Hypo Tirol Bank AG

Consolidated Financial Statement 2013

HYPO TIROL BANK

CONSOLIDATED FINANCIAL REPORT 2013

I. Report on business developments and economic situation

I. 1. Hypo Tirol Bank – Our federal state bank

Since its foundation in 1901, Hypo Tirol Bank has been through some turbulent times. Nevertheless, the Province of the Tyrol has always been supporting our federal state bank. This is not only proven by the 100 % ownership on the part of the Province of the Tirol, also the increasing number of clients can be taken as evidence that the federal state bank is back on track – or more precisely - back on track to our clients. The offered service concept respectively the initiatives that have been taken in order to better react to customer requirements, obviously meet the needs of our clients. In times that are economically turbulent, the security which is granted by a federal state bank is of utmost significance for corporate and private clients alike. We have already chosen the right track, now we have to follow it consistently by further tightening the organisational structure, by optimizing service quality, by offering need-oriented products and by providing consulting services which focus on the clients.

I. 2. Report on the branch offices

In 2013, the corporate group once again closed ranks. While Hypo Tirol Bank is represented in all important agglomerations in North and East Tyrol with a total of 20 branch offices, the Italian branch offices in Trento and Verona had to be closed as a result of the realignment and the tightening of the branch office network. Now, all business activities concentrate on South Tyrol with its three branch offices located in Bolzano, Bressanone and Merano. Hypo Tirol Italy was reintegrated into the parent company and is now operated as Italian branch office (EU-branch office). In October 2013, Mag. Jens Mumelter, started to work as the new head of the branch office. Reliability and trust combined with utmost customer orientation and Austrian quality standards represent the central issues of all services that will be offered in this context in future.
Outside the core market, Hypo Tirol Bank will continue to be present in Vienna by operating one branch office. In this context, market orders have been adjusted to the orders of the core market.
In 2013, two branch offices of the federal state bank celebrated an anniversary. The branch offices in Saggen (district in Innsbruck) and Wörgl celebrated their 40th anniversary, and both offices seized the opportunity to enjoy the celebration with clients, staff members and partners in gratitude for the longstanding loyalty. The Wörgl branch office serves as a good example for being a regional bank. It fulfils all requirements a bank is supposed to fulfil and it is a symbol of what Hypo Tirol Bank focuses on: the federal state bank is close to its clients, in other words on the spot. Eight employees work in the branch office, with three of them being responsible for the Wohn-Vision-Centre Lower Inn Valley. The team members working in the corporate clients centre comprise five consultants and three co-consultants. The unique opportunity to offer any kind of financial service at the highest level and under one roof leads to a decisive additional value for all clients.
The Saggen branch office was opened on 15 October 1973 and was the third branch office, which was established subsequent to the offices "Innrain" and "Imst". At that time, employees working for the regional administration preferred to live in the Saggen residential area. The close and historically evolved relationship between Hypo Tirol Bank and the owner, the Province of the Tyrol, was also beneficial to the positive development of the branch office. Head of office Markus Müller and his team make this branch office unique, their commitment has been the reason for success since its establishment. The bank institution, which has understood, liked and influenced daily life in this part of Innsbruck for 40 years, is our "federal state bank".

I. 3. Economic Conditions 2013 – Growing confidence and overcoming recession

Market review 2013

Since the rise of the subprime crisis in 2007, we have been confronted with many difficult years. The year 2013 was marked by overcoming the results of the crisis. First, the great uncertainties regarding the further development of the "Euro crisis" took a back seat, and second, in the course of 2013, the euro area managed to force its way out of recession, which had started in 2011 and reached its climax at the turn of the year 2012/2013. The increase in GDP with +0.1% in the third quarter of 2013 was lower than in the second quarter (+0.3%). Nevertheless, leading economic indicators (e.g. the industry purchasing manager index) and export performance improved significantly in the fourth quarter. For that reason economic recovery gained stability and strength at the end of 2013.
The economy In the USA accelerated significantly – based on an increase in real estate prices and a decline in the unemployment rate. This progress was not even influenced by the deadlock in civil service in October, which lasted for 16 days and was caused by the fierce fighting for a budgetary compromise to be found by Republicans and Democrats. The economic situation in Asia in the first half of 2013 was observed sorrowfully, because the high speed growth of the past years slowed down considerably. However, at the end of the year a stabilisation of the economic situation was achieved, in particular in China. The financial year 2013 was also pleasant for investors and consumers, because the danger of inflation decreased substantially. At the beginning of the year, the consumer prices in the eurozone amounted to +2.2% (annual change), whereas by the end of the year they had declined to under 1.0%.
First and foremost, stock markets benefited from the encouraging economic climate and achieved a positive annual performance above average. The market situation in the field of bond investing presented itself a little bit more difficult. Government bonds from European core countries such as Germany or Austria, which had been classified as traditionally secure, suffered from the increase in yields. Due to low money market interest rates, the surplus in money market investment with 0.0% was rather poor. Raw materials were severely affected by the market situation; consequently 2013 was one of the worst years ever. Within the raw material market, the development of gold was particularly negative. In the course of the year, the price for the precious metal suffered a loss of 30% of its value, which represented the first drop to the annual basis since the financial year 2000!
Within the stock markets, the striking negative development of threshold countries was noticeable. On the one hand, it resulted from low growth dynamics and on the other hand from substantial capital outflows on the part of foreign investors. However, stock markets in Japan and North America developed positively. European stocks, which in the middle of the year still lagged behind other developed markets, could recover noticeably in the second half of the year due to the economic upswing.

As a result of low inflation levels and insufficient lending operations in the euro area, the European Central Bank (ECB) reduced the main refinancing rate for credit institutions twice to at last 0.25%. In addition, it changed its style of communication and presented a clear view of the future key interest rate. While money market interest rates remained at a very low level throughout the entire year, capital market interest rates rose noticeably in the course of the year, which resulted in longer phases of capital losses, in particular in relation to secure bonds such as German or Austrian government bonds. Investors looked for higher yields which had a positive outcome for bonds of issuers with lower credit rating. The main driving force in this respect was the gradual overcoming of the economic crises and the more positive economic projection, in particular regarding Europe, which led to a convergence of capital market yields.
Large central banks, especially the American Central Bank, once again played an important role in 2013. When FED chairman Ben Bernanke announced his intention to reduce the current acquisitions of bonds per month in order to support economic recovery, a bond market earth quake was triggered in the middle of the year, which basically resulted from a substantial increase in yields. The final decision to implement this measure was made by FED on 18 December. In the press conference that was held subsequent to the FOMC meeting, Bernanke announced the reduction of bond acquisitions per month from 85 billion to 75 billion USD - starting in January 2014.
Within bond markets, high-yield bonds achieved the best results because their higher current interest rate had been able to absorb the turbulent situation in the capital markets. Furthermore, convertible bonds developed positively, whereas bonds in USD (treasuries and company bonds converted to Euro) showed a negative change in value.
From the historical point of view, in 2013 the exchange rate fluctuations of Euro and US-Dollar were relatively low; in total the Euro appreciated against the US-Dollar. With regard to other currencies, the single currency also represented a strong position. The most significant appreciation was observed against the Japanese Yen, which depreciated severely due to the expansive monetary policy followed by the Japanese central bank.

Economic Forecast 2014

In our opinion, the global economic climate will have improved a lot in the beginning of 2014. Especially in the USA the economic motor seems to run well, because the improved labour market situation and the reduced raw material prices have positive effects on the industrial sector. In addition, the real estate market is recovering steadily. In Europe, leading economic indicators such as the ifo Business Climate Index for Germany or other European Purchasing Managers Indexes indicate further economic recovery in the euro area (in particular in Core Europe). Spain and Ireland will not need further support provided by the EU in the beginning of 2014, which is indicated by the substantial recovery in the periphery countries of the euro zone. And finally, the latest implemented reforms in China should allow the country to stabilise its economic situation.

Our basic scenario: economic acceleration in Europe, little danger of inflation
Despite the continuous economic recovery in Europe, industrial capacities are not fully employed. Furthermore, private individuals as well as states continue to reduce their debts. Both factors will lead to low inflation, as long as the prices in raw material markets are not significantly boosted. Even though we think that the rise in consumer prices with +0.7% in October reached its climax, we estimate very low inflation in the Euro area in 2014. For that reason, the ECB announced unchanged or even lower base rates from January 2014 on.

Impact on money, foreign exchange and capital markets
Due to unattractive money market interest rates, investors will still be looking for higher yielding investment alternatives. This circumstance should mainly be beneficial to shares and should support the rates despite high index levels. Because: if global growth accelerates to the extent signalised by the leading economic indicators, company profit growth might increase as well.
In contrast, the perspectives in relation to bonds are not very promising. Based on the fact that the American central bank will pursue a less expansive monetary policy from January 2014 on, and that the economy will increasingly rest on solid ground, we expect rising capital market yields overseas. Due to the international complexity of capital markets, this tendency will probably also lead to increasing yields or declining rates in the euro area. Bonds having a long term to maturity are particularly regarded as unattractive with yields and risks being taken into account. Nevertheless, if they are added to a portfolio, segments such as high yield or convertible bonds are regarded as interesting.
After the loss of the past months, raw material prices could regain stability soon. Nevertheless, we estimate that the situation regarding precious metals, especially gold, will remain challenging.

Economic development in our market areas – review 2013
The weak international economy also had striking negative effects on the economic development in our market areas in the financial year 2013. After the economic growth in Italy and Austria in 2012 had already decreased considerably in comparison to 2011, both countries had to face another economic slowdown in 2013 together with severe difficulties relating to unemployment. Similar to the previous year, the leading economic indicators of our market areas showed that the single regions were affected by the economic downturn to different degrees.

Austria – weak economic growth and significant increase in unemployment
In 2013, economic growth in Austria amounted to 0.4%. This growth rate represented a further decline in comparison to the previous year, however, it simultaneously reflected a development above average in the euro area, where economic performance decreased by -0.4%. The negative effects of the weak development on the labour market in Austria were more intensive than in 2012: the rate of unemployment rose to 4.9% in 2013 (according to EU evaluation criteria). With regard to the inflation rate the downward trend continued, and finally amounted to 2.0%.

Province of the Tyrol – nearly zero growth and tense labour market situation
The province of the Tyrol also faced a weak economy in 2013; the economic performance was scarcely above the base line. This kind of development had negative effects on the labour market: thus, the number of unemployed people increased by almost 10%. Owing to the comparatively low unemployment rate, which amounted to less than 3% (according to EU evaluation criteria) in previous years, the Tyrol is still ranked in the first half of the list but behind Upper Austria, Salzburg and Vorarlberg (comparison among Austrian provinces). With regard to the development of the consumer prices in the Tyrol, no inconsistencies compared to national average were indicated.

Italy – Ongoing recession accompanied by a drastic increase in unemployment
In 2013, Italy had to cope with another year of recession: after GDP had declined by -2.3% in 2012, economic performance in 2013 decreased by -1.9%. Even though these data reflect a slight attenuation of the recession scenario, the rate of unemployment

grew substantially and reached a value of 12.2% (according to EU evaluation criteria). At the same time, the weak economic development resulted in the defusing of the problems related to the upsurge of prices; the annual average of the inflation rate amounted to 1.5%, which represented more than a bisection of the value of the previous year, when the inflation rate had amounted to more than 3.0%.

South Tyrol – another year of crisis – Italy got off easily
Similar to 2012, the crisis was also perceptible in the economic development of South Tyrol in 2013. However, in the South Tyrolean region it was less intensive than in Italy as a whole. So, for the first time, South Tyrol had to face a decrease in economic performance that amounted to -0.5%, a decline that con be considered comparatively moderate. Even though the rate of unemployment grew to 5.4% (according to EU evaluation criteria) it still amounted to less than half of the Italian reference value. Consumer prices in South Tyrol also declined and the inflation rate amounted to 1.9%.

I. 4. Business Development

Balance Sheet Development

As expected, last year's balance sheet total amounted to 8.9 billion EUR, and thus was 10.4% below the balance sheet total of the previous year (2012: EUR 9.9 billion). This development reflects the bank's newly taken approach.
In detail, the essential single balance sheet items illustrate the following situation:

Receivables from credit institutions after risk provision
On 31 December 2013, receivables from credit institutions accounted for 447.1 million EUR (previous year: 251.2 million EUR), thus they have increased by 225.9 million EUR compared to the previous year. The increase primarily resulted from investments of excess liquidity gained from Swiss Francs at the Swiss National Bank ((196.4 million EUR).

Receivables from clients after risk provision
On the balance sheet date, receivables from clients after risk management amounted to 5,583.8 million EUR (previous year: 6,135.8 million EUR). Therefore, the decline accounted for 552.1 million EUR and mainly referred to the corporate client business sector.

Financial assets – AFS
The balance sheet item decreased by 119.0 million EUR to 956.4 million EUR (previous year: 1,075.4 million EUR), the decline mainly referred to bonds of other issuers.

Financial assets – HTM
The decline in financial assets – HTM accounted for 193.1 million EUR and primarily referred to bullet bonds of other issuers. Consequently, on 31 December 2013 financial assets – HTM in the amount of 198.5 million EUR (previous year: 391.6 million EUR) were designated.

Liabilities to credit institutions
The decline in the interbank accounts led to a decrease in this item, which accounted for 74.3 million EUR. On the balance sheet date liabilities to credit institutions amounted to 453.6 million EUR (previous year: 527.9 million EUR).

Liabilities to clients
The sum of savings deposits including fixed-term passbook savings accounts decreased by 103.4 million EUR in 2013. Even though time deposits reported a decline of 168.4 million EUR giro accounts increased by 30.4 million EUR. The entire item decreased by 239.3 million EUR to 2,669.0 (previous year: 2,908.3 million EUR).

Liabilities evidenced by certificate
Issues in the amount of 70.2 million EUR and liquidations in the amount of 241.2 million EUR resulted in a decline in liabilities evidenced by certificate in the amount of 1,238,5 million EUR (previous year: 1,411.2 million EUR).

Liabilities evidenced by certificate – designated at fair value
The item liabilities evidenced by certificate – designated at fair value included issues in the amount of 101.8 million EUR and liquidations in the amount of 433.0 million EUR. In addition, changes in value accounting for -155.0 million EUR resulted in a balance sheet value of 3,556.5 million EUR (previous year: 4,019.6 million EUR).

Capital resources

Eligible equity capital in accordance with the Austrian Banking Act decreased by 65.8 million EUR in comparison to the previous year; in consideration of all deduction items it amounted to 567.2 million EUR on 31 December 2013 (previous year: 633.0 million EUR). Required equity capital decreased by 44.9 million EUR within this period. On the balance sheet date, the equity capital ratio amounted to 13.20% (previous year: 13.03%) and thus increased by 0.17% in comparison to the previous year. Consequently, Hypo Tirol Bank AG fulfilled all corporate group requirements regarding equity capital as stated in the Banking Act. The Equity capital surplus accounted for 223.4 million EUR (previous year: 224.3 million EUR).
On the balance sheet date, core capital accounted for 429.9 million EUR (previous year: 461.4 million EUR. Supplementary equity capital in consideration of deduction items according to the Banking Act amounted to 137.3 million EUR (previous year: 171.6 million EUR). This amount contains supplementary capital with a nominal value of 52.9 million EUR and subordinate capital with a nominal value of 138.4 million EUR. On the balance sheet date, the core capital ratio amounted to 10.0% (previous year: 9.50%).

Achievements

In the course of the 2013 financial year, Hypo Tirol Bank AG followed the determined strategy to focus on the Tyrolean core market. Hypo Tirol Bank AG succeeded in strengthening its clients' confidence in the federal state bank and furthermore acquired new clients. This achievement is reflected in the satisfactory development.
The 2013 financial year was characterised by overcoming the results of the economic crisis. In this respect, the great uncertainties regarding the further development of the "Euro crisis" took a back seat, and the euro area managed to work itself out of recession in the course of 2013. Even though the economic environment recovered clearly, only stock markets truly benefited from the situation and recorded an annual performance above average. The market situation for bond, money and raw material markets was more difficult.
Even though negative effects on trading profit and on net interest income could not be prevented, due to unchanged difficult market conditions, clear positive effects on earnings were recorded, which amounted to a corporate group result of 18.0 million EUR prior to taxation.
The following details illustrate substantial changes in the profit and loss account:

In the past fiscal year net interest income decreased by 5.4% respectively 5.6 million EUR to 99.2 million EUR (previous year: 104.8 million EUR).
In the fiscal year 2013, loan risk provision again reached the usual level amounting to 27.9 million EUR (previous year: 30.4 million EUR) which corresponds to 0.47% of receivables from clients prior to risk provision (previous year: 0.47%).
Trading results decreased by 18.4 million EUR to -3.3 million EUR in the fiscal year (previous year: 15.1 million EUR).
In 2013, administrative expenses amounted to 82.9 million EUR (previous year: 88.6 million EUR). The decline, which amounted to 5.7 million EUR, resulted to a large extent from reduced personnel expenses and from lower depreciation of tangible and intangible assets. Personnel expenses decreased by 3.0 million EUR to 50.2 million EUR (previous year: 53.2 million EUR). In the field of non-personnel expenses, costs decreased by 0.1 million EUR to 25.9 million EUR (previous year: 26.0 million EUR). Depreciation of tangible and intangible assets decreased by 2.5 million EUR to 6.9 million EUR (previous year: 9.4 million EUR).
Hence, the business year 2013 showed a result in the amount of 18.0 million EUR prior to taxation (previous year: 14.1 million EUR – this number represents the amended value according to IAS 19). Subsequent to the deduction of current tax expenses, which amounted to 4.0 million EUR and after booking deferred tax income, which amounted to a total of 1.0 million EUR, the result after taxation accounted for 15.0 million Euro (previous year 19.6 million EUR).

I. 5. Business development in single business sectors

Private clients

More than ever, Hypo Tirol Bank AG has considered itself to be the bank of all Tyrolean people, which mainly results from the emphasis on the Tyrolean core market and from the historically evolved ties with all Tyrolean regions. For that reason, providing high quality customer service and service oriented customer support represents the paramount objective. In this context, the personal relationship between client and customer service representative plays a pivotal role in order to find solutions that meet the needs of the client. The splendidly developed network comprising 20 branch offices in the Tyrolean core market guarantee encompassing customer service in the best possible way. This offer is completed by several regional “WohnVision Centres” in which our clients are provided the best service in relation to their homebuilding projects on a comprehensive and individual basis.
In 2013, several priorities were set in the field of sales and distribution and referred to the sectors homebuilding, investment and financial security.
In order to round off the wide-ranging and proved service package, in June 2013 Hypo Tirol Bank AG introduced a new modern and user-friendly payment-app called “Hypo Mobile”, which even complies with the most rigorous security guidelines.
In addition to the comprehensive choice of products in the field of investment, unit-linked life insurance was established in cooperation with Zürich Versicherungs AG in the fourth quarter of 2013. Unit-linked life insurance represents a modern investment product with premiums being invested in investment funds. By doing so, even smaller amounts can help to provide for financial security in the future. Unit-linked life insurance covers endowment and whole life insurance and offers additional possible profit gained by investment funds.
Throughout the country, Hypo Tirol Bank has always been the number one bank in terms of homebuilding. Especially in the past years it has become an established expert in this segment. The introduction of the “stage of life loan” even strengthened the pioneering role of Hypo Tirol Bank in the field of modern and flexible home construction financing. The “stage of life loan” grants the client the contractual right to adapt instalments to the respective personal and financial situation. In this context, the client is offered three options: two years of grace, halving instalments for two years and deferring instalments for two years. The credit user has the right to choose the kind of option and when it shall be employed – it is even possible to make use of all three options.
Also in terms of tailored investment strategies, clients rely on Hypo Tirol Bank and its experience. The challenge is to find reliable, manageable and above all comprehensible products. It is important that clients are able to understand the type of investment and which kind of securities, chances and risks are involved.
Hypo asset management service offers all advantages of a professionally managed portfolio, such as temporary relief, experience, and know-how of experts as well as high flexibility. This is important, because it is nearly impossible to keep track of the complex situation in financial markets and apart from that it is a question of time. Basic factors such as readiness to assume risk, investment strategies and distribution of risk must be determined prior to the selection of the perfect investment mix. Once this decision has been made, a current monitoring process is launched to generate the best return on capital invested.
Moreover, structural changes in the private client sector are supposed to support the bank’s new alignment. Therefore, regional units comprising several branch offices were established in order to guarantee a more linked and more targeted on-site handling of the market.

Economic Forecast 2014
In 2014, the Tyrolean regional bank will continue to enhance its regional presence in the branch offices. Tyrolean people should increasingly perceive the federal state bank as a local competent and reliable financial partner. In this respect, main emphasis will be put on subjects such as homebuilding and investment. Owing to the service package offered by WohnVision, the bank succeeded in setting standards that have become well known throughout the Tyrol and have also been regarded as core competence of Hypo Tirol Bank. Based on this story of success, the market share in 2014 shall be further increased. As an issuing bank, Hypo Tirol Bank has become a strong partner in the sector of investing money. In this sector, further penetration is planned for 2014, because investment classics such as the Tirol Anleihe (Tyrolean bond) and Minimax bond as well as services such as the professionally managed Hypo asset management represent a wide range of products that suggest a solution for any kind of need.

Private banking and liberal professions

Subsequent to the closing of the investment centres, our experts and their knowledge were transferred into a department for private banking and liberal professions. The employees of this department provide customer service in two branch offices located in Innsbruck. Within the department a high degree of proficiency becomes apparent. While the members of one team focus on the needs of liberal professionals – from the first step of becoming self-employed to retirement - , the members of the other team are skilled experts in the field of sophisticated investment.
Thanks to many years of market experience and splendidly a developed network, it can be reacted to the needs of the clients as flexible and mobile as possible.

Economic Forecast 2014
It is intended to further penetrate the market. The network regarding the corporate clients’ sales sector should be intensified. Wirth regard to the acquisition of new clients, wealthy private clients, physicians and tax accountants should be a key concern in 2014.

Corporate clients

While Hypo Tirol Bank AG runs three corporate client centres in the Tyrol and thus is strongly represented in the core market, another corporate client centre is operated in Vienna. Owing to the strong regional presence in the Tyrolean core market, the federal state bank convinces by offering proximity to clients, market experience, expertise, and personal service.
Based on the new alignment process, the bank began to put more emphasis on the cooperation with local small- and medium-sized enterprises.
The implemented adaptation of financial conditions in relation to existing loans contributed to the improvement of the profit situation. This kind of measure was essential due to an increase in refinancing costs, persisting low interest levels and amended legal conditions (e. g. Basel III). Thanks to the close relationship between clients and customer representatives, the adaptations could be implemented consensually.
Concerning the initiation of the Singe Euros Payment Area (SEPA) in February 2014, Hypo Tirol Bank had already performed perfect preparatory work and actively and energetically supported corporate clients in preparing all organisational measures in this context. For that reason the representatives working in the corporate clients' sector were comprehensively trained and will be on hand with help and advice in case of questions and difficulties. For detailed information regarding practical checklists and templates please see our homepage.
The success of the "today.tomorrow-analysis", which had been established one year ago, confirmed our endeavours to create a comprehensive and easily understandable consulting concept which focuses on the human being rather than on the product; to be more precisely, the individual needs of the entrepreneur are given top priority. Several aspects of life, such as family and living situation, spare time activities and financial security are taken into account. In the past year, more than hundred conversations were held and concepts were elaborated accordingly, which clearly illustrated how the respective client could implement future plans.
The positive feedback we had received, confirmed that the complex conception of the today.tomorow-analysis had been worth all the trouble and that our clients appreciated the final product.
Another key aspect is the provision of expert advice relating to risk minimization in the field of foreign currency financing with special emphasis on the Swiss Franc. Clients are sensitized to the subject by their respective key account manager and they are provided with information how to secure such financing systems.
In autumn 2013 we concentrated on the corporate clients' sector, in particular on the topic: company pension scheme. A media campaign was launched additionally to call attention to this matter. The company pension scheme models (CPS) are contemporary tools to be employed by progressive companies in order to save taxes, reduce costs and promote employee motivation. In order to evaluate all legal possibilities, a proved assessment method was elaborated. Consequently, this assessment is managed by experienced experts and finally, an individual pension concept is established that presents a significant overview of particular cost cutting potentials and promotion possibilities.

Economic Forecast 2014
Especially in a challenging environment it is of utmost importance to build and maintain positive momentum in order to encourage entrepreneurs to undertake investments, because competitive companies form the basis for an efficient economy in our region.
Hypo Tirol Bank has adequate liquidity and will make it available for healthy local companies and their investment plans. Our money will be provided in a fast and fair manner, and tailored to the respective needs of local small- and medium-sized companies.

Public institutions

Hypo Tirol Bank offers a great variety of services ranging from risk and liquidity management to financing and asset management, and employs a high level of proficiency to support the clientele in this business sector.
A team comprising six members is responsible for public institutions and communities that closely cooperate with the Province of the Tyrol. In addition, the close cooperation with non-profit housing cooperatives in the Tyrol reflects the significance of homebuilding for the federal state bank. The number of clients is manageable, however, the consulting demand is very high due to the individual needs and desires of the above mentioned client groups. Therefore, a separate department is required in order deliver expert solutions. Furthermore, the large number of obligations and margin contributions justify the provision of targeted service.
Due to the establishment of a separate department, expertise and experience gained in the past decades can be supplied to this strategic target group in a concentrated manner. The experts are well informed about the branches and markets, in which their clients do business and have appropriate knowledge in relation to the respective conditions. Reliability and continuity combined with immediate and uncomplicated transactions are the main characteristics in the field of customer service.

Economic Forecast 2014
Relations to communities and other public institutions in the Tyrol shall be expanded and intensified. The federal state bank will be responsible for implementing this task and Hypo Tirol Bank will take all appropriate measures in this respect. In accordance with the 2014 annual planning, the active volume in this segment shall – after deduction of all planned and extraordinary clearances - be kept on a constant level.

Hypo Tirol Versicherungsmakler GmbH – insurance broking company

In 2013, the insurance company primarily concentrated on the segments liberal professionals and corporate clients and achieved a satisfying result in the insurance consulting segment. As an independent insurance broker, Hypo Tirol Versicherung is perfectly linked with other Austrian insurance companies and consequently offers its clients flexible and tailored solutions by broking or developing products. In this context, the foundation for best insurance coverage is built by a comprehensive and structured risk analysis. By examining possible hazards and gaining knowledge thereof, a risk management concept is developed. Hence, risk potentials in all aspects are evaluated consistently, rather than only talking about insurance in detail.
Economic Forecast 2014
In 2014, brokerage shall be further extended. In cooperation with the department private banking and liberal professions, in the first half of 2014, emphasis will be put on subjects such as pension schemes and insurance for employed physicians.

Italy branch office

In accordance with the business strategy to tighten the company structure in Italy, the branch offices located in Trento and Verona were closed. Hypo Tirol Bank Italy AG was transformed into a branch office (EU branch office) as scheduled – with retroactive effect from 1 January 2013.
This structural tightening and alignment aim at combining expertise and joining forces once again, at using synergetic effects efficiently and at optimising costs.
Furthermore, the focus will be put on restructuring the loan busi-

ness sector, deepening investment activities as well as managing the acquisition of risk-aware financing businesses in the core market.
In Italy, Hypo Tirol Bank manages investment and property financing for private clients, and real estate financing and real estate leasing for companies. It operates branch office in Bolzano, Merano and Bressanone. In addition, a network of freelance investment consultants and eleven partner bank institutions from the Northern Italian region sell investment products provided by Hypo Tirol Bank.

Economic Forecast 2014
As far as the North/South Axis is concerned, the South Tyrolean office is of great interest for Hypo Tirol Bank. Since the bank is known as the federal state bank, it goes without saying that also in Italy Hypo wants to concentrate on its core competence – that is to say, on the sectors investment and housing financing for private clients. In addition, based on the range of services offered, it also wants to take the position of being a strong partner for the South Tyrolean economy.
In 2014, target groups such as private clients, housing financers, small- and medium-sized enterprises and public institutions will be in the centre of attention. The market share shall be increased in these segments.
Furthermore, focus shall be put on customer service, reliability and fast transactions by means of short decision channels in combination with perfectly trained employees who are at your disposal.
Hypo Tirol Bank will also convince with top products, consolidated consulting service and high quality customer service. In the medium term, the expansion of the network comprising freelance investment consultants is intended in order to support sales in the field of sophisticated investment in the core market and beyond. Moreover, the bank wants to continue to concentrate on the acquisition of risk-aware financing businesses in the South Tyrolean core market.

Vienna

Hypo Tirol Bank is a niche player in the Viennese market and particularly concentrates on personal contact and trustful customer relations. In addition to the strategic alignment of the bank, the private client sector has become increasingly important in Vienna as well. The clients are offered the unlimited portfolio of the core market – including insurance. Highly qualified homebuilding consultants accompany the Viennese clients on their way to their personal "WohnVision" idea. In the investment sector, Vienna especially focuses on wealthy private clients and liberal professionals. In the field of corporate clients, new acquisitions emphasise on the segment of industrial housing (purchase and sale of multi-storey dwelling and selected builder projects)
Economic Forecast 2014
In 2014, top priority will be given to strengthening the private client business – in particular with regard to security investment and commission business.

Treasury

In 2013, subsequent to the financial crises, treasury finally experienced relief in many aspects. Financial markets – basically stock markets – tuned the procedure of investing money into a pleasant activity. In particular, the recovery of periphery countries resulted in an increase in prices in most security investment businesses. However, raw materials could not keep pace in 2013, and especially gold was far below its all-time high and achieved a negative result at the end of the year with 1,900 USD a troy ounce. Even clients showed less interest in money market instruments with quasi zero interest rates and turned to long-term investment forms.
All risks managed within treasury (interest, liquidity, currency and market risks) were consistently balanced and achieved steady income.
The possibility to visit the treasury department, aroused great interest amongst pupils, students and teachers alike; in this connection many young people had the opportunity to get acquainted with this interesting business.

