Bank Austria Member of UniCredit

Bank Austria IR Release

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Bank Austria's results for the first half of 2016[1]:

Net profit of Bank Austria up by 27.7 per cent to EUR 626 million

- **Growth in lending volume and customer deposits in Austria and in Central and Eastern Europe (CEE)**
  - Lending volume totals EUR 118 billion, an increase of 0.8 per cent over the previous year
  - Customer deposits grow by 4.7 per cent to EUR 113 billion compared with the first half of the previous year
- **Operating costs down by 2.4 per cent on account of strict cost management**
  - In Austria, operating costs were reduced by 6.1 per cent compared with the previous year
- **Excellent risk management: net write-downs of loans amount to EUR 290 million, down by 26 per cent on the same period of the previous year**
- **Significant improvement in operating performance: net operating profit up by 26.6 per cent to EUR 1,252 million**
- **Bank levies and other systemic charges, largely recognised in the first half of 2016 for the full year, rise by 29.8 per cent to a new record level of EUR 227 million**
- **Profit before tax up by 3.1 per cent to EUR 832 million; without the following effects it would have increased by an additional EUR 73 million or a total of 12.2 per cent:**
  - Positive effect of EUR 183 million from the sale of the equity interest in Visa-Europe (net, after tax and minorities: EUR 131 million)
  - Negative net effect of EUR 204 million resulting from the increase in the provision for the planned transfer of the defined-benefit obligation for active employees to the Austrian state pension system
  - Total charge for bank levies and other systemic charges up by EUR 52 million compared with the previous year
- **Net profit rises by 27.7 per cent to EUR 626 million**
- **Total capital ratio[2] at 15.5 per cent, up by 0.6 percentage points on year-end 2015;**
  Common Equity Tier 1 capital ratio[2] at 11.7 per cent, also up by 0.6 percentage points
- **Excellent direct funding ratio underlines the bank's strong liquidity position**
  - Loans to customers funded with customer deposits and debt securities in issue to the extent of 118.5 per cent

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[1] To ensure comparability, the comparative figures for the first half of 2015 have been adjusted to reflect the consolidation perimeter and business structure in 2016. For the purposes of this presentation, the CEE Division, which is classified as held for sale in accordance with IFRS 5, continues to be included with its contributions to the various items of the income statement and of the statement of financial position.

[2] Capital ratios are calculated in conformity with Basel 3 transitional arrangements, including net profit for the first six months.

Bank Austria's CEO Robert Zadrazil: "Operating performance from customer business was satisfactory, despite a persistently challenging market and interest rate environment. We achieved a significant increase in net operating profit due to strict cost management and an excellent risk performance in both Austria and CEE. The total charge for bank levies and other systemic charges reached a new record level of about EUR 227 million and the amendment to the Austrian General Social Insurance Act passed by the Austrian parliament had a one-off impact. This was partly offset by proceeds from the sale of the equity interest in Visa-Europe. On this basis, net profit was EUR 626 million, up by almost 28 per cent on the same period of the previous year, a highly respectable performance in the current environment."

Items in the income statement[3]

Net interest continued to be the most important income component, accounting for 54.8 per cent of total operating income. In the first half of 2016, net interest declined slightly, by 1.7 per cent to EUR 1,665 million (1-6 2015: EUR 1,693 million), reflecting persistently low interest rates.

Dividend income and other income from equity investments increased by 22.9 per cent to EUR 288 million (1-6 2015: EUR 234 million). Income from the Turkish joint venture is the largest component within this item.

Net fees and commissions were EUR 693 million, a slight decline of 2.9 per cent from the same period of the previous year (1-6 2015: EUR 714 million).

Net trading, hedging and fair value income was EUR 270 million, up by 16.9 per cent compared with the same period of the previous year (1-6 2015: EUR 231 million). The increase is mainly due to proceeds from the sale of the equity interest in Visa-Europe.

Total **operating income** in the first six months of 2016 amounted to EUR 3,036 million, an increase of 4.3 per cent over the same period of the previous year (1-6 2015: EUR 2,912 million) which is mainly due to significantly higher dividend income and other income from equity investments and to an improvement in net trading income.

Operating costs totalled EUR 1,495 million, down by 2.4 per cent on the same period of the previous year (1-6 2015: EUR 1,531 million); within the total figure, operating costs in Austria were reduced by 6.1 per cent to EUR 756

[3] To ensure comparability, the comparative figures for the first half of 2015 have been adjusted to reflect the consolidation perimeter and business structure in 2016. For the purposes of this presentation, the CEE Division, which is classified as held for sale in accordance with IFRS 5, continues to be included with its contributions to the various items of the income statement. The income statement items relating to Ukrsotsbank continue to be reflected in the item "Total profit or loss after tax from discontinued operations". The profit contribution from the Turkish joint venture is included in the item "Dividend income and other income from equity investments".

million (1-6 2015: EUR 805 million). On this basis, the cost/income ratio in Austrian business is currently 76.6 per cent (79.2 per cent in the previous year).

Operating profit increased by 11.7 per cent to EUR 1,542 million compared with the first half of the previous year (1-6 2015: EUR 1,381 million), mainly as a result of revenue growth in CEE, cost reductions in Austria and proceeds from the sale of the equity interest in Visa-Europe.

Net write-downs of loans and provisions for guarantees and commitments in the first half of 2016 were EUR 290 million, down by 26.0 per cent (1-6 2015: EUR 391 million). In Austria, large recoveries on loans previously written off resulted in a net release of loan loss provisions of EUR 40 million in the first six months of 2016. The provisioning charge in CEE declined by 16.5 per cent to EUR 330 million (1-6 2015: EUR 395 million), reflecting the favourable trend in lending business recorded in almost all countries in Central and Eastern Europe.

Net operating profit – i.e. operating profit less net write-downs of loans, the key measure of operating performance – increased by 26.6 per cent to EUR 1,252 million for the first half of 2016 (1-6 2015: EUR 989 million), due to excellent risk management, cost reductions and the sale of the equity interest in Visa-Europe.

Cost growth in the operating divisions was successfully contained through strict cost management. These efforts were offset, however, by further increases in bank levies and other systemic charges. These charges, shown among non-operating income and expenses in the item "Systemic charges", were largely recognised in the first quarter of 2016 for the full year.

The balance of **non-operating income/expenses** between net operating profit and profit before tax in the first half of 2016 was a net charge of minus EUR 421 million compared with a net charge of minus EUR 183 million in the same period of the previous year. Within the non-operating items, the largest single item was the addition to the provision for the planned transfer of the defined-benefit obligation for active employees to the Austrian state pension system; the provision had to be increased by EUR 444 million following the amendment to the Austrian General Social Insurance Act passed by the Austrian parliament. Integration/restructuring costs therefore reflect a net effect of minus EUR 210 million.

Among the non-operating items, costs were also driven by **bank levies and other systemic charges**, which rose by a combined 29.8 per cent or EUR 52 million to EUR 227 million (1-6 2015: EUR 175 million) as a result of the rules at EU level concerning contributions to bank resolution funds and deposit guarantee schemes, under which the relevant charges had to be largely recognised in the first quarter for the full year 2016. The total charge for bank levies and other systemic charges has thus reached a level that is equal to 30 per cent of total payroll costs in Austria and CEE.

