	*36.0*	*39.5*	*n.m.*	*53.5*	*n.m.*	*53.3*
Risk/earnings ratio in % 5)	*1–3 2014*	*17.8*	*0.7*	*15.7*	*21.2*	*n.m.*	*20.8*	*n.m.*	*20.8*
	1–3 2013	*19.7*	*1.7*	*14.1*	*27.0*	*n.m.*	*24.9*	*n.m.*	*24.7*

1) The segment results have been recast. The difference compared to Bank Austria's results is presented in a separate column showing "Recasting differences", which for 2013 mainly relate to the transfer of Leasing subsidiaries in the Baltics and in Bulgaria, Russia, the Czech Republic and Slovakia to Bank Austria.

2) The comparative figures for 2013 and 2014 reflect the accounting figures, restatements are included as described in the notes.

3) Turkey included on the basis of proportionate consolidation. Corporate Center: including Kazakhstan (until disposal); recasting differences relate to the transfer of Leasing subsidiaries.

4) Primary funds: deposits from customers and debt securities in issue; recasting differences relate to the transfer of Leasing subsidiaries.

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 (CONTINUED)

Segment reporting Q1 2014/Q1–Q4 2013

(€ million)

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST) 1)
Net interest	Q1 2014	230	15	85	584	–73	841
	Q4 2013	229	14	83	605	–63	868
	Q3 2013	224	12	81	610	–52	876
	Q2 2013	234	12	89	598	–76	857
	Q1 2013	220	11	89	595	–61	855
Dividends and other income from equity investments	Q1 2014	9	–	–	48	16	73
	Q4 2013	10	–	1	104	–6	109
	Q3 2013	3	–	–	297	11	310
	Q2 2013	4	–	–	149	12	165
	Q1 2013	7	–	4	100	21	132
Net fees and commissions	Q1 2014	123	25	24	180	–22	330
	Q4 2013	128	27	31	196	–6	377
	Q3 2013	111	22	20	182	–2	334
	Q2 2013	120	25	28	178	–5	346
	Q1 2013	120	25	30	169	–21	324
Net trading, hedging and fair value income/loss	Q1 2014	3	–	20	57	31	112
	Q4 2013	1	1	15	259	45	321
	Q3 2013	7	1	11	90	48	157
	Q2 2013	7	1	20	101	51	180
	Q1 2013	18	–	8	111	–4	133
Net other expenses/income	Q1 2014	4	–	–	5	10	20
	Q4 2013	8	–	1	2	9	20
	Q3 2013	5	1	–	33	6	44
	Q2 2013	5	–	1	16	–19	3
	Q1 2013	5	–	3	11	9	28
OPERATING INCOME	**Q1 2014**	**370**	**40**	**130**	**875**	**–38**	**1,376**
	Q4 2013	**377**	**41**	**131**	**1,167**	**–21**	**1,694**
	Q3 2013	**350**	**36**	**112**	**1,212**	**11**	**1,721**
	Q2 2013	**370**	**38**	**138**	**1,042**	**–37**	**1,551**
	Q1 2013	**370**	**37**	**134**	**986**	**–56**	**1,472**
OPERATING COSTS	**Q1 2014**	**–285**	**–29**	**–62**	**–404**	**–56**	**–835**
	Q4 2013	**–296**	**–28**	**–58**	**–454**	**–56**	**–892**
	Q3 2013	**–269**	**–26**	**–55**	**–408**	**–53**	**–811**
	Q2 2013	**–288**	**–28**	**–57**	**–407**	**–54**	**–834**
	Q1 2013	**–282**	**–28**	**–57**	**–422**	**–56**	**–844**
OPERATING PROFIT	**Q1 2014**	**85**	**12**	**68**	**471**	**–95**	**541**
	Q4 2013	**81**	**13**	**72**	**713**	**–77**	**802**
	Q3 2013	**81**	**10**	**56**	**804**	**–41**	**910**
	Q2 2013	**82**	**10**	**82**	**636**	**–92**	**718**
	Q1 2013	**88**	**10**	**78**	**564**	**–112**	**628**
Net write-downs of loans and provisions for guarantees and commitments	Q1 2014	–43	–	–13	–134	–	–190
	Q4 2013	–2	–	–15	–485	–30	–532
	Q3 2013	–45	–	–13	–202	–	–259
	Q2 2013	–45	–	–12	–211	1	–267
	Q1 2013	–45	–	–13	–188	–	–246
NET OPERATING PROFIT	**Q1 2014**	**42**	**12**	**55**	**337**	**–95**	**350**
	Q4 2013	**79**	**13**	**57**	**227**	**–107**	**270**
	Q3 2013	**37**	**10**	**43**	**602**	**–41**	**651**
	Q2 2013	**37**	**10**	**69**	**425**	**–90**	**451**
	Q1 2013	**43**	**9**	**65**	**377**	**–112**	**382**
Provisions for risks and charges	Q1 2014	–	–	–	–3	–	–4
	Q4 2013	–5	–1	–	–6	–22	–34
	Q3 2013	–	–1	–	–	–15	–17
	Q2 2013	–	–	–	–4	–31	–34
	Q1 2013	–	–	–	–1	–62	–63