Turnover Register Control

The restriction of risk premiums on the capital market resulted in an increase regarding the bonds included in the investment portfolio.
In the positive context of a progressive market development, the turnover register control continued to reduce risks and still followed the reluctant and selective investment approach in accordance with the company strategy: by doing so, the balance sheet total and the contained risk were clearly reduced – on the one hand due to lower new investment volumes and on the other hand due to the repurchase of international investor's issues with terms lasting up to 2017.
With regard to international (new-)issue business, Hypo Tirol was rather restrained in 2013, which resulted from the extraordinary liquidity situation; it only acted in the private placement market.

Treasury Sales

The reinvestment ratio regarding Hypo Tirol Bank AG bonds was kept on a pleasingly high level. 2013 was a quite successful year for treasury, because the sales department was provided with innovative and simple bonds such as the melodious "Karwendel Anleihe" bond or the "Minimax Anleihe" bond, which enjoyed great popularity with clients.
Conversely, as far as trading bonds of other issuers was concerned, clear reservation could be observed.
New acquisitions in the asset management sector also showed a very pleasing development. In order to protect money from sneaking devaluation, an increasing number of clients relied on Hypo asset management (HVM Funds).
In comparison to 2012, foreign currency conversions nearly split. In the last quarter, credit users increasingly seized the opportunity to cancel Yen financing due to the weakness of the currency that basically resulted from measures taken by the Bank of Japan.

Asset management

The Hypo asset management volume (in HVM funds) was increased by 10% in the course of the year, with most accruals being recorded in the first quarter.
Primary tasks involved the investment of entrusted capital and the assumption of the numerous asset management activities of the EU branch office of Hypo Tirol Bank in Bolzano. In the course of the consolidation process, management approaches were standardised and the most successful approaches were employed for similar products.
In November, two new funds were launched, that is to say the "Profit Fund 40" and the "Profit Fund 100", which complete the fund product range offered by Hypo Tirol Bank. Both funds are managed pursuant to a flexible investment method, which allows cost efficient implementation for the client, because money is invested into perfectly composed funds listed in the stock market. At the same time the number of transactions is held relatively low. By doing so and in contrast to other investment funds, an exceptionally low cost ratio can be reached.

Economic Forecast 2014
While the general atmosphere in the treasury business is expected to continue to improve, the implementation of additional constraints and regulations will be a major concern: in this context EMIR, the European Market Infrastructure Regulation, should be mentioned, because it requires compulsory registration and compulsory clearing for derivatives.
As far as interest rate and share markets are concerned, from today's point of view the highest risks will probably refer to the changing behaviour of central banks (tapering, base rate, liquidity provision). Due to decreased raw material prices, deflation rather than inflation will become a major issue, and consequently the risks of a possible strong increase in interest rates will be limited.

Immobilien Betriebs GmbH

On 1 March 2013 the departments of facility management, real estate and participating interest and Hypo Tirol leasing were merged into Hypo Immobilien Betriebs GmbH, which is a 100% subsidiary of Hypo Tirol Bank AG.
The merging allowed to improve consulting and service quality and to guarantee efficient transactions. Thus, the complete product range combined with comprehensive expertise in the field of leasing and real estate are available all under one roof for clients and partners alike.
Hypo Immobilien Betriebs GmbH is responsible for leasing and real estate business activities and all corresponding subsidiaries in this context. The precise area of responsibilities refers to the management of real estate property of the Hypo Tirol Group, held by the bank institution respectively the property company. This involves property for personal use and property used by third parties. Even though the market environment was quite difficult it was possible to keep real estate capacity stabile.
All staff members of Hypo Immobilien Betriebs GmbH are qualified experts in offering tailored real estate and movable property leasing solutions. Hence, this special knowledge and the extraordinary competence in the real estate sector help to find individual solutions for the needs of the client because all economic and fiscal aspects are considered and complex financing solutions are developed accordingly.
The fiscal advantages of leasing finance products have been reduced drastically, and subsequently the leasing business has lost its attractiveness. However, owing to the higher demand for movable property leasing, the level of the previous year could be maintained:

Economic Forecast 2014
Our major objectives will be the focus on the Tyrolean core market and the expansion of the cooperation with corporate clients. In the field of movable property leasing, an increased use of potentials shall be achieved for both existing and newly acquired clients. Based on the realignment of Hypo Tirol Bank AG, the real estate and participating interest sector will be downsized.

I. 6. Events of special importance that occurred after the balance sheet date

At the end of the fiscal year 2013 no event of special importance in relation to the business activities of Hypo Tirol Bank AG occurred, which had substantial influence on the financial and profit situation.
As far as company related events are concerned, the future of Hypo Alpe Adria International AG is of significant importance. Apart from solutions not involving subscribers, possible insolvency has been the centre of political and medial discussions since February 2014. The consideration of such a haircut for subscribers in spite of governmental liability has resulted in the fact that the Moody's rating for guaranteed state bonds was downgraded throughout Austria. Consequently, the guaranteed bonds of Hypo Tirol Bank AG were downgraded from Aaa to Aa2, however they still belong to the category: "extraordinary creditworthiness". Notwithstanding this, insolvency of Hypo Alpe Adria International AG cannot be expected. Therefore, no further direct impact on Hypo Tirol Bank AG can be assumed. With regard to the very unlikely event of insolvency of Hypo Alpe Adria International AG it must be stated that the joint and several liability of the members of the Mortgage Bond Division of the Austrian State Mortgage Bank (Pfandbriefstelle) for unsecured emissions shall not apply. However, the members of the Mortgage Bond Division of the Austrian State Mortgage Bank shall have the right to assert recourse claims against the Province of Carinthia.

II. Report on the anticipated corporate developments and risks

II. 1. Economic Forecast 2014

In our opinion the whole economic situation has improved significantly since the beginning of 2014. In particular, in the USA, the economic engine seems to run well, because the improved labour market situation and the low raw material prices have had some positive effects on the industry. In addition, the real estate market is recovering noticeably. In Europe, leading economic indicators such as the ifo Business Climate Index for Germany or several European Purchasing Managers' Indexes point towards further economic recovery in the euro area (especially in Core Europe). The substantial progress regarding the situation in the periphery countries of the European Union in the beginning of 2014, was the reason why Spain and Ireland did not need further aid provided by the EU. And finally, the economic situation in China should also recover due to the latest implemented reforms.

Our basic economic scenario: economic acceleration in Europe, little danger of inflation

Even though the economic situation in Europe is constantly improving, industrial capacities are not fully employed. In addition, both individuals and states are reducing their debts. Both factors lead to a low inflation level, as long as there is not increase in raw material prices. In our opinion, the increase in consumer prices in October amounting to +0.7% reached its low point on annual comparison, however, with regard to 2014 we anticipate very low inflation across the euro area. For that reason, the ECB announced the introduction of unchanged or even lower base rates in the beginning of January 2014.

Impact on money, currency and capital markets

Due to unattractive money market interest rates, investors will still be looking for higher yielding investment alternatives. This circumstance should mainly be beneficial to shares and should support the rates despite high index levels. Because: if global growth accelerates to the extent signalised by the leading economic indicators, company profit growth might improve as well.
In contrast, the perspectives in relation to bonds are not very promising. Based on the fact that the American central bank will pursue a less expansive monetary policy from January 2014 on, and that the economy will increasingly rest on solid ground, we expect rising capital market yields overseas. Due to the international complexity of capital markets, this tendency will probably also lead to increasing yields or declining rates in the euro area. Bonds having a long remaining time to maturity are particularly regarded as unattractive with yields and risks being taken into account. Nevertheless, if they are added to a portfolio, segments such as high yield or convertible bonds are regarded as interesting.
After the loss of the past months, raw material prices could regain stability soon. Nevertheless, we estimate that the situation regarding precious metals, especially gold, will remain challenging.

Economic development in our market areas 2014

Current forecasts regarding the economic development in our market areas in 2014 are based on the estimation that subsequent to a period of two years in which we had to face weak growth, the international economy will slowly pick up speed again. Even though the acceleration of economic dynamics will still be slow in the beginning of 2014, a growth rate amounting of 1.7% is expected for the Austrian economy. As far as the Province of the Tyrol is concerned, an increase in economic performance ranging from 1.4% to 1.8% is estimated once more. Italy should finally have overcome the recession: according to estimates, the economy should return to a moderate growth rate accounting for 0.3% to 0.7%, whereas the development in South Tyrol with +0.8% will probably be more advantageous than the average Italian development. However, across all market areas, recovery will still be relatively moderate and thus will not have positive effects on the labour market; for that reason the rates of unemployment are anticipated to stay on the same level like in 2013. The development of consumer prices is not considered to be very problematic; the inflation rate in Austria and Italy is expected to slightly decline again to less than 2.0%. In total, the anticipated economic development can be described as marginally positive; nevertheless, the structural crisis and the debt crisis in the euro area once again represent the highest risks in relation to anticipated decline. At the same time it is conceivable that an improved economic environment results in stronger growth impulses than currently anticipated, and consequently the indicated scenario of economic boom involves an upward trend in terms of a more rapid recovery.

II. 2. Anticipated corporate development

In 2014, Hypo Tirol Bank AG will consistently continue to concentrate on the core market and by doing so, it will implement the next important measures for a successful corporate future.
In this context, we must carry on with the achievements made in 2013, when we succeed in strengthening the confidence of existing clients and also succeeded in acquiring new clients. In comparison to 2012, the annual result increased clearly again and the diminution of risks was also achieved. For that reason, next spring, the bank will be able to pay higher dividends to the owner, the Province of the Tyrol.
Risk reduction represents one of the central components of our corporate strategy. With regard to the annual planning for 2014, the pillars of this strategy have already been translated into precise quantitative and qualitative specified targets that are to be implemented in the single business sectors. In this context, main emphasis was put on additional measures to gain profitability in relation to earnings and expenses throughout the company. The accomplishment of the federal state bank's task to accompany all Tyrolean clients as a reliable financial partner is reflected in the planning of respective new volumes in lending and deposit businesses as well as in the increased income from commission for the business sectors private clients, corporate clients, private banking and liberal professions as well as public institutions.
The realisation will be managed in the context of a marketing campaign which aims at intensifying customer relations and at targeted responding to the needs of the clients - in our sales departments as well as in the context of customer visits. Furthermore, the regionalisation of or trade mark, which is also intended

for 2014, will additionally support and complement this marketing campaign.
Subsequent to the closing of the Italian branch offices in Trento and Verona, business activities were transferred and are now managed in the context of the new tightened branch office structure in the offices located in Bolzano, Merano and Bressanone. On the one hand, business activities focus on deposit businesses, and on the other hand on low-risk lending businesses with small batch sizes. At the same time, the additional improvement of the risk situation of the existing finance portfolio still requires an intensive employment of resources. The transformation of the Italian bank into a branch office happened according to schedule on 1 October 2013, with retrospective effect on 1 January 2013; simultaneously the cooperation between Italian colleagues and the expert departments of the parent company has been and will be deepened.
The strategic alignment of the federal state bank which focuses on client businesses in the core market will be reflected in 2014 by further reduction of the stock of real estate, participating interest and financial assets. Apart from that, the diminution of financing volumes in the market areas outside the core market will also continue. By doing so, the 2014 balance sheet total will decline again and move towards a medium-term vale of 8 billion EUR in 2015.
We are absolutely aware that the re-dimensioning of the bank in terms of business volumes and numbers will not always be an easy undertaking. However, at the same time we are convinced that from the micro-economic point of view it is absolutely necessary to take such measures in order to guarantee a sustainably profitable corporate perspective for Hypo Bank Tirol AG. The progress that was made in 2013 has proven that we have chosen the right path and it signalises that we should definitely continue to follow that path in 2014 - for the good of our clients, staff members and in order to guarantee a successful future for our Tyrolean state bank.

II. 3. Major Risks and Uncertainties

With regard to details regarding the goals and methods in the context of risk management and the overall financial risks of the Hypo Tirol Bank AG Group, we refer to the chapters financial risks and risk management published in the notes.

II. 4. Report on the major characteristic of the internal control and risk management system, with special emphasis on the preparation of the financial statement

Definitions

The risk management system managed within the corporate group includes all activities which help to identify, analyse and evaluate business risks and consequently take appropriate measures to prevent such risks from affecting the company in a negative way.
With regard to the internal control system (ICS), risk management is mainly supported by the methodical evaluation of risks which forms the basis for the internal control system.
The internal control system defines all principles, procedures and measures which contribute to protect the assets of the company, to guarantee proper preparation of the financial statement and to ensure compliance with all legal provisions.
The corporate group describes the **internal control and risk management system concerning the preparation of financial statements** as a system that was designed to guarantee the proper, reliable and timely preparation of internal and external financial statements in accordance with all legal provisions. The process of preparing financial statements is not limited to regular reporting of interim and end-of-year financial statements; it also comprises orderly bookkeeping records of all relevant data regarding their origin, their processing and their recording in the internal company reports and in the end-of-year external financial statement.

Objective

The Managing Board of Hypo Tirol Bank AG is responsible for the establishment and maintenance of an appropriately equipped internal control and risk management system.
In the course of exercising this responsibility, an ICS coordinator has been appointed. The area of responsibilities of this function comprises the standardisation and systematisation of all existing internal control systems and the summary of individual measures and the subsequent transfer to an overall and unified internal control system. The evaluation of the effectiveness of the internal control system is based on the criteria specified in the working paper „Internal Control - Integrated Framework“ published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
The purpose of the ICS in relation to the preparation of financial statements is to recognise risks inherent to the process and to properly prepare an annual financial statement in compliance with all regulations by employing a control system.
Thus, the established ICS contains specifications, directives and guidelines which

- regulate the orderly recording of transactions and the keeping of orderly records in order to ensure the correct interpretation of business cases
- ensure sufficient security so that business cases can be recorded as required in order to guarantee the preparation of the financial statement in accordance with the respective legal provisions, and
- ensure adequate security with regard to preventing, reducing and discovering errors and irregularities which might have substantial effect on the financial reports.

The ICS manual, which shall be understood as methodical approach for implementing a cross-department, unified internal control system, serves as the basis for these requirements, directives and guidelines. Our internal control system does not primarily focus on establishing additional controls which aim at the implementation and maintenance of legal or other internal requirements or requirements relating to the supervision of banks. The major issue in this respect is, whether the controls as a whole can build a system. This process model is based on the international example of five components of the COSO Framework: control environment, risk assessment, control activities, information and communication, supervision.

Components of the ICS in the context of preparing the financial statement

- The **control environment** serves as the framework in which the ICS can be operated. The major instruments of the control environment are regulations of organizational and operational structure and processes which adhere to the separation-of-functions principle and the four-eye principle. The separation-of-functions and the four-eye principles represent core elements of the internal control system. Placing several sensitive activities in one hand or depending exclusively on self-control may be a stimulus to abstraction. The organisational and operational structure helps us to counteract such risks. Furthermore, standardised qualification and training programmes for staff members guarantee that the qualification level which is required for the respective position is obtained. The foundations of the control environment, however, are laid by integrity and the Code of Ethics and Conduct of each and every employee. In particular, the power of setting the right example on the part of managers and executives of Hypo Tirol Bank AG is of special importance.

Risk recognition and risk assessment are both built on the control environment, which forms the basis for other IKS components. The point of origin for effective risk assessment is found in our bank's corporate objectives. Pursuant to the overriding goals, the risks which are part and parcel of the selected business model, the processes are defined and recorded. Risk assessment with regard to the strategic dimensions of the COSO model is conducted by the risk management department on an annual basis. According to such risk assessment IKS-relevant processes were defined in Hypo Tirol Bank AG.

Our corporate objectives relating to financial reporting shall also be understood as the starting point for efficient risk assessment in the process of preparing the Financial Statements. The foremost goal of financial reporting is the process of preserving and informing. The legally fixed principle of communicating a true and fair view of the assets, the financial position and the profit situation is given top priority in this respect.

In order to minimize the risk of substantial misstatements in describing transactions in the process of preparing financial statements, the following steps have been taken:

- first of all, the risks which should be minimized have been identified,
- control objectives have been defined for such risk, which must be covered by the appropriate control activities,
- the results have been recorded in a sectorial risk control matrix.

A detailed and comprehensive understanding of the process of preparing financial statements is the foundation of identifying major risks. Thus, process documentation (process flow charts) in form of transparent and logical illustration of the various sequences of the preparation of financial statements is of utmost importance. Apart from that, the process documentation clearly regulates the areas of responsibility for each individual step and its interfaces.

The key business processes of Hypo Tirol Bank AG are the loan business and the bank's financial investments portfolio. Consequently they have been defined as ICS-relevant processes. The process of preparing financial statements, another ICS-relevant process, is responsible for the numerical illustration of these business processes. In this respect, the presentation of inherent risks in connection with the loan business and the bank's own portfolio is of special importance. In accordance with the comments on financial risks and risk management, we define loan risk and market price risk and liquidity risk as primary risks in these business processes.

To identify loan risk, quantitative and qualitative risk characteristics already exist and act as indicators for early risk recognition. In the event that impaired receivables are detected due to the early warning system, balance sheet risk provisions are ensured through the coalescing of all ICS components. These include, in terms of structural and process orientated set-up, a strict separation between front-office and back-office, regarding risk assessment, the annual re-definition of risk limits and, ultimately, the constant control to maintain defined limits and regulations with regard to decision making. But also the various strategies that have been defined by working directives and refer to cases ranging from downgraded credit ratings to the consideration of risk provision in the accounts corresponding to these working directives, are integral components of our internal control system.

Market risk, to be more precise, the danger of losses caused by market price changes, has gained importance especially in light of the financial market crisis. The development of exchange rates and the corresponding evaluation of securities significantly influenced the development of current earnings in the last years. With regard to the preparation of financial statements, it was of central importance to recognize any need to impairment as soon as possible, which consequently underscored the immense significance of a functioning internal control system. In addition, the evaluation of the impairment amount in connection with the inactive markets represented another great challenge. In this connection, all ICS components strongly contribute to the minimisation of risks of substantial misrepresentation in illustrating these business processes. Finally, balance sheet and evaluation directives regulate the identification and the assessment of reserves.

The purpose of control activities is to ensure the actual implementation of measures taken by Hypo Tirol Bank AG in order to control risks and to reach the business goals. For effectiveness purposes, such control activities are directly integrated into business processes and are illustrated in the respective process documentation and the corresponding risk-control matrix. In addition, the documentation of controls is an essential part of the IKS. Depending on the timing, we distinguish between error avoiding and error detecting control activities. Control activities avoiding errors are e.g. competence defining regulations or limited access to the system in the form of user policies and password policies. Error detecting controls are e.g. compliance and adjustment controls. Regarding the computerised processing of our business activities we are supported by the General Computing Centre (ARZ - Allgemeines Rechenzentrum). In this connection, we employ our own developments, based on state-of-the-art technology, as well as tried and tested standard products. ARCTIS software solution is the central host system, which is used for the daily banking business. Standard solutions such as GEOS, SAP, etc. serve as subsystems. Cognos Consolidator (consolidation software) supports the preparation of financial statements. In addition, access regulations, strict data security specifications and automatic adjustment controls are just a few examples our control measures which are applied in the entire IT landscape.

■ In order to use the ICS efficiently, specific and **wide ranging information and communication channels** have been designed for all important business areas, so that staff members are supplied with adequate information which is necessary to carry out the required controls. In this context and for transparency reasons, the ICS manual is accessible for all employees via Intranet. In particular, the explicit illustrations of controls in the process documentation (process flow charts, working directives, etc.), for the preparation of financial statements - and also for all other risk-relevant and IKS-relevant processes – and in the risk control matrices creates awareness in the minds of all involved employees. Information channels have been designed in such a way that all relevant information can be distributed in reliable, timely and objective manner. For internal communication, corresponding procedures and tools have been institutionalised, such as Portal News, Intranet, Managing Board e-mails, document distribution via Intranet platforms, as well as internal seminars and training workshops.

Moreover, institutional information channels in the context of management reports make business activities and their corresponding inherent risks transparent and demonstrate the development of earnings. Members of the Managing and Supervisory Board or shareholders are provided with information in compliance with institutional standards. The Managing Board has the obligation to submit quarterly prepared reports on profit and risk situations to the Supervisory Board and the Auditing Committee.

- An additional prerequisite for the effectiveness of our ICS is to maintain the functioning of the control measures on the long run. Thus, the ICS of the corporate group is regularly monitored in order to guarantee the compliance with the defined processes and controls and to make adjustments as applicable, whenever the circumstances or the environment are subject to changes. In this context, executive managers play an important role.

The **monitoring** of the ICS is carried out on various levels. On the process level, the monitoring of the ICS is guaranteed by means of organisational regulations within the company. Managers monitor the actual execution of the controls by making random tests.

The Managing Board ensures a comprehensive company-wide monitoring of the ICS by defining the necessary structural mechanisms (assigning responsibilities, creating suitable information systems, etc.) and reporting processes, e.g. the illustration of control results. In addition, the ICS coordinator prepares an annual report on ICS-relevant processes.

Furthermore, the bank's internal audit controls the ICS in the course of its review. This internal audit has the following responsibilities:

- Independent and objective audits, as well as consulting and supervisory tasks with regard to the quality assurance of the ICS
- Evaluation of the qualification and efficiency of the ICS
- Suggestions for further development

In the course of exercising their own responsibilities, the Supervisory Board and the Audit Committee also regularly inform themselves about the status of the ICS, e.g. in the framework of revolving discussions with the Managing Board.

Conclusion

The ICS is not a static system, on the contrary, it has to be altered and adjusted on a continuous basis in order to meet the changing requirements. The identification of such necessities, which are caused by new risks and continual supervision and assessment of its efficiency, are considered to be a major challenge by Hypo Tirol Bank AG.

III. Human Resources

On 31 December 2013 the number of employees of Hypo Tirol Bank AG amounted to 582 (measured by capacity), in comparison to the previous year, when 659 staff members were employed. 489 employees had a full-time job an 84 worked part-time. In addition, 9 apprentices were employed.

The main tasks of the past business year referred to the company-wide optimization of processes. Continuous and sustainable processes of improvement were anchored in all company and management levels.

The prevailing and extraordinary performance of each employee within the Hypo Tirol Bank AG Group forms the basis for the new alignment of the company and the business success in the future. A unified understanding of managing responsibilities builds the appropriate structure.

IV. Report on Research and Development

With regard to research and development, no branch specific statements have been made.

Innsbruck 12 March 2014

HYPO TIROL BANK AG – Managing Board

Johann Peter Hörtnagl | Dr. Markus Jochum | Mag. Johann Kollreider

Company Key Figures 2013

in million Euro	2013	2012	Change	in %
Balance sheet total	8.902	9.930	-1.028	-10,35 %
Receivables from clients	5.584	6.136	-552	-9,00 %
Primary capital	2.669	2.908	-239	-8,22 %
Liabilities evidenced by certificate	4.713	5.315	-602	-11,33 %
Equity capital according to Banking Act	567	633	-66	-10,43 %
of which Tier 1	430	461	-31	-6,72 %

In k Euro	2013	2012	Change	in %
Net interest income after risk provision	71.269	74.389	-3.120	-4,19 %
Net commission income	28.996	27.525	1.471	5,34 %
Administrative expenses	-82.883	-88.609	5.726	-6,46 %
Consolidated result before taxation	18.016	14.083	3.933	27,93 %

	2013	2012
Cost income ratio (CIR)	64,38 %	60,40 %
Equity capital ratio	13,20 %	13,03 %
Return on equity (ROE)	4,00 %	4,00 %

Human resources	2013	2012
Number of employees - annual average	582	659

Rating Moody´s	2013	2012
Long term	Baa 2	Baa 2
Short term	P - 1	P - 1

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I. Profit and Loss Account

in k €	Notes	2013	2012 adapted	in kEUR	Change in %
Interest and similar income		256.739	327.814	-71.075	-21,7
Interest and similar expenses		-157.541	-222.991	65.450	-29,4
NET INTEREST INCOME	**(37), (42)**	**99.198**	**104.823**	**-5.625**	**-5,4**
Loan risk provision	(38), (43)	-27.929	-30.434	2.505	-8,2
NET INTEREST IINCOME AFTER RISK PROVISION		**71.269**	**74.389**	**-3.120**	**-4,2**
Commission income		35.676	33.892	1.784	5,3
Commission expenses		-6.680	-6.367	-313	4,9
Net commission income	**(39), (44)**	**28.996**	**27.525**	**1.471**	**5,3**
Trading result	(40), (45)	-3.266	15.071	-18.337	>100
Result from hedge accounting	(46)	710	2.241	-1.531	-68,3
Result from financial instruments – at fair value through profit or loss	(41), (47)	2.204	-7.114	9.318	>100
Results other financial instruments	(48)	88	-13.571	13.659	>100
Administrative expenses	(49)	-82.883	-88.609	5.726	-6,5
Other income	(50)	25.615	26.415	-800	-3,0
Other expenses	(51)	-26.548	-24.265	-2.283	9,4
Result from associated companies	(52)	1.831	2.001	-170	-8,5
Result before taxation		**18.016**	**14.083**	**3.933**	**27,9**
Tax on income and profit	(53)	-3.034	5.517	-8.551	>100
Result after taxation		**14.982**	**19.599**	**-4.617**	**-23,6**

II. Statement of Comprehensive Income

in k €	2013	2012 adapted	in kEUR	Change in %
Result after taxation	**14.982**	**19.599**	**-4.617**	**-23,6**
Data which can be reclassified in the profit and loss account				
Evaluation of financial assets - AFS - included in other income	-12.587	26.935	-39.522	>100
Reclassification of evaluation results from disposed of financial assets - AFS to net income for the period	11.235	-9.552	20.787	>100
Reclassification of evaluation results from impairment of financial assets - AFS to net income for the period	1.901	3.796	-1.895	-49,9
Deferred tax from evaluation of financial assets - AFS included in other income	-137	-5.295	5.158	-97,4
	412	15.884	-15.472	-97,4
Data which cannot be reclassified in the profit and loss account				
Actuarial profit/loss	-197	-1.894	1.698	-89,6
Deferred tax from evaluation of actuarial profit/loss	49	474	-424	-89,6
	-148	-1.421	1.273	-89,6
Other result after taxation on income	**264**	**14.463**	**-14.199**	**-98,2**
Total result	**15.246**	**34.062**	**-18.816**	**-55,2**

III. Balance Sheet

Assets

in k €	Notes	2013	2012	Change in kEUR	Change in %
Cash assets reserve	(17), (54)	**42.882**	**103.304**	**-60.422**	**-58,5**
Receivables from credit institutions	*(18), (55)*	*477.115*	*252.461*	*224.654*	*89,0*
Risk provision	*(19), (57)*	*0*	*-1.253*	*1.253*	*-100,0*
Receivables from credit institutions after risk provision		**477.115**	**251.208**	**225.907**	**89,9**
Receivables from clients	*(18), (56)*	*5.928.966*	*6.477.181*	*-548.215*	*-8,5*
Risk provision	*(19), (57)*	*-345.192*	*-341.339*	*-3.853*	*1,1*
Receivables from clients after risk provision		**5.583.774**	**6.135.842**	**-552.068**	**-9,0**
Positive market values from derivative hedging instruments	(12), (58)	**225**	**491**	**-266**	**-54,2**
Trading assets and derivatives	(9), (59)	**398.543**	**610.502**	**-211.959**	**-34,7**
Financial assets – designated at fair value	(10), (60)	**935.413**	**995.105**	**-59.692**	**-6,0**
Financial assets – AFS	(13), (61)	**956.399**	**1.075.389**	**-118.990**	**-11,1**
Financial assets – HTM	(14), (62)	**198.487**	**391.565**	**-193.078**	**-49,3**
Financial assets – L&R	(15), (63)	**17.485**	**43.221**	**-25.736**	**-59,5**
Interests in associated companies	(7), (64)	**33.836**	**36.705**	**-2.869**	**-7,8**
Real estate kept as financial investment	(21), (65)	**118.568**	**120.749**	**-2.181**	**-1,8**
Intangible assets	(22), (66)	**1.498**	**1.564**	**-66**	**-4,2**
Tangible assets	(23), (67)	**76.022**	**86.788**	**-10.766**	**-12,4**
Other assets	(25), (68)	**30.077**	**40.274**	**-10.197**	**-25,3**
Assets kept for sale	(26), (69)	**11.712**	**17.121**	**-5.409**	**-31,6**
Deferred tax assets	(27), (70)	**20.153**	**19.774**	**379**	**1,9**
TOTAL ASSETS		**8.902.189**	**9.929.602**	**-1.027.413**	**-10,3**

Liabilities and Equity Capital

in k €	Notes	2013	2012	Change in kEUR	Change in %
Liabilities to credit institutions	(28), (71)	**453.549**	**527.867**	**-74.318**	**-14,1**
Liabilities to clients	(28), (72)	**2.669.013**	**2.908.318**	**-239.305**	**-8,2**
Liabilities evidenced by certificate	(28), (73)	**1.238.447**	**1.411.172**	**-172.725**	**-12,2**
Negative market values from derivative hedging instruments	(12), (74)	**23.643**	**51.140**	**-27.497**	**-53,8**
Derivatives	(8), (9), (75)	**200.913**	**253.401**	**-52.488**	**-20,7**
Financial liabilities – designated at fair value	(10), (76)	**3.556.456**	**4.019.624**	**-463.168**	**-11,5**
Provisions	(29), (77)	**37.660**	**41.932**	**-4.272**	**-10,2**
Other liabilities	(30), (78)	**74.981**	**64.514**	**10.467**	**16,2**
Current tax liabilities	(27), (79)	**1.365**	**1.763**	**-398**	**-22,6**
Deferred tax liabilities	(27), (70)	**1.192**	**1.345**	**-153**	**-11,4**
Subordinate and supplementary capital	(31), (80)	**99.388**	**106.184**	**-6.796**	**-6,4**
Equity capital	(IV), (33), (81)	**545.582**	**542.342**	**3.240**	**0,6**
TOTAL LIABILITIES AND TOTAL EQUITY CAPITAL		**8.902.189**	**9.929.602**	**-1.027.413**	**-10,3**

IV. Changes in Equity

in k €	Subscribed capital	Capital reserves	New evaluation reserves (incl. AFS reserves)	Currency translation reserves	Cumulative income	Total equity capital
As at Jan 1st. 2012	**108.800**	**91.233**	**-16.541**	**0**	**163.588**	**347.080**
Income after taxation	0	0	0	0	19.599	**19.599**
Other income after taxation	0	0	14.463	0	0	**14.463**
Total income 2012	**0**	**0**	**14.463**	**0**	**19.599**	**34.062**
Capital contribution	0	220.000	0	0	0	**220.000**
As at Dec 31st 2012	**50.000**	**311.233**	**-2.078**	**0**	**183.187**	**542.342**
As at Jan 1st .2013	**50.000**	**311.233**	**-2.078**	**0**	**183.187**	**542.342**
Income after taxation	0	0		0	14.976	**14.976**
Other income after taxation	0	0	264	0	0	**264**
Total income 2013	**0**	**0**	**264**	**0**	**14.976**	**15.240**
Dividends paid	0	0	0	0	-12.000	**-12.000**
As at Dec 31st 2013	**50.000**	**311.233**	**-1.814**	**0**	**186.163**	**545.582**

For further details regarding equity capital please see note (81).