In Austria, bank levies and other systemic charges totalled EUR 125 million, of which EUR 68 million related to the bank levy (1-6 2015: EUR 66 million) and EUR 57 million related to contributions to the deposit guarantee scheme and the bank resolution fund. In CEE the total charge was EUR 102 million, of which bank levies (in Hungary and Slovakia) accounted for EUR 17 million and other systemic charges totalled EUR 85 million, which were recognised in the first half of 2016 for the full year. Within this total amount, EUR 48 million contributed to the bank resolution funds in Hungary, Bulgaria, Croatia, Slovenia, Romania, and the Czech Republic and Slovakia. The contribution in CEE countries to deposit guarantee schemes totalled EUR 37 million in the first half of 2016.

Profit before tax for the first half of 2016 was EUR 832 million, up by 3.1 per cent on the same period of the previous year (1-6 2015: EUR 806 million). **Net profit** increased by 27.7 per cent to EUR 626 million (1-6 2015: EUR 490 million); the comparative figure for the first half of the previous year reflects a negative impact of EUR 202 million from the Ukrainian banking subsidiary.

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

- The cost/income ratio was 49.2 per cent (1-6 2015: 52.6 per cent).
- The risk/earnings ratio (net write-downs of loans as a percentage of net interest income) improved to 14.8 per cent (1-6 2015: 20.3 per cent).
- The total capital ratio[4] (based on all risks) rose to 15.5 per cent (year-end 2015: 14.9 per cent).
- The Common Equity Tier 1 capital ratio[4] (based on all risks) improved to 11.7 per cent (year-end 2015: 11.0 per cent).

Mirko Bianchi, Chief Financial Officer of Bank Austria: "In the first half of 2016, Bank Austria's capital ratios continued to improve compared with their year-end 2015 levels: the total capital ratio is an excellent 15.5 per cent, an increase of 0.6 percentage points. Our Common Equity Tier 1 capital ratio also rose by 0.6 percentage points to an excellent 11.7 per cent. As at 30 June 2016, total regulatory capital was EUR 20.0 billion, an increase of about EUR 900 million over year-end 2015. As the total volume of deposits continued to grow, our long-term liquidity position improved further. The loans/direct funding ratio is currently at an excellent 84.4 per cent. This means that loans and receivables with customers are more than fully covered by customer deposits and debt securities in issue."

Results of the Divisions

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

[4] Capital ratios are calculated in accordance with Basel 3 transitional arrangements, including net profit for the first six months.

Profit before tax generated by the **Retail & Corporates** Division in the first half of 2016 was EUR 188 million, up by a strong 17.5 per cent (1-6 2015: EUR 160 million) as operating income rose slightly, by 2.6 per cent, with a positive contribution coming from a one-off effect (share buyback of Visa), and costs were reduced by 5.9 per cent thanks to strict cost discipline.

A number of growth initiatives in the first half of 2016 were targeted at private customers, small businesses and independent professionals. Bank Austria once more underlined its innovation leadership position in mobile online services by launching the new Bank Austria app: the mobile wallet. The app includes the "more money quickly" function. Bank Austria is the only bank in Austria to offer this feature, which customers can use to increase the card limit locally at a shop within seconds. Bank Austria remains committed to its modern branch concept and advisory services approach, investing a total of EUR 100 million in new and existing branches and in advisory services for customers. The bank is thereby giving branches and the online marketplace, including the Online-Shop and the online branch, equal weight as channels for product sales and advisory services. Following the great success of 100 real estate specialists, we will additionally make the expertise of about 100 investment specialists available to customers by the year-end. This innovative approach to advisory services for all private customers and small businesses as well as independent professionals will be rolled out to all Bank Austria branches by the end of 2016 – the specialists are either present at the branches or provide their services via video calls during customers' talks with relationship managers.

Since 1 January 2016 we have served small businesses and independent professionals whose turnover does not exceed EUR 3 million through the retail banking network. The number of locations where independent professionals and small businesses are being served has been almost doubled to 54.

Although financing terms were extremely favourable, the first half of 2016 continued to see only moderate investment propensity on the part of corporate customers and credit demand was low. Nevertheless, the volume of loans to corporate customers rose slightly on account of our close contact with customers.
Responsibility for serving independent professionals and small businesses was transferred to the retail banking network. This has enabled us to sharpen the focus on medium-sized and large companies in Austria and on our "strategic finance partner" service approach. Moreover, in the first half of 2016, the UniCredit International Center together with the teams of all regions successfully started an initiative to win new customers, with Bank Austria working together with UniCredit partner banks to provide assistance to Austrian companies for their international activities. The market leadership position in the area of guarantees was further expanded in the first six months of 2016.

At the end of June 2016, Total Financial Assets of the **Private Banking** Division amounted to EUR 23.6 billion, an increase of 2.8 per cent over June 2015. Growth of 1.8 per cent in the first six months resulted mainly from segregated accounts, the core strategic area of the Private Banking Division. Nevertheless, profit before tax in the first half of 2016 fell by 34.8 per cent, to EUR 16.4 million. This was mainly due to three factors: net interest income reflected the ongoing period of low interest rates; increased market volatility led many customers to stay invested in very traditional asset classes with little need for advisory services; and results were impacted by a 39 per cent increase in systemic charges including the bank levy.

Against the background of persistently low interest rates, Private Banking benefited from its strength in segregated accounts and continued to pursue growth. Volume in this area increased by 13.1 per cent compared with the same period of the previous year, reflecting price gains in the portfolio and substantial net inflows of funds. Moreover, Bank Austria Private Banking expanded its position as innovation leader in the Austrian private banking market with its new UNIVERS service model, which features a transparent global fee and permits clients to make investment decisions without having to consider transaction fees. In the first full year after it was introduced across Austria in 2015, clients opted for this service model to the extent of almost one billion euros.

The **Corporate & Investment Banking (CIB)** Division generated a profit before tax of EUR 104 million in the first six months of 2016 (1-6 2015: EUR 108 million). Export finance and business in the extended international markets showed a particularly favourable trend. Structured acquisition finance also picked up towards the middle of the year. The trend in standard lending business in Austria was moderate as credit demand remained weak and customers enjoyed strong credit ratings. In the areas of cash management, trade finance and supply chain finance, CIB won mandates from a number of renowned Austrian and multinational customers. UniCredit's competitive strengths compared with local and international banks have been brought to bear in these areas. The position of UniCredit in these markets is being steadily expanded and its visibility is being enhanced. The decline in profits was due to two factors in particular: operating income declined because the comparative figure for the first half of the previous year included one-off double-digit income from an acquisition finance transaction. And CIB's profit reflected the combined impact of the charges for a provision, the bank levy and the contribution to the single resolution fund, which were significantly higher than in the first half of 2015.