Segment reporting (CONTINUED)

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST) [1]
Integration/restructuring costs	Q1 2014	–	–	–	–1	–	–1
	Q4 2013	–	–	–	–13	–104	–117
	Q3 2013	–	–	4	–14	–	–10
	Q2 2013	–	–	–	–4	–	–4
	Q1 2013	–	–	–	–2	–	–2
Net income/loss from investments	Q1 2014	–	–	2	–	73	75
	Q4 2013	–43	–	–2	–20	–635	–699
	Q3 2013	11	–	–1	–34	–2	–26
	Q2 2013	–2	–	3	–2	1	–
	Q1 2013	–	–	–2	–	–	–2
PROFIT BEFORE TAX	**Q1 2014**	**42**	**12**	**57**	**332**	**–22**	**421**
	Q4 2013	**31**	**12**	**55**	**189**	**–868**	**–580**
	Q3 2013	**47**	**9**	**47**	**554**	**–59**	**598**
	Q2 2013	**35**	**10**	**72**	**416**	**–120**	**413**
	Q1 2013	**43**	**9**	**63**	**374**	**–173**	**316**
Income tax for the period	Q1 2014	–8	–3	–15	–51	12	–64
	Q4 2013	–24	–4	–14	–15	–189	–245
	Q3 2013	–6	–2	–11	–51	4	–66
	Q2 2013	–8	–3	–18	–28	–22	–79
	Q1 2013	–6	–2	–15	–51	37	–38
Total profit or loss after tax from discontinued operations	Q1 2014	–	–	–	–4	6	2
	Q4 2013	–	–	–	–52	–199	–251
	Q3 2013	–	–	–	2	6	8
	Q2 2013	–	–	–	–56	13	–43
	Q1 2013	–	–	–	3	17	20
PROFIT (LOSS) FOR THE PERIOD	**Q1 2014**	**34**	**9**	**43**	**277**	**–3**	**359**
	Q4 2013	**7**	**9**	**42**	**121**	**–1,255**	**–1,076**
	Q3 2013	**41**	**6**	**36**	**505**	**–49**	**540**
	Q2 2013	**27**	**7**	**54**	**332**	**–129**	**292**
	Q1 2013	**37**	**7**	**47**	**326**	**–120**	**298**
Non-controlling interests	Q1 2014	–1	–	–	–14	7	–9
	Q4 2013	–1	–	–1	25	38	60
	Q3 2013	–2	–	–	–11	1	–13
	Q2 2013	–1	–	–	–21	14	–8
	Q1 2013	–2	–	1	–19	6	–14
NET PROFIT OR LOSS ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY BEFORE PPA	**Q1 2014**	**32**	**9**	**43**	**263**	**3**	**350**
	Q4 2013	**6**	**9**	**40**	**146**	**–1,217**	**–1,016**
	Q3 2013	**39**	**6**	**36**	**494**	**–48**	**527**
	Q2 2013	**26**	**7**	**54**	**310**	**–114**	**284**
	Q1 2013	**35**	**7**	**49**	**307**	**–114**	**284**
Purchase Price Allocation effect	Q1 2014	–	–	–	–	–	–
	Q4 2013	–	–	–	–	–	–
	Q3 2013	–	–	–	–	–	–
	Q2 2013	–	–	–	–	–	–
	Q1 2013	–	–	–	–	–	–
Goodwill impairment	Q1 2014	–	–	–	–	–	–
	Q4 2013	–	–	–	–9	–1,661	–1,670
	Q3 2013	–	–	–	–	–3	–3
	Q2 2013	–	–	–	–	–3	–3
	Q1 2013	–	–	–	–	–3	–3
NET PROFIT OR LOSS ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**Q1 2014**	**32**	**9**	**43**	**263**	**3**	**350**
	Q4 2013	**6**	**9**	**40**	**137**	**–2,879**	**–2,686**
	Q3 2013	**39**	**6**	**36**	**494**	**–50**	**525**
	Q2 2013	**26**	**7**	**54**	**310**	**–117**	**281**
	Q1 2013	**35**	**7**	**49**	**307**	**–117**	**281**
Risk-weighted assets (RWA) (avg.) [2]	**Q1 2014**	**17,309**	**604**	**8,400**	**80,986**	**14,016**	**121,314**
	Q4 2013	**17,274**	**600**	**8,603**	**80,966**	**13,071**	**120,515**
	Q3 2013	**17,417**	**597**	**8,522**	**84,158**	**13,444**	**124,137**
	Q2 2013	**17,624**	**615**	**9,285**	**87,095**	**14,997**	**129,617**
	Q1 2013	**17,974**	**833**	**9,940**	**87,093**	**16,429**	**132,268**