V. Cash Flow Statement

in k €	2013	2012
Result after taxation	**14.982**	**19.599**
Items non-affecting cash flow and transfer to cash flow from operating business activities included in the result		
Depreciation and appreciation to assets	14.371	20.550
Allocation and dissolution of reserves and risk provisions	-419	8.492
Result from sale of assets	-7.875	935
Tax from income and profit	-3.034	-8.714
Correction interest profit	-102.043	-96.776
Profits from associated companies	-1.831	-2.001
Unrealised foreign currency profits and losses	-75.216	2.552
Change of assets and liabilities from current business activities after correction of items non-affecting cash flow		
Receivables from credit institutions	-224.639	27.099
Receivables from clients	584.587	560.024
Trading assets and derivatives and financial assets at fair value	254.703	93.855
Other assets	20.306	13.206
Liabilities to credit institutions	-74.301	-76.124
Liabilities to clients	-247.161	-34.140
Liabilities evidenced by certificate and financial liabilities at fair value	-573.085	-1.270.373
Negative market values from derivative hedging instruments	-22.934	5.246
Derivatives	-48.899	44.436
Other liabilities	17.530	-9.603
Interests received	282.120	364.096
Interests paid	-180.792	-257.874
Net total from income tax payments and tax refunds	10	12.408
Cash flow from current business activities	**-373.620**	**-583.107**
Cash inflow from sale/liquidation of		
Financial assets – HTM, AFS, L&R and interests	535.088	527.099
Tangible assets, intangible assets and investment properties	-6.278	27.532
Cash outflow due to investments in		
Financial assets – HTM, AFS, L&R and interests	-209.670	-70.013
Tangible assets and intangible assets	14.626	-3.958
Cash flow from investment activities	**333.766**	**480.660**
Cash flow-affecting changes in subordinated and supplementary capital	-8.568	-50.211
Dividends paid	-12.000	0
Called-in participation capital/capital contribution by the Province of the Tyrol	0	161.200
Cash flow from financing activities	**-20.568**	**110.989**
Cash holdings at the end of the previous period	**103.304**	**94.762**
Cash flow from current business activities	-373.620	-583.107
Cash flow from investment activities	333.766	480.660
Cash flow from financing activities	-20.568	110.989
Cash holdings at the end of the period	**42.882**	**103.304**

Cash holdings correspond to cash reserves: see notes (17) and (54).

VI. Appendix (Notes)

Principles of the Consolidated Financial Statement

HYPO TIROL BANK AG and its subsidiaries offer their clients a comprehensive range of financial services. The core business comprises corporate client business, private client business as well as leasing business. In addition, clients are offered a wide range of services in the field of insurance and real estate. The corporate group's core market is the Tyrol, which is extended by the Province of South Tyrol in Northern Italy. In the Eastern part of Austria, the bank is represented by its branch office in Vienna.

The bank is a public limited company seated in Innsbruck and is listed in the companies register Innsbruck, Austria (FBN 171611w). The bank's address is Meraner Strasse 8, 6020 Innsbruck.

The Hypo Tirol Bank AG Group is part of the scope of consolidation of the Landes-Hypothekenbank Tirol Anteilsverwaltung, seated in Innsbruck. The present consolidated financial statement is integrated in the consolidated financial statements of Landes-Hypothekenbank Tirol Anteilsverwaltung, Innsbruck.

This consolidated financial statement was prepared in accordance with the Austrian Banking Act article 59a, in combination with the Austrian Company Code of International Financial Reporting Standards article 245a, section 1, as applicable in EU countries.

Apart from the consolidated balance sheet and the consolidated profit and loss account and the comprehensive income statement, the financial statement also includes statement of changes in equity, cash flow statement and notes. Segment reports are included in the notes and illustrated under note (87).

The reporting currency is Euro (€). Unless specifically indicated otherwise, all amounts are shown in thousands of Euro (kEUR).

Balancing and evaluation methods

(1) Principles

The consolidated financial statement was prepared by using the principle of evaluation on the basis of historical acquisition or production costs, with the exception that financial instruments in the categories “designated at fair value”, “available for sale” and all derivative financial instruments are evaluated on a fair value basis which can be attributed to them.

The preparation of the consolidated financial statement was based on the going-concern assumption. Income and expenses are deferred pro rata over time and listed in the net profit or loss for the period to which they are attributable on a commercial basis.

The fundamental accounting and evaluation methods, which have been used for preparing the present consolidated financial statement, are described in the following. Unless stated otherwise, the methods are consistently and continuously employed across the corporate group.

The transfer of the result from the consolidated profit and loss account to the total result with detailed illustration of other results has been prepared in a separate statement (see section II, comprehensive income statement).

Cash flow from operating business activities is calculated by using the indirect method. More precisely, the consolidated result is first adjusted for non-cash items, in particular evaluation results and provisions recognized. The item “Other Adjustments” largely contains interest and income tax payments in the business year, which are shown in the section cash flow from current business activities.

The section cash flow from investment activities, illustrates payments into and out of the account from items, whereas the main purpose is the use for long term investment or employment.

Financing activities include equity capital and cash flows from subordinate and supplementary capital.

(2) Changes in Financial Reporting Standards

The balance sheet and all evaluations are prepared in accordance with all International Financial Reporting Standards required by the EU and valid at the key date and during the reporting period.

Standards and interpretations which will become effective on 1 January 2014 or later, as well as standards and interpretations that are not mandatory in the EU have not been applied.

In general, the corporate group shall apply all standards as at the date they become effective or mandatory.

From 2013 on, the following standards or amendments of standards shall be applied for the first time:

From 2013 on, the corporate group will implement the amendments to **IAS 1 “Presentation of Financial Statements”**. The amendments require companies to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement or not, as well as statements regarding deferred tax in relation to both groups. In addition it has been confirmed that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. The corporate group decided to maintain the consecutive statement of other comprehensive income. In case of a reclassification to the profit or loss account, the items in other comprehensive income will in future be grouped together and deferred tax will be presented separately; see section II comprehensive income and note (70).

With the amendments to **IAS 19 “Employee Benefits”** the previously admissible limit of all changes of cash value of pension obligations and fair value of plan assets (including the corridor approach which is not used by the Hypo Group) is no longer possible. In future actuarial gains and losses shall be presented in other comprehensive income. Apart from that, IAS 19 requires a net interest approach, which will replace the anticipated profit from planned assets and requires extended disclosure obligations for performance-defined plans and the corresponding risks.

Prior to the compulsory application of IAS 19, the corporate group presented current service costs, net interest costs as well as actuarial gains and losses, changes in accruals and deferrals of financial assets and the difference between net interest income and actual income in the profit and loss account. Beginning with the fiscal year 2013 (as well as with retrospective effect on the business year 2012) admissible expenses for pension and retirement obligations have been presented in other comprehensive income and in case of long-term service (long-service bonus provision) in the profit and loss account. This amended presentation leads to changes in relation to the publishing of the business result of 2012, because actuarial losses in pension and retirement obligations in the amount of EUR 1,894.487 are not presented in the profit and loss account but in other comprehensive income. This results in the following changes:

Changes concerning the result published in 2012

in k €	2012 new	2012 old
Administration expenses	-88.609	-90.504
Result before taxation	14.083	12.188
Tax on income	5.517	5.990
Result after taxation	**19.599**	**18.178**
Issues not reclassified in the profit and loss account	15.884	15.884
Issues that can not be reclassified in the profit and loss account		
Actuarial profits/losses	-1.894	0
Deferred tax from evaluation of actuarial profits/losses included in other income	474	0
Total	**34.062**	**34.062**

The amendments to **IFRS 7 “Offsetting Financial Assets and Liabilities”** require that statements shall be prepared for instruments under global offsetting agreements (Master Netting Arrangement) or similar agreements, even though the underlying instruments are not offset in the balance. With regard to instruments for which offsetting agreements have been made, but are not offset in the balance sheet, balancing effects are presented accordingly in notes (35) and (84).

Based on **IFRS 13 „Fair Value Management“** which became effective on 1 January 2013, the term fair value is defined, the context regarding evaluation on fair value basis is determined in one single IFRS, and further statements regarding the measurement of fair value are stipulated. Fair value is a market based measurement. If no observable market transactions or market information are available for assets or liabilities, fair value is measured by estimating the price at which orderly business transactions would take place between market participants in that market, at the measurement date and under common market condition.

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable input factors. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity‘s intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value. In this context the evaluation method to measure fair value uses input factors which are divided into three levels: in the context of the evaluation process, prices in active markets for identical assets are given top priority (level 1), whereas non-observable input factors have the lowest priority (level 3). IFRS 13 requires minimum information stated in the appendix, more precisely, information regarding fair value in relation to each classification of financial instruments, whereas it is distinguished between regular and irregular fair value. For both groups, the fair value, the fair value level and changes between the levels as well as descriptions in relation to the evaluation method and corresponding data shall be stated as well as a comparison with the book value. Wide ranging statements are required for regularly measured fair values of level 3, such as transfer calculations or sensitivity analysis of non-observable input factors. The amended disclosure provisions are described in notes (7) and (82).
IFRS 13 includes special regulations as far as the fair value measurement of derivatives is concerned, in which credit default risk of the counterparty and the credit default risk of the entity shall be considered. The value adjustment concerning derivative financial instruments for credit default risk of the counterparty is described “Credit Value Adjustment (CVA), and value adjustment of derivative financial instruments of the entity “Debt Value Adjustment” (DVA). The evaluation method concerning CVA and DVA is described in detail in note (8).

The following amended standards have already been published, but their application is not mandatory:

In May 2011, the IASB published **IFRS 10 “Consolidated Financial Statements”**, **IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosure of Interests in Other Entities”**, as well as a revised version of **IAS 27 “Consolidated and Separate Financial Statements”**, which was adjusted as a result of the publication of IFRS 10 but its provisions regarding the separate statements remain unchanged, as well as a revised version of IAS 28 “Associated Companies”, which was adjusted correspondingly, due to the publication of IFRS 10 and IFRS 11.

IFRS 10 “Consolidated Financial Statements” replaces IAS 27 “Consolidated and Single Statements” and SIC-12 “Consolidation - Special Purpose Entities” and creates a standardized definition for the term controlling, which shall apply to all companies, including the previously analysed special purpose entities under SIC-12. An investor controls a share if he or she is subject to varying return flow from the connection with this investment holding; and if the investor has the possibility to influence such return flow through management of the company. The control shall be determined on the basis of all current details and circumstances; moreover it shall be assessed and analysed whenever such details and circumstances change. In addition IFRS 10 contains special regulations for investment businesses: in case a company fulfils the definition of an investment company, it shall not consolidate its subsidiaries and shall not apply IFRS „business combinations" if it controls another company.

IFRS 11 "Joint Arrangements" replaces IAS 31 "Joint Venture" and SIC-13 "Jointly-Controlled Entities - Non-monetary Contributions by Venturers". A joint arrangement is as an arrangement under which two or more contracting parties exercise joint control. IFRS 11 now distinguishes between two types of joint arrangements (joint activities and joint ventures) and defines the different rights and obligations of the respective arrangements. In this context, the structure, the legal form of the arrangement, the terms of contract defined by the involved parties and other relevant facts and conditions, if appropriate shall be determined. If two or more companies find an arrangement under which they have immediate rights from assets and obligations from liabilities, we talk about joint activities. A joint venture is defined as joint agreement, under which the parties have joint control and have rights from net income of the company in which they hold a share. Balance sheets for joint activities differ from those of joint ventures. Holdings in joint ventures shall be reported by using the equity method (ratio consolidation shall not be permitted anymore). The balance sheet regarding joint activities is established in such a manner that each joint partner reports his or her financial assets (including the share in jointly held assets), liabilities (including the share in loss of liabilities) as well as income (including the share in income from sale of products or services offered by the joint arrangement) and expenses (in-cluding the share in jointly created expenses). In this respect, financial assets, liabilities, income and expenses shall be reported in accordance with all relevant International Financial Reporting Standards.

IFRS 12 "Disclosure of Interests in Other Entities" defines disclosure regulations for all disclosures regarding the type, the connected risks and the financial effects of interests in subsidiaries, associated companies and joint arrangements, as well as disclosures regarding non-consolidated structural entities. In comparison to IAS 27 and SIC-12, IFRS requires more comprehensive disclosures and defines the minimum information that shall be provided in order to fulfil the objectives. It requires the disclosure of all essential exercises of discretion and assumptions concerning the determination of the type of interest in other entities or other joint arrangements and concerning the determination of the type of the joint arrangement. In addition, information regarding interests in subsidiaries, joint arrangements and associated companies as well as structural entities, which are not controlled by the corporate group, shall be disclosed.

The European Union adopted the standards of the consolidation package (IFRS 10, IFRS 11, IFRS 12, IAS 27 (2011), IAS 28 (2011) by publishing the provision in the Official Journal of the European Union on 29 December 2012. The consolidation package became effective on 1 January 2014. According to current assessments, the consolidation package has no impact on the present consolidation cycle. The newly introduced, uniform definition of control has no impact on the present consolidation cycle. Pursuant to IFRS 11 "Joint Arrangements", the assessment of the current interest situation has no effect on the consolidation cycle. In this respect, Hypo Tirol Bank AG only holds interests in associated companies. With regard to the more comprehensive disclosure requirements, additional information concerning risk positions and possible restriction will be disclosed from 2014 on.

IAS 32 "Offsetting Financial Assets and Financial Liabilities": The rules regarding offsetting financial instruments basically remain unchanged. Only the application guidelines described in IAS 32 "Financial Instruments - Presentation" were completed. Offsetting is required in case netting options are currently available and simultaneous use of financial assets and financial liabilities is intended. The terms "currently" and "simultaneous" are clarified. The amendments take effect for fiscal years beginning after 1 January 2014. In this context, the application shall be on a retrospective basis. These amendments shall have no impact on the consolidated financial statement.

The IASB published amendments to IAS 39 and IFRS 9 regarding the **"Novation of Derivatives and Continuation of Hedge Accounting".** By doing so it reacted to OTC derivatives, central counterparties and transaction registers. According to the current provisions of IAS 39 hedge accounting shall be discontinued, if the clearing obligation and the use of central counterparties as new contracting parties lead to the clearing of OTC derivatives. The amendment aims at facilitating the obligation to discontinue hedge accounting; thus, under certain circumstances, novation of hedging derivatives shall not imply the clearing of the hedge accounting. The amendments take effect for annual periods beginning on or after 1 January 2014. Up to now, the corporate group has not managed derivatives via central counterparties. In case novation of hedging derivatives shall be made in future, the hedge accounting shall not be discontinued.

The IASAB published hat **„Defined Benefit Plans: Employee Contributions (amendment to IAS 19 „Employee Benefits").** The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendments are effective for annual periods beginning on or after 1 July 2014, with earlier application being permitted. It is expected that the amendments do not have any effect on the presentation of the consolidated financial statement, because defined benefit plans for active employees do not exist.

On 20 May 2013, the IFRS Committee adopted **IFRIC Interpretation 21: Levies**, in order to eliminate differences in relation to the accounting for levies imposed by governments (charges in a broader sense). Charges in a broader sense are only imposed, if a company is active in the market at a particular point of time. The interpretation now clarifies, how companies shall set off such levies in the course of preparing a financial statement in accordance with IFRS, and in particular, at what time the liabilities resulting from the levy are to be set off for the first time. However, such levies do not refer to levies according to IAS 12 income tax. In accordance with IFRIC 21, the activity is identified as the obligatory event for a levy. IFRIC 21 shall be effective for annual periods beginning on or after 1 January 2014. Endorsement by the EU is planned for the first quarter of 2014. It is expected that this amendment leads to a change in the presentation of other expenses, in which stability charges have to be reported separately form 2014 on.

In November 2009, the IASB published **IFRS 9 "Financial Instruments"** which provided a first step in the project to replace IAS 39 "Financial Instruments: Recognition and Measurement". With IFRS 9, new rules for classifying and assessing financial assets which fall under the applicability of IAS 39 are introduced. According to this, all financial assets are classified on the basis of the given business model of a company for controlling its financial assets and the characteristics of payment flow of the respective financial assets. In accordance with this, a financial asset shall be evaluated on the basis of continuous costs of acquisition, if the goal of the business model of the respective company foresees holding the financial assets, thereby bringing about contracted payment flow and fulfilling the contracted terms of the financial assets which exclusively show redemptions and interest payments. If a financial asset is held to collect and to realise contractual payment flows of the financial asset, and if the contractual payment flows of the financial asset only represent the return of the nominal value and the interest regarding the outstanding nominal value, evaluation on a fair value basis via other income is applied. All instruments which cannot be assigned to one of the categories are consequently evaluated on a fair value basis with effect on net income. On 7 March 2013, the IASB published a draft concerning amendments to IFRS 9 impairment of financial instruments. In future, an impairment model shall be introduced, which is based on expected loss. At present, pursuant to IAS 39, impairment is only recorded if it refers to incurred losses (incurred loss model). The difference between the two models is that the expected loss model considers expected loss without the existence of definite loss indicators, while the incurred loss model only considers expected loss, if loss indicators are already available.
Moreover the IASB intends to establish amendments to hedge accounting, with the methods and the manner of balanced illustrations not being changed. However, operational risk management is given top priority and the strict limits, which must be effective within hedge accounting in order to be illustrated in the balance, are cancelled. Instead, new accumulative requirements regarding the effectiveness as a component of qualitative preconditions for hedge accounting are defined, according to which there shall be an economic connection between basic transactions and hedge accounting, default risk shall not be dominating and the hedging ratio shall be chosen accordingly. Offsetting of macro hedges is excluded from IFRS 9 and pursued in the context of a separate project. The previous rules under IAS 39 shall be applied pending further notice.
The date of first-time application of IFRS 9 has not been defined yet, because in June 2013, the IASB decided to cancel the proposed date (i01. January 2015). With regard to a newly determined date of first-time application an appropriate period of time shall be considered for implementing the new regulations. The discussed amendments have substantial impact on both, the illustration of the consolidated financial statement and the balancing principles. Current discussions regarding IFRS 9 are actively observed by the corporate group and the effects are elaborated in the context of project teams accordingly.

(3) Estimates and evaluations submitted by the Management

In the course of preparing the consolidated financial statement, the management has the obligation to make estimates and assumptions which influence the balance sheet approach for the reporting period, the disclosure of profits and expenses and the information contained in the appendix. Changes regarding essential estimates and assumptions concerning the future developments that result from inherent uncertainties, might lead to substantial changes concerning the balance sheet approaches for the following business years; such estimates and assumptions involve: assessing the sustainability of financial assets, determining fair value, evaluating provisions and the approach and assessment of deferred income taxes. The methods regarding such estimates and subjective evaluation of assumptions are illustrated herein. The illustration of the parameters and detailed uncertainties will be explained in the notes referring to the respective balance sheet item.

The assumptions were based on principles which are founded on the latest knowledge. The expected future business developments were based on the respective circumstances at the time of preparing the financial statement and on realistic prospects regarding the future developments of the global and branch-specific environment. Some amounts may deviate from original estimates due to deviating development assumptions and developments that are beyond the control of the management.
For further details regarding stress test please see the notes on financial risks and risk management (pp. 75–87).

A) Loan risk provision

With regard to individual impairment possible impairment is formed on the basis of the cash value of the expected future cash flow in case objective evidence is available [see note (19)]. The estimation of expected cash flows requires assumptions considering the amount and the time of future payments. This also applies to impairment on portfolio level. These assumptions, together with estimates and evaluations of indicators which lead to loan risk provision, are based on past experiences gained in the loan business and are regularly controlled and amended, if necessary, in order to diminish any possible differences between loan risk management and actual loan default.

The amount and the development of loan risk provision are described under note (57).

B) Impairment of financial assets available for sale (AFS)

Impairment shall be anticipated if there is a significant and prolonged decline in fair value under acquisition costs. In case of impairment, AFS stock is adjusted and AFS reserves are adapted by the amount of impairment, thus the amount is considered in the profit and loss account. Estimates regarding the importance of impairment are based on assumptions. Defined thresholds concerning changes in fair value and time related aspects, serve as reference in terms of assessing a significant or prolonged impairment (see note (13)).

Accounting values of financial assets – AFS as well as impairment are illustrated in note (61).

C) Measuring fair value by using evaluation methods

Financial instruments that are not quoted in an active market are evaluated in accordance with recognized and customary mathematical methods, such as the cash value method or other suitable evaluation methods (option price models). Such evaluation models are substantially influenced by underlying assumptions. Therefore, fair value shall be understood as a key-date related estimate.

For further details regarding employed evaluation methods and the influence of underlying assumption please see note (7).

Market values and accounting values of financial instruments are illustrated in note (82) fair value of financial instruments.

D) Provisions

Provisions are employed for uncertain liabilities against third parties in the amount of the expected claim {see note (29)}. The provided amount demonstrates the best possible estimate of the costs that are required to fulfil such an obligation.

For detailed information regarding account values of provisions and their development please see note (77).

E) Deferred income tax

The evaluation of deferred tax obligations and deferred tax assets considers the tax consequences resulting from the fact how the group expects to realise its assets at the balance sheet date or to fulfil its obligations. Such expectations are based on the best possible estimates.

The use of active deferred taxes depends on the possibility to earn enough taxable income within the context of the respective tax law. In order to evaluate how likely the future availability of active deferred taxes is certain aspects such as past earnings and tax strategies should be taken into account. In case the actual results deviate from these estimates or if these estimates have to be adjusted to future periods, the active deferred taxes must be devalued in profit-affecting manner. Currently, the group's tax planning period amounts to five years.

Quantitative details regarding deferred income tax are described in note (70): deferred tax assets and obligations.

(4) Principles of consolidation

If the corporate group exerts a dominating influence on subsidiaries, such subsidiaries are included in the consolidated financial statement in the process of full consolidation. The group exerts a dominating influence on the subsidiary if it can determine financial and business policies. In general, this is anticipated in cases with direct or indirect capital participation amounting to more than half of the voting rights. The existence of potential voting rights which can currently be exercised or converted is taken into consideration in the course of the investigation as to whether the group exerts influence on another company.

In the event that a subsidiary is acquired, the balance sheet is prepared in accordance with the acquisition method. Subsequent to that, subsidiaries' assets and liabilities existing at the time of acquisition, or when controlling influence was achieved are evaluated at their fair value. Any differences arising out of setting the acquisition costs against the assets and liabilities evaluated at their fair value are entered as intangible assets. A negative difference is immediately defined as income once the value has been revised.

With regard to sustainability of value, company values are assessed at least once a year, if there are impairment indicators values are assessed during the year. In this context, depreciation arises out of the recognition of impairment.

In the fiscal year the real estate company Hypo Immobilien Betriebs GmbH was integrated into the consolidation group for the first time. The company was not acquired but newly established and therefore it is part of the consolidated financial statement. Since 1 October 2013, Hypo Tirol Bank Italia S.p.A. Bolzano has been run as an EU branch office. For that reason, the integration in the financial statements prepared by Hypo Tirol Bank AG is ensured and the exclusion of Hypo Tirol Bank S.p.A. Bolzano from the consolidation group is consequently justified.

The financial statements prepared by the subsidiaries were established in accordance with balancing and evaluation methods that are standardized within the corporate group. Intra-group receivables and liabilities and expenses, profits and intermediate results arising out of group financial and service business are eliminated as part of the consolidated debts and profits.

The balance sheet date of the consolidated bank accounts corresponds to the key date of all companies included in the consolidated financial statements.

(5) Shares in associated companies

An associated company is a company over which the group exerts a substantial influence; however it does not exert a dominating influence on financial and business related decisions. A substantial influence is assumed when the group holds between 20 % and 50 % of the voting rights.

Associated companies are evaluated according to the equity method and are presented separately in the balance sheet and profit and loss account. The amount stated at the time when the shares were first considered in the consolidated financial statements corresponds to the costs of acquisition. In the course of a subsequent evaluation their accounting value is extrapolated by the share of the group in profits or changes in equity capital. In the event that an associated company uses different balancing and/or evaluation methods, suitable adjustments to the IFRS consolidated data is effected through a secondary account. The balance sheet date of all associated companies corresponds to the balance sheet date of the parent company. No other profits resulted from associated companies.

The share of the corporate group in the associated company's success is illustrated and separately described in the profit and loss account.

A full list of the subsidiaries and associated companies which have been included in our consolidated financial statement can be found in the section "notes" - VII share ownership. The list includes four companies in which the group holds a share of 75 %. According to company agreements, which require 80% approval in case of substantial decisions, there is no dominating influence. Therefore, such shares are considered in the financial statement in accordance with the equity method.

Shares, which were deconsolidated in the course of the past financial year, and which have been considered in the section "companies not considered in the consolidated financial statement" belong to MC ZWEI Investment GmbH.

(6) Currency Translation

The consolidated financial statement is prepared in Euro, which is the functional currency of all companies of the corporate group.

Since 2011, all financial statements of the companies included in the consolidated financial statement have been prepared in Euro.

Monetary assets and liabilities denominated in foreign currencies are converted at the European Central Bank's rate at the balance sheet date.

Non-monetary items are converted in accordance with the evaluation standards of their respective category. Non-monetary items which are recorded at their historic acquisition costs are converted at the rate on the day of acquisition. Non-monetary items at fair value are converted on an analogue basis to monetary items at the current rate at the balance sheet date. Income and expenses are converted at the rate on that date which they affected profits.

Financial Instruments

All financial assets and liabilities, including all derivative financial instruments, are entered in the balance sheet at fair value at the time of acquisition; at that particular time they are assigned to one of the following evaluation categories. Basically, the balance sheet items correspond to the evaluation categories of financial instruments. Thus, the explanations of the evaluation categories are found in the corresponding balance sheet items. Receivables from and liabilities to clients are exempt from that rule. Receivables and liabilities which are voluntarily evaluated on a fair value basis are also recorded in these balance sheet items. The inclusion of financial assets and liabilities occurs at their trading date. The subsequent evaluation depends on the classification.

For more detailed information regarding stress tests referring to financial instruments, please see financial risk and risk management pp. 75.

(7) Fair Value

Pursuant to IFRS 13, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in common market conditions at the measurement date in the main market or in the most favourable market. In this context fair value is either directly observed or estimated by using evaluation techniques. The evaluation technique that is considered most appropriate for the respective circumstances and that provides sufficient evaluation data shall be applied. The overall objective is to keep the employment of significant observable inputs relatively high and the employment of non-observable input factors rather low, which is known as the fair value hierarchy; it divides input factors, used to measure fair value, into three levels. In the context of the fair value hierarchy quoted prices (unadjusted) in active markets for identical assets or liabilities are given top priority (level 1), while inputs for assets or liabilities that are not based on observable market data (unobservable inputs) are given lowest priority (inputs level 3).

Level 1: input factors of level 1 are prices quoted (not adjusted) for identical assets or liabilities in active markets that are accessible for an entity at the measurement date, Basically, the markets with the largest trading volumes are considered in his respect (main market). In case stock market prices are not available in the main market, the most favourable market can be considered in order to measure fair value. Therefore, prices of brokers or price agencies may also be used, provided that continuous transactions are involved and the prices for transactions between third parties are representative.

Financial instruments with a fair value that is measured on the basis of level 1 input factors are liquid equity instruments and liquid state and company bonds.

Level 2: level 2 input factors are market price quotations for assets or liabilities that are to be observed either directly or indirectly. In case prices of active markets are not available, fair value is measured on the basis of evaluation techniques. If a single financial instrument shows real-time, actual transactions, such transaction prices serve as fair value indicators. In case no transactions of identical financial instruments are available, transaction prices of basically identical financial instruments are used. With regard to complex and individual product design, such deviation of transaction prices of comparable financial instruments shall not be possible. For that reason evaluation models based on observable market data shall be used. Within the group, fair value for financial instruments with fixed payments is evaluated on the basis of the discounted cash flow method or for financial instrument with optional components evaluated on the basis of optional price models

If fair value is evaluated by means of the discounted cash flow method, the payment flows are discounted at the applicable mar-

ket interest rate (actual swap curve) for the remaining time. In the corporate group, cash values are determined by discounting the cash flows for linear derivatives, e.g. interest rate swaps, cross currency swaps, forward rate agreement). With regard to financial instrument with optional components, the Black/Scholes Model (Plain Vanilla OTC Options to interest and currency) is used to evaluate fair value. Complex financial instruments are evaluated by using the Hull-White Model.
In case evaluations are made on the basis of real-time, actual transactions or on the basis of basically identical financial instruments, financial instruments are divided into segments and a term-related spread is evaluated via the credit curve applicable for the particular segment. Such a segmentation or evaluation of corresponding spreads has substantial influence on the discount interest rate and consequently on fair value.