The first half of 2016 was characterised by a highly competitive market environment in combination with moderate credit demand, reflecting companies' strong cash flow position and the low level of investment activity. CIB achieved strong double-digit growth in structured finance, project finance and structured trade & export financings. July saw the signing of the InnovFin SME agreement with the European Investment Fund, making Bank Austria the first bank in Austria to grant loans on favourable terms and conditions with a total volume of up to EUR 200 million to innovative Austrian companies on the basis of a guarantee provided by the European Investment Fund (EIF). Bank Austria is thereby making a significant contribution to stimulating investment activity in Austria.

CIB also further expanded its leading market position in business with multinational companies in the first half of 2016. Intensive marketing efforts made by CIB in the extended core markets of Scandinavia, Spain and Portugal, and with regard to selected customers in South Africa, continued in the first six months of 2016. The successful conclusion of large-volume financing transactions in these regions contributed to significant growth in the structured finance segment. The opening of a branch of UniCredit in Spain strengthened the local presence and is an essential success factor which will benefit future activities.

In the first half of 2016 the **CEE Division** again achieved a strong operating profit of EUR 1,310 million (H1 2015: EUR 1,170 million), reflecting positive contributions from across the region and all product lines. At current rates the figure was up by 12 per cent compared to the same period of the previous year, adjusted for exchange rate movements the increase was 19 per cent.

Operating income has shown a sound development, with higher net trading income of EUR 253 million (H1 2015: EUR 169 million), increased other income from equity investments of EUR 228 million (H1 2015: EUR 165 million) and net fees and commissions of EUR 364 million (H1 2015: EUR 351 million), additionally supported by the sale of VISA shares in several countries. Net interest income amounted to EUR 1,180 million (H1 2015: EUR 1,200 million). Stronger revenues clearly compensated for slightly increased operating costs, which were up by 1.8 percent at EUR 739 million compared to last year (H1 2015: EUR 726 million). Additions to loan loss provisions in the first half of 2016 were lower in most CEE countries. Thus profit before tax generated by the CEE Division was EUR 877 million (H1 2015: EUR 681 million) in the first half of 2016, which corresponds to a plus of 28.9 per cent at current rates and 38.2 per cent at constant rates.

Net consolidated profit (after minorities) of the CEE Division was EUR 707 million (H1 2015: EUR 346 million), which means a plus of 104 per cent at current rates and 141 per cent at constant rates compared to the same period of the previous year.

The UK's decision to leave the EU has altered the outlook for Central and Eastern Europe. Although its near-term impact should be limited and largely contained by renewed Fed dovishness and ECB easing, the medium-term fallout will be significant, not so much from Brexit itself but from the hit on growth and confidence in the rest of the EU it will have. Most of the impact will be felt next year, with its magnitude depending on the degree of openness and integration in the euro area for each economy and the scope for counter-cyclical policy actions. The weaker growth outlook should not put financial stability at risk.

"The transfer of the CEE Division directly under the roof of UniCredit is fully on track and it is expected to be completed by year-end 2016 as announced. The new structure to be put in place aims at preserving the current CEE team expertise for our customers and ensuring maximum continuity for our regional business", said Carlo Vivaldi, Deputy Chairman of the Management Board and Head of the CEE Division at Bank Austria, "In the first six months of 2016, the CEE Division has again shown an excellent performance and it has proven its efficiency. Until year-end we will put an even stronger focus on customer acquisition, loan growth, fees & commissions and digital transformation."

The CEE Division manages a network of about 2,300 branches (including the Turkish joint venture, which is accounted for using the equity method) in 13 countries in the region with about 47,700 employees. The Group continues to see itself as a long-term investor in this region and will expand its leading market position through sustainable growth in the coming years.

Statement of financial position[5]

Bank Austria's **total assets** as at 30 June 2016 were EUR 193.8 billion[6], up by EUR 0.2 billion and thus only slightly higher than at the end of the previous year (31 December 2015: EUR 193.6 billion).

On the assets side, **loans and receivables with customers** were EUR 118.2 billion, up by 1.5 per cent or EUR 1.8 billion (31 December 2015: EUR 116.4 billion). **Loans and receivables with banks** declined by 15.5 per cent to EUR 27.2 billion (31 December 2015: EUR 32.2 billion).

On the liabilities side, **deposits from customers** rose by 2.4 per cent or EUR 2.7 billion to EUR 113.0 billion (31 December 2015: EUR 110.3 billion); the increase reflects growth in both Austria and CEE. **Debt securities in issue** declined by 7.5 per cent or EUR 2.2 billion to EUR 26.6 billion (31 December 2015: EUR 28.8 billion). **Direct funding** – i.e. the sum total of customer deposits, debt securities in issue and financial liabilities at fair value – totalled EUR 140.1 billion, up by 0.3 per cent or EUR 0.4 billion. This gives an excellent **loans/direct funding ratio** of 84.4 per cent, which means that customer loans are covered by customer deposits and debt securities in issue to the extent of 118.5 per cent.

Staff numbers in the Bank Austria Group including the CEE subsidiaries totalled 54,424[7] (full-time equivalents – FTEs) as at 30 June 2016 (30 June 2015: 55,146 FTEs). Of the total number, 6,739 FTEs were employed in the Bank Austria Group in Austria and 47,685 FTEs in CEE countries.

[5] Comparisons based on published figures for the previous year.
[6] Shareholding interest in Yapı Kredi in Turkey accounted for using the equity method (i.e. included only in the item "Investments in associates and joint ventures").
[7] Including the employees of the Turkish joint venture, which is accounted for using the equity method.

Asset Quality

Net impaired loans declined to EUR 4.0 billion (-11.6 % year to date) while the coverage ratio rose to a sound 58.7 % (+2.5 percentage points year to date). This means that asset quality at Bank Austria continued to develop positively. Gross impaired loans (EUR 9.7 billion) declined both in CEE (EUR 6.8 billion, -5.2 % year to date) and – due to a continuously favourable development - in Austria, where gross impaired loans totalled EUR 2.9 billion (-9.1 % year to date). The share of non-performing loans was 7.8 % (gross) resp. 3.4 % (net) and also was lower both in CEE and in Austria than as of the end of the previous year.

Regulatory capital resources and risk-weighted assets[8]

Regulatory capital, capital requirements and regulatory capital ratios are calculated in accordance with the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD IV) to implement Basel 3 in the European Union. Under the Austrian CRR Supplementary Regulation of 11 December 2013, these provisions are not yet fully applicable but will be gradually introduced over several years. For example, new deductions from Common Equity Tier 1 capital or capital components which are no longer eligible for inclusion under Basel 3 are not yet allowed to be fully taken into account pursuant to CRR / CRD IV in the second year of the transition period but to the extent defined for 2016 in the Austrian CRR Supplementary Regulation.

Total regulatory capital[9] as at 30 June 2016 was EUR 20.0 billion, up by EUR 0.9 billion on the end of the previous year.

As at 31 March 2016, the **total capital ratio**[10] based on all risks improved to 15.5 % (31 December 2015: 14.9 %). The **Common Equity Tier 1 capital ratio** based on all risks rose to an excellent 11.7 % (31 December 2015: 11.0 %).