Segment reporting (CONTINUED)

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST) [1]
Loans to customers (end of period)	**Q1 2014**	**39,723**	**636**	**14,161**	**54,606**	**5,134**	**114,259**
	Q4 2013	**39,901**	**644**	**13,581**	**55,911**	**5,428**	**115,466**
	Q3 2013	**40,195**	**642**	**14,145**	**57,596**	**5,477**	**118,056**
	Q2 2013	**40,710**	**627**	**14,757**	**57,363**	**6,204**	**119,661**
	Q1 2013	**40,758**	**592**	**14,864**	**58,092**	**5,744**	**120,051**
Primary funds (end of period) [3]	**Q1 2014**	**40,518**	**8,585**	**8,886**	**47,452**	**18,661**	**124,103**
	Q4 2013	**40,300**	**7,686**	**9,191**	**49,609**	**17,494**	**124,280**
	Q3 2013	**39,213**	**7,969**	**8,872**	**46,123**	**16,641**	**118,818**
	Q2 2013	**41,201**	**7,821**	**9,186**	**45,971**	**16,487**	**120,666**
	Q1 2013	**42,442**	**7,761**	**9,776**	**46,303**	**16,179**	**122,461**
Cost/income ratio excl. bank levy in %	*Q1 2014*	*73.9*	*70.3*	*41.2*	*42.8*	*n.m.*	*56.5*
	Q4 2013	*75.9*	*67.7*	*38.3*	*38.5*	*n.m.*	*51.0*
	Q3 2013	*74.1*	*72.2*	*42.2*	*33.2*	*n.m.*	*45.4*
	Q2 2013	*75.4*	*73.0*	*34.9*	*38.5*	*n.m.*	*51.9*
	Q1 2013	*73.7*	*73.9*	*36.0*	*39.5*	*n.m.*	*53.5*
Risk/earnings ratio in % [4]	*Q1 2014*	*17.8*	*0.7*	*15.7*	*21.2*	*n.m.*	*20.8*
	Q4 2013	*0.8*	*1.9*	*18.1*	*68.5*	*n.m.*	*54.5*
	Q3 2013	*19.7*	*1.7*	*15.8*	*22.2*	*n.m.*	*21.9*
	Q2 2013	*18.8*	*1.2*	*13.8*	*28.2*	*n.m.*	*26.1*
	Q1 2013	*19.7*	*1.7*	*14.1*	*27.0*	*n.m.*	*24.9*