Financial instruments with a fair value that is evaluated within the corporate group on the basis of level 2 input factors are hedging tools with a positive or negative market value, derivatives, liabilities to clients, liabilities evidenced by certificate and subordinated and supplementary capital designated at fair value.

Level 3: In some cases, the fair value of financial instruments cannot be calculated. Neither via market prices nor on the basis of valuation models which are completely based on observable market data. For such financial instruments, initial parameters are based on other relevant sources of information or must be estimated according to appropriate assumptions. In this category, the corporate group primarily evaluates customer requirements designated at fair value. A significant and non-observable input factor in this context is an internal rating. The worse the creditworthiness of the client, the higher the corresponding interest rate is which influences the discount rate that is necessary to evaluate fair value.

For further details regarding the fair value of financial instruments (fair value statements, level categorisation, transfer calculation of financial instruments in level 3 category, sensitivity analysis of non-observable parameters, etc.) see note (82).

(8) Fair Value Derivatives

In the context of fair value measurement for derivatives, the counterparty default risk and the risk of the reporting company have to be considered. Therefore, the adjustment deriving from credit risk (CVA – credit value adjustment) has to be subtracted from the fair value of the derivative. In order to consider counterparty default risk, the expected exposure for future periods must be evaluated. According to the expected exposure the credit value adjustment for each contracting party can be calculated using the respective probability of default and the loss in case of default (depending on the respective counterparty). The expected exposure is evaluated in the corporate group by way of market risk adjustment factors in consideration of collateral agreements made with the counterparty. The probability of default is evaluated on the basis of credit spreads. If such spreads for the counterparty are observed in the market, they are taken into consideration; in any other case bond spreads are used. In a few cases, in which spreads regarding the counterparty are not definable, peer-group spreads are used. The amount of the loss in case of default is evaluated on the basis of empirical studies by Moody's.

(9) Trading Assets and Derivatives

Securities acquired for trading purposes and all derivatives, unless they are used for hedge accounting, are shown in this item. Trading assets and derivatives are measured at fair value.

The results of evaluation and sale regarding the trading assets are shown in the profit and loss account in the trading result. Income from interest and dividends are presented in net interest income.

(10) Financial Assets and Liabilities – designated at fair value

This balance sheet item illustrates financial assets and liabilities that are evaluated on a fair value basis irrevocably and voluntarily at the time they are acquired (designated at fair value). In the corporate group, these are financial instruments which are controlled as a corporate unit, based on economic hedge accosting with another financial instrument designated at fair value and for which hedge accounting is not applied {see note (12)}. In order to avoid accounting mismatch, these financial instruments are voluntarily evaluated at fair value.

Apart from that, all financial assets and liabilities with embedded derivatives are also evaluated voluntarily on a fair value basis.

The results of evaluation and sale are shown in the profit and loss account in the section "results from financial instruments – at fair value through profit or loss" in the profit and loss account. Transfer of interest and dividends are illustrated in net interest income.

(11) Embedded Derivatives

Embedded derivatives are derivatives, which are part of an original financial instrument and which are inseparably linked to it. With regard to the corporate group, such derivatives are loans at indexed rates and, to a minor degree, stock loans (loans with a right to redemption in shares).

The embedded derivative is separated from its original financial instrument and, like an isolated free derivative, it is separately entered in the balance and evaluated on market value (fair value) basis, if:

- the economic characteristics and risks of the embedded derivative are not closely connected to the economic characteristics and risks of the basic contract, and
- an independent instrument with the sane condition like the embedded derivative would meet the definition of a derivative, and
- the structured financial instrument is not evaluated at fair value.

At the balance sheet date, all financial instruments with embedded derivatives were evaluated on a fair value basis.

(12) Hedge Accounting

With regard to the fair value hedge of specified financial assets

and liabilities, the corporate group employs derivatives. Hedging instruments may face one or more similar basic businesses. The basic businesses within the corporate group are securities stocks with evaluation category AFS, provided they are fixed-rate assets. The interest risk is the risk hedged. Only rate swaps are designated as hedges.
Hedges are documented at the time they are established. The documentation mainly covers the identification of the basic business and the hedging instrument and the nature of the risk being hedged. In addition, the method which is used to determine the effectiveness of hedging transactions is documented.

Hedges are reviewed at the time of establishment to see how effective they are and subsequently, they are reviewed on a monthly basis. In this context, effectiveness is the relationship between the change in fair value arising out of the basic business being hedged and the change of fair value of the hedging derivative itself (regarding the risk hedged). The corporate group only reports hedges, if they are expected to be highly efficient over their entire term. Hedging is deemed to be highly efficient if for the entire term the ratio of the changes in value of the basic business and the hedge is between 0.8 and 1.25. If hedges are no longer considered to be highly effective, they are dissolved.

Derivatives used for hedging purposes are shown at their fair value as prevailing market values from derivative hedges. The evaluation changes of hedges together with market changes of the basic business, which shall be added to the hedged risk, are included in profit or loss for the period as results from hedge accounting. The non-effective component of the evaluation change is shown in results from hedge accounting. This is calculated on the basis of the net total, the changes in market value of the hedging instruments, which are underlying the risk hedged, and the basic business transaction.

(13) FInancial Assets – Available for Sale (AFS)

Financial assets – available for sale contain all non-derivative financial instruments that have not been assigned to categories, such as designated at fair value, HTM, L&R. Debt securities which have not been assigned to another category, are usually assigned to this category within the corporate group. To a small extent, equity capital securities and investment fund certificates have also been assigned to this category.

Financial instruments available for sale are evaluated on a fair value basis. The evaluation results are recorded in other income from AFS reserves, corrected by deferred tax.

In case of impairment of value, AFS reserves are adjusted by the impaired amount and are recorded in the profit and loss account under results from financial assets. The amount of impairment is the difference between acquisition costs and the current fair value.

With regard to foreign capital instruments, the corporate group considers impairment of value as result affecting, if there is objective evidence which permit the expectation of negative impacts on future payment flows from the financial instrument. Only creditworthiness-induced decrease of fair value can be assigned.

Objective evidence for such impairments is, for example, major financial difficulties of the debtor, default or delay of interest or redemption payments, possible insolvency proceedings or other restructuring measures of the debtor. If the market value drops by at least 20 % of the acquisition costs, it is considered to an indicator of creditworthiness-induced decrease of fair value, and objective evidence of impairment in the corporate group shall be analysed.

As far as equity capital instruments are concerned, the assessment of impairment is primarily based on a significant or sustained decrease of market value below acquisition costs. If the market value of equity capital instruments drops by at least 10% of the acquisition costs, it is considered to be an indicator of impairment and consequently it shall be analysed within the corporate group, whether there is objective evidence indicating that the expenses for the equity capital instrument may not be returned. A significant and sustained decrease is always assumed if the market value in the course of one business years is at least 20 %, or in the course of 2 years at least 10 % below acquisition costs.
An appreciation in value of such income affecting impairments is balanced under foreign capital instruments in income from financial instruments. For equity capital instruments, the appreciation in value is balanced under equity capital in AFS reserves.

If financial assets are sold, cumulative evaluation results as reported under equity capital are dissolved and reported in the profit and loss account under result from financial assets.

Interest and dividend income are shown under net interest income.

(14) Financial Assets – Held to Maturity (HTM)

This category contains non-derivative financial assets listed in an active market with fixed or determinable payments and fixed terms that are acquired with the intention and ability to hold them to maturity.

Designated fixed-rate securities are evaluated at continuous acquisition costs. In the event that acquisition costs differ from their redemption value, the difference is dissolved or credited in accordance with the effective interest method via the profit or loss for the period. In case an identifiable event occurs, which leads to the fact that expectations of future cash flows from an instrument decrease, impairment in the amount of the difference between its accounting value of the asset and the cash value of the future cash flow expected, discounted at the appropriate rate, is entered.

Effects on results from evaluation and sale of financial instruments are shown under result from financial assets. Interest is shown under net interest income.

(15) Financial Assets – Loans and Receivables (L&R)

This balance sheet item includes all non-derivative financial instruments with fixed, determinable payments, for which there is no active market; irrespective of whether those financial instruments are original or were acquired in the secondary market.

Loans and receivables are evaluated at continuous acquisition costs. In case of impairment of value {see note (19) loan risk provisions}, the acquisition costs are adjusted with effect on profits and presented in the profit and loss account under section result from financial instruments.

Demarcated interests are included in the net profit or loss for the period under interest income. Premiums and discounts are spread over their term in accordance with the effective interest method via the net profit or loss for the period and included in interest income.

(16) Other Liabilities

This category comprises all financial liabilities which are not evaluated voluntarily on a fair value basis via the net profit or loss for the period. They are evaluated at continuous acquisition costs. Premiums or discounts are included in net interest income with effect on profits over their maturity via the effective interest method.

(17) Cash and Cash Equivalents

Cash and cash equivalents designated in the cash flow statement correspond to the balance sheet item "'cash reserves", and consist of cash balances and credit balances with central banks. The assets at central banks are dedicated to the minimum reserve which must be held as assets at the Austrian National Bank in accordance with Central Bank Directives. The minimum reserves are part of the stock of payment instruments, which in the interpretation of the Austrian National Bank, can be considered as the basis for current payment transactions. For that reason the minimum reserve fulfils the definition "cash and cash equivalents" and is therefore presented in the cash reserve.

(18) Receivables from Credit Institutions and Clients

In this balance sheet item, issued loans are assigned in accordance with the respective business partner as receivables from credit institutions or from clients. At the time they are received, receivables are classified as loans and receivables or as receivables evaluated voluntarily at fair value. Impairments are presented as risk provisions.

(19) Loan Risk Provision

Substantial risks in relation to the banking business are taken into account by means of allowances to an appropriate extent. In terms of risk provision, the categories are divided into individual and portfolio evaluation adjustments. Risks resulting from off-balance sheet loans are considered by means of provisions.

Individual allowances were made in accordance with consistent standards within the group to cover the solvency risks involved in receivables from customers and credit institutions. Significant receivables amounting to more than kEUR 100 are reviewed annually to verify impairment of value. Individual loans must be adjusted if observable events have occurred which suggest that not all interest and capital redemption liabilities can be met on time.

Such events include:

- Deferment of payment or waiver of payment obligations of the debtor
- Initiation of sanctions
- Delayed payment
- Impending insolvency or over-indebtedness
- Application to open insolvency procedures
- Failure of rescue measures

The extent of the allowance depends on the difference between outstanding receivables, included accrued interest, and cash value of the payments that are expected to be received for the respective receivable, in consideration of valuable collateral. This is calculated on the basis of the contractually agreed interest rate.

With regard to insignificant receivables up to a value of kEUR 100, an allowance on the basis of default probabilities, obtained from historical time series, is calculated.

The unwinding (cash value effect) is shown in the profit and loss account - not as allowance but as interest income.

In addition, credit risks that already occurred but are not identifiable, are considered in form of portfolio allowances, based on default probabilities differentiated by rating classes.

Details on default probabilities according to rating classes and regarding stress tests can be found in the notes on financial risks and on risk management (see pp. 75).

If the payment of receivables is questioned, they are considered by establishing risk provision. In case further payments cannot be expected with the utmost probability, a receivable is classified as irrecoverable. An irrecoverable, already adjusted receivable is deleted from the accounts by using risk provision. If no individual allowance exists for such a receivable, it is directly depreciated with direct effect on profits. Payments for depreciated receivables are recorded in the net profit or loss for the period.

(20) Real Pension Transactions (repos) and Securities Businesses

Real pension transactions are combinations of cash purchases or sales of securities with simultaneous forward sale or repurchase with the same contracting party. Securities held on a repurchase basis in repo transactions (cash sales) continue to be reported and evaluated as securities stocks in the consolidated financial statement. The inflow of liquidity from repo business is shown as liability to credit institutions or clients in the balance sheet, depending on the counterparty. Agreed interest payments are recorded as interest expenses on maturity.

(21) Investment Properties

Investment property, more precisely, real estate which is held in the long term to obtain rental income and/or to increase its value is shown in this balance sheet item. It is evaluated at continuous acquisition costs. Rental income is included under other income. In case real estate is used for a different purpose, i. e. the property is no longer used for the bank's own business activities, but rented out; such real estate is transferred from tangible assets to investment properties.

Investment properties are depreciated on a straight line basis over its expected working life. This depreciation is included in other expenses.

The asset depreciation range in the current business year - like in the past business year – is described as follows:

Asset depreciation range in	years
Buildings	25–50

At every balance sheet date, the presence of possible indicators of depreciation is investigated. For the fiscal year, no such indicators were identified.

If there are indicators of depreciation, the realisable amount is determined and compared with the book value. The realisable amount is the higher one of two amounts designated at fair value less sale expenses and value of benefit.

Evaluating fair value for all investment properties is based on annually updated evaluations by an internal general chartered accountant, certified in real estate evaluation.
Evaluating fair value for pieces of property is carried out via comparable evaluations based on actual sales prices in the same time and geographical vicinity. If such comparative values are not available in sufficient amounts, the land value is derived from the possible uses and burdens of the land in a 'residual value' analytical process.
Real properties are rental objects. Determining the value is accomplished via income-process models based on actual rental income, provided that they comply with the market customs and are that they can be achieved on a sustainable basis. For empty buildings, values are gained from the market through comparable rental income which is then used as a fictitious value.
The fair value is derived from the results of these analytical-comparative processes, assessed with regard to respective market situation, and adjusted appropriately if necessary.
The chosen value approaches are based on property register investigations, continuous market observations, regular arrangements with real estate brokers, property developers, property management officers and experience gained via the company's own real estate management and available market data.
The respectively appropriate capitalisation interest rate is evaluated on the basis of the regulation range published in relevant specialist literature, (e.g. real estate evaluations from the Austrian Association of Real Estate Experts) in consideration of the respectively applicable market situation, the essential property location factors and the characteristics of the property.

(22) Intangible Assets

The item "intangible assets" comprises purchased software as well as licensing rights and an acquired client stock. All intangible assets have a limited operating life.

These assets are evaluated at their acquisition cost less scheduled depreciation and impairment. Assets are depreciated on a straight line basis over their expected operating life.

The asset depreciation range in the current business year - like in the past business year – is described as follows:

Asset depreciation range in	years
Large scale projects (e.g. ARZ software, GEOS, SAP)	8
Other software and licensing rights	4
Client stock	7

At every balance sheet date, the presence of possible indicators of depreciation is investigated. For the fiscal year, no such indicators were identified.
In case there are indictors for impairment, impairment is determined according to the notes on impairment for investment properties [see note (21)].

(23) Tangible Assets

Tangible assets are evaluated at acquisition or production costs less scheduled depreciation and impairment.

Scheduled depreciation is applied on a straight line basis over the asset's estimated operating life. In this context operating life is determined in consideration of the estimated physical depreciation, technical aging and legal and contractual limitations.

The asset depreciation range in the current business year - like in the past business year – is described as follows:

Asset depreciation range in	years
Buildings	25-50
Factory and office equipment	5-10
Construction work in leased business premises	15
IT hardware	3–5

year, no such indicators were identified.

In case indictors for impairment are identified, impairment is determined according to the notes on impairment for investment properties (see note {21}).

(24) Leasing

Leasing arrangements are evaluated in accordance with the allocation of economic risks and chances of lessor and lessee regarding the leased object.

Leasing arrangements are divided into financial and operating leasing. With regard to financial leasing, all the risks and opportunities associated with the property are transferred to the lessee, and thus the object leased is considered in the lessee's accounts.

Operating leasing exists, if leasing assets are assigned to the lessor.

In this context, the corporate group as lessor currently offers both, financial leasing for the rental of movable property, and operating leasing for the rental of investment properties.

Leasing arrangements, in which the corporate group is the lessee, play a subordinate role in the corporate group.

Sale-and-leaseback transactions were not carried out by the corporate group.

Financial leasing:
Lessor: the lessor designates the leasing receivables under receivables at their net investment (cash) value. Interest income is obtained on the basis of constant return which also includes the outstanding net investment value. Interest income from such transactions is shown under net interest income.

Operating leasing:
Lessor: leased assets, which are assigned to the lessor, are designated under investment properties and are determined in accordance with the described principles. Leasing profits are recorded on a straight line basis over the contractual maturity.

(25) Other Assets

The item “other assets” primarily includes value added tax receivables from the Italian state resulting from the acquisition of leasing properties and receivables other than from banking transactions.

Moreover, other assets also include real property and buildings which primarily were used as collateral by bor-rowers and which are now to be realised in disposing of impaired commitments (rescue acquisitions). These assets are shown as “assets held as collateral” and are evaluated as reserves in accordance with IAS 2. In this context, expenses and income are presented in other expenses and income as “income or expenses concerning assets held as collateral”.

(26) Non-Current Assets Held for Sale

Non-current assets or disposal groups are classified as held for sale if the corresponding accounting value is primarily realised through sale and not through continued use. This requirement shall only be considered fulfilled, if non-current assets or disposal groups in their current condition are available for sale immediately and if such sale is very likely. The Managing Board must have agreed the obligation to sell the asset. In this context it is anticipated that the sales process will be completed within one year subsequent to classification.

Non-current assets and disposal groups, which are classified “held for sale”, are evaluated on the basis of the lowest amount of their original accounting value and on a fair value basis less sales costs.

(27) Current and Deferred Tax

Current income tax claims and obligations are evaluated at current tax rates at which payments to or refunds by tax authorities are expected. Receivables from current income tax are illustrated, due to their insignificance in the corporate group, under the item “other assets”. To a large extent, tax receivables assigned in other assets are consumer taxes. Current income tax obligations are illustrated separately under liabilities. For details please see note (79).

Deferred income tax claims and obligations are based on temporary differences between value approaches of assets and obligations in the balance sheet in compliance with IFRS and value approaches which apply for taxation purposes. They are evaluated on the basis of the tax rate that is expected to be applied at the time they are dissolved. For further details please see note (70).

Active deferred taxes are scheduled if there are sufficient passive deferred taxes within the same tax unit or it is likely that taxable profits will arise within the same tax unit in the future. This also applies to scheduling active deferred taxes to fiscal losses brought forward.

Active and passive deferred taxes are charged against each other, if it is permissible to offset actual tax refund claims against actual tax debts and the deferred taxes refer to the same tax authority.

Actual profit-based tax expenses are shown in the consolidated profit and loss account under “Income tax”. The effects of creating or dissolving deferred taxes are also included in this item, except they refer to items which are evaluated on a profit-neutral basis. In such a case they are created or dissolved on a profit-neutral basis against the AFS reserves via evaluation under other profits.

(28) Liabilities

All liabilities to credit institutions are assigned to the category “other liabilities”. Liabilities to clients and liabilities evidenced by certificate are assigned to either “other liabilities” or to “designated at fair value”.

(29) Provisions

Provisions for social capital comprise reserves for pensions, severance payments, and length of service awards. These provisions are evaluated by the collective expectation method based on actuarial certificates.

The number of pensioners and survivors who are entitled to final salary bank pensions at Hypo Bank Tirol AG amounts to 19. Active staff is not entitled to bank pensions. Staff members who joined the company before 31 December 2002 are entitled to severance payments under certain conditions, especially if they retire. Severance payment provisions are made to cover these claims. For staff that joined the company after 31 December 2002, monthly contributions are made to a staff pension fund.

Employees shall receive one month's salary as a length-of-service award after 25 years of service and two months' salary after 35 years of service.

The evaluation of social capital cash values is based on a number of actuarial assumptions, such as:

- Domestic actuarial interest rate flow 3.5% (2012: 3.75%)
- Annual valorisations, collective agreement and career salary 2.5% (2012: 2.5%) regarding provisions for severance payments, service awards and occupational incapacity for employment risks
- Fluctuation rate according to separate chart, whereas length of service related fluctuation probabilities of 13% in the first service year to up to 0% in the 15th service year have been considered.
- Annual valorisations 1.5% (2012: 1.5%) regarding provisions for pensions
- Table values AVÖ 2008-P (generation related tables for employees in consideration of a surcharge due to out-dated values).

Actuarial assumptions are unprejudiced, coordinated with each other and represent the best possible estimation of the corporate group. Nevertheless, each assumption bears a risk in which changes of inflowing parameters would lead to a deviating balanced provision. In particular, in the context of calculating social capital, the corporate group points out the sensitivity of severance payment and pension provision parameters. For that reason, distortions of substantial influencing variables (discount interest rate and salary and pension valorisation) are illustrated by way of a sensitivity analysis under note (77). Based on experience and observations, the remaining variables (fluctuation rate or death probability) can be weighted as valid parameters with low distortion potential. In addition, length of service provision can also be regarded riskless as it is projectable and provides reliable actuarial parameters

As far as contribution-based pension schemes are concerned, there are no provisions required. The payments regarding a contribution-based scheme are paid to a pension fund and are evaluated as expenses on a current basis. Apart from that, there are no other obligations involved.

Other provisions for contingent liabilities to third parties are made if there is a reliably assessable, legal or de facto obligation to third parties. Provisions are made in the amount which would have to be paid on a reasonable consideration to meet the liability on the balance sheet date.

A detailed overview of balanced provisions as well as an illustration of the provision development in the course of specific periods, and the above mentioned sensitivity analyses can be found under note (77).

(30) Other Liabilities

The item "Other Liabilities" basically presents liabilities which to a large extent do not result from banking businesses (basically, liabilities from delivery of goods and services to clients).

(31) Subordinate and Supplementary Capital

This item shows subordinate capital in accordance with Banking Act article 23, section 8 and supplementary capital in accordance with Banking Act article 23, section 7. Capital is evaluated at continuous acquisition costs.

(32) Trustee Business

Assets and liabilities held by the corporate group in its own name but for the account of another party are not included in the balance sheet. In this context, incurred refunds regarding such businesses are shown as commission income in the profit and loss account.

(33) Equity Capital

Equity capital comprises capital provided to the bank (subscribed capital plus capital reserves) plus earned capital (profit reserves, reserves from currency translation and reserves formed on a profit-neutral basis from evaluations pursuant to IAS 39 and consolidated profits and earnings brought forward). Evaluation changes of the AFS stock not affecting profits after consideration of deferred tax are summarized in available for sale reserves.

Subscribed capital comprises 2,400,000 registered shares with restricted transferability of EUR 7.50 each and hence amounts to EUR 18,000,000.00, as well as a capital contribution amounting to EUR 32,000,000.00 from business funds in 2009.

(34) Financial Guarantees

A financial guarantee is a contract under which the guarantor is obliged to make certain payments in order to compensate the beneficiary for losses incurred because a debtor fails to meet his or her payment obligations under the original or amended terms of a debt instrument in time.

Obligations under financial guarantees are recorded as soon as the guarantor becomes a contracting party, that is, the time of accepting the guarantee offer. The firs evaluation is on a fair value basis at the time they are recorded.
Subsequent to that, the bank's obligations are evaluated on the basis of the higher value of the initial evaluation less straight line dissolution, which is used to allocate the guarantee provisions over the term of the financial guarantee and which is shown in the profit or loss for the period and in the risk provision for possible use.

(35) Accumulation of Financial Assets and Liabilities

Financial assets and liabilities are accumulated and designated in the balance sheet if there is an enforceable right to offset the amounts against our business partner and if transactions are settled on a net basis or if liabilities are settled at the same time as assets are realised.

According to IFRS 7, the corporate group is obliged to prepare statements concerning the netting out of financial instruments under Master Netting Agreement or similar agreements, even though the underlying instruments are not offset in the balance. With regard to instruments for which offsetting agreements have been made, but which are not offset in the balance, balancing effects are presented accordingly in note (84).

(36) Retirement of Financial Assets and Liabilities

The retirement of a financial asset is considered when the contractually agreed claims relating to cash flows from the financial asset have been eliminated or transferred. Furthermore, the retirement of a financial asset is considered when certain events occur, under which the corporate group has assumed the obligation to pay the cash flows from the asset to a third party.

The above-mentioned assets are deleted from the financial statement if all major risks and opportunities which are associated with the ownership of such assets have been transferred.

In case of transactions for which all major risks and opportunities associated with the ownership of the financial asset have neither been retained nor transferred, the corporate group deletes the transferred asset value from the statement, once the power of disposition has been transferred.

A financial liability is deleted from the financial statement if the associated obligation has been paid or suspended, as in the case of due-date maturity.

The corporate group enters transactions in which it transfers assets that are recorded in balance sheet, but retains all major risks and opportunities associated with these assets. In the corporate group, such transactions are only stock options (see note {20} and note {90})

Notes in relation to the Comprehensive Income Statement

Profits and the associated expenses are recorded whenever it is likely that the economic benefit will accrue to the corporate group and if the amount of the profits can be determined on a reliable basis. This concept is applied to the major profit-generating activities of the corporate group as follows:

(37) Net Interest Income

Interest income is depreciated in accordance with the effective interest method and is only recorded if there is sufficient probability that the amounts will accrue to the company and if the amount can be determined on a reliable basis. In this contest, income which mainly represents payment for the use of capital (interest-similar income) is assigned to net interest income. In addition, income from holdings is included in this item as well. Interest expenses are shown in line with interest income.

Dividends are also presented in net interest income as soon as legal entitlement arises.

(38) Risk Provision

This item illustrates appropriations to allowances and provisions, respectively profits from dissolving allowances and provisions as well as income subsequently received for receivables that have been depreciated in connection with loan business.

(39) Net Commission Income

Net commission income comprises the balance from income and expenses regarding the service business. Above all, this includes profit and expenses regarding services from payment transactions, from share business, from loan and leasing businesses and from currency, foreign currency and precious metals business, as well as other service businesses. Net commission income and expenses are recorded appropriate to the period, subsequent to the entire provision of service.

(40) Trading Result

The trading result presents the evaluation results of the category “held for trading”. Interest and dividend profit from financial assets and liabilities of these evaluation categories are shown under net interest income. It income from trading with securities is also included.

(41) Result from Financial Instruments – at Fair Value through Profit or Loss

Result from financial instruments - at fair value through profit or loss shows the evaluated income from categories ‘designated at fair value’ as well as the evaluated income from bank book derivatives. Interest and dividend income from financial assets and obligations of this evaluation category are reported under interest profit. Furthermore, the income from trading with securities is also illustrated.

Notes in relation to Profit and Loss Account

(42) Net Interest Income

in k €	2013	2012
Interests and similar income from receivables from credit institutions	1.861	4.539
Interests and similar income from receivables from clients	113.693	139.570
Interests and similar income from bonds	65.817	87.468
Interests and similar income from leasing receivables	8.497	13.993
Interest gains from derivatives	60.915	77.058
Earnings from shares and other non-fixed securities	455	548
Earnings from holdings from associated non-consolidated companies	837	1.693
Other earnings from participating interest	4.664	2.945
Interests and similar income	**256.739**	**327.814**
Interests and similar expenses for liabilities to credit institutions	-1.090	-3.218
Interests and similar expenses for liabilities to clients	-36.489	-51.808
Interests and similar expenses for liabilities evidenced by certificate	-115.761	-162.733
Interests and similar expenses for supplementary/subordinate capital	-4.201	-5.232
Interests and similar expenses	**-157.541**	**-222.991**
Interest income	**99.198**	**104.823**

Net interest income classified by evaluation categories of financial assets and liabilities is described as follows:

in k €	2013	2012
Trading assets and derivatives	164.959	240.719
Financial assets – designated at fair value	31.262	33.251
Financial assets – HTM	7.350	13.825
Financial assets – AFS	20.661	31.055
Credits and receivables	131.050	172.623
Interest earnings	**360.783**	**491.473**
Derivatives	-104.044	-163.659
Financial liabilities – designated at fair value	-109.087	-142.695
Liabilities evidenced by certificate	-48.454	-80.296
Interest expenses	**-261.585**	**-386.650**
Interest income	**99.198**	**104.823**

Interest income from financial assets not evaluated on a fair value basis amounted to kEUR 143,900 (2012: kEUR 191,086). The corresponding interest expenses for financial liabilities amounted to kEUR 48,454 (2012: kEUR 80,296).

Interest from impaired assets amounted to kEUR 10,436 (2012: kEUR 11,046).

(43) Loan Risk Provision

in k €	2013	2012
Allocation to allowances	-71.055	-60.164
Dissolutions of allowances	39.251	30.408
Direct depreciation of receivables	-421	-223
Earnings from income from depreciated receivables	873	1.229
Allocation to provisions	-4.018	-7.740
Dissolution of provisions	7.441	6.056
Loan risk provision	**-27.929**	**-30.434**

All profit affecting items of loan risk provision refer to allowances for receivables from clients [see note (57)].
The loss from credit business results from direct depreciation receivables, income from depreciated receivables and the use of generated provisions. In 2013, the loss amounted to kEUR 28,069 (2012: kEUR 20,362).

(44) Net Commission Income

in k €	2013	2012
Commission income from credit/leasing businesses	7.458	6.551
Commission income from securities businesses	13.536	13.633
Commission income from paperless clearing businesses and money transactions	10.458	9.387
Commission income from other service businesses	4.224	4.321
Commission income	**35.676**	**33.892**
Commission expenses for credit/leasing businesses	-661	-552
Commission expenses for securities businesses	-2.644	-2.996
Commission expenses for paperless clearing businesses and money transactions	-1.927	-1.634
Commission expenses for other service businesses	-1.448	-1.185
Commission expenses	**-6.680**	**-6.367**
Commission income	**28.996**	**27.525**

Net commission income included earnings from trustee transactions in the amount of kEUR 126 (2012: kEUR 243). Commission expenses included expenses from trustee transactions in the amount of kEUR 26 (2012: kEUR 24).