Since year-end 2015, risk-weighted assets (RWA) increased by EUR 1.1 billion resp. +0.8 % to EUR 129.3 billion. This increase is mainly due to higher market risk, mitigated by a decrease in operational risk and in CVA.

Credit RWA increased by EUR +1.4 billion to EUR 114.6 billion (portfolios under the IRB approach were up by EUR +0.8 billion, portfolios under the standard approach were up by EUR +0.7 billion), with currency effects compensating each other (appreciation of the Russian Rouble while currencies in Turkey and Ukraine depreciated).

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[8] Calculated on an IFRS basis.
[9] Calculated on an IFRS basis, including net profit for the first six months.
[10] Capital ratios have been calculated pursuant to Basel 3 transitional arrangements, including net profit for the first six months.

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The risk exposure amount for market risk was up by EUR 0.3 billion to EUR 4.2 billion. This increase is partly due to larger security positions in CEE. The risk exposure amount for operational risk decreased vs. previous year by EUR 0.5 billion to EUR 10.2 billion.

As at 30 June 2016, the **leverage ratio** to be calculated under Basel 3 improved further and was an excellent 6.2 % in conformity with Basel 3 transitional rules.

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Bank Austria at a Glance

Income statement figures

(€ million)	H1 2016 [1]	H1 2016 [2]	H1 2015 [3]	+/–
Net interest	484	1,665	1,693	–1.7%
Dividend income and other income from equity investments	60	288	234	+22.9%
Net fees and commissions	337	693	714	–2.9%
Net trading, hedging and fair value income	19	270	231	+16.9%
Operating income	995	3,036	2,912	+4.3%
Operating costs	–754	–1,495	–1,531	–2.4%
Operating profit	241	1,542	1,381	+11.7%
Net write-downs of loans and provisions for guarantees and commitments	40	–290	–391	–26.0%
Net operating profit	281	1,252	989	+26.6%
Profit before tax	–36	832	806	+3.1%
Total profit or loss after tax from discontinued operations	747	0	–183	n.m.
Net profit attributable to the owners of the parent company	626	626	490	+27.7%

Volume figures

(€ million)	30 JUNE 2016	30 JUNE 2016	H1 2015 [3]	+/–
Total assets	193,807	193,807	193,638	+0.1%
Loans and receivables with customers	59,458	118,178	116,377	+1.5%
Direct funding [4]	74,775	140,070	139,695	+0.3%
Equity	16,110	16,110	15,394	+4.7%
Risk-weighted assets (overall) [5]	129,330	129,330	128,259	+0.8%

Key performance indicators

	30 JUNE 2016	2015
Return on equity after tax (ROE) [3]	8.8%	9.4%
Cost/income ratio [3]	49.2%	52.4%
Cost of risk (provisioning charge/avg. lending volume) [3]	0.49%	0.86%
Loans and receivables with customers/direct funding	84.4%	83.3%
Leverage ratio [6]	6.2%	5.8%
Common Equity Tier 1 capital ratio [7]	11.7%	11.0%
Tier 1 capital ratio [7]	11.7%	11.0%
Total capital ratio [7]	15.5%	14.9%

Staff

	30 JUNE 2016	31 DEC 2015 [3]	+/–
Bank Austria (full-time equivalent)	35,147	35,534	–387
Central Eastern Europe business segment	24,236	24,141	94
Ukraine (held for sale)	4,172	4,344	–172
Austria (other business segments)	6,739	7,048	–309

Offices

	30 JUNE 2016	31 DEC 2015 [3]	+/–
Bank Austria	1,472	1,510	–38
Central Eastern Europe business segment	1,062	1,065	–3
Ukraine (held for sale)	239	240	–1
Austria (other business segments)	171	205	–34

1) Accounting figures in the interim financial statements after the application of IFRS 5 in connection with the CEE demerger.
2) Before the application of IFRS 5 in connection with the CEE demerger, i.e. contributions from the CEE Division included in the various items of the income statement and of the statement of financial position.
3) Comparative figures for 2015 recast to reflect the current structure and methodology.
4) Deposits from customers, debt securities in issue, and financial liabilities at fair value.
5) Regulatory risk-weighted assets, not adjusted.
6) Leverage ratio under Basel 3 based on the current status of transitional arrangements.
7) Capital ratios based on all risks under Basel 3 (transitional) and IFRSs.

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Condensed income statement of the Bank Austria Group[1)]

for the first half of 2016

(€ million)

RECAST [2)]	QUARTERLY FIGURES		HALF-YEAR FIGURES		CHANGE OVER PREVIOUS YEAR	
	Q1 2016	+ Q2 2016	= H1 2016	H1 2015	+/– €	+/– %
Net interest	826	839	1,665	1,693	–29	–1.7%
Dividend income and other income from equity investments	100	188	288	234	+54	+22.9%
Net fees and commissions	339	354	693	714	–21	–2.9%
Net trading, hedging and fair value income	78	193	270	231	+39	+16.9%
Net other expenses/income	27	93	120	39	+81	>100%
Operating income	1,369	1,667	3,036	2,912	+125	+4.3%
Payroll costs	–375	–381	–756	–796	+40	–5.0%
Other administrative expenses	–342	–319	–661	–659	–2	+0.3%
Recovery of expenses	0	0	0	0	–0	–66.8%
Amortisation, depreciation and impairment losses on intangible and tangible assets	–38	–40	–78	–76	–1	+1.9%
Operating costs	–755	–740	–1,495	–1,531	+36	–2.4%
Operating profit	615	927	1,542	1,381	+161	+11.7%
Net write-downs of loans and provisions for guarantees and commitments	–144	–146	–290	–391	+102	–26.0%
Net operating profit	**471**	**781**	**1,252**	**989**	**+263**	**+26.6%**
Provisions for risks and charges	11	–9	2	–8	+10	n.m.
Systemic charges	–172	–55	–227	–175	–52	+29.8%
Integration/restructuring costs	–206	–4	–210	–2	–208	>100%
Net income from investments	12	1	14	2	+12	>100%
Profit before tax	**117**	**714**	**832**	**806**	**+25**	**+3.1%**
Income tax for the period	–58	–89	–147	–130	–17	+12.9%
Total profit or loss after tax from discontinued operations	12	–12	0	–183	+184	n.m.
Profit for the period	72	614	685	493	+192	+39.0%
Non-controlling interests	–13	–46	–59	–3	–57	>100%
Net profit [3)]	**59**	**567**	**626**	**490**	**+136**	**+27.7%**

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 2016. For the purposes of this presentation, the CEE Division, which is classified as held for sale in accordance with IFRS 5, continues to be included with its contributions to the various items of the income statement. / 3) Attributable to the owners of the parent company.