1) Quarterly figures based on unaudited recast data only.
2) Turkey included on the basis of proportionate consolidation. Corporate Center: including Kazakhstan (until disposal).
3) Primary funds: deposits from customers and debt securities in issue.
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

Risk report

Liquidity risks in Ukraine and Russia

Ukraine
The political crisis in Ukraine led to material **depreciation of Ukraine's currency (UAH)** and an interest **rate increase in funding** rates. The current situation in the country has an impact on commercial activity. Ukrsotsbank (USB) has closed its operations in Crimea. A further worsening of the political and economic situation must be expected.

The customer **deposit base in UAH** decreased by 17 % in Q1 2014 but could be kept stable until the end of April. As far as liquidity is concerned, USB is in constant contact with the local central bank.

The bank holds about UAH 2.2 billion of collateral (Ukraine government bonds) which can be used for UAH refinancing with the local central bank beyond an eligible corporate bond portfolio of UAH 0.5 billion and a collateral free National Bank of Ukraine (NBU) facility of UAH 0.2 billion. NBU has extended the eligible collateral definition to certain loan categories, the positive impact on the eligible collateral is assessed at about UAH 1 billion.

The overall **bank´s liquidity position** could be kept stable in recent weeks also due to a strong focus on deposit retention and restrictive lending practice.

Russia
The political **crisis in Ukraine** triggered major negative economic impacts on the Russian economy. **Currency depreciation and material rate increases** during the first quarter of 2014 had led to (mainly) revaluation losses in the bond and interest rate position of UniCredit Bank Russia.

The recent **sovereign rating downgrade** (to BBB–) with a negative outlook will affect the economic situation.

UniCredit Bank Russia currently is still **not experiencing deposit outflows which exceed normal fluctuations**, just the usual short-term deposit seasonal outflows of corporate customers. Additional economic sanctions (especially oil industry) could potentially change the situation.

The bank is **compliant** with all external and internal **liquidity limits and ratios**. Severe outflow assumptions in a stress test can be covered with the existing counterbalancing capacity.

FX and local money markets continue to operate with sufficient liquidity, despite the tension on markets due to the political situation.

Country 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 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 counterparty limits. The overall bond exposure is monitored via nominal credit risk limits and market risk limits.
Any impairment losses are recognised according to international standards.

Central and Eastern Europe / Slovenia, Ukraine and Russia
In view of the difficult situation in Slovenia, UniCredit Group has taken prudent risk-mitigating measures. UniCredit is monitoring the situation and its portfolio and has limited business via a watch list strategy.

Political and economic developments in Ukraine are a particular focus of attention. The entire exposure is controlled via specific crisis strategies and closely monitored. Risk-mitigating measures have also been taken with regard to the portfolio relating to Russian customers, in the context of the sanctions which have been imposed.

Large sovereign exposures for countries in Central and Eastern Europe (e.g. Russia, Hungary, Romania, Croatia) mainly result from excess liquidity management of Bank Austria banking subsidiaries or guarantees from the respective sovereign provided to support local (i.e. Bank Austria banking subsidiaries in e.g. Serbia, Croatia) corporate business. Both are monitored and limited within the framework of credit risk management.