(45) Trading Result

in k €	2013	2012
Share related businesses	-171	-209
Currency related businesses	208	2.900
Interest related businesses	-3.303	12.380
Trading result	**-3.266**	**15.071**

(46) Result From Hedge Accounting

The result regarding hedge accounting shows evaluation results from effective hedge accounting in the context of hedge accounting.

The result is structured as follows:

in k €	2013	2012
Result from secured basic businesses	-11.551	7.937
Result from derivatives used as hedge accounting instruments	12.261	-5.696
Result from hedge accounting	**710**	**2.241**

(47) Result from Financial Instruments – at Fair Value Through Profit or Loss

in k €	2013	2012
Evaluation result financial instruments "designated at fair value"	130.503	149.848
Evaluation result derivatives	-128.299	-156.962
Result from financial instruments – at fair value through profit or loss	**2.204**	**-7.114**

The categorisation of the results from financial instruments “designated at fair value” corresponding to the balance sheet item, in which financial assets and liabilities are presented, is structured as follows:

in k €	2013	2012
Receivables from clients	-24.648	14.971
Financial assets – designated at fair value	-36.461	25.977
Liabilities to clients	42.961	-8.399
Financial liabilities – designated at fair value	148.651	117.299
Evaluation result: financial instruments "designated at fair value"	**130.503**	**149.848**

(48) Result from Other Financial Instruments

in k €	2013	2012
Realised profit from asset sale	5.499	11.104
Realised losses from asset sale	-1.462	-15.056
Additions	0	100
Allowances for financial instruments and share holdings	-3.949	-9.719
Result from other financial instruments	**88**	**-13.571**

The result from other financial instruments, divided in evaluation categories is structured as follows:

in € genau	2013	2012
Profit/loss from financial assets – AFS	2.073	399
Profit affecting changes in value via AFS reserves of financial assets – AFS	-1.393	2.639
Allowances from financial assets – AFS	-1.901	-3.796
Profit/loss from participating interest and other	1.278	-3.684
Allowances from shareholdings	-991	-1.690
Result from financial assets – AFS	**-934**	**-6.132**
Profit/loss from financial assets – HTM	34	-470
Allowances from financial assets – HTM	-59	-317
Result from financial assets – HTM	**-25**	**-787**
Profit/loss from financial assets – L&R	2.153	-2.736
Allowances from financial assets – L&R	-1.106	-3.916
Result from financial assets – L&R	**1.047**	**-6.652**
Result from other financial instruments	**88**	**-13.571**

The result from repurchase of issues from the banks own portfolio amounted to kEUR -5.670 (2012: kEUR -8.037).

(49) Administrative Expenses

in k €	2013	2012
Personnel expenses	-50.158	-53.219
Material expenses	-25.862	-25.978
Depreciation on material expenses and intangible assets	-6.863	-9.413
Administrative expenses	**-82.883**	**-88.609**

Personnel Expenses

in k €	2013	2012
Salaries and wages	-36.871	-38.094
Legal social expenses	-9.706	-10.096
Voluntary social expenses	-867	-954
Pension scheme expenses	-1.904	-1.864
Expenses for severance payments and pensions	-810	-2.211
Personnel expenses	**-50.158**	**-53.219**

Expenses for severance payments and pensions also included payments to the operational company pension fund in the amount of kEUR 172 (2012: kEUR 175).

Material Expenses

in k €	2013	2012
Building expenses	-3.621	-3.799
IT expenses	-6.222	-6.090
Communication expenses	-1.255	-1.420
Expenses for human resource development	-792	-863
Advertising and representation expenses	-3.675	-3.770
Legal and consulting expenses	-5.321	-5.761
Costs for legal structure	-1.860	-1.819
Other material expenses	-3.116	-2.456
Material expenses	**-25.862**	**-25.978**

Legal and consulting expenses and/or costs for legal structures included expenses for auditors (Ernst & Young chartered accountants Wirtschaftsprungsgesellschaftmbh, Wien) in the amount of kEUR 210 (2012: kEUR 221). Expenses for auditors were divided into expenses (costs for legal structures) for auditing the individual financial statement and the consolidated financial statement amounting to kEUR 202 (2012: kEUR 214) and into expenses for other confirmation services amounting to kEUR 8 (2012: kEUR 7).

Depreciation on tangible and intangible assets

in k €	2013	2012
Factory and office equipment	-2.161	-2.439
Real estate	-3.992	-6.113
Intangible assets	-710	-861
Depreciation on tangible and intangible assets	**-6.863**	**-9.413**

(50) Other Income

Other income comprises the following items:

in k €	2013	2012
Income from leasing business	5.942	4.930
Income from real estate sales	3.766	3.010
Rental income from investment properties	10.159	11.063
Income from assets received as collateral	78	225
Other income	5.670	7.187
Other income	**25.615**	**26.415**

(51) Other Expenses

Other expenses comprise the following items:

in k €	2013	2012
Leasing business expenses	-5.050	-5.099
Loss on real estate sales	12	-3
Depreciation on investment properties	-5.352	-5.213
Expenses in connection with investment properties	-6.385	-5.108
in connection with real estate rented out	-6.340	-5.053
in connection with real estate not rented out i. Z. m. nicht vermieteten Immobilien	-45	-55
Expenses in connection with assets received as collaterals	-41	-130
Operational damages	-90	-55
Other expenses	-9.642	-8.657
Other expenses	**-26.548**	**-24.265**

Other expenses included Austrian Stability Tax.

(52) Result from Associated Companies

in k €	2013	2012
Result from Associated Companies	**1.831**	**2.001**

(53) Tax on Income and Profit

in k €	2013	2012
Current tax claims	-4.099	-1.965
Deferred tax	1.065	7.482
Tex on income and profit	**-3.034**	**5.517**

Current taxes are based on the taxable results in this fiscal year in accordance with the local tax rates applicable to each company of the group. Corporate tax for Austrian companies amounts to 25 percent. This tax rate serves as the basis for the following offset-ting and reconciliation. The offsetting and reconciliation illustrates the connection between the calculated and the recorded income taxes.

in k €	2013	2012
Result before taxation	18.016	14.083
Applicable tax rate	25 %	25 %
Calculable income tax	**-4.504**	**-3.521**
Tax effects		
from tax free income from participating interest	-1.197	1.692
from investment benefits	-81	-194
from other tax free income	2.367	9.596
from previous years	-1.845	-432
from goodwill depreciation	72	-30
from pre-payments	0	11
from deviating tax rates abroad	-99	25
from other non-deductible expenses	209	-454
from other differences	2.044	894
from non-active losses brought forward	0	-2.070
Designated income tax	**-3.034**	**5.517**

Deferred tax income in the fiscal year amounting to kEUR 1,065, and deferred tax income of the previous year amounting to kEUR 7,482 entirely resulted from creating or dissolving temporary differences and the accounting of deferred tax in relation to losses brought forward.

Notes On The Balance Sheet

(54) Cash Reserve

in k €	2013	2012
Cash in hand	25.088	26.243
Deposits at central banks	17.794	77.061
Cash reserve	**42.882**	**103.304**

Pursuant to ECB directives, kEUR 17,794 (2012: kEUR 77,061) of the deposits at central banks are dedicated to the minimum reserves.

(55) Receivables from Credit Institutions

Receivables from credit institutions are assigned to the category „Loans and Receivables“ and are evaluated at continuous acquisition costs. Receivables from credit institutions included profit participation in Merkur Bank KGaA, Munich in the amount of EUR 3,500,000.

Receivables from credit institutions by business type

in k €	2013	2012
Interbank accounts	306.645	61.283
Money market business	75.714	75.715
Loans to banks	94.618	114.991
Other receivables	138	472
Receivables from credit institutions	**477.115**	**252.461**

Receivables from credit institutions by region

in k €	2013	2012
Austria	**202.714**	**179.246**
Foreign countries	**274.401**	**73.215**
Germany	23.221	25.351
Italy	29.869	27.262
Other foreign countries (incl. CEE)	221.311	20.602
Receivables from credit institutions	**477.115**	**252.461**

Receivables from credit institutions by maturity

in k €	2013	2012
Maturity: daily	107.670	44.730
Up to 3 months	71.649	57.011
3 months to 1 year	93.655	77.097
1 year to 5 years	100.618	56.495
More than 5 years	103.523	17.128
Receivables from credit institutions	**477.115**	**252.461**

(56) Receivables from Clients

Receivables from clients accounting for kEUR 491,421 (2012: kEUR 599.708) are assigned to the category „financial assets - designated at fair value". The remaining receivables in the amount of kEUR 5,437,545 (2012: kEUR 5,877,473) are recorded in the category „credits and receivables".

Receivables from clients by business type (prior to risk provision)

in k €	2013	2012
Current account	692.006	781.321
Cash	56.363	61.686
Loans	2.898.195	3.072.840
Credits on bill of exchange	196	135
Covered communal loans	861.732	1.015.764
Covered bond loans	707.351	749.987
Other loans	6.400	7.665
Leasing receivables	699.066	739.605
Other receivables	7.657	48.178
Receivables from clients	**5.928.966**	**6.477.181**

Receivables from clients by region

in k €	2013	2012
Austria	**4.542.506**	**4.786.823**
Foreign countries	**1.386.460**	**1.690.358**
Germany	311.878	448.518
Italy	1.016.298	1.128.173
Other foreign countries (incl. CEE)	58.284	113.667
Receivables from clients	**5.928.966**	**6.477.181**

Receivables from clients by maturity

in k €	2013	2012
Maturity: daily	252.394	305.244
Up to 3 months	389.016	436.694
3 months to 1 year	783.622	694.253
1 year to 5 years	1.837.998	2.070.464
More than 5 years	2.665.936	2.970.526
Receivables from clients	**5.928.966**	**6.477.181**

Receivables from clients by sector

in k €	2013	2012
Central state and public sector	718.908	833.527
Corporate clients	4.157.967	4.576.449
Private households	1.030.478	1.042.872
Other	21.613	24.333
Receivables from clients	**5.928.966**	**6.477.181**

Gross and net investment values in leasing business

in k €	2013	2012
Gross investment value	803.015	856.917
Financial income not realised	-103.949	-117.312
Net investment value	**699.066**	**739.605**
Non-guaranteed residual values	**114.710**	**146.467**
Accumulated depreciation	**-39.115**	**-33.306**

Accumulated depreciations in leasing business are designated in the item risk provisions in connection with receivables from clients.
In the expired fiscal year, no contingency payments were recorded as expenses.

Nettoinvestitionswerte im Leasinggeschäft nach Fristen

in k €	2013	2012
up to 3 months	17.474	11.359
3 months to 1 year	68.571	58.054
1 year to 5 years	230.750	257.855
more than 5 years	382.271	412.337
Net investment value	**699.066**	**739.605**

Gross investment values in leasing business by maturity

in k €	2013	2012
up to 3 months	21.115	23.483
3 months to 1 year	79.384	61.444
1 year to 5 years	276.435	307.559
more than 5 years	426.081	464.431
Gross investment value	**803.015**	**856.917**

Minimum leasing payments from non-callable operating leasing contracts as lessor were not collected

(57) Risk Provision in Connection With Receivables From Credit Institutions and Clients

Development of risk provision in connection with receivables from credit institutions

in k €	2013	2012
As at 01.01.	-1.253	-1.253
Currency differences	0	0
Consumption	225	0
Liquidation	1.028	0
Addition	0	0
Risk provision in connection with receivables from credit institutions	**0**	**-1.253**

Development of risk provision in connection with receivables from clients

Risk provision in connection with receivables from clients amounted to kEUR 3,102 (2012: kEUR 7.799) and is assigned to the category "financial assets – designated at fair value". The remaining risk provision amounting to kEUR 342,089 (2012: kEUR 333,540) is recorded in the category "credits and receivables", which is evaluated at continuous acquisition costs.

in k €	2013	2012
As at 01.01.	-341.339	-306.486
Currency differences	458	72
Consumption	28.521	-5.169
Liquidation	38.223	30.408
Addition	-71.055	-60.164
Risk provision in connection with receivables from clients	**-345.192**	**-341.339**

Risk provision in connection with receivables from clients by region

in k €	2013	2012
Austria	**-105.452**	**-119.859**
Foreign countries	**-239.740**	**-221.480**
Germany	-29.887	-37.536
Italy	-208.318	-182.761
Other foreign countries (incl. CEE)	-1.535	-1.183
Risk provision in connection with receivables from clients	**-345.192**	**-341.339**

Development of risk provision in connection with receivables from clients

in k €	As at 01.01.	Currency translation	Consump-tion	Liquida-tion	Additions	As at 31.12.
2012						
Reliability risks – receivables > kEUR 100	-283.768	-16	-7.941	25.346	-55.643	**-322.022**
Reliability risks – receivables < kEUR 100	-22.492	88	2.772	4.880	-4.512	**-19.264**
Portfolio provision	-226	0	0	182	-9	**-53**
Total	**-306.486**	**72**	**-5.169**	**30.408**	**-60.164**	**-341.339**
2013						
Reliability risks – receivables > kEUR 100	-322.022	296	25.914	34.915	-67.950	**-328.847**
Reliability risks – receivables < kEUR 100	-19.264	162	2.607	3.304	-3.097	**-16.288**
Portfolio provision	-53	0	0	4	-8	**-57**
Total	**-341.339**	**458**	**28.521**	**38.223**	**-71.055**	**-345.192**

Development of risk provision in connection with receivables from clients by sector

in k €	As at 01.01.	Currency translation	Consump-tion	Liquida-tion	Additions	As at 31.12.
2012						
Corporate clients	-283.768	-16	-7.941	25.346	-55.643	**-322.022**
Private households	-22.492	88	2.772	4.880	-4.512	**-19.264**
Other	-226	0	0	182	-9	**-53**
Total	**-306.486**	**72**	**-5.169**	**30.408**	**-60.164**	**-341.339**
2013						
Corporate clients	-322.022	296	25.914	34.915	-67.950	**-328.847**
Private households	-19.264	162	2.607	3.304	-3.097	**-16.288**
Other	-53	0	0	4	-8	**-57**
Total	**-341.339**	**458**	**28.521**	**38.223**	**-71.055**	**-345.192**

Additions included unwinding in the amount of kEUR 567 (2012: kEUR 184), which was reclassified in the profit and loss account from risk costs to interest income.

In consideration of risk provisions, receivables from credit institutions and clients can be classified as follows:

	Receivables from Clients		Receivables from credit inst.	
in k €	**2013**	**2012**	**2013**	**2012**
Receivables with no individual allowance	5.141.693	5.595.906	477.115	249.961
Overdue receivables - no allowance	47.765	61.902	0	0
Individual allowance for receivables	739.508	819.373	0	2.500
Risk provision	-345.192	-341.339	0	-1.253
Receivables	**5.583.774**	**6.135.842**	**477.115**	**251.208**

Receivables with Individual allowance included receivables, for which specific allowance has been created and receivables, for which a lump-sum allowance has been created.

The loan quality of receivables with non-specific allowance from credit institutions and clients is evaluated in accordance with internal rating classifications:

	Receivables from Clients		Receivables from credit inst.	
in k €	**2013**	**2012**	**2013**	**2012**
Outstanding creditworthiness (ratings 1A – 2B)	1.526.668	1.364.511	309.233	103.950
Very good creditworthiness (ratings 2C – 2E)	970.997	1.311.300	55.195	63.467
Good creditworthiness (ratings 3A – 3B)	1.336.416	1.436.466	27.109	20.624
Medium creditworthiness (ratings 3C – 3E)	1.003.929	1.090.311	81.886	58.393
Weak creditworthiness (ratings 4A – 4B)	180.415	217.373	43	27
Very weak creditworthiness (ratings 4C – 4E)	123.268	175.945	3.649	3.500
Receivables with no individual allowance	**5.141.693**	**5.595.906**	**477.115**	**249.961**

In case of default payment of 90 days (Basel II), receivables are assigned to the internal rating category 5A and thus to „overdue receivables – no allowance". If allowances result from default payment, such receivables are re-categorised to receivables with individual allowance.

The analysis of receivables in the category „overdue receivables – no allowance" illustrates the following situation:

	Receivables from clients	
in k €	**2013**	**2012**
3 months to 6 months	32.343	60.325
6 months to 1 year	7.245	979
more than 1 year	8.177	598
Overdue receivables - no allowance	**47.765**	**61.902**

In case of default payment less than 90 days, that is 1 day to 3 months, receivables are not assigned to this category; in the fiscal year they amounted to kEUR 65,692 (2012: kEUR 81,309).

Indicators for weak creditworthiness and required allowances in this context are reflected in the internal rating class "default" which is divided into rating classes 5B to 5E. Ratings 5B to 5E show the development of commitments which start off at risk, though deferrals or withholding payments due to impending insolvency or over-indebtedness to potential bad debts because insolvency proceedings have been opened.

The analysis of the fiscal year 2013 regarding specific allowance for receivables illustrates the following situation:

	Receivables from clients		Receivables from credit inst.	
in k €	**2013**	**2012**	**2013**	**2012**
Rating level 5 B	369.360	451.937	0	0
Rating level 5 C	314.336	302.008	0	0
Rating level 5 D	55.722	65.298	0	2.500
Rating level 5 E	90	130	0	0
Individual allowance for receivables	**739.508**	**819.373**	**0**	**2.500**
Risk provision	-345.192	-341.339	0	-1.253
Net asset value of individual allowance for receivables	**394.316**	**478.034**	**0**	**1.247**

In order to ensure the coordination of risk provisions shown in the charts with the items in the balance sheet, the allowances are illustrated on portfolio level (lump sum provisions) under “risk provisions”. Since the allowance is formed on portfolio level for losses which have already occurred but have not yet been reco-gnized, it must be reflected that the corresponding receivables were not contained in the individual allowances for receivables. This insularity has been accepted for reasons of simplicity.

In order to reduce risks, specific measures are taken, especially by means of collateral. The main forms of collateral used include mortgages, guarantees and other assets.

Accountable collateral – evaluated in accordance with regulatory law principles - reduced the default risks of overdue receivables without allowance and receivables with individual allowance as follows:

in k €	**2013**	**2012**
Collateral for overdue receivables - no specific allowance	27.752	48.287
Collateral for specific-allowance receivables	372.508	411.679

(58) Positive Market Values from Derivative Hedging Instruments

The only hedging instruments used are interest swaps.

in k €	**2013**	**2012**
Positive market values from assigned effective fair value hedges	225	491

Basic transactions in the corporate group are only fixed rate se-curities businesses, category AFS. The accounting value of hedged basic business on 31.12.2013 amounted to kEUR 25,081 (2012: kEUR 36,632).

(59) Trading Assets and Derivatives

Trading assets by business type

in k €	**2013**	**2012**
Investment share certificates	332	88
Positive market values from derivatives	317.348	511.050
Accrued interest to trading assets	80.863	99.364
Trading assets by business type	**398.543**	**610.502**

Trading assets by maturity

in k €	2013	2012
up to 3 months	9.429	11.331
3 months to 1 year	7.390	11.548
1 year to 5 years	335.491	504.758
more than 5 years	45.901	82.778
without maturity	332	87
Trading assets	**398.543**	**610.502**

Derivatives

	Nominal value		Positive market values		Negative market values	
in k €	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Derivatives "held for trading"						
FX-future transactions	103.641	484.592	2.350	923	1.162	1.079
FX-options	0	0	0	0	0	0
Currency derivatives	**103.641**	**484.592**	**2.350**	**923**	**1.162**	**1.079**
Interest swaps	7.317.570	8.015.547	308.507	502.534	161.261	211.647
Interest options	0	0	0	0	0	0
Future transactions	574.160	889.977	6.491	7.451	5.960	3.373
Futures	0	0	0	0	0	0
Interest derivatives	**7.891.729**	**8.905.524**	**314.998**	**509.984**	**167.221**	**215.021**
Credit default swaps	17.000	7.000	0	99	205	43
Options	0	0	0	44	0	0
Asset value dependant derivatives	**17.000**	**7.000**	**0**	**143**	**205**	**43**
Trading assets	**8.012.370**	**9.397.116**	**317.348**	**511.050**	**168.588**	**216.143**

Default risks of trading assets are assessed by using the internal rating system. Trading assets are rated inclusive of their interest demarcation. Internal rating levels correspond to the rating categories as stated in note (57) and are used to assess the default risks for all financial assets and liabilities on a standard basis. "top creditworthiness" is a sub-category of rating class "outstanding creditworthiness" and corresponds to rating levels 1A to 1E.

2013

in k €	For trading purposes	Derivatives	Trading assets
Top creditworthiness	20	317.936	**317.956**
Outstanding creditworthiness	18	31.798	**31.816**
Very good creditworthiness	294	43.889	**44.183**
Good creditworthiness	0	3.812	**3.812**
Medium creditworthiness	0	565	**565**
Weak creditworthiness	0	145	**145**
Total	**332**	**398.211**	**398.543**

2012

in k €	For trading purposes	Derivatives	Trading assets
Top creditworthiness	6	517.087	**517.093**
Outstanding creditworthiness	0	21.434	**21.434**
Very good creditworthiness	82	65.292	**65.374**
Good creditworthiness	0	3.772	**3.772**
Medium creditworthiness	0	2.554	**2.554**
Weak creditworthiness	0	176	**176**
Total	**88**	**610.414**	**610.502**

(60) Financial Assets – Designated at Fair Value

Financial assets – designated at fair value by business type

in k €	2013	2012
Bonds of public issuers	342.639	318.033
Bonds of other issuers	575.183	658.490
Interest accrued	17.591	18.582
Financial assets – designated at fair value	**935.413**	**995.105**

Financial assets – designated at fair value by maturity

in k €	2013	2012
up to 3 months	34.072	15.404
3 months to 1 year	42.506	76.376
1 year to 5 years	466.315	494.563
more than 5 years	392.520	408.762
Financial assets - designated at fair value	**935.413**	**995.105**

Default risks of financial assets – designated at fair value are evaluated in accordance with internal rating categories as follows:

in k €	2013	2012
Top creditworthiness	844.062	900.978
Outstanding creditworthiness	5.286	11.626
Very good creditworthiness	64.821	55.725
Good creditworthiness	20.146	25.623
Weak creditworthiness	1.098	1.153
Total	**935.413**	**995.105**

(61) Financial Assets – AFS

Participating interest and shares in associated companies are evaluated at continuous acquisition costs as follows:

Financial assets – AFS by business type

in k €	2013	2012
AFS bonds of public issuers	352.753	307.228
AFS bonds of other issuers	487.473	646.195
AFS shares	2.775	3.001
AFS other holding rights	30.017	26.945
Interest accrued regarding AFS - stocks	10.559	11.360
Holdings – other companies	54.050	61.997
Shares in associated companies	18.772	18.663
Financial assets – AFS	**956.399**	**1.075.389**

Financial assets – AFS by maturity

in k €	2013	2012
up to 3 months	49.627	66.059
3 months to 1 year	169.799	105.330
1 year to 5 years	466.753	678.321
more than 5 years	163.554	114.005
without maturity	106.666	111.674
Financial assets – AFS	**956.399**	**1.075.389**

The changes in AFS reserves, which are recorded in the profit or loss for the period and in other income, are illustrated under section II statement of comprehensive income.

In the past fiscal year, impairments for securities “AFS” in the amount of kEUR 1,901 (2012: kEUR 3,796)) of AFS reserves were reclassified to the profit and loss account. The development of impairments for financial assets – AFS, which was considered in the profit and loss account, shows the following results:

in k €	Impairment on 01.01.	Currency translation	Infows in business year	Transfers/ Consolidation	Outflows in business year	Impairment on 31.12.
2012						
Bonds of other issuers	-2.365	0	-3.489	0	70	**-5.784**
Shares	-1.481	0	-128	0	670	**-939**
Investment certificates	-7.774	0	-179	0	6.883	**-1.070**
Participating interest - other companies	-10.159	0	-526	0	1.853	**-8.832**
Shares in associated companies	-2.352	0	-1.164	0	100	**-3.416**
Financial assets – AFS	**-24.131**	**0**	**-5.486**	**0**	**9.576**	**-20.041**

in k €	Impair-ment on 01.01.	Currency translation	Infows in business year	Transfers/ Consolidation	Outflows in business year	Impair-ment on 31.12.
2013						
Bonds of other issuers	-5.784	0	-1.665	0	74	**-7.375**
Shares	-939	0	0	0	583	**-356**
Investment certificates	-1.070	0	-236	0	91	**-1.215**
Participating interest - other companies	-8.832	0	-476	0	3.042	**-6.266**
Shares in associated companies	-3.416	0	-515	0	0	**-3.931**
Financial assets –AFS	**-20.041**	**0**	**-2.892**	**0**	**3.790**	**-19.143**

Default risk of financial assets – AFS is evaluated in accordance with internal rating levels and illustrates the following situation:

in k €	2013	2012
Top creditworthiness	815.984	923.603
Outstanding creditworthiness	14.382	7.891
Very good creditworthiness	25.358	47.957
Good creditworthiness	13.676	10.001
Medium creditworthiness	218	3.635
Weak creditworthiness	13.959	1.642
Holdings - other companies	54.050	61.997
Shares in associated companies	18.772	18.663
Total	**956.399**	**1.075.389**

(62) Financial Assets – HTM

Financial assets – HTM by business type

in k €	2013	2012
HTM-bonds of public issuers	69.137	137.544
HTM-bonds of other issuers	126.338	247.410
Interest accrued to HTM-stock	3.012	6.611
Financial assets – HTM	**198.487**	**391.565**

Financial assets – HTM by maturity

in k €	2013	2012
maturity: daily	0	400
up to 3 months	17.451	94.489
3 months to 1 year	24.297	96.133
1 year to 5 years	147.430	178.911
more than 5 years	9.309	21.632
Financial assets – HTM	**198.487**	**391.565**

In the fiscal year the number of HTM stock sales was insignificant, consequently the regulations with regard to “Tainting Rules” were not applied.

In the past fiscal year impairments for securities “HTM” in the amount of kEUR 58 (2012: kEUR 317) were considered on a profit affecting basis. The development of illustrates the following situation:

in k €	Impair-ment on 01.01.	Currency translation	Infows in business year	Transfers/ Consolidation	Outflows in business year	Impair-ment on 31.12.
2012						
Bonds of public issuers	-2.097	0	0	0	2.097	**0**
Bonds of other issuers	-2.189	0	-317	0	493	**-2.013**
Financial assets – HTM	**-4.286**	**0**	**-317**	**0**	**2.590**	**-2.013**
2013						
Bonds of public issuers	0	0	0	0	0	**0**
Bonds of other issuers	-2.013	0	-58	0	1.866	**-205**
Financial assets – HTM	**-2.013**	**0**	**-58**	**0**	**1.866**	**-205**

With regard to impairments, which have been considered on a profit affecting basis in the result of financial investments, financial assets – HTM are categorised as follows:

in k €	2013	2012
Non-impaired financial assets – HTM	189.693	385.581
Impaired financial assets – HTM	9.000	7.996
Impairment	-206	-2.012
Financial assets – HTM	**198.487**	**391.565**

Default risk of financial assets – HTM is evaluated in the corporate group in accordance with internal rating levels. HTM reserves are categorised as follows:

in k €	2013	2012
Top creditworthiness	154.975	303.892
Outstanding creditworthiness	2.001	7.046
Very good creditworthiness	32.712	69.588
Good creditworthiness	3.857	8.857
Medium creditworthiness	4.942	0
Very weak creditworthiness	0	400
Total	**198.487**	**391.565**

(63) Financial Assets – L&R

Financial assets – L&R by business type

in k €	2013	2012
L&R bonds	17.468	43.148
Interest accrued regarding L&R-stock	17	73
Financial assets – L&R	**17.485**	**43.221**

Financial assets – L&R by maturity

in k €	2013	2012
3 months to 1 year	0	3.039
1 to 5 years	2.145	10.565
more than 5 years	15.340	29.617
Financial assets – L&R	**17.485**	**43.221**

In the past business year impairment for securities “Loans & Receivables” in the amount of kEUR 1,106 (2012: kEUR 3,916) were considered on a profit affecting basis. The development of impairment is described as follows:

in k €	Impairment on 01.01.	Currency translation	Infows in business year	Transfers/ Consolidation	Outflows in business year	Impairment on 31.12.
2012						
Bonds	-6.337	0	-3.916	0	1.001	**-9.252**
Financial assets – L&R	**-6.337**	**0**	**-3.916**	**0**	**1.001**	**-9.252**
2013						
Bonds	-9.252	0	-1.106	0	6.836	**-3.522**
Financial assets – L&R	**-9.252**	**0**	**-1.106**	**0**	**6.836**	**-3.522**

With regard to impairments, which have been considered on a profit affecting basis in the result of financial investments, financial assets – L&R are categorised as follows:

in k €	2013	2012
Non-impaired L&R	10.505	20.716
Impaired L&R	10.503	31.757
Impariment L&R	-3.522	-9.252
Loans & Receivables	**17.485**	**43.221**

Default risk of financial assets – L&R is evaluated in accordance with internal rating levels. L&R stocks are categorised as follows:

in k €	2013	2012
Top creditworthiness	10.423	27.101
Outstanding creditworthiness	810	2.409
Very good creditworthiness	2.754	3.560
Good creditworthiness	1.051	453
Medium creditworthiness	857	4.323
Weak creditworthiness	1.590	5.375
Total	**17.485**	**43.221**

(64) Shares in Associated Companies

Shares in associated companies are evaluated in compliance with the equity evaluation method according to IAS 28.

in k €	2013	2012
Shares in associated companies	**33.836**	**36.705**

For detailed information concerning associated companies in accordance with IFRS 28.37 please see section VII.