Segment reporting of the Bank Austria Group

1–6 2016/1–6 2015

(€ million)

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST, BEFORE CEE ACC. TO IFRS 5)	RECASTING DIFFER-ENCES, CEE ADJ. ACC. TO IFRS 5 [1]	BANK AUSTRIA GROUP [2]
Net interest	1–6 2016	429	27	147	1,180	–119	1,665	–1,181	484
	1–6 2015	446	30	147	1,200	–130	1,693	–1,193	500
Dividends and other income	1–6 2016	16	0	0	228	44	288	–228	60
from equity investments	1–6 2015	20	0	0	165	49	234	–165	70
Net fees and commissions	1–6 2016	244	53	36	364	–4	693	–356	337
	1–6 2015	253	57	56	351	–3	714	–351	363
Net trading, hedging and	1–6 2016	3	2	17	253	–4	270	–251	19
fair value income/loss	1–6 2015	26	2	30	169	5	231	–169	62
Net other expenses/income	1–6 2016	80	–1	1	25	14	120	–25	95
	1–6 2015	8	1	0	10	20	39	–10	28
OPERATING INCOME	**1–6 2016**	**772**	**82**	**201**	**2,049**	**–69**	**3,036**	**–2,041**	**995**
	1–6 2015	**753**	**89**	**233**	**1,895**	**–59**	**2,912**	**–1,888**	**1,023**
OPERATING COSTS	**1–6 2016**	**–522**	**–62**	**–108**	**–739**	**–64**	**–1,495**	**741**	**–754**
	1–6 2015	**–554**	**–62**	**–106**	**–726**	**–83**	**–1,531**	**728**	**–804**
OPERATING PROFIT	**1–6 2016**	**250**	**20**	**94**	**1,310**	**–133**	**1,542**	**–1,301**	**241**
	1–6 2015	**199**	**27**	**127**	**1,170**	**–142**	**1,381**	**–1,161**	**220**
Net write-downs of loans and provisions	1–6 2016	–3	0	33	–330	10	–290	330	40
for guarantees and commitments	1–6 2015	1	1	–1	–395	3	–391	395	4
NET OPERATING PROFIT	**1–6 2016**	**247**	**20**	**127**	**981**	**–123**	**1,252**	**–971**	**281**
	1–6 2015	**199**	**28**	**126**	**775**	**–139**	**989**	**–765**	**224**
Provisions for risks and charges	1–6 2016	–1	0	0	3	0	2	–4	–1
	1–6 2015	0	0	0	–4	–4	–8	4	–4
Systemic charges	1–6 2016	–53	–4	–23	–108	–38	–227	108	–118
	1–6 2015	–37	–3	–18	–88	–30	–175	88	–87
Integration/restructuring costs	1–6 2016	0	0	0	–6	–204	–210	6	–204
	1–6 2015	0	0	0	–2	0	–2	2	0
Net income/loss from investments	1–6 2016	–5	0	0	7	11	14	–7	6
	1–6 2015	–2	0	0	–1	5	2	1	3
PROFIT BEFORE TAX	**1–6 2016**	**188**	**16**	**104**	**877**	**–354**	**832**	**–868**	**–36**
	1–6 2015	**160**	**25**	**108**	**681**	**–168**	**806**	**–672**	**135**
Income tax for the period	1–6 2016	–29	–4	–26	–131	44	–147	122	–25
	1–6 2015	–41	–6	–28	–115	60	–130	117	–13
Total profit or loss after tax from	1–6 2016	0	0	0	–21	21	0	746	747
discontinued operations	1–6 2015	0	0	0	–220	37	–183	553	370
PROFIT OR LOSS FOR THE PERIOD	**1–6 2016**	**158**	**12**	**78**	**725**	**–289**	**685**	**0**	**685**
	1–6 2015	**119**	**19**	**80**	**345**	**–71**	**493**	**–2**	**491**
Non-controlling interests	1–6 2016	–41	0	0	–18	0	–59	0	–59
	1–6 2015	–5	0	0	1	2	–3	0	–2
NET PROFIT OR LOSS ATTRIBUTABLE	**1–6 2016**	**118**	**12**	**78**	**707**	**–289**	**626**	**0**	**626**
TO THE OWNERS OF THE PARENT COMPANY	**1–6 2015**	**114**	**19**	**80**	**346**	**–69**	**490**	**–1**	**489**
Risk-weighted assets (RWA) (avg.)[3]	**1–6 2016**	**17,520**	**613**	**8,042**	**95,099**	**7,554**	**128,828**	**0**	**128,828**
	1–6 2015	**19,402**	**635**	**8,686**	**97,464**	**9,166**	**135,354**	**0**	**135,354**
Loans to customers (end of period)	**1–6 2016**	**44,450**	**648**	**13,940**	**59,242**	**–101**	**118,178**	**–58,723**	**59,454**
	1–6 2015	**44,514**	**618**	**13,087**	**59,069**	**–56**	**117,233**	**–53,879**	**63,354**
Direct funding (end of period)[4]	**1–6 2016**	**42,508**	**9,891**	**10,456**	**59,770**	**17,446**	**140,070**	**–65,295**	**74,775**
	1–6 2015	**43,107**	**9,235**	**10,013**	**56,103**	**18,690**	**137,147**	**–55,388**	**81,759**
Cost/income ratio in %	*1–6 2016*	*67.6*	*75.5*	*53.5*	*36.0*	*93.9*	*49.2*	*n.m*	*75.8*
	1–6 2015	*73.6*	*69.3*	*45.4*	*38.3*	*142.0*	*52.6*	*n.m*	*78.5*
Risk/earnings ratio in %[5]	*1–6 2016*	*0.7*	*0.5*	*n.m*	*23.4*	*n.m*	*14.8*	*n.m*	*n.m*
	1–6 2015	*n.m*	*n.m*	*0.6*	*28.9*	*n.m*	*20.3*	*n.m*	*n.m*

1) For segment reporting purposes, the comparative figures for 2015 have been recast to reflect the consolidation perimeter and the segment structure used in segment reporting for 2016. For Bank Austria as a whole the differences between recast figures for 2015 and published figures for 2015 are shown in the column "Recasting differences". These differences mainly relate to the application of IFRS 5 in connection with the CEE demerger, but also to the transfer of Leasing subsidiaries in Croatia, Bosnia and Herzegovina, Slovenia and Serbia. 2016 recasting differences relate to IFRS 5 adjustments. / 2) The comparative figures 2015 and 2016 reflect the accounting figures. / 3) Turkey consolidated on a proportionate basis. / 4) Direct funding: deposits from customers, debt securities in issue and financial liabilities at fair value. / 5) Risk/earnings ratio: net write-downs of loans and provisions for guarantees and commitments measured against net interest and dividends and other income from equity investments. / n. m. = not meaningful

Segment reporting of the Bank Austria Group

H1 2016/Q1–Q4 2015

(€ million)