Risk report (CONTINUED)

Within the Group's sovereign exposures as at 31 March 2014, the carrying amount of sovereign debt securities as at 31 March 2014 was €17,495 million, of which about 97% concentrated on ten countries. For each of the ten countries, the table below shows the carrying amount of the exposures broken down by portfolio as at 31 March 2014.

Breakdown of sovereign debt securities by country and portfolio

(€ million)

	31 MARCH 2014	31 DEC. 2013
COUNTRY/PORTFOLIO	BOOK VALUE	BOOK VALUE
Austria	**8,361**	**6,882**
HFT financial assets/liabilities (net exposures) *)	–	–
Financial assets at FV through P&L	–	–
Available for sale	8,232	6,755
Loans and receivables	–	–
Held-to-maturity investments	129	127
Czech Republic	**1,952**	**1,966**
HFT financial assets/liabilities (net exposures) *)	104	96
Financial assets at FV through P&L	138	232
Available for sale	1,710	1,638
Loans and receivables	–	–
Held-to-maturity investments	–	–
Hungary	**1,814**	**1,949**
HFT financial assets/liabilities (net exposures) *)	88	74
Financial assets at FV through P&L	–	–
Available for sale	1,720	1,859
Loans and receivables	–	7
Held-to-maturity investments	6	9
Romania	**1,151**	**1,213**
HFT financial assets/liabilities (net exposures) *)	22	–
Financial assets at FV through P&L	–	–
Available for sale	1,128	1,213
Loans and receivables	–	–
Held-to-maturity investments	–	–
Croatia	**845**	**826**
HFT financial assets/liabilities (net exposures) *)	15	8
Financial assets at FV through P&L	–	–
Available for sale	830	818
Loans and receivables	–	–
Held-to-maturity investments	–	–
Russia	**741**	**598**
HFT financial assets/liabilities (net exposures) *)	11	82
Financial assets at FV through P&L	–	–
Available for sale	730	516
Loans and receivables	–	–
Held-to-maturity investments	–	–
Bulgaria	**655**	**532**
HFT financial assets/liabilities (net exposures) *)	8	7
Financial assets at FV through P&L	1	1
Available for sale	578	455
Loans and receivables	6	7
Held-to-maturity investments	61	63

Risk report (CONTINUED)

COUNTRY/PORTFOLIO	31 MARCH 2014 BOOK VALUE	31 DEC. 2013 BOOK VALUE
Italy	**521**	**563**
HFT financial assets/liabilities (net exposures) *)	–	–
Financial assets at FV through P&L	–	–
Available for sale	520	563
Loans and receivables	–	–
Held-to-maturity investments	1	1
Slovakia	**513**	**516**
HFT financial assets/liabilities (net exposures) *)	3	9
Financial assets at FV through P&L	–	–
Available for sale	503	499
Loans and receivables	–	–
Held-to-maturity investments	7	7
Serbia	**439**	**419**
HFT financial assets/liabilities (net exposures) *)	9	8
Financial assets at FV through P&L	–	–
Available for sale	430	411
Loans and receivables	–	–
Held-to-maturity investments	–	–
Other countries	**504**	**443**
HFT financial assets/liabilities (net exposures) *)	28	27
Financial assets at FV through P&L	–	–
Available for sale	457	397
Loans and receivables	–	–
Held-to-maturity investments	19	19
TOTAL	**17,495**	**15,908**
thereof:		
Slovenia	**244**	**188**
Greece	**2**	**2**
Portugal	**33**	**30**
Spain	**6**	**6**
shown under held for sale:		
Ukraine	**157**	**214**

*) Including exposures in credit derivatives

Breakdown of sovereign debt securities by portfolio

(€ million)