(65) Investment Properties

Development of historical acquisition cost and comparison of accounting value

in k €	Acquisition value 01.01.	Currency translation	Inflows in business year	Transfers consolid.	Outflows and recategoris. assets AFS in business year	Acquisition value 31.12.	Accounting value 31.12.	Accounting value 01.01.
2012								
Undeveloped real estate	10.507	0	0	0	-2.044	**8.463**	8.463	10.148
Real estate/buildings rented out - land share	25.638	0	0	0	-7.308	**18.330**	18.330	25.638
Real estate/buildings rented out - building share	172.152	0	300	977	-19.976	**153.453**	93.590	112.534
Factory and office equipment rented out	1.283	0	53	0	-190	**1.146**	350	446
Facilities under construction	68	0	925	-977	0	**16**	16	68
Investment properties	**209.648**	**0**	**1.278**	**0**	**-29.518**	**181.408**	**120.749**	**148.834**
2013								
Undeveloped real estate	8.463	0	242	0	-1.712	**6.993**	5.821	8.463
Real estate/buildings rented out - land share	18.330	0	2.621	13	-2.573	**18.391**	17.421	18.330
Real estate/buildings rented out - building share	153.453	0	10.831	1.027	-5.879	**159.432**	94.899	93.590
Factory and office equipment rented out	1.146	0	141	0	-25	**1.262**	407	350
Facilities under construction	16	0	894	-890	0	**20**	20	16
Investment properties	**181.408**	**0**	**14.729**	**150**	**-10.189**	**186.098**	**118.568**	**120.749**

Development of accumulated depreciation

in k €	Accumulated depreciation 01.01.	Currency translation	Inflows in business year	Transfers consolid.	Outflows in business year	Accumulated depreciation 31.12.
2012						
Undeveloped real estate	-359	0	0	0	359	**0**
Real estate/buildings rented out – land share	0	0	0	0	0	**0**
Real estate/buildings rented out – building share	-59.619	0	-5.103	0	4.858	**-59.864**
Factory and office equipment rented out	-837	0	-110	0	151	**-796**
Facilities under construction	0	0	0	0	0	**0**
Investment properties	**-60.815**	**0**	**-5.213**	**0**	**5.368**	**-60.660**
2013						
Undeveloped real estate	0	0	-1.000	-172	0	**-1.172**
Real estate/buildings rented out – land share	0	0	0	-970	0	**-970**
Real estate/buildings rented out – building share	-59.864	0	-4.267	-3.578	3.176	**-64.533**
Factory and office equipment rented out	-796	0	-85	0	26	**-855**
Facilities under construction	0	0	0	0	0	**0**
Investment properties	**-60.660**	**0**	**-5.352**	**-4.720**	**3.202**	**-67.530**

Inflows in the fiscal year resulted from smaller investments in parts of buildings rented out.

In the context of investment properties, it was decided to provide factory and office equipment as ancillary service. For that reason these assets were also recorded hereunder.

At the balance sheet date there were no contractual obligations to purchase or create investment properties, as well as no fundamental obligations regarding repairing, maintenance and improvements.

On 31.12.2013, fair value of investment properties accounted for kEUR 129,954 (2012: kEUR 133,543). Fair value is evaluated on the basis of internal fair market value assessments at the balance sheet date. In the context of evaluating fair value of real estate, the current use represents the most efficient and best possible use. Within the corporate group investment properties are evaluated at continuous acquisition costs. Fair value is calculated for the purpose of impairment tests and in relation to the notes, however, in case no impairment is required – it does not have any effects on the consolidated balance sheet nor on the consolidated profit and loss account. Fair value of investment properties was classified as fair value level 3, based on input factors of the used evaluation method [see note (21)].

(66) Intangible Assets

Development of historical acquisition costs and comparison of accounting value

in k €	Acquisition value 01.01.	Currency translation	Inflows in business year	Transfers consolid.	outflows in business year	Acquisition value 31.12.	Accounting value 31.12.	Accounting value 01.01.
2012								
Client base	1.521	0	35	0	0	**1.556**	543	730
Software	13.640	0	537	0	0	**14.176**	1.021	1.124
Intangible assets	**15.161**	**0**	**572**	**0**	**0**	**15.732**	**1.564**	**1.854**
2013								
Client base	1.556	0	1	0	0	**1.557**	375	543
Software	14.176	0	643	0	-1	**14.818**	1.123	1.021
Intangible assets	**15.732**	**0**	**644**	**0**	**-1**	**16.375**	**1.498**	**1.564**

Development of accumulated depreciation

in k €	Accumulated depreciation 01.01.	Currency translation	Inflows in business year	Transfers consolid.	Outflows in business year	Accumulated depreciation 31.12.
2012						
Client base	-791	0	-222	0	0	**-1.013**
Software	-12.516	0	-639	0	0	**-13.155**
Intangible assets	**-13.307**	**0**	**-861**	**0**	**0**	**-14.168**
2013						
Client base	-1.013	0	-169	0	0	**-1.182**
Software	-13.155	0	-541	0	1	**-13.695**
Intangible assets	**-14.168**	**0**	**-710**	**0**	**1**	**-14.877**

Software inflows in the amount of kEUR 643 refer to various software solutions that were acquired in the past business year especially in Hypo Tirol Bank AG.

At the balance sheet date there are no contractual obligations to purchase or create intangible assets, as well as no fundamental obligations regarding repairing, maintenance and improvements.

(67) Tangible Assets

Development of historical acquisition costs and comparison of accounting value

in k €	Acquisition value 01.01.	Currency translation	Inflows in business year	Transfers consolid.	Outflows in business year	Acquisition value 31.12.	Accounting value 31.12.	Accounting value 01.01.
2012								
Undeveloped real estate	98	0	0	0	0	**98**	98	98
Developed real estate-owner occupied–land value	14.701	0	170	0	-204	**14.667**	13.662	14.701
Developed real estate-owner occupied-build.value	94.507	0	530	0	-488	**94.549**	62.346	66.923
Factory and office equipment	42.985	0	1.406	0	-2.066	**42.325**	10.607	11.801
Facilities under construction	75	0	0	0	0	**75**	75	75
Tangible assets	**152.366**	**0**	**2.106**	**0**	**-2.758**	**151.714**	**86.788**	**93.598**
2013								
Undeveloped real estate	98	0	386	0	0	**484**	484	98
Developed real estate-owner occupied–land value	14.667	0	1.010	-13	-1.710	**13.954**	12.449	13.662
Developed real estate-owner occupied-build.value	94.549	0	2.983	-137	-11.341	**86.054**	53.882	62.346
Factory and office equipment	42.325	0	736	0	-394	**42.667**	9.137	10.607
Facilities under construction	75	0	0	0	-5	**70**	70	75
Tangible assets	**151.714**	**0**	**5.115**	**-150**	**-13.450**	**143.229**	**76.022**	**86.788**

Factory and office equipment inflows basically refer to current replacement capital investments of Hypo Tirol Bank AG.

At the balance sheet date no contractual obligations to purchase or create tangible assets and no fundamental obligations regarding repairing, maintenance and improvements existed.

Development of accumulated depreciation

in k €	Accumulated depreciation 01.01.	Currency translation	Inflows in business year	Transfers consolid.	Outflows in business year	Accumulated depreciation 31.12.
2012						
Developed real estate - owner occupied - land value	0	0	-1.005	0	0	**-1.005**
Developed real estate- owner occupied - building value	-27.584	0	-5.108	0	488	**-32.204**
Factory and office equipment	-31.184	0	-2.439	0	1.905	**-31.718**
Facilities under construction	0	0	0	0	0	**0**
Tangible assets	**-58.768**	**0**	**-8.552**	**0**	**2.393**	**-64.927**
2013						
Developed real estate - owner occupied - land value	-1.005	0	-500	0	0	**-1.505**
Developed real estate- owner occupied - building value	-32.204	0	-3.492	109	3.415	**-32.172**
Factory and office equipment	-31.718	0	-2.161	0	349	**-33.530**
Facilities under construction	0	0	0	0	0	**0**
Tangible assets	**-64.927**	**0**	**-6.153**	**109**	**3.764**	**-67.207**

(68) Other Assets

in k €	2013	2012
Assets held as collateral for non-performing loans	0	1.817
Tax receivables	1.492	11.755
Accruals and deferrals	489	1.009
Other	28.096	25.693
Other assets	**30.077**	**40.274**

Tax receivables basically comprised current consumer taxes and activated corporate tax pre-payments of Hypo Tirol Invest GmbH in the amount of kEUR 601 (2012: kEUR 5,583) regarding fiscal years that have not yet been assessed

In 2013, other assets included kEUR 15,766 from offset accounts (2012: kEUR 15,173).

(69) Financial Assets Held for Sale

In 2013, financial assets held for sale accounted for kEUR 11,712 (2012 kEUR 17,121). In this context, financial assets refer to real estate which will be sold in the first part of the fiscal year 2014. We have already started to look for purchasers, Impairment was not recorded; neither at the time of reclassification to assets held for sale nor on 31.December 2013, because the management expects fair value less sales costs to be above accounting value (based on latest market prices of similar real estate in similar location and currently presented offers of purchase).

(70) Deferred Income Tax Assets and Obligations

in k €	2013	2012
Evaluation of receivables and liabilities clients covered by security at fair value and evaluation of risk provision	23.562	34.381
Evaluation of derivatives at fair value	82.778	108.544
Evaluation of financial assets – designated at fair value and AFS at fair value	44.079	93.133
Evaluation of financial assets – HTM and L&R according to effective interest method	16	8
Evaluation of shares in associated companies according to equity method	0	0
Application of evaluation method at first consolidation and application of different depreciation approaches for investment properties and tangible assets	799	931
Evaluation of liabilities evidenced by certificate and financial liabilities– designated at fair value	25.766	14.408
Evaluation of provisions	43	27
Deferred tax assets	**177.043**	**251.432**
Evaluation of receivables and liabilities covered by securities clients at fair value and evaluation of risk provision	16.261	21.100
Evaluation of derivatives at fair value	112.485	168.918
Evaluation of financial assets – designated at fair value and financial assets – AFS at fair value	15.172	24.406
Evaluation of financial assets – HTM and L&R according to effective interest method	5	44
Evaluation of shares in associated companies according to equity method	0	0
Application of evaluation method at first consolidation and application of different depreciation approaches for investment properties and tangible assets	846	629
Evaluation of liabilities evidenced by certificate and financial liabilities– designated at fair value	10.012	16.517
Evaluation of provisions	3.301	1.389
Deferred tax assets	**158.082**	**233.003**
Deferred tax assets and obligations, per balance	**18.961**	**18.429**

Subsequent to balancing, the results were entered into the balance sheet as follows:

in k €	2013	2012
Deferred tax assets	177.043	251.432
Balancing	-156.890	-231.658
Deferred tax assets per balance	**20.153**	**19.774**

in k €	2013	2012
Deferred tax assets	158.082	233.003
Balancing	-156.890	-231.658
Deferred tax assets per balance	**1.192**	**1.345**

in k €	2013	2012
Deferred tax assets	20.153	19.774
Deferred tax obligations	1.192	1.345
Deferred tax assets/obligations per proportion	**18.961**	**18.429**

The changes regarding balanced deferred income tax assets/obligations are described as follows:

in k €	2013	2012
As at 01.01.	**18.429**	**16.241**
Deferred tax considered in the profit and loss account	1.065	7.482
Deferred tax from actuarial profits/losses	49	474
Deferred tax from the evaluation of financial assets – AFS considered in the profit or loss for the period:		
Change of evaluation at fair value	-3.147	-6.734
Profit affecting re-categorisation to profit and loss account	2.614	1.440
As at 31.12.	**18.961**	**18.429**

In the fiscal years 2013 and 2012, no deferred tax obligations in connection with AFS stocks were designated to deferred tax obligations from financial instruments.
Deferred tax assets in the amount of kEUR 24,231 (2012: kEUR 22,188) have not been activated. They can be brought forward without limitation.

(71) Liabilities to Credit Institutions

Liabilities to credit institutions by business type

in k €	2013	2012
Interbank accounts	314.783	385.537
Money market businesses	127.301	127.301
Trustee liabilities	11.249	14.797
Other liabilities	216	232
Liabilities to credit institutions	**453.549**	**527.867**

Liabilities to credit institutions by region

in k €	2013	2012
Austria	**180.921**	**92.937**
Foreign countries	**272.628**	**434.930**
Germany	127.894	216.835
Italy	0	109
Other foreign countries (incl. CEE)	144.734	217.986
Liabilities to credit institutions	**453.549**	**527.867**

Liabilities to credit institutions by maturity

in k €	2013	2012
maturity: daily	188.160	368.069
up to 3 months	180.389	36.871
3 months to 1 year	0	227
1 year to 5 years	75.000	95.000
more than 5 years	10.000	27.700
Liabilities to credit institutions	**453.549**	**527.867**

(72) Liabilities to Clients

Liabilities to clients amounting to kEUR 852,455 (2012: kEUR 1,006,187) were assigned to the category „financial liabilities evaluated at fair value on a profit affecting basis“. The remaining liabilities amounting to kEUR 1,816,558 (2012: kEUR 1,902,131) were dedicated to “other liabilities”.

Liabilities to clients by business type

in k €	2013	2012
Current account	878.951	848.502
Time deposits	842.910	1.011.271
Other deposits	51.849	49.857
Savings deposits	593.251	619.242
Capital savings books	302.052	379.446
Liabilities to clients	**2.669.013**	**2.908.318**

Liabilities to clients by region

in k €	2013	2012
Austria	**1.895.378**	**1.970.935**
Foreign countries	**773.635**	**937.383**
Germany	679.715	809.556
Italy	34.742	54.880
Other foreign countries (incl. CEE)	59.178	72.947
Liabilities to clients	**2.669.013**	**2.908.318**

Liabilities to clients by maturity

in k €	2013	2012
maturity: daily	1.020.455	977.106
up to 3 months	444.126	569.123
3 months to 1 year	345.547	353.137
1 year to 5 years	792.288	874.901
more than 5 years	66.597	134.051
Liabilities to clients	**2.669.013**	**2.908.318**

Liabilities to clients by sector

in k €	2013	2012
Public sector	194.398	178.252
Corporate clients	953.317	1.069.270
Private households	1.280.580	1.396.249
Other	240.718	264.547
Liabilities to clients	**2.669.013**	**2.908.318**

(73) Liabilities Evidenced by Certificate

Liabilities evidenced by certificate are evaluated at continuous acquisition costs.

Liabilities evidenced by certificate by business type

in k €	2013	2012
Debentures	66.259	46.169
Communal debentures	109	111
Cash obligations	0	15.856
Bonds	1.062.437	1.207.665
Housing bonds	58.201	88.840
Bonds of debentures section	50.000	50.000
Interest accrued	1.441	2.531
Liabilities evidenced by certificate	**1.238.447**	**1.411.172**

Development of liabilities evidenced by certificate

in k €	2013	2012
As at 01.01	1.411.172	1.773.512
New assumption	70.234	53.283
Redemption	-241.213	-411.725
Currency changes	-657	-299
Changes accrued interest	-1.089	-3.599
Liabilities evidenced by certificate	**1.238.447**	**1.411.172**

Liabilities evidenced by certificate by maturity

in k €	2013	2012
maturity: daily	349	366
up to 3 months	74.448	22.652
3 months to 1 year	46.021	14.408
1 year to 5 years	1.079.097	1.335.361
more than 5 years	38.532	38.385
Liabilities evidenced by certificate	**1.238.447**	**1.411.172**

Due to the maturity structure of liabilities, the corporate group's liquidity is secured for the forthcoming years.

(74) Negative Market Values from Derivative Hedging Instruments

Interest swaps are the only hedging instruments employed.

in k €	2013	2012
Negative market values from assigned effective fair value hedges	23.643	51.140

Basic transactions in the corporate group only comprise fixed rate securities category AFS. The accounting value of basic businesses on 31.12.2013 accounted for kEUR 171,527 (2012: kEUR 427,108).

(75) Derivatives

in k €	2013	2012
Negative market values from derivative financial instruments	168.588	216.143
Interest accrued	32.325	37.258
Derivatives	**200.913**	**253.401**

Derivatives by maturity

in k €	2013	2012
up to 3 months	4.061	4.127
3 months to 1 year	11.910	17.309
1 year to 5 years	84.629	84.821
more than 5 years	100.313	147.144
Derivatives	**200.913**	**253.401**

(76) Financial liabilities – designated at Fair Value

Financial liabilities – designated at fair value by business type

in k €	2013	2012
Debentures	199.823	219.547
Communal debentures	62.008	84.604
Cash obligations	859	1.690
Bonds	2.621.220	2.860.224
Housing bonds	230.555	247.371
Bonds in the debentures sector	293.467	425.659
Subordinate liabilities	66.339	87.090
Supplementary capital	23.673	26.909
Interest accrued	58.512	66.530
Financial liabilities - designated at fair value	**3.556.456**	**4.019.624**

The redemption amount of financial liabilities – designated at fair value accounted for kEUR 3,393,790 (2012: kEUR 3,935.577). The difference between accounting value and redemption amount accounted for kEUR 162,666 (2012: kEUR 84,047).

Development of financial liabilities – designated at fair value

in k €	2013	2012
As at 01.01	4.019.624	4.973.232
New assumption	101.806	146.036
Redemption	-432.951	-969.333
Currency changes	30.951	-1.287
Changes in interest accrued	-8.018	-11.725
Changes of evaluation at fair value	-154.956	-117.299
Financial liabilities – designated at fair value	**3.556.456**	**4.019.624**

Financial liabilities – designated at fair value by maturity

in k €	2013	2012
up to 3 months	101.397	124.883
3 months to 1 year	149.302	41.847
1 year to 5 years	3.013.832	3.367.647
more than 5 years	291.924	485.247
Financial liabilities - designated at fair value	**3.556.456**	**4.019.624**

(77) Provisions

in k €	2013	2012
Provision for severance payments	11.589	11.505
Pension provision	6.163	6.643
Length of service provision		1.614
Loan risk provisions		13.941
Other provisions	8.712	8.229
Provisions	**37.660**	**41.932**

Development of provisions for pensions, severance and length-of-service

in k €	Severance payments provision	Pension provision	Length-of-service provision
2012			
As at 01.01.	9.658	6.365	1.406
Service costs	752	0	84
Interest expenses	449	283	64
Payments	-377	-876	-138
Actuarial profit/loss	1.023	871	198
Actuarial profits and losses from changed demographic assumptions	0	0	0
Actuarial profits and losses from changed financial assumptions	1.023	871	198
As at 31.12.	**11.505**	**6.643**	**1.614**
2013			
As at 01.01.	11.505	6.643	1.614
Service costs	461	0	98
Interest expenses	416	233	59
Payments	-883	-819	-96
Actuarial profit/loss	91	106	5
Actuarial profits and losses from changed demographic assumptions	0	0	0
Actuarial profits and losses from changed financial assumptions	91	106	5
As at 31.12.	**11.589**	**6.163**	**1.680**

Development of actuarial profits and losses include changed demographic and financial assumptions:

in k €	2013	2012	2011	2010
Severance provision	**11.589**	**11.505**	**9.658**	**9.323**
Actuarial profits/losses	91	1.023	-242	679
Actuarial profits and losses from changed demographic assumptions	0	0	0	0
Actuarial profits and losses from changed financial assumptions	91	1.023	0	0
Pension provision	**6.163**	**6.643**	**6.365**	**6.860**
Actuarial profits/losses	106	871	-96	684
Actuarial profits and losses from changed demographic assumptions	0	0	0	0
Actuarial profits and losses from changed financial assumptions	106	871	0	0
Length-of-service provision	**1.680**	**1.614**	**1.406**	**1.264**
Actuarial profits/losses	5	198	74	70
Actuarial profits and losses from changed demographic assumptions	0	0	0	0
Actuarial profits and losses from changed financial assumptions	5	198	0	0

According to IAS 19R disclosure of contained experience-related information in actuarial profits and losses is no longer required. Instead, the records shall be divided into changes from demographic and financial assumptions. The corporate group complies with this amendment with retroactive effect for the fiscal year 2012.

As far as a review of the fiscal years 2011 and 2010 is concerned, the corporate group points out that the actuarial profits/losses include experience-related adjustments. In the fiscal year 2011, actuarial profits/losses contained adjustments in the amount of kEUR 58 concerning severance provisions, kEUR 22 concerning pension provisions and kEUR 107 concerning length-of-service provisions. In the fiscal year 2010, actuarial profits/losses contained experience-related adjustments in the amount of kEUR -72 concerning severance provisions, kEUR 432 concerning pension provisions and kEUR 10 concerning length-of-service provisions.

Sensitivity analysis pension provision

Sensitivity discount rate			
2012	**IS**	**+ 1 %**	**- 1 %**
Discount rate	3,75 %	4,75 %	2,75 %
Pension provision in k €	6.643	7.203	6.166
2013		**+ 1 %**	**- 1 %**
Discount rate	3,50 %	4,50 %	2,50 %
Pension provision in k €	6.163	5.747	6.647

Sensitivity pension valorisation			
2012	**IS**	**+ 1 %**	**- 1 %**
Pension valorisation	1,50 %	2,50 %	0,50 %
Pension provision in k €	6.643	7.211	6.152
2013	**IS**	**+ 1 %**	**- 1 %**
Pension valorisation	1,50 %	2,50 %	0,50 %
Pension provision in k €	6.163	6.652	5.735

Sensitivity analysis severance provision

Sensitivity discount rate			
2012	**IS**	**+ 1 %**	**- 1 %**
Discount rate	3,75 %	4,75 %	2,75 %
Severance provision in k €	11.505	9.762	12.493
2013	**IS**	**+ 1 %**	**- 1 %**
Discount rate	3,50 %	4,50 %	2,50 %
Severance provision in k €	11.589	10.302	13.156

Sensitivity salary valorisation			
2012	**IS**	**+ 1 %**	**- 1 %**
Salary valorisation	2,50 %	3,50 %	1,50 %
Severance provision in k €	11.505	13.043	10.199
2013	**IS**	**+ 1 %**	**- 1 %**
Salary valorisation	2,50 %	3,50 %	1,50 %
Severance provision in k €	11.589	13.156	10.278

The sensitivity analysis illustrates – in case the actuarial assumptions of the discount rate and the salary and pension valorisations are subject to distortions (+/- 1.0%) – that the assignment of the balanced personnel and severance provisions is either too high or too low.

Other provisions

in k €	2013	2012
Other personnel provisions	3.427	2.219
Provisions for legal costs	350	20
Liability provisions	2.170	3.896
Remaining other provisions	2.765	2.094
Other provisions	**8.712**	**8.229**

Other personnel provisions included, among others, provisions for occupational disability and survivorship annuity in the amount of kEUR 77 (2012: kEUR 102).

The corporate strategy of Hypo Tirol Bank aims at reducing the balance sheet total as well as the number of employees. In order to achieve the value of full time equivalents, the works council has elaborated several measures, which are summarised in the context of an action plan. In the course of preparing the balance sheet, debts resulting from this action plan, have been considered in form of a proviso amounting to kEUR 1,033, which is presented in other pension provisions.

Loan risk provisions contained e.g. provisions for guarantees and liabilities as well as other obligations resulting from lending transactions and which are uncertain in respect of their maturity and amount.
Other provision included kEUR 1,486 (2012: kEUR 5,060) which will probably be due in the fiscal year 2014.

Development of provisions

in k €	As at 01.01.	Currency translation	Inflows	Deployment	Outflows	Other changes	As at 31.12.
2012							
Severance provision	9.658	0	1.077	-377	0	1.147	**11.505**
Pension provision	6.365	0	283	-876	0	871	**6.643**
Length-of-service provision	1.406	0	84	-138	0	262	**1.614**
Loan risk provision	38.750	0	6.394	-25.647	-5.557	0	**13.941**
Other provisions	12.113	0	6.025	-8.478	-1.170	-260	**8.229**
Provisions	**68.292**	**0**	**13.863**	**-35.516**	**-6.727**	**2.020**	**41.932**
2013							
Severance provision	11.505	0	1.560	-1.029	-589	142	**11.589**
Pension provision	6.643	0	233	-819	0	106	**6.163**
Length-of-service provision	1.614	0	98	-96	0	64	**1.680**
Loan risk provision	13.941	0	4.018	-70	-8.373	0	**9.516**
Other provisions	8.229	0	5.085	-3.648	-891	-63	**8.712**
Provisions	**41.932**	**0**	**10.994**	**-5.662**	**-9.853**	**249**	**37.660**

(78) Other Liabilities

in k €	2013	2012
Associated non-consolidated companies	28	0
Deliveries and performances	74.542	64.336
Accruals and deferrals	411	178
Other liabilities	**74.981**	**64.514**

All other liabilities have a remaining maturity of less than 12 months.

(79) Current Income Tax Obligations

Current income tax obligations basically refer to obligations resulting from corporate taxes which have not yet been paid.

(80) Subordinate and Supplementary Capital

Subordinate and supplementary capital by business type

in k €	2013	2012
Subordinate capital	71.000	71.000
Supplementary capital	28.111	34.752
Interest accrued	277	432
Subordinate and supplementary capital by business type	**99.388**	**106.184**

Development of subordinate and supplementary capital

in k €	2013	2012
As at 01.01.	106.184	128.044
Redemptions	-6.086	-21.844
Changes in accrued interest	-710	-16
Subordinate and supplementary capital	**99.388**	**106.184**

Subordinate and supplementary capital by maturity

in k €	2013	2012
1 to 5 years	72.979	61.188
more than 5 years	26.409	43.316
Subordinate and supplementary capital	**99.388**	**106.184**

(81) Equity Capital

in k €	2013	2012
Capital stock	50.000	50.000
Participation capital	0	0
Subscribed capital	**50.000**	**50.000**
Tied-up capital reserves	150.033	150.033
Capital reserves	161.200	161.200
Capital reserves	**311.233**	**311.233**
Legal revenue reserves	5.000	5.000
Liability reserves according to article 23 sec. 6 Banking Act	60.007	60.007
Difference from capital consolidation	6.434	6.540
Other revenue reserves	78.939	92.706
Revenue reserves	**150.380**	**164.253**
Available for sale reserves	-1.814	-2.078
Currency translation reserves	0	0
Effects from initial use	5.251	5.251
Corporate group result	30.532	13.683
Equity capital	**545.582**	**542.342**

Capital reserves
The designated capital reserves resulted from the transformation of HYPO TIROL BANK AG into a public limited company.

Revenue reserves
Revenue reserves are divided into legal reserves, liability reserves according to Banking Act, art. 23, sec. 6, and other reserves resulting from the Consolidated Financial Statement. In compliance with national law, legal and liability reserves shall include compulsory reserves. Furthermore, the difference from capital consolidation is recorded in the revenue reserves.

Additional IFRS Information

(82) Fair Value of Financial Instruments

As far as financial assets – AFS are concerned, the following table illustrates a total amount of kEUR 883,577 (2012: kEUR 994,739), whereas the sum in the corresponding balance sheet item amounts to kEUR 956,399 (2012: kEUR 1,075,389). This difference results from the fact that AFS stock contains equity capital instruments which are not listed in stock markets, and consequently fair value cannot be evaluated on a reliable basis. In accordance with IAS 39 such equity capital instruments are evaluated at acquisition costs in consideration of possible impairment losses if impairment indicators [see note (13)] exist. In accordance with IFRS 7.29, for equity capital instruments that are not listed in a stock market (within the corporate group such instruments are other interests and shares in associated companies) no further information regarding fair value is required. The development of accounting values of such equity capital instruments is illustrated under note (61). At the evaluation date no purchase intention existed.

Fair value of the remaining financial assets and financial liabilities is illustrated in the following chart and assigned to the three categories pursuant to IRFS fair value hierarchy [see note (7)].

IFRS 13 had to be applied proactively from 1 January 2013 on. Apart from that, transition regulations require that obligatory statements shall not apply to comparative information, which has been provided for the period prior to the first application of this standard. To that effect, the corporate group has not made any newly required statements according to IFRS for comparative figures of 2012.

in k €	Prices quoted in active markets (level 1)	Evaluation method based on market data (level 2)	Evaluation method not based on market data (level 3)	Total
ASSETS 2013				
Financial assets evaluated on a fair value basis				
Receivables from clients - designated at fair value			491.421	491.421
Hedging tools with positive market value		225		225
Trading assets and derivatives	332	398.211		398.543
Financial assets - designated at fair value	841.945	93.468		935.413
Financial assets - AFS	881.313	2.264		883.577
Total financial assets evaluated on a fair value basis	**1.723.590**	**494.168**	**491.421**	**2.709.179**
LIABILITIES 2013				
Financial liabilities evaluated on a fair level basis				
Liabilities to clients - designated at Fair Value		852.455		852.455
Hedging tools with negative market value		23.643		23.643
Derivatives		200.913		200.913
Financial liabilities - designated at Fair Value	1.614.607	1.941.849		3.556.456
Total financial liabilities evaluated on a fair value basis	**1.614.607**	**3.018.860**	**0**	**4.633.467**

in k €	Prices quoted in active markets (level 1)	Evaluation method based on market data (level 2)	Evaluation method not based on market data (level 3)	Total
ASSETS 2012				
Financial assets evaluated on a fair value basis				
Receivables from clients - designated at fair value			599.708	599.708
Hedging tools with positive market value		491		491
Trading assets and derivatives	88	610.414		610.502
Financial assets - designated at fair value	995.105			995.105
Financial assets - AFS	952.328	41.401	1.000	994.729
Total financial assets evaluated on a fair value basis	**1.947.521**	**652.306**	**600.708**	**3.200.534**
LIABILITIES 2012				
Financial liabilities evaluated on a fair level basis				
Liabilities to clients - designated at Fair Value		1.006.187		1.006.187
Hedging tools with negative market value		51.140		51.140
Derivatives		253.401		253.401
Financial liabilities - designated at Fair Value		4.019.624		4.019.624
Total financial liabilities evaluated on a fair value basis	**0**	**5.330.352**	**0**	**5.330.352**

Evaluation procedure

With regard to the financial instruments categorised in level 2 and 3, the corporate group refers to the evaluation methods described under note (7). In summary, it can be stated that with regard to evaluation methods based on market data (level 2) fair value is evaluated by using the discounted-cash flow method, and as far as financial instrument with optional components are concerned, the Black/Scholes model is applied, with input factors being based on market data.