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST, BEFORE CEE ACC. TO IFRS 5) [1]
Net interest	Q2 2016	216	13	72	599	–61	839
	Q1 2016	214	14	75	581	–58	826
	Q4 2015	223	15	74	596	–55	853
	Q3 2015	223	15	71	599	–60	848
	Q2 2015	224	15	74	619	–59	873
	Q1 2015	222	15	73	581	–71	820
Dividends and other income from equity investments	Q2 2016	5	0	0	153	30	188
	Q1 2016	11	0	0	75	14	100
	Q4 2015	5	0	0	132	56	193
	Q3 2015	4	0	0	67	36	107
	Q2 2015	17	0	0	92	27	136
	Q1 2015	4	0	0	73	22	98
Net fees and commissions	Q2 2016	121	26	18	190	–2	354
	Q1 2016	123	27	17	174	–2	339
	Q4 2015	128	33	27	189	–2	375
	Q3 2015	125	26	20	178	0	350
	Q2 2015	127	26	35	184	1	373
	Q1 2015	126	31	21	168	–4	341
Net trading, hedging and fair value income/loss	Q2 2016	5	1	11	182	–6	193
	Q1 2016	–2	1	6	70	2	78
	Q4 2015	9	1	10	88	4	111
	Q3 2015	–3	1	8	74	–2	78
	Q2 2015	18	1	17	83	5	124
	Q1 2015	8	1	12	86	0	108
Net other expenses/income	Q2 2016	74	–1	1	13	5	93
	Q1 2016	6	0	0	12	9	27
	Q4 2015	9	0	4	14	9	36
	Q3 2015	8	0	0	4	11	22
	Q2 2015	3	0	0	7	9	19
	Q1 2015	5	1	0	3	11	20
OPERATING INCOME	**Q2 2016**	**422**	**40**	**102**	**1,136**	**–33**	**1,667**
	Q1 2016	**351**	**42**	**99**	**912**	**–35**	**1,369**
	Q4 2015	**373**	**49**	**116**	**1,018**	**12**	**1,568**
	Q3 2015	**357**	**41**	**100**	**923**	**–15**	**1,406**
	Q2 2015	**388**	**41**	**127**	**985**	**–17**	**1,524**
	Q1 2015	**365**	**48**	**106**	**911**	**–42**	**1,387**
OPERATING COSTS	**Q2 2016**	**–252**	**–31**	**–47**	**–378**	**–32**	**–740**
	Q1 2016	**–270**	**–31**	**–60**	**–360**	**–32**	**–755**
	Q4 2015	**–272**	**–31**	**–55**	**–401**	**–39**	**–798**
	Q3 2015	**–269**	**–30**	**–50**	**–361**	**–43**	**–752**
	Q2 2015	**–277**	**–31**	**–53**	**–373**	**–43**	**–778**
	Q1 2015	**–277**	**–31**	**–52**	**–352**	**–41**	**–753**
OPERATING PROFIT	**Q2 2016**	**170**	**9**	**55**	**758**	**–66**	**927**
	Q1 2016	**80**	**11**	**39**	**552**	**–67**	**615**
	Q4 2015	**102**	**18**	**61**	**617**	**–27**	**771**
	Q3 2015	**88**	**11**	**50**	**561**	**–57**	**653**
	Q2 2015	**111**	**10**	**73**	**611**	**–59**	**746**
	Q1 2015	**88**	**17**	**54**	**558**	**–83**	**634**
Net write-downs of loans and provisions for guarantees and commitments	Q2 2016	3	0	33	–189	7	–146
	Q1 2016	–7	0	0	–140	3	–144
	Q4 2015	–21	0	24	–266	11	–251
	Q3 2015	–7	0	1	–359	0	–365
	Q2 2015	30	1	7	–220	1	–182
	Q1 2015	–29	0	–8	–175	3	–210
NET OPERATING PROFIT	**Q2 2016**	**173**	**9**	**88**	**569**	**–59**	**781**
	Q1 2016	**74**	**11**	**39**	**412**	**–64**	**471**
	Q4 2015	**81**	**18**	**85**	**352**	**–16**	**520**
	Q3 2015	**81**	**10**	**52**	**202**	**–57**	**288**
	Q2 2015	**141**	**11**	**80**	**391**	**–59**	**565**
	Q1 2015	**58**	**17**	**46**	**383**	**–80**	**424**

Segment reporting of the Bank Austria Group

H1 2016/Q1–Q4 2015

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST, BEFORE CEE ACC. TO IFRS 5) 1)
Provisions for risks and charges	Q2 2016	–1	0	0	–8	0	–9
	Q1 2016	0	0	0	12	0	11
	Q4 2015	–4	0	–8	–65	–8	–85
	Q3 2015	0	0	0	1	–44	–43
	Q2 2015	0	0	0	0	0	0
	Q1 2015	0	0	0	–4	–4	–8
Systemic charges	Q2 2016	–13	–1	–7	–22	–12	–55
	Q1 2016	–40	–3	–16	–86	–26	–172
	Q4 2015	–20	–1	–12	–41	–19	–94
	Q3 2015	–13	–1	–7	–26	–11	–58
	Q2 2015	–19	–2	–7	–33	–11	–72
	Q1 2015	–18	–1	–11	–55	–18	–103
Integration/restructuring costs	Q2 2016	0	0	0	–4	0	–4
	Q1 2016	0	0	0	–2	–204	–206
	Q4 2015	0	0	0	–4	321	317
	Q3 2015	0	0	0	–3	0	–3
	Q2 2015	0	0	0	–1	0	–1
	Q1 2015	0	0	0	–1	0	–1
Net income/loss from investments	Q2 2016	–10	0	0	0	10	1
	Q1 2016	5	0	0	7	1	12
	Q4 2015	–18	0	–8	–3	1	–28
	Q3 2015	0	0	0	0	0	0
	Q2 2015	–3	0	0	0	4	2
	Q1 2015	1	0	0	–1	0	0
PROFIT BEFORE TAX	**Q2 2016**	**150**	**8**	**81**	**535**	**–60**	**714**
	Q1 2016	**38**	**8**	**22**	**343**	**–294**	**117**
	Q4 2015	**40**	**16**	**58**	**238**	**278**	**630**
	Q3 2015	**67**	**10**	**45**	**174**	**–113**	**184**
	Q2 2015	**119**	**9**	**74**	**358**	**–66**	**494**
	Q1 2015	**41**	**16**	**34**	**323**	**–102**	**313**
Income tax for the period	Q2 2016	–20	–3	–20	–78	32	–89
	Q1 2016	–10	–2	–6	–53	12	–58
	Q4 2015	–8	–4	–15	–38	156	92
	Q3 2015	–14	–2	–11	–17	–5	–49
	Q2 2015	–27	–2	–18	–54	32	–69
	Q1 2015	–13	–4	–10	–61	28	–61
Total profit or loss after tax from discontinued operations	Q2 2016	0	0	0	–23	11	–12
	Q1 2016	0	0	0	3	10	12
	Q4 2015	0	0	1	–192	46	–145
	Q3 2015	0	0	0	–11	37	25
	Q2 2015	0	0	0	–146	22	–123
	Q1 2015	0	0	0	–74	15	–60
PROFIT (LOSS) FOR THE PERIOD	**Q2 2016**	**130**	**6**	**61**	**433**	**–17**	**614**
	Q1 2016	**28**	**6**	**17**	**292**	**–272**	**72**
	Q4 2015	**32**	**12**	**44**	**8**	**480**	**577**
	Q3 2015	**53**	**7**	**35**	**146**	**–81**	**160**
	Q2 2015	**92**	**6**	**56**	**158**	**–12**	**301**
	Q1 2015	**28**	**12**	**24**	**187**	**–59**	**192**
Non-controlling interests	Q2 2016	–37	0	0	–10	0	–46
	Q1 2016	–4	0	0	–9	0	–13
	Q4 2015	–3	0	0	86	0	83
	Q3 2015	–4	0	0	16	1	13
	Q2 2015	–3	0	0	–8	1	–9
	Q1 2015	–3	0	0	9	1	7
NET PROFIT OR LOSS ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY BEFORE PPA	**Q2 2016**	**94**	**6**	**61**	**423**	**–17**	**567**
	Q1 2016	**24**	**6**	**17**	**284**	**–272**	**59**
	Q4 2015	**29**	**12**	**44**	**94**	**481**	**659**
	Q3 2015	**49**	**7**	**35**	**162**	**–80**	**173**
	Q2 2015	**89**	**6**	**56**	**151**	**–11**	**292**
	Q1 2015	**25**	**12**	**24**	**196**	**–58**	**199**