	31 MARCH 2014					
	HELD FOR TRADING (NET EXPOSURES)	FINANCIAL ASSETS AT FAIR VALUE	AVAILABLE-FOR-SALE FINANCIAL ASSETS	LOANS	HELD-TO-MATURITY INVESTMENTS	TOTAL
Book value of sovereign portfolio	290	139	16,838	6	222	17,495
Total portfolio of debt securities	399	177	20,708	706	624	22,614
% Portfolio	72.66 %	78.51 %	81.31 %	0.91 %	35.55 %	77.36 %
	31 DEC. 2013					
	HELD FOR TRADING (NET EXPOSURES)	FINANCIAL ASSETS AT FAIR VALUE	AVAILABLE-FOR-SALE FINANCIAL ASSETS	LOANS	HELD-TO-MATURITY INVESTMENTS	TOTAL
Book value of sovereign portfolio	312	233	15,124	14	226	15,908
Total portfolio of debt securities	495	271	18,990	754	633	21,143
% Portfolio	62.88 %	85.99 %	79.64 %	1.83 %	35.66 %	75.24 %

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

Risk report (CONTINUED)

In addition to the exposures to sovereign debt securities, loans to central and local governments and other governmental bodies must be taken into account. The table below shows the total amount of loans to countries where the overall exposure exceeded €100 million as at 31 March 2014; these countries accounted for 93% of the total.

Breakdown of sovereign loans by country

(€ million)

COUNTRY	31 MARCH 2014 BOOK VALUE*)	31 DEC. 2013 BOOK VALUE*)
Austria	5,240	4,888
Croatia	2,463	2,567
Indonesia	452	468
Slovenia	229	228
Bosnia and Herzegovina	211	216
Bulgaria	174	167
Hungary	153	187
Serbia	149	137
Philippines	118	118
Other	705	678
TOTAL ON-BALANCE SHEET EXPOSURE	**10,009**	**9,769**
shown under held for sale:		
Ukraine	22	33

*) Sovereign loans are loans granted to central and local governments and other public sector entities.

Credit risk

In the first quarter of 2014 (Q1 2014), risk costs of **Bank Austria** were €190 million, significantly lower than for the same period of the previous year (Q1 2013: €242 million).

The provisioning charge in **Austria** showed a satisfactory trend, reaching €43 million (Q1 2014) in the Retail & Corporates business segment and €13 million (Q1 2014) in Corporate & Investment Banking (CIB); overall, net write-downs of loans and provisions for guarantees and commitments were slightly lower than in the same period of the previous year.

Net write-downs of loans and provisions for guarantees and commitments in the **CEE Division** in the first quarter of 2014 amounted to €134 million (Q1 2013: €188 million). The most significant improvements compared with the first quarter of 2013 were seen in Bulgaria, Romania and Serbia, mainly reflecting the stable development of the loan portfolio. The CEE business segment in UniCredit Bank Austria AG also made a strong contribution to the improvement.
The provisioning charge of €17 million at the banking subsidiary in Russia more or less matched the figure for the same period of the previous year. To keep the future impact of current events on the loan portfolio to a minimum, the credit risk strategy was adjusted to reflect the current situation. The credit risk strategy in respect of the Ukrainian banking subsidiary (held for sale) was also adjusted through restrictive requirements for all customer groups and products, and lending in regions or cities which are very strongly affected has been frozen.

Operational risk

In UniCredit Bank Russia, no direct operational risk losses have occurred so far in connection with the current crisis in Ukraine.

Legal risks

There have been no significant events regarding legal risks since the Annual Report as at 31 December 2013.

Additional disclosures

Employees

Share-based payments

The Management Board and selected key management personnel of Bank Austria participate in UniCredit Group's incentive scheme for share-based payments. The share-based payment arrangements relate to Stock Options, Performance Shares and Restricted Shares based on shares in the parent company UniCredit S.p.A. (UCI).

UniCredit calculates the economic value of the share-based payment arrangements on a uniform basis for the entire Group and provides the Group companies with the relevant information. In the Bank Austria Group, the total amount recognised in the income statement for the first three months of 2014 is €2 million.