In the fiscal year 2013, evaluation methods not based on market data (level 3) were employed to evaluate receivables – designated at fair value by using the discounted-cash flow method. Future payments flows, deriving from the underlying nominal value, are based on the current market interest curve and are discounted by means of a risk adequate interest rate. Risk adequate interest charges derive from the group's internal risk assessment and are assigned to different rating classes. The group has defined four different rating classes with different risk adequate interest charges. For that reason, rating substantially influences the discount rate which is necessary for the evaluation of fair value. Thus, the internal rating in terms of creditworthiness can be described as a significant, non-observable initial parameter. The better the rating the lower the corresponding discount rate and the higher fair value is. This effect is illustrated in the sensitivity analysis.

Transition of financial instruments in level 3 category

in k €	Receivables from clients designated at fair value	Financial assets AFS	Total
2013			
Amount at the beginning of the period	**599.709**	**1.000**	**600.709**
Total profits/losses	-2.046	-1.000	-3.046
– recorded in the profit and loss account	-2.046	-1.000	-3.046
– recorded in other income	0	0	0
Purchases	18.786	0	18.786
Sales	-125.028	0	-125.028
Issues	0	0	0
Adjustments	0	0	0
Reclassification to level 3	0	0	0
Reclassification from level 3	0	0	0
Amount at the end of the period	**491.421**	**0**	**491.421**
2012			
Amount at the beginning of the period	**0**	**0**	**0**
Total profits/losses	0	0	0
– recorded in the profit and loss account	0	0	0
– recorded in other income	0	0	0
Purchases	0	0	0
Sales	0	0	0
Issues	0	0	0
Adjustments	0	0	0
Reclassification to level 3	599.708	1.000	600.708
Reclassification from level 3	0	0	0
Amount at the end of the period	**599.708**	**1.000**	**600.708**

The column "profits/losses" includes an unrealised result in the amount of kEUR 3,046. This result is composed of unrealised profits amounting to kEUR 0 and unrealised losses amounting to kEUR 3,046.

The asset value assigned in the category "financial assets AFS" includes shares, which were completely depreciated in the fiscal year 2013 due to their liquidity. Therefore, the fair value assigned by the corporate group reports fair value is 0.

Sensitivity analysis of non-observable parameters

In the event that the value of a financial asset is not based on observable initial parameters, the value of the parameters at the balance sheet date to be used can be chosen from a wide range of appropriate possible alternatives. In the context of preparing the consolidated financial statement, appropriate values are chosen for such non-observable parameters, which correspond to the current market conditions and the group's internal risk assessment.

The present data should illustrate possible effects, which result from qualified uncertainties in the context of determining fair value of financial instruments which are evaluated on the basis of non-observable parameters. Nevertheless it is unlikely, that de facto all non-observable parameters are at the extreme end of their range of appropriate possible alternatives at the same time. Moreover, the present data shall not be regarded as forecast or as indicators for future changes of fair value.

Rating, in particular, is founded on subjective estimations, therefore, the corporate group points out the sensitivity of such evaluation parameters. Modifying the rating degree leads to adjustments of risk adequate interest charges and consequently to a changed discount rate, which has substantial influence on the evaluation of fair value. Sensitivity is illustrated within a positive and negative range by reclassification of rating upwards and downwards. Reclassification of rating is simulated by positive or negative adjustment of the factors regarding the valid risk adequate interest charge.

in k €	Positive change of fair value by using appropriate possible alternatives	Negative change of fair value by using appropriate possible alternatives
Receivables from clients – designated at fair value	494.570	486.834
Total	**494.570**	**486.834**

Fair value changes due to credit risk

With regard to financial assets and liabilities voluntarily evaluated on a fair value basis, the change of the creditworthiness results in the following profits and losses assigned to the trading result.

The fair value change of financial assets due to credit risk for the period amounted to kEUR -13,765 (2012: kEUR -8,064). Since designation, the accumulated change due to credit risk amounted to kEUR -46,370 (2012: kEUR -32,605).

The fair value change of financial liabilities due to credit risk in the fiscal year amounted to kEUR 11,273 (2012: kEUR 1,445). In summary, since designation the accumulated change due to credit risk amounted to kEUR 64,463 (2012: kEUR 53,189).

The change due to credit risk is determined by means of a differential calculation. In this context the change of fair value due to market risk is deducted from the entire change of fair value by using a model calculation.

Fair value of financial instruments not designated at fair value

The evaluation criteria in order to measure the fair value of the group's financial instruments not designated at fair value correspond to those described in note (7) “fair value”.

Financial instruments not designated at fair value are not controlled on a fair value basis. This applies to receivables from or liabilities to credit institution as well as to receivables HTM. Fair value for such instruments is only calculated for the purpose of preparing the annex data and has no influence on the corporate group's balance sheet or on the corporate group's profit and loss account. In addition, substantial estimates made by the management are required to determine fair value, because such instruments cannot be traded.

in k €	Accounting value	Fair value: Prices quoted in active markets (level 1)	Fair value: Evaluation method based on market data (level 2)	Fair value: Evaluation method not based on market data (level 3)	Total
ASSETS 2013					
Financial assets not evaluated on a fair value basis					
Cash reserve	42.882	42.882	0	0	42.882
Receivables from credit institutions after risk provision	477.115	0	0	482.276	482.276
Receivables from clients after risk provision	5.092.353	0	0	5.033.696	5.033.696
Financial assets – HTM	198.487	198.487	0	0	198.487
Financial assets – L&R	17.485	17.468	0	0	17.468
LIABILITIES 2013					
Financial assets not evaluated on a fair value basis					
Liabilities to credit institutions	453.549	0	355.390	0	355.390
Liabilities to clients	1.816.558	0	1.954.432	0	1.954.432
Liabilities evidenced by certificate	1.238.447	712.127	557.473	0	1.269.600
Subordinate and supplementary capital	99.388	49.582	35.655	0	85.237
ASSETS 2012					
Financial assets not evaluated on a fair value basis					
Cash reserve	103.304	103.304	0	0	103.304
Receivables from credit institutions after risk provision	251.208	0	0	253.925	253.925
Receivables from clients after risk provision	5.536.133	0	0	5.571.541	5.571.541
Financial assets – HTM	391.565	395.270	0	0	395.270
Financial assets – L&R	43.221	40.247	0	0	40.247
LIABILITIES 2012					
Financial assets not evaluated on a fair value basis					
Liabilities to credit institutions	527.867	0	413.624	0	413.624
Liabilities to clients	1.902.131	0	2.046.500	0	2.046.500
Liabilities evidenced by certificate	1.411.172	0	1.436.403	0	1.436.403
Subordinate and supplementary capital	106.184	0	93.745	0	93.745

(83) Maximum Default Risk

The maximum default risk is illustrated by indicating the accounting value of financial assets after consideration of allowance:

in k €	Loans and receivables	Debt capital instruments of the category trading assets, financial assets and derivatives	Equity capital instruments of the category trading assets and financial assets	Accounting value
2013				
Receivables from credit institutions	**477.115**	**0**	**0**	**477.115**
Receivables from clients	**5.583.774**	**0**	**0**	**5.583.774**
– at cost	5.092.353	0	0	5.092.353
– at fair value	491.421	0	0	491.421
Hedging instruments	**0**	**225**	**0**	**225**
Trading assets	**0**	**398.211**	**332**	**398.543**
– for trading purposes	0	0	332	332
– derivatives	0	398.211	0	398.211
Financial assets	**0**	**2.002.171**	**105.613**	**2.107.784**
– designated at fair value	0	935.413	0	935.413
– AFS	0	850.786	105.613	956.399
– HTM	0	198.487	0	198.487
– Loans & Receivables	0	17.485	0	17.485
2012				
Receivables from credit institutions	**251.208**	**0**	**0**	**251.208**
Receivables from clients	**6.135.842**	**0**	**0**	**6.135.842**
– at cost	5.536.134	0	0	5.536.134
– at fair value	599.708	0	0	599.708
Hedging instruments	**0**	**491**	**0**	**491**
Trading assets	**0**	**610.414**	**88**	**610.502**
– for trading purposes	0	0	88	88
– derivatives	0	610.414	0	610.414
Financial assets	**0**	**2.394.674**	**110.606**	**2.505.280**
– designated at fair value	0	995.105	0	995.105
– AFS	0	964.783	110.606	1.075.389
– HTM	0	391.565	0	391.565
– Loans & Receivables	0	43.221	0	43.221

At the balance sheet date, the maximum default risk from loan commitments and financial guarantees amounted to kEUR 923,913 (2012: kEUR 901,674).

Risks are reduced, especially by demanding collateral, mainly by way of mortgages, guarantees and other assets.

Creditable collateral – evaluated in accordance with supervisory standards - reduces the default risk as follows:

in k €	2013	2012
Receivables from clients	2.886.349	2.875.908
– at cost	2.886.349	2.875.908
Derivatives	**175.500**	**276.330**

(84) Information in Relation to the Balancing of Derivative Financial Instruments

According to IFRS 7 the effects of the balancing of derivative financial instruments with netting agreements are illustrated as follows. The corporate group points out that framework agreements have been established with all contracting parties with whom derivative financial instruments were concluded and that no balancing prohibition has been agreed. At the evaluation date, balanced asset amounted to kEUR 138,823 (2012: kEUR 263,324), and balanced liabilities amounted to kEUR 20,491 (2012: kEUR 21,382).

Balancing derivative financial instruments – assets/liabilities 2013

in k €	Financial assets (gross)	Added balanced amounts (gross)	Balanced financial assets (net)	Effects from netting agreements	Collateral in form of financial instruments	Net amount
2013						
Assets						
Derivative financial instruments	287.626	0	287.626	-148.803	-128.175	10.648
Liabilities						
Derivative financial instruments	169.294	0	169.294	-148.803	-19.345	1.146

Balancing derivative financial instruments – assets/liabilities 2012

in k €	Financial assets (gross)	Added balanced amounts (gross)	Balanced financial assets (net)	Effects from netting agreements	Collateral in form of financial instruments	Net amount
2012						
Assets						
Derivative financial instruments	480.116	0	480.116	-216.793	-233.184	30.139
Liabilities						
Derivative financial instruments	238.175	0	238.175	-216.793	-20.555	827

The liabilities regarding derivative financial instruments as illustrated above are composed of the balance sheet items “negative market values from derivative financial instruments” and “negative market values from derivative hedging instruments”.

(85) Information Regarding Associated Individuals and Companies

Associated individuals and companies include the following categories of individuals and companies:

- The Managing Board and the Supervisory Board of Hypo Tirol Bank AG and their immediate families
- Directors of consolidated subsidiaries and their immediate families
- Legal representatives and members of the supervisory boards of the main shareholders
- Subsidiaries and other companies, in which Hypo Tirol Bank AG holds an interest,
- The province of the Tyrol or "Landes-Hypothekenbank Tirol Anteilsverwaltung".

In the context of ordinary business activities, transactions with associated companies and individuals are basically concluded in accordance with similar terms and conditions customary in the market, that are applicable to similar transactions concluded with third parties in the same period. The extent of such transactions is shown below.

As the Province of the Tyrol ceases to bear liability in 2017, it receives an annual liability commission amounting to kEUR 727 which is recorded under commission expenses.

Hypo Tirol Bank AG acts as the service provider on behalf of the Province of the Tyrol and manages the residential construction support loans. In addition, the company provides financial services to the Province of the Tyrol at terms customary in the market. These amounts are not shown separately, as such transactions cannot be recorded in the system separately and information in this respect be obtained within a reasonable amount of time or at reasonable expense.

Advances and loans to directors, managers of companies included in the scope of consolidation and supervisory boards amounted to kEUR 219 (2012: kEUR 567) at the balance sheet date. This change entirely refers to redemptions, interest charges and exchange rate fluctuations of existing loans.

Within the corporate group, the Managing Board members of the parent company are defined as management members with key positions. The active remuneration of the Managing Board of the parent company amounted kEUR 819 (2012: kEUR 732). Severance payments for active Managing Board members amounted to kEUR 230. Pension entitlement for active Managing Board members does not exist. The active remunerations entirely refer to the current remunerations and thus, are classified as short term due performance cost. Managing Board members are not entitled to other categories of remuneration in accordance with IAS 24.17.
The bank's pension-scheme expenses for former Managing Board members and their survivors, less payments in accordance with the General Social Insurance ACT amounted to kEUR 533 (2012: kEUR 517) in the fiscal year.
The remunerations for Supervisory Board members in the fiscal year 2013 amounted to kEUR 58 (2012: kEUR 58).
Business relations with fully consolidated companies have been eliminated in the course of debt consolidation, and thus have not been disclosed under "transactions with associated companies". The amounts illustrated in "participating interest" refer to business relations with associated companies. Information contained in the table regarding "related parties" entirely refers to the owner, the Province of the Tyrol. Customary bank transactions concluded with companies being influenced by the Province are only contained in "receivables from clients" to an insubstantial extent.

Outstanding balances and the volume of business relations with associated companies in the past fiscal year are illustrated in the following charts.

Receivables from clients

	Participating interest		Related Parties	
in k €	**2013**	**2012**	**2013**	**2012**
As at 01.01.	152.500	144.265	349.526	396.221
Loans granted during the year	4.025	31.632	0	0
Redemptions from receivables from loans	-36.416	-11.076	-11	-23.700
Balance: redemptions, interest charges and exchange rate fluctuations of current loans	-6.258	-12.321	-56.200	-22.995
As at 31.12.	**113.851**	**152.500**	**293.315**	**349.526**
Other loan risk transactions				
Assumptions of liability	2.537	4.847	0	0

For outstanding balances with associated individuals as at 31.12.2013 hedging instruments in the amount of kEUR 17,894 (2012: kEUR 45,203) were provided. Advances were not granted.

Financial assets – designated at fair value

	Related Parties	
in k €	**2013**	**2012**
As at 01.01.	6.697	7.654
Redemptions	-600	-957
As at 31.12.	**6.097**	**6.697**

Liabilities to clients

in k €	Participating interest 2013	Participating interest 2012	Related Parties 2013	Related Parties 2012
As at 01.01.	17.345	6.062	143.046	91.299
New assumptions	0	0	194	50
Redemptions	-4.562	-697	-5.482	-1.842
Balance: redemptions, interest charges and exchange rate fluctuations of current liabilities	1.230	11.980	27.397	53.539
As at 31.12.	**14.013**	**17.345**	**165.155**	**143.046**

Allowances for doubtful receivables from associated companies and individuals were not recorded. Furthermore, in the fiscal year no expenses for doubtful or non-performing receivables from associated companies or individuals were recorded.

(86) Assets Received as Collateral

in k €	2013	2012
Actiaroal reserve funds for debentures and communal debt securities	2.449.187	2.586.370
Financial assets	231.165	130.854
Assets received as collateral	**2.680.352**	**2.717.224**

Assets received as collateral are actuarial reserve funds for debentures and communal debt securities and ward money. The requirements regarding these assets as collateral must be defined in a manner which complies with the legal regulations regarding the Bank Act and the Debenture Act.

(87) Segmental Report

The segmental report presented by the Hypo Tirol Bank AG group comprises the following criteria.

Private clients in the Tyrol
This segment covers the results from private client and private banking and liberal professions businesses in the Tyrolean core market. In addition, it includes results from customer relations with corporate and public sector clients, provided that they are carried out in the branch offices.

Corporate and key account clients in the Tyrol
This segment reflects the results from businesses with corporate and key account clients in the Tyrolean core market as well as the results from the financing portfolio in Germany, which is to be reduced. Furthermore, this segment includes insurance businesses and business relations with public sector clients.

Vienna
This segment comprises results from business activities in the additional market of Vienna and covers all branch segments.

Italy
This segment illustrates the results from business activities in Italy including leasing transactions.

Treasury
This segment includes financial assets, trading assets and liabilities, derivatives and issue businesses. In addition, it covers business relations with institutional clients and fund management operations. As far as the fiscal year 2013 is concerned, the results from financial assets included impairment amounting to 3,066 kEUR (2012: kEUR 8,029).). For detailed information regarding the geographical composition of the securities stock please see note (92).

Leasing and Real Estate
In this segment, subsidiaries acting in the leasing sector are described. Furthermore, activities in the field of real estate and participating interest management are presented, as well as results from associated companies, which are balanced according to the equity method.

Corporate Centre
This segment is used for income and expenses that cannot be classified elsewhere as well as for consolidation items for eliminating the corporate group's internal profits and expenses. Internal support unit expenses are assigned to the profit generating segments via appropriate distribution keys.

Administration expenses included depreciation on owner-occupied assets in the amount of kEUR 6,863 (2012: kEUR 9,413). Tax on income and profit in 2013 amounted to kEUR -4,082 (2012: kEUR +5,517).

In compliance with the management approach, the disclosed segments correspond to the business sectors in accordance with internal profit and loss account.

Report by Operating Segment

in k €	Private clients Tyrol	Corporate key account Tyrol	Vienna	Italy	Treasury	Leasing and real estate	Corporate centre	Total segments
2013								
Net interest income	23.005	28.356	5.473	15.615	13.921	5.825	7.003	**99.198**
Loan risk provision	-960	3.708	-139	-30.899	0	361	0	**-27.929**
Net commission income	17.342	9.259	1.005	3.413	-47	-540	-1.436	**28.996**
Trading result	0	0	0	597	-143	0	-806	**-352**
Result from other financial instruments	0	0	0	0	148	101	-161	**88**
Administration expenses	-35.920	-15.105	-3.600	-16.940	-7.514	-4.777	973	**-82.883**
Other income	2.279	16	0	2.261	0	21.431	-372	**25.615**
Other expenses	-239	-205	0	-2.959	0	-16.563	-6.582	**-26.548**
Result from associated companies	0	0	0	0	0	1.831	0	**1.831**
Result before taxation	**5.507**	**26.029**	**2.739**	**-28.912**	**6.365**	**7.669**	**-1.381**	**18.016**
Segmental assets	1.241.146	2.480.197	334.159	780.662	3.102.782	580.517	382.726	**8.902.189**
Segmental debts and equity capital	1.320.617	753.429	116.000	113.001	6.376.518	71.586	151.038	**8.902.189**
Risk-adjusted assets	790.130	1.538.248	217.898	641.523	434.363	451.028	224.171	**4.297.361**
2012								
Net interest income	28.864	26.114	5.608	17.484	12.987	6.418	7.348	**104.823**
Loan risk provision	-3.424	-10.714	696	-17.372	0	380	0	**-30.434**
Net commission income	15.475	6.293	1.000	4.990	429	13	-675	**27.525**
Trading result	0	0	0	667	9.531	0	0	**10.198**
Result from other financial instruments	0	0	0	3.700	-16.200	-924	-147	**-13.571**
Administration expenses	-37.063	-16.297	-4.355	-22.009	-5.368	-4.736	1.219	**-88.609**
Other income	2.234	4	0	2.844	0	20.142	1.191	**26.415**
Other expenses	-314	-71	0	-2.055	0	-15.147	-6.678	**-24.265**
Result from associated companies	0	0	0	0	0	2.001	0	**2.001**
Result before taxation	**5.772**	**5.329**	**2.949**	**-11.751**	**1.379**	**8.147**	**2.258**	**14.083**
Segmental assets	1.480.020	2.449.668	451.837	927.111	3.478.383	715.709	426.874	**9.929.602**
Segmental debts and equity capital	1.503.548	648.402	120.496	133.752	7.297.529	80.920	144.955	**9.929.602**
Risk-adjusted assets	860.504	1.615.246	252.107	777.283	548.884	532.266	272.034	**4.858.324**

Report by Regions

in k €	Austria	Italy	Corporate Centre	Total segments
2013				
Net interest income	76.580	15.615	7.003	**99.198**
Loan risk provision	2.970	-30.899	0	**-27.929**
Net commission income	27.019	3.413	-1.436	**28.996**
Trading result	-143	597	-806	**-352**
Result from other financial instruments	249	0	-161	**88**
Administration expenses	-66.916	-16.940	973	**-82.883**
Other income	23.726	2.261	-372	**25.615**
Other expenses	-17.007	-2.959	-6.582	**-26.548**
Result form associated companies	1.831	0	0	**1.831**
Result before taxation	**48.309**	**-28.912**	**-1.381**	**18.016**
2012				
Net interest income	79.991	17.484	7.348	**104.823**
Loan risk provision	-13.062	-17.372	0	**-30.434**
Net commission income	23.210	4.990	-675	**27.525**
Trading result	9.531	667	0	**10.198**
Result from other financial instruments	-17.124	3.700	-147	**-13.571**
Administration expenses	-67.819	-22.009	1.219	**-88.609**
Other income	22.380	2.844	1.191	**26.415**
Other expenses	-15.532	-2.055	-6.678	**-24.265**
Result form associated companies	2.001	0	0	**2.001**
Result before taxation	**23.576**	**-11.751**	**2.258**	**14.083**

(88) Foreign Currency Volume and Foreign Countries Involved

in k €	EUR	USD	CHF	JPY	Other	Total
Assets 2013						
Cash reserves	42.141	224	330	8	179	**42.882**
Receivables from credit institutions	180.131	37.663	246.337	7.734	5.250	**477.115**
Risk provision for receivables from credit institutions	0	0	0	0	0	**0**
Receivables from clients	5.149.711	3.207	710.778	49.202	16.068	**5.928.966**
Risk provision for receivables from clients	-340.612	-2	-3.926	-608	-44	**-345.192**
Positive market values from derivative hedging instruments	225	0	0	0	0	**225**
Trading assets and derivatives	295.946	8.883	89.626	4.054	34	**398.543**
Financial assets						
– designated at fair value	907.075	7.538	20.800	0	0	**935.413**
– AFS	953.670	2.230	106	0	393	**956.399**
– HTM	197.036	1.451	0	0	0	**198.487**
– L&R	14.422	0	0	0	3.063	**17.485**
Shares in associated companies	33.836	0	0	0	0	**33.836**
Investment properties	118.568	0	0	0	0	**118.568**
Intangible assets	1.498	0	0	0	0	**1.498**
Tangible assets	76.022	0	0	0	0	**76.022**
Other assets	30.077	0	0	0	0	**30.077**
Assets available for sale	11.712	0	0	0	0	**11.712**
Deferred tax assets	20.153	0	0	0	0	**20.153**
Total assets	**7.691.611**	**61.194**	**1.064.051**	**60.390**	**24.943**	**8.902.189**
Liabilities and equity capital 2013						
Liabilities to credit institutions	444.786	1	4.511	227	4.024	**453.549**
Liabilities to clients	2.595.662	12.528	4.079	50.564	6.180	**2.669.013**
Liabilities evidenced by certificate	1.223.938	14.509	0	0	0	**1.238.447**
Negative market values from derivative hedging instruments	23.643	0	0	0	0	**23.643**
Derivatives	189.054	4.770	4.193	2.896	0	**200.913**
Financial liabilities						
– designated at fair value	2.127.056	40.284	1.193.181	195.935	0	**3.556.456**
Provisions	37.660	0	0	0	0	**37.660**
Other liabilities	74.981	0	0	0	0	**74.981**
Current income tax obligations	1.365	0	0	0	0	**1.365**
Deferred tax obligations	1.192	0	0	0	0	**1.192**
Subordinate and supplementary capital	99.388	0	0	0	0	**99.388**
Equity capital	545.582	0	0	0	0	**545.582**
Total liabilities and equity capital	**7.364.307**	**72.092**	**1.205.964**	**249.622**	**10.204**	**8.902.189**

in k €	EUR	USD	CHF	JPY	Other	Total
Assets 2013						
Cash reserves	102.557	200	301	14	232	**103.304**
Receivables from credit institutions	173.444	4.807	65.980	2.806	5.424	**252.461**
Risk provision for receivables from credit institutions	-1.253	0	0	0	0	**-1.253**
Receivables from clients	5.482.593	7.275	869.640	97.979	19.694	**6.477.181**
Risk provision for receivables from clients	-330.354	-2	-10.015	-945	-23	**-341.339**
Positive market values from derivative hedging instruments	491	0	0	0	0	**491**
Trading assets and derivatives	463.492	14.009	129.486	3.428	87	**610.502**
Financial assets						
– designated at fair value	968.596	8.397	18.112	0	0	**995.105**
– AFS	1.072.227	2.257	296	0	609	**1.075.389**
– HTM	390.049	1.516	0	0	0	**391.565**
– L&R	39.980	0	0	0	3.241	**43.221**
Shares in associated companies	36.705	0	0	0	0	**36.705**
Investment properties	120.749	0	0	0	0	**120.749**
Intangible assets	1.564	0	0	0	0	**1.564**
Tangible assets	86.788	0	0	0	0	**86.788**
Other assets	40.274	0	0	0	0	**40.274**
Assets available for sale	17.121	0	0	0	0	**17.121**
Deferred tax assets	19.774	0	0	0	0	**19.774**
Total assets	**8.684.797**	**38.459**	**1.073.800**	**103.282**	**29.264**	**9.929.602**
Liabilities and equity capital 2013						
Liabilities to credit institutions	517.661	275	5.855	0	4.076	**527.867**
Liabilities to clients	2.820.510	12.954	4.031	64.788	6.035	**2.908.318**
Liabilities evidenced by certificate	1.396.004	15.168	0	0	0	**1.411.172**
Negative market values from derivative hedging instruments	51.140	0	0	0	0	**51.140**
Derivatives	235.057	7.469	4.890	5.929	56	**253.401**
Financial liabilities						
– designated at fair value	2.302.947	75.243	1.371.963	269.471	0	**4.019.624**
Provisions	41.932	0	0	0	0	**41.932**
Other liabilities	64.514	0	0	0	0	**64.514**
Current income tax obligations	1.763	0	0	0	0	**1.763**
Deferred tax obligations	1.345	0	0	0	0	**1.345**
Subordinate and supplementary capital	106.184	0	0	0	0	**106.184**
Equity capital	542.342	0	0	0	0	**542.342**
Total liabilities and equity capital	**8.081.399**	**111.109**	**1.386.739**	**340.188**	**10.167**	**9.929.602**

The difference between assets and liabilities in the single currencies does not reflect the open foreign currency position of the banking group according to article 26 of the Banking Act. Open foreign currency positions are hedged on the basis of derivative financial instruments such as currency swaps or cross currency swaps. Such hedges are shown In the IFRS balance, not with the nominal value but with the market value.

The result from currency translation amounted to a total of kEUR 93 (2012: kEUR 2.847). In the profit or loss for the period kEUR 208 (2012: kEUR 2.900) were recorded and kEUR -115 (2012: kEUR -53) in other income. The accumulated balance in equity capital amounted to kEUR 61 (2012: kEUR 132).

On 31 December 2013, the total of open foreign currency positions amounted to kEUR 45,642 (2012: kEUR 3,537).

in k €	2013	2012
Foreign assets	2.639.077	2.895.868
Foreign liabilities	4.164.740	5.118.388

(89) Subordinate Assets

in k €	2013	2012
Receivables from credit institutions	3.500	3.500
Debt securities	424	4.123
Subordinate assets	**3.924**	**7.623**

(90) Trust Transactions

Trust assets

in k €	2013	2012
Receivables from clients	11.252	14.802
Trust assets	**11.252**	**14.802**

Trust liabilities

in k €	2013	2012
Liabilities to credit institutions	11.249	14.797
Liabilities to clients	3	3
Trust liabilities	**11.252**	**14.800**

The designated trust transaction are export funds or ERP funds for which Hypo Tirol Bank AG has taken contingent liability against these institutions and has therefore included the respective assets and liabilities in its accounts in accordance with economical perspectives.

(91) Contingent Liabilities and Loan Risks

Contingent liabilities

in k €	2013	2012
Liabilities from debt guarantees	54.525	71.969
Other contingent liabilities	50.718	41.535
Contingent liabilities	**105.243**	**113.504**

Contingent liabilities by maturity

in k €	2013	2012
up to 3 months	1.910	4.855
3 months to 1 year	7.147	7.925
1 year to 5 years	12.315	22.297
more than 5 years	83.871	78.427
Contingent liabilities	**105.243**	**113.504**

Loan risks pursuant to article 51 section 14 Banking Act

in k €	2013	2012
Other loan risks	923.913	901.674
Loan risks	**923.913**	**901.674**

Loan risks by maturity

in k €	2013	2012
3 months to 1 year	525.500	521.496
1 year to 5 years	398.413	380.178
Loan risks	**923.913**	**901.674**

These loan risks include loans which have been granted but not yet been used by clients; this primarily includes promissory notes in the loan business, but also unused credit lines.

In addition to contingent liabilities mentioned above, the following contingent liabilities exist:

- Liabilities resulting from the mandatory membership of the deposit protection company “Hypo-Haftungs-Gesellschaft m.b.H. “according to article 93 Banking Act.

If such deposit protection is used, the contribution to be paid by the single institution accounts for no more than 1.5% (2012: 1.5%) in accordance with article 93a, section 1, Banking Act of the evaluation base in accordance with article 22, section 2 Banking act at the last balance sheet date, that is to say for the bank the contribution amounts to kEUR 56,654 (2012: kEUR 65,165).