Segment reporting of the Bank Austria Group

H1 2016/Q1–Q4 2015

		RETAIL & CORPORATES	PRIVATE BANKING	CORPORATE & INVESTMENT BANKING (CIB)	CENTRAL EASTERN EUROPE (CEE)	CORPORATE CENTER	BANK AUSTRIA GROUP (RECAST, BEFORE CEE ACC. TO IFRS 5) 1)
Purchase Price Allocation effect	Q2 2016	0	0	0	0	0	0
	Q1 2016	0	0	0	0	0	0
	Q4 2015	0	0	0	0	0	0
	Q3 2015	0	0	0	0	0	0
	Q2 2015	0	0	0	0	0	0
	Q1 2015	0	0	0	0	0	0
Goodwill impairment	Q2 2016	0	0	0	0	0	0
	Q1 2016	0	0	0	0	0	0
	Q4 2015	0	0	0	0	0	0
	Q3 2015	0	0	0	0	0	0
	Q2 2015	0	0	0	0	0	0
	Q1 2015	0	0	0	0	0	0
NET PROFIT OR LOSS ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	**Q2 2016**	**94**	**6**	**61**	**423**	**–17**	**567**
	Q1 2016	**24**	**6**	**17**	**284**	**–272**	**59**
	Q4 2015	**29**	**12**	**44**	**94**	**481**	**659**
	Q3 2015	**49**	**7**	**35**	**162**	**–80**	**173**
	Q2 2015	**89**	**6**	**56**	**151**	**–11**	**292**
	Q1 2015	**25**	**12**	**24**	**196**	**–58**	**199**
Risk-weighted assets (RWA) (avg.) 2)	**Q2 2016**	**17,365**	**602**	**8,032**	**95,697**	**7,400**	**129,095**
	Q1 2016	**17,675**	**625**	**8,052**	**94,500**	**7,708**	**128,560**
	Q4 2015	**17,971**	**641**	**8,329**	**95,002**	**7,609**	**129,552**
	Q3 2015	**18,517**	**628**	**8,819**	**97,057**	**7,704**	**132,725**
	Q2 2015	**19,357**	**629**	**8,805**	**98,736**	**8,888**	**136,413**
	Q1 2015	**19,447**	**642**	**8,568**	**96,192**	**9,445**	**134,294**
Loans to customers (end of period)	**Q2 2016**	**44,450**	**648**	**13,940**	**59,242**	**–101**	**118,178**
	Q1 2016	**44,565**	**640**	**13,675**	**58,045**	**139**	**117,064**
	Q4 2015	**44,795**	**629**	**13,572**	**57,353**	**54**	**116,402**
	Q3 2015	**44,251**	**638**	**13,669**	**58,092**	**–120**	**116,530**
	Q2 2015	**44,514**	**618**	**13,087**	**59,069**	**–56**	**117,233**
	Q1 2015	**44,249**	**610**	**12,638**	**59,342**	**665**	**117,505**
Direct funding (end of period) 3)	**Q2 2016**	**42,508**	**9,891**	**10,456**	**59,770**	**17,446**	**140,070**
	Q1 2016	**43,644**	**9,714**	**9,741**	**61,123**	**18,387**	**142,608**
	Q4 2015	**42,715**	**9,223**	**10,426**	**58,728**	**18,590**	**139,683**
	Q3 2015	**43,208**	**9,601**	**10,939**	**57,806**	**18,816**	**140,370**
	Q2 2015	**43,107**	**9,235**	**10,013**	**56,103**	**18,690**	**137,147**
	Q1 2015	**42,987**	**9,856**	**9,086**	**54,563**	**20,357**	**136,848**
Cost/income ratio in %	*Q2 2016*	*59.7*	*77.3*	*46.2*	*33.3*	*97.0*	*44.4*
	Q1 2016	*77.1*	*73.8*	*61.0*	*39.5*	*90.9*	*55.1*
	Q4 2015	*72.8*	*63.3*	*47.3*	*39.4*	*330.2*	*50.9*
	Q3 2015	*75.3*	*74.0*	*49.7*	*39.2*	*289.4*	*53.5*
	Q2 2015	*71.4*	*75.2*	*42.1*	*37.9*	*251.8*	*51.0*
	Q1 2015	*76.0*	*64.3*	*49.4*	*38.7*	*97.6*	*54.3*
Risk/earnings ratio in % 4)	*Q2 2016*	*n.m.*	*0.1*	*n.m.*	*25.2*	*n.m.*	*14.2*
	Q1 2016	*2.9*	*0.9*	*n.m.*	*21.4*	*n.m.*	*15.5*
	Q4 2015	*9.1*	*0.3*	*n.m.*	*36.5*	*n.m.*	*24.0*
	Q3 2015	*3.3*	*2.0*	*n.m.*	*53.9*	*n.m.*	*38.2*
	Q2 2015	*n.m.*	*n.m.*	*n.m.*	*30.9*	*n.m.*	*18.0*
	Q1 2015	*13.0*	*n.m.*	*10.9*	*26.8*	*n.m.*	*22.8*

1) Quarterly figures based on unaudited recast data only.
2) Turkey consolidated on a pro-rata basis.
3) Direct funding: deposits from customers, debt securities in issue and financial liabilities at fair value
4) Risk/earnings ratio: net write-downs of loans and provisions for guarantees and commitments measured against net interest and dividends and other income from equity investments.
n.m. = not meaningful

Statement of Financial Position of the Bank Austria Group

at 30 June 2016

Assets

(€ million)