No new Stock Options Plans were granted during 2014.

Full-time equivalents

	Q1 2014	2013
Salaried staff	37,739	55,377
Other employees	45	66
TOTAL *)	**37,784**	**55,443**
of which: in Austria	*7,166*	*7,306*
of which: abroad	*30,618*	*48,137*

*) 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 period

As part of the restructuring of the Group's leasing business, six Romanian subsidiaries of UniCredit Leasing SpA were taken over by UniCredit Tiriac Bank, Bucharest, in April 2014.

Additional disclosures (CONTINUED)

Consolidated capital resources and risk-weighted assets

(€ million)

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

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

Risk-weighted assets

(€ million)

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

Capital ratios

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

*) based on all risks

The Management Board

Willibald Cernko	**CEO Support Services (Chairman)**
Gianni Franco Papa	**CEE Banking Division (Deputy Chairman)**
Helmut Bernkopf	**Commercial Banking Division (Retail & Corporates)**
Francesco Giordano	**CFO Finance**
Dieter Hengl	**Corporate & Investment Banking Division**
Jürgen Kullnigg	**CRO Risk Management**
Doris Tomanek	**Human Resources Austria & CEE**
Robert Zadrazil	**Private Banking Division**

Vienna, 28 April 2014

Willibald Cernko

Gianni Franco Papa

Helmut Bernkopf

Francesco Giordano

Dieter Hengl

Jürgen Kullnigg

Doris Tomanek

Robert Zadrazil

Investor Relations

UniCredit Bank Austria AG / Corporate Relations

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Ratings

	LONG-TERM	SUBORDINATED LIABILITIES	SHORT-TERM
Moody's[1)]	Baa2	Ba2	P-2
Standard & Poor's[2)]	A–	BBB–	A-2

Public-sector covered bonds of Bank Austria are rated Aaa by Moody's and mortgage bonds of Bank Austria are rated Aa1 by Moody's.

1) Grandfathered debt is rated Aa3, grandfathered subordinated debt is rated A1.
2) Grandfathered debt is rated AA–, grandfathered subordinated debt is also rated AA–.

Financial calendar

6 August 2014	Publication of the half-year results as of 30 June 2014
12 November 2014	Publication of the results as of 30 September 2014
All information is available electronically at http://ir.bankaustria.at	

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

Publisher and media owner:
UniCredit Bank Austria AG
A-1010 Vienna, Schottengasse 6–8
Tel.: + 43 (0)5 05 05-0
Fax: + 43 (0)5 05 05-56155
Internet: www.bankaustria.at
e-mail: info@unicreditgroup.at
BIC: BKAUATWW
Austrian bank routing code: 12000
Register of Firms: FN 150714p
Data Processing Register number: 0030066
VAT registration number: ATU 51507409

Editor: Planning & Controlling Austria
External Reporting, Michael Trischler

Creative concept: Orange 021

Design, graphic development and composition: Mercurio GP© – Milan

Graphics: www.horvath.co.at

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

Persons (Management Board) authorised to represent the media owner:
Willibald Cernko (Chairman of the Management Board), Gianni Franco Papa (Deputy Chairman of the Management Board), Helmut Bernkopf, Jürgen Kullnigg, Francesco Giordano, Dieter Hengl, Doris Tomanek, Robert Zadrazil.

Supervisory Board of the media owner:
Erich Hampel (Chairman of the Supervisory Board), Paolo Fiorentino (Deputy Chairman of the Supervisory Board), Alessandro Decio, Wolfgang Heinzl, Olivier Nessime Khayat, Johannes Koller, Adolf Lehner, Alfredo Meocci, Roberto Nicastro, Vittorio Ogliengo, Emmerich Perl, Franz Rauch, Karl Samstag, Wolfgang Sprißler, Ernst Theimer, Robert Traunwieser, Barbara Wiedernig.

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 Interim 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.