	30 JUNE 2016 [1)]	30 JUNE 2016 PRO FORMA [2)]	31 DEC. 2015
Cash and cash balances	159	2,485	2,146
Financial assets held for trading	1,222	3,428	3,013
Financial assets at fair value through profit or loss	16	33	89
Available-for-sale financial assets	15,919	26,763	24,810
Held-to-maturity investments	253	715	484
Loans and receivables with banks	12,822	27,225	32,214
Loans and receivables with customers	59,458	118,178	116,377
Hedging derivatives	3,146	3,669	3,290
Changes in fair value of portfolio hedged items (+/–)	41	113	41
Investments in associates and joint ventures	1,792	4,918	4,741
Property, plant and equipment	1,146	2,143	2,132
of which held for investment	*578*	*812*	*827*
Intangible assets	12	233	221
Tax assets	317	475	448
a) current tax assets	48	77	94
b) deferred tax assets	269	398	353
Non-current assets and disposal groups classified as held for sale	96,828	2,199	2,467
Other assets	676	1,231	1,167
TOTAL ASSETS	**193,807**	**193,807**	**193,638**

Liabilities and equity

(€ million)

	30 JUNE 2016 [1)]	30 JUNE 2016 PRO FORMA [2)]	31 DEC. 2015
Deposits from banks	15,340	21,328	23,432
Deposits from customers	56,081	113,006	110,346
Debt securities in issue	18,265	26,636	28,802
Financial liabilities held for trading	1,225	2,810	2,642
Financial liabilities at fair value through profit or loss	429	429	547
Hedging derivatives	2,716	3,348	2,782
Changes in fair value of portfolio hedged items (+/–)	–143	–87	–101
Tax liabilities	30	256	214
a) current tax liabilities	7	59	46
b) deferred tax liabilities	22	196	169
Liabilities included in disposal groups classified as held for sale	76,948	1,774	1,977
Other liabilities	2,126	3,377	2,773
Provisions for risks and charges	4,678	4,820	4,830
a) post-retirement benefit obligations	4,068	4,091	3,697
b) other provisions	611	730	1,133
Equity	16,110	16,110	15,394
of which non-controlling interests (+/–)	*305*	*305*	*238*
TOTAL LIABILITIES AND EQUITY	**193,807**	**193,807**	**193,638**

1) Statement of financial position as presented in the interim financial statements (CEE presented in accordance with IFRS 5 as a disposal group in the items "Non-current assets and disposal groups classified as held for sale" and "Liabilities included in disposal groups classified as held for sale." / 2) CEE contributions included in the various items of the statement of financial position.

Bank Austria Group: equity

(€ million)

Equity as at 1 January 2016	**15,394**
Forex translation reserve	+217
Change in afs/cash-flow hedge reserve	+7
Pension and similar liabilities IAS 19	–235
Net profit (loss) for the period	+626
Non-controlling interests	+66
Other items	+35
Equity as at 30 June 2016	**16,110**

Lending volume and asset quality[1)]

(€ million)

	30 JUNE 2016	31 DEC. 2015	+/– €	+/–
Bank Austria as a whole				
Gross loans to customers	124,612	123,068	+1,544	+1.3%
Total write-downs	–6,435	–6,691	+257	–3.8%
Net loans to customers	118,178	116,377	+1,801	+1.5%
Gross non-performing exposures	9,720	10,381	–661	–6.4%
… % of gross loans to customers	*7.8%*	*8.4%*		*–0.6pp*
Specific write-downs	–5,709	–5,842	+133	–2.3%
Coverage ratio	*58.7%*	*56.3%*		*+2.5pp*
Net non-performing exposures	4,012	4,539	–528	–11.6%
… % of net loans to customers	*3.4%*	*3.9%*		*–0.5pp*
Central Eastern Europe (CEE)				
Gross loans to customers	63,444	61,439	+2,005	+3.3%
Total write-downs	–4,203	–4,337	+135	–3.1%
Net loans to customers	59,242	57,102	+2,139	+3.7%
Gross non-performing exposures	6,846	7,220	–373	–5.2%
… % of gross loans to customers	*10.8%*	*11.8%*		*–1.0pp*
Specific write-downs	–3,856	–3,857	+1	–0.0%
Coverage ratio	*56.3%*	*53.4%*		*+2.9pp*
Net non-performing exposures	2,990	3,363	–373	–11.1%
… % of net loans to customers	*5.0%*	*5.9%*		*–0.8pp*
Austria				
Gross loans to customers	61,168	61,629	–461	–0.7%
Total write-downs	–2,232	–2,354	+122	–5.2%
Net loans to customers	58,936	59,274	–338	–0.6%
Gross non-performing exposures	2,874	3,162	–287	–9.1%
… % of gross loans to customers	*4.7%*	*5.1%*		*–0.4pp*
Specific write-downs	–1,853	–1,985	+132	–6.7%
Coverage ratio	*64.5%*	*62.8%*		*+1.7pp*
Net non-performing exposures	1,022	1,177	–155	–13.2%
… % of net loans to customers	*1.7%*	*2.0%*		*–0.3pp*

1) CEE Division included on a pro forma basis, corresponding to the presentation at the end of 2015. Ukraine (classified as held for sale) and Turkey (accounted for using the equity method) are no longer included in the relevant items of the statement of financial position and the income statement. Comparative figures for 2015 reflect the figures in the statement of financial position.
pp = percentage points

Consolidated capital resources and risk-weighted assets

Consolidated capital resources

(€ million)

	30 JUNE 2016	31 DEC. 2015
Paid-in capital instruments (excl. own Common Equity Tier 1 instruments)	1,681	1,681
Reserves (incl. profit) and minority interests	14,259	13,602
Adjustments to Common Equity Tier 1	–741	–878
Transitional adjustments to Common Equity Tier 1*)	–126	–244
Common Equity Tier 1 (CET1)	**15,074**	**14,162**
Additional Tier 1 capital and qualifying Additional Tier 1 instruments issued by subsidiaries	48	90
Adjustments to Additional Tier 1	0	0
Transitional adjustments to Additional Tier 1*)	–48	–90
Additional Tier 1 (AT1)	**0**	**0**
Tier 1 capital (T1=CET1+AT1)	**15,074**	**14,162**
Tier 2 capital and qualifying Tier 2 instruments issued by subsidiaries	4,850	4,897
Adjustments to Tier 2 capital	96	158
Transitional adjustments to Tier 2 capital*)	–2	–146
Tier 2 capital (T2)	**4,944**	**4,909**
Total regulatory capital (TC=T1+T2)	**20,018**	**19,070**

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

Risk-weighted assets

(€ million)

	30 JUNE 2016	31 DEC. 2015
a) Credit risk pursuant to standardised approach	70,005	69,241
b) Credit risk pursuant to internal ratings-based (IRB) approach	44,569	43,920
c) Other (contribution to default fund of a central counterparty [CCP])	15	3
Credit risk	114,589	113,164
Settlement risk	2	0
Position, foreign exchange and commodity risk	4,236	3,974
Operational risk	10,214	10,716
Additional risk exposure amount due to fixed overheads	3	0
Risk positions for credit value adjustments (CVA)	285	405
TOTAL RWAS	**129,330**	**128,259**

Capital ratios

	30 JUNE 2016	31 DEC. 2015
Common Equity Tier 1 ratio*)	11.7%	11.0%
Tier 1 ratio*)	11.7%	11.0%
Total capital ratio*)	15.5%	14.9%

*) based on all risks

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