- Liability in relation to liabilities of the “Austrian Provincial Mortgage Banks“

All eight affiliated companies (Hypothekenbank Vorarlberg, Tyrol, Salzburg, Upper Austria, Lower Austria, Burgenland, Styria and Carinthia) are jointly and severally liable for the mentioned liabilities. Moreover the banks’ guarantors (Province of Vorarlberg, the Tyrol, Salzburg, Upper Austria, Lower Austria, Burgenland, Styria and Carinthia) are also jointly and severally liable
– without restriction for liabilities incurred until 2 April 2003
– with restriction for liabilities incurred after 2 April 2003 until 1 April 2007, provided that the term does not exceed 30 September 2017

Debenture bonds of the Austrian Mortgage Bank held in trust by Hypo Tirol Bank AG amounted to kEUR 333,225 (2012: kEUR 452,523).

(92) Structuring of Financial Instruments by Issuing Country

The following list of financial instruments by issuing country was established on accounting value basis:

	Available for Sale		Loans & Receivables		Held to Maturity	
in k €	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Austria	359.912	520.967	0	3.634	30.996	75.987
Germany	148.861	142.886	0	3.000	39.993	85.966
Italy	2.487	2.431	1.486	2.019	5.490	18.899
Spain	17.806	15.438	2.713	6.152	17.921	17.885
Netherlands	44.177	35.834	1.500	6.401	11.995	24.992
Great Britain	19.286	12.925	3.566	3.794	12.981	27.967
France	31.966	60.270	368	485	14.973	31.486
Finland	18.695	19.060	0	0	10.000	10.000
Ireland	3.563	1.069	4.373	11.383	0	12.969
Portugal	4.247	4.143	0	0	0	0
Sweden	50.655	50.757	0	0	4.000	3.999
Remaining EU countries	98.201	60.966	204	840	28.676	33.658
Remaining European countries	26.596	23.019	3.258	5.440	0	7.129
Outside Europe	46.566	33.604	0	0	18.450	34.017
Total accounting value	**873.018**	**983.369**	**17.468**	**43.148**	**195.475**	**384.954**

(93) Genuine Repos

The accounting value of retired securities designated in the balance sheet item “financial assets – Held to Maturity amounted to kEUR 0 (2012: kEUR 77,693). The inflow of liquidity from such repos is shown in “liabilities to credit institutions”.

(94) Personnel

Full-time equivalent

	2013	**2012**
Full-time employees	489	561
Part-time employees	84	89
Apprentices	9	9
Employees	**582**	**659**

(95) Results After the Balance Sheet Date

As far as business transactions of Hypo Tirol Bank AG are concerned, no specific company-related events occurred between the end of the fiscal year and the preparation of the consolidated financial statement, which influenced the corporate group’s situation in terms of assets, the financial position or the profit situation. With regard to other events we refer to the statements prepared in the consolidated financial report, in particular in relation to the discussions concerning Hypo Alpe Adria International AG (section I.5).

(96) Consolidated Equity Capital and Supervisory Equity Requirements

For detailed information regarding capital control please see notes on financial risks and risk management (risk control p 75).

The following charts demonstrate which equity requirements according to article 30, Banking Act had to be fulfilled by Hypo Tirol Bank AG at the balance sheet dates 2013 and 2012, and how equity capital of the corporate group was assembled as at 31.12.2013 and 31.12.2012:

Consolidated equity capital according to Banking Act article 23 in connection with article 24

in k €	2013	2012
Deposited capital	50.000	50.000
Capital reserves	300.332	300.332
Revenue reserves	20.145	46.050
Liability reserves	53.304	53.304
Consolidation according to Banking Act art. 24, sec. 2	7.625	13.301
Intangible assets	-1.497	-1.564
Core capital (Tier 1)	**429.909**	**461.423**
Supplementary capital	35.108	57.497
Subordinate capital	103.133	115.059
Supplementary equity capital (Tier 2)	**138.241**	**172.556**
Deduction	**-973**	**-973**
Accountable equity capital (Tier 1 plus Tier 2 less deduction)	**567.177**	**633.006**
Assessment basis from risk-adjusted assets	**4.029.640**	**4.573.888**
Core capita rate	10,00 %	9,50 %
Equity capital rate	13,20 %	13,03 %
Required equity capital for risk-adjusted assets	322.371	365.911
Required equity capital for operational risks	21.418	22.755
Total equity capital requirements	**343.789**	**388.666**

Equity capital requirements according to Banking Act article 22

in k € Categories of receivables	Adjusted values	Equity capital requirements
Receivables from central states	4.166	333
Receivables from regional administrative bodies	7.461	597
Receivables from administrative authorities	7.978	638
High risk receivables	30.146	2.412
Receivables from institutions	158.792	12.703
Receivables from companies	1.629.642	130.371
Retail-receivables	425.219	34.018
Receivables secured by real estate	974.306	77.945
Overdue receivables	245.276	19.622
Receivables in terms of covered debt securities	88.626	7.090
Securitisation items	36.285	2.903
Receivables in terms of investment fund shares	20.250	1.620
Other items	401.493	32.119
Risk-adjusted assets	**4.029.640**	**322.371**
Required equity capital for operational risks		21.418
Total equity capital requirements		**343.789**

Financial Risks and Risk Management

Risk Management

Introduction

The Hypo Tirol Bank AG group defines risk management as a specialised business process of identifying, mentoring and controlling defined risks of the banking sector.
Appropriate quality risk management is seen as an essential success factor for a sustainable and successful development of the company and, thus, it corresponds to the requirements of ICAAP (Internal Capital Adequacy Assessment Process).

The main emphasis in the fiscal year 2013 was put on transferring the Italian subsidiary into a branch office
Furthermore, reporting systems were further developed and have become more user-friendly. In addition, we are steadily improving the quality of data. Apart from that, some changes were made in order to improve the quality of risk assessment:

- In the context of risk assessment, existing measure technics were revised and new risks were adopted. Due to these changes, additional supervisory requirements have also been met in this respect.
- Rating systems were further developed. For example, the rating system of our Italian datacentre was revised and a comprehensive statistic basis was established. Furthermore, the stock coring in the private client sector in Austria was newly calculated in the end of 2013.

Principles and Organisation

Active Risk Management
We operate an active risk management system. Risk management safeguards the identification, evaluation, control and monitoring of risks in the course of a continuous process. Moreover, regular controls support quality assurance.
The strict separation between front-office and back-office forms the basis of risk management in the banking sector. The risk management functions are assigned to the respective Board Member responsible for risk management.
The bank's risk controlling is developed and carried out by the strategic risk management department.
The internal audit supervises all operative processes and business transactions in the bank, the appropriateness and the effectiveness of the measures taken by the strategic risk management department as well as the internal control systems.

Appropriateness
Risk management is carried out in a manner which is appropriate to the size of the bank and the risks taken.

- Regarding all major risk types, we pursue risk management on a level which corresponds to the risk management level used by institutions of comparable size and structure. This means that more complex measuring methods (e.g. value at risk method) are employed to evaluate major risks.
- Risk control and ICAAP are orientated towards an ordinary going-concern.

Regarding quality and quantity, our staffing, our tangible facilities and our technical-organisational infrastructure are consistent with all internal operative requirements, business activities, and strategies and with the risk situation of the bank.

Current Situation
Risk management is understood as a steady process which is continuously adapted to the current situation.

- Risk strategies are revised on an annual basis and are applied for a term of 3 years.
- By providing continuous training and education programmes, we ensure that a level of quality in our staff is maintained and corresponds to state-of-the art developments.
- Documentation is continuously adapted

Transparency
Risk management within the bank shall be open and comprehensible.

- The overall risk strategy is communicated within the bank and reported to the Supervisory Board and the Auditing Committee and consequently discussed in detail.
- Annually revised risk limits make risks more transparent and comparable. This allows active risk control.
- The Managing Board is continually informed about the development of risks by the strategic risk management department via a systematic report system. This reporting comprises both, a platform for written reports and regular meetings with the Managing Board.

Cost Effectiveness
We only enter into business when it is deemed cost-effective.

- Our risk control processes are embedded in an integrated system designed for profit and risk control (overall bank control).
- With regard to the employment of risk instruments, network solutions are pursued and special instruments are only developed if the cost/benefit ratio seems to be reasonable.

Risk Willingness
In case of non-transparent risk situations or methodical cases of doubt preference is given to prudence:

- We only enter into business when we thoroughly understand it and when we can (technically) evaluate it. This means, we principally act in fields in which we have appropriate expertise to evaluate the specific risks involved. Adopting new business sectors or products requires prior and sufficient analysis of the business-specific risks involved; this is controlled in the process „new products/new markets“.
- The businesses in which we enter are described in product manuals.
- Apart from the primary economic creditworthiness of borrowers, a wide ranging set of collateral is pursued.
- Basically we concentrate on our business field (core market and defined additional market. Exception: clients from a business sector with good business connections may be accompanied.
- We only assume risks which are affordable. Apart from that, we do not use our entire risk coverage capital for evaluated risks, which enables us to provide reserves for extraordinary scenarios and non-evaluated risks.
- The requirements of secondary terms, in particular supervisory regulations, are fulfilled by holding a security buffer.
- Not only do we consider events which are more or less likely, we also take account of extraordinary scenario (stress tests).
- The organisational structure of our risk management avoids conflicting interests – both on the personal level and on the level of organizational units.

Risk control
Every year, a risk strategy is prepared by the Managing Board and the strategic risk management department. This risk strategy comprises a qualitative part, defining general principles of risk management (principles, risk control and risk controlling processes, organisation, etc.) and a quantitative part, determining the evaluation of risk capacity and target values.

The Managing Board uses the annual planning process to define the core capital ratio that has to be achieved. Thus, the entire amount of free capital, which is available for the planning year, is calculated on the basis of the core capital rate and expected amortisation. Free capital is allocated to the single sectors on the basis of business strategies and cost-effectiveness of businesses. In this context, risk-limits are defined and approved by the Managing Board.

The compliance with risk limits is continuously monitored by the risk management department and hence reported to management via reporting systems ("traffic light system"). In this respect the yellow light represents an early warning level. If this level is reached, it has to be decided and reported to the Managing Board, which measures are to be taken in order to return to the green light. If the red light is reached, that is to say, if defined limits are exceeded, the Managing Board decides which steps are to be taken.
Risk control is managed by means of monthly determinations of economic capital in the course of the risk capacity analysis. The Managing Board decides on the risk strategy, which includes the allocation of the risk coverage potential to the different risk factors. This governs the extent to what risks are assumed. Every month, the risk coverage capital, which can be used to cover losses, is determined; this demonstrates to what extent risks can be assumed in connection with business policies.
The capital, which is available for the assumption of risks, is equity capital, which comprises Tier 1 and Tier 2 capital (see Note (96)). Equity capital is controlled to such a degree that there is a core capital quota limit, and that regulatory equity is allocated to the singe segments for controlling purposes.
The risk capacity analysis compares economically required capital for unexpected losses with the risk coverage capital: the difference represents the available equity capital reserves and serves as protection for creditors - and is also essential for good rating.

Risk capacity
In order to calculate economical capital a risk value is determined with a confidence rate of 99.9% for each type of risk and for a term of one year (details are described in the following). This allows comparison and aggregation of single risk types. The comparison of risk numbers with the risk cover provides information whether the bank is capable of bearing risks. Risk cover comprises attributably equity according to Banking Act, article 23, section 14 less expected losses, secret reserves are not considered.

Moreover, the Managing Board adjusts the upper loss limit for assuming all typical business risks by limiting it to the risk coverage assets.
In 2013, existing measure techniques were revised and new risks adopted in relation to economical capital.

In order to better compare risk values, the illustrated risk numbers of 31.12.2013 were evaluated on the basis of the new calculation method, whereas the risk chart of the previous year illustrates numbers evaluated on the basis of the former method.

Economic capital in k €	31.12.2013	In %	31.12.2012	In %
Loan risk	215.500	39,56 %	243.016	42,25 %
Market risk	56.235	10,32 %	34.429	5,99 %
Liquidity risk	60.366	11,08 %	not evaluated	
Macro-economic risk	29.751	5,46 %	not evaluated	
Operational risk	24.816	4,56 %	26.381	4,59 %
Risks from other assets	18.524	3,40 %	not evaluated	
Real estate and participating interest risk	20.307	3,73 %	22.006	3,83 %
Risk buffer for non-evaluated risks and system errors	12.000	2,20 %	not evaluated	
Total economic risk	**437.499**	**80,3 %**	**325.832**	**56,60 %**
Risk coverage capital	**544.692**	**100,0 %**	**575.247**	**100,00 %**
Free coverage capital	**107.193**	**19,7 %**	**249.415**	**43,40 %**

- Risk coverage capital is decreasing, because eligible capital has also decreased. In comparison to the method that was used in the previous year, the expected loss is deducted from equity capital as well.
- In the context of a consistent calculation, loan risk is slightly decreasing. Compared with the risk number of the previous year, the risk number has increased due to a stricter evaluation method.
- With regard to market risk, the holding period of the value at risk-evaluation does not comprise 22 days but 250 days, which is consistent with all other types of risks. The increase results from the addition of the risk value for credit spread risk.
- The risk value for liquidity risk has been added. It presents possible effects of a sudden rise in price of refinancing costs for Hypo Tirol Bank and hence describes the structural liquidity risk.
- The risk value for market risk has been added as well. It presents possible effects of rating deterioration concerning the clients, loss of value in loan securities and the weakening of the Euro against other currencies.
- With regard to operational risk, the risk value according to the

basic indicator approach is used. However, as far as the economic perspective is concerned, the risk value is increased in relation to singe parts of the corporate group.

- In comparison to the method that was used in the previous year, real estate risk has been evaluated by using more conservative parameters.
- A new risk value has also been introduced for risks from other assets.
- All additional risks and model weaknesses that have not been considered in the context of risk measure techniques are now explicitly considered by means of a risk buffer.

The chart of the previous financial report for comparison

Economic capital in k €	31.12.2012	In %	31.12.2011	In %	Confidence rate	Holding period days
Loan risk	151.000	24,30 %	167.164	32,97 %	99,90 %	250
Market risk	10.330	1,66 %	33.445	6,60 %	99,90 %	22
Operational risk	19.596	3,15 %	20.444	4,03 %	99,90 %	250
Risk capital from strategic participating interests	59.995	9,66 %	73.902	14,58 %	99,90 %	250
Total economic risk	240.921	38,77 %	294.955	58,18 %		
Risk coverage capital	**621.341**	**100,00 %**	**506.942**	**100,00 %**		
Risk buffer	**380.420**	**61,23 %**	**211.987**	**41,82 %**		

Besides risk capacity from liquidity's point of view, going concern is also calculated at Hypo Tirol Bank AG. In this respect it is assessed, whether the continuity is guaranteed, even under negative circumstances.

Stress Tests

The term "stress test" is the generic term for all methods which are used to assess the individual potential of endangerment to a bank. In particular, stress tests are applied in order to complete risk assessment methods for „normal" market situations (e.g. value at risk) and consequently safeguard their weak points.

Plus-200 Base Points of Interest Rate Shock

Regarding the cash value of the bank, the change is calculated based on the assumption of a movement of 200 base points upwards or downwards in the interest rate curve. The non-interest-sensitive components of equity capital have not been considered.

In 2013, The risk value under the upwards shock hovered round a medium value of EUR 3.7 million with a maximum of round EUR 16.2 million and a minimum of EUR -9.1 million. Even though the risk values strongly differed on 31.12, risk value within 2013 hovered in a similar range like in 2012.

Hence, the result of stress tests in the entire business year was clearly below the threshold in the amount of 20 % of equity capital defined by the banking supervision.

in k €	31.12.2013	31.12.2012
Plus 200-BP-Interest shock	4.437	15.120
Annual average value	3.731	2.908
Annual maximum	16.200	17.390
Annual minimum	-9.064	-12.548

Besides the 200 base point interest shock, other interest scenarios, such as the rate curve inverting and bulging out are considered.

Scenario analyses for market risks

Hypo Tirol Bank AG simulates market risks throughout the corporate group and considers them in the context of different scenarios. The impact on the profit and loss account shows the following result (confidence rate 90 %):

Impact on profit and loss account

in k €	31.12.2013	31.12.2012
Interest rate change risk	4.169	472
Share price risk	2.006	622
Credit spread risk	12.620	1.742
Foreign currency risk	477	576

The method used to evaluate interest risk was tightened, by increasing the holding period from 22 trading days to 250 trading days. The evaluation method regarding credit spread risk was also tightened.

Stress tests for loan risks
In connection with loan risks, two different types of stress tests are carried out including the following scenarios.

- Price plunge in real estate and, thus, reduction of real estate collateral
- Rising evaluation of foreign currencies against the Euro
- Deterioration of the creditworthiness structure of our loan debtors

These scenarios are considered both, individually and in combination. The stress tests showed that the EGT effect in our risk capacity can be collected. Furthermore, initial inverse stress tests were carried out in order to find out to which changes the bank reacts particularly.

The second type of stress test in loan business manages risks from large-scale commitments. In this context it is assumed that at least one loan in our portfolio with high amount and high commitments will fail. The test showed a major risk involved in this context. The stress test is carried out quarterly and in this case, measures have already been taken to reduce this risk.

Stress test for real estate
This stress test is based on the assumption of impairment of real estate owned by Hypo Tirol Bank, whereas effects on EGT and the core capital ratio are calculated.
A price decline of 35% of all real estate would affect the core capital ratio of Hypo Tirol Bank AG with 65 base points. This result demonstrates that in case of stress, risk capacity could be absorbed.

Loan Risk

Loan risk represents one of the major risks the bank is confronted with.

Definition

Loan risks are default risks arising out of non-securitized receivables and securitised receivables (securities) from third parties. The risks consist of receivables, which will not be paid as stated in the terms of the loan contract, i.e. amount, time. This may result from developments regarding individual contractual partners as well as from general developments affecting various contractual partners. Apart from that, loan risks can result from special forms of product design or from the application of minimizing loan risks.

Loan Risk Control

The following methods are employed for the assessment and evaluation of loan risks:

- Expected loss (standard risk costs) – risk expenses:
  Expected losses are calculated by means of a standard risk cost model. Standard risk costs are evaluated in accordance with internal ratings and on the basis of probabilities of default in consideration of the blank proportion and the term.
- Unexpected loss (economic capital) - capital requirement

Unexpected loss is quantified via the credit value at risk (CVaR) method on the basis of the total portfolio for a year ahead and a confidence rate of 99.9 %. The credit value at risk method, which is used in the bank, is based on a model which in turn is based on the basic IRB approach. Thus, a risk-sensitive method for detecting credit risks has been introduced; the risks are regularly determined and delivered to the management for controlling purposes.
On the one hand, the overall credit risk is limited; on the other hand, there are limits for individual concentration risks. Concentration risks are potential adverse consequences that could result from concentrations or interactions between risk factors or different kinds of risks, such as the risk arising out of loans to the same counterparty, a group of associated counterparties or to counterparties from the same branch, or to counterparties providing the same goods and services, of using credit risk reduction methods and in particular of indirect large scale credits.
In order to restrict potential adverse effects resulting from concentrations or interactions between similar and different risk factors and types, the portfolio is monitored, individual variables are limited and thus they evaluated on a quarterly basis in correspondence to the following criteria:

Division of the portfolio by creditworthiness
The evaluation of creditworthiness of our debtors is essential for controlling loan risk. For that reason, the creditworthiness of our clients is continuously monitored and the composition of the portfolio is evaluated on a quarterly basis. More than 2/3 of the volume of receivables can be assigned to the upper creditworthiness segment with outstanding creditworthiness and good creditworthiness. The proportion in these rating groups has slightly increased compared to the previous year [see Note (56)].
In comparison to the previous year, the non-performing loan ratio (NPL ratio) remained nearly constant.

Division of the portfolio by branches
Hypo Tirol Bank AG has been strongly represented in the “industrial construction companies” branch and in the “tourism industry”. In these branches we provide the best of our knowledge. In order to avoid large concentrations in these sectors, the respective segments are monitored via risk indicators {see Note (56)}.

Division of the portfolio by market regions
In the fiscal year 2013, Hypo Tirol Bank AG continued to focus on the Tyrolean and South Tyrolean core market. By doing so, it succeeded in maintaining the high level of 2012 and in reducing further risk positions outside the defined core market. The current monitoring of the market regions will in future also contribute to the reduction of risks [see Note (56)].

Foreign currency proportion – receivables from clients
In 2013, foreign currency volume was again significantly reduced. Due to the specifications defined in our foreign currency strategies no new transactions in foreign currency with private clients or to a very restricted extent with corporate clients is intended; this strategy will be further pursued [see Note (54)].

Development of repayment vehicle loans
The strategy of Hypo Tirol Bank AG to continuously reduce the portfolio of repayment vehicle loans will be further pursued. In

other words, no new capital building repayment vehicle loans or transfers to loans with regular payments where applicable will be granted. The concerned clients and their account managers will be regularly informed about the situation regarding their repayment vehicle loans and appropriate measures will be taken, if necessary.

Development of the Nostro securities portfolio
In 2013, Nostro securities were also reduced by EUR 340 million. In consideration of Basel III, investments are primarily made in highly liquid assets.

Risk provision policy

Risk provision includes the setup of risk provision in the balance sheet. The single components are assessed regarding their recoverability. In case impairments are detected, specific allowances in the corresponding amounts are made {see Note (57)}.
In order to identify risk potentials in loan business at an early stage, an early warning procedure is required to detect risks. In this way, countermeasures can be taken early enough. Based on qualitative and quantitative risk criteria, the bank has developed indicators, defined as early warning system, which allow premature identification of risks.
The Hypo Tirol Bank AG risk provision policy also includes managing overdue receivables (90 days delay).
Default probabilities relating to clients of Hypo Tirol Bank AG amount to 0.01 % and 0.05 % in rating class 1; between 0.07 % and 0.35 % in rating class 2; between 0.53 % and 2.7% in rating class 3; and between 4.05 % and 20.50 % in rating class 4.
For the calculation of lump-sum allowances on portfolio level, receivables from clients are multiplied by the corresponding default probability and shortened appropriately for the period of time between the occurrence of loss and the actual risk arising.

Market Price Risk

Definition

Hypo Tirol Bank AG describes market price risk as the danger of losses which result from changes in market prices.

Another aspect of market risk is credit spread risk, which is the risk that the credit spread of a market participant changes to our disadvantage, e.g. in relation to credit default swaps. This risk is described with a “market risk character”, because credit spreads evolve from the opinion of market participants. The underlying risk however, is not regarded a market but a loan risk.

Market risk control

Basically, market price risks are calculated by the value at risk method with historical simulation. Value at risk represents the potential cash value loss of a position, which is likely to occur until its realisation. For the assessment of interest, currency and security price risks, a daily market value at risk is determined on the basis of the following parameters.

- historical period over which simulations are run: 250 trading days
- holding period: one trading day
- confidence rate: 99%

The controlling involves the scaling of risk values to a holding period of one year and a confidence rate of 99.9%.

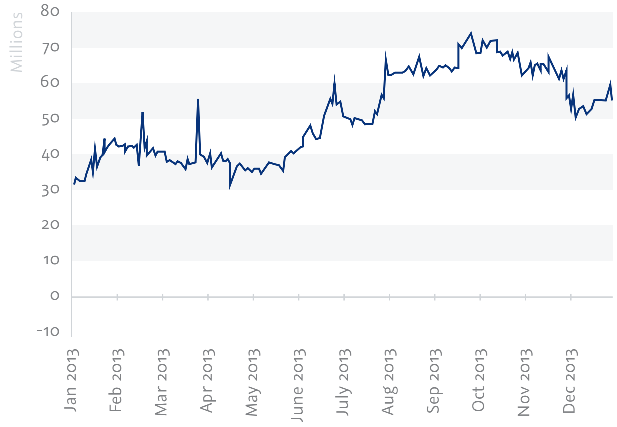
The quality of the applied value at risk model is assured by back testing (comparison), which also considers foreign currency risks. In this context, the values at risk of the last 250 trading days are compared with actually occurred value changes
In the event that too many ‘strays’ (actual loss greater than loss predicted by value-at-risk method) occur, the value at risk model is adapted in compliance with the Basel “traffic light approach”. Based on analysed strays, no adaptation of the value at risk model by means of factors from the Basel traffic-light approach or the revision of the value at risk calculations was required at the balance sheet date 31.12.2013.
With regard to other alternative risks and participating interest risks, other specific risk evaluation methods are employed. Credit spread risk is evaluated on the basis of historical value at risk. The first evaluation was carried out on 31.07.2013. Due to the lack of data available, the credit spread risk of singe documents has been approximated by means of respective indexes.

The charts below represent the historical development of market risks. In order allow better comparison the values of the previous years were also evaluated by suing the currently valid evaluation method:

	2013				2012			
in k €	**End of year**	**Average**	**Minimum**	**Maximum**	**End of year**	**Average**	**Minimum**	**Maximum**
Interest rate change risk	30.518	28.336	17.752	39.039	16.836	20.181	13.706	30.475
Currency risk	19.499	14.197	4.806	23.280	12.241	44.721	3.424	71.426
Security price risk	4.836	5.808	4.801	9.243	5.186	7.429	4.912	11.201
Alternative risk	285	220	156	331	166	171	166	213
Credit spread risk	11.055	13.030	-	36.767	-	-	-	-
Market risk	**56.235**	**52.199**	**31.439**	**75.855**	**34.429**	**72.501**	**26.910**	**112.240**

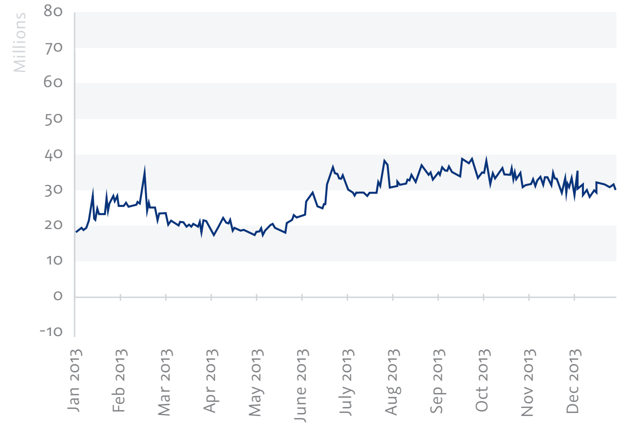
Alternative risks relate to market price risks, which result form hedging funds positions. With regard to risk aggregation processes, it is assumed that credit spread risk is uncorrelated with other market price risks.

Market risk development



It should be noted that credit spread risk has only been a part of market risk key figures since 31 July.2013.

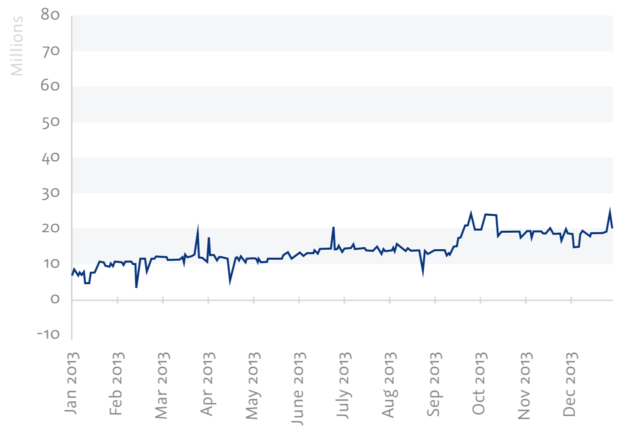
Interest rate risk development



Interest risk (synonymous with risk of interest rate changes) is the danger that due to changes in the interest rate curve, cash values of interest intensive positions will change sustainably.

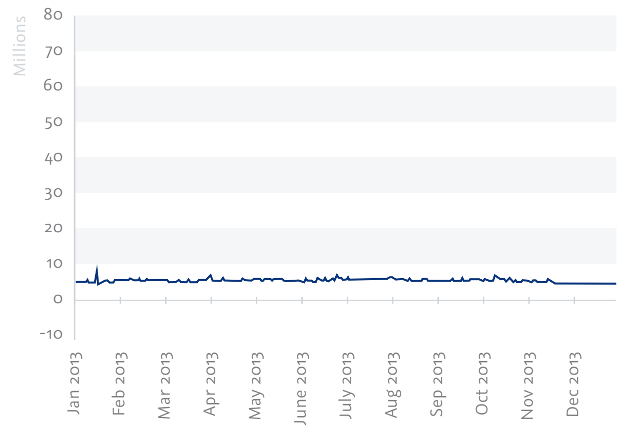
In the reporting period, the interest rate change risk was kept on a relatively low level, due to unchanged and stable interest situations and conservative risk positioning.

Currency risk development



Open currency positions have been limited. Currency value at risk practically results from future foreign currency interest income. In this context, the Swiss Franc has a major influence on foreign currency risk. Volatility of foreign currency continues to be on a low level, which is reflected in the risk development.

Security price risk development



Security price risks from net asset values are fluctuations risks regarding the prices of shares investment fund holdings. In addition to value at risk, these risks are restricted by setting limits on the volumes of sub-portfolios (e.g. pension funds, shares, ABS, etc.). Security price risks do not represent a major risk, and moved sideways at a low level in 2013.

Liquidity Risk

Definition

Liquidity risk includes insolvency risk and liquidity term transformation risk.
Insolvency risk is the risk that current or future payments cannot be made or made in full, or in a timely manner or cannot be made without having to suffer unacceptably high losses. It comprises the risk that in case of a liquidity crisis, there are no - or not sufficient - refinancing funds or only at higher market rates (refinancing risk) and that assets can be sold only at high discounts on the market (market liquidity risk).
The term transformation risk is the risk that a loss can arise due to a change in the bank's own refinancing curve (spread risk) from liquidity term transformation within a defined period of time at a certain rate of confidence.

Liquidity risk control

The specifications regarding liquidity defined in Basel III (NSFR und LCR) are considered in liquidity risk control. The specifications are currently being implemented on an operative basis in the context of a special project (in collaboration with the data centre).

The liquidity coverage ratio (LCR) was developed to absorb a stress case in the market. All financial institutions shall have an appropriate amount of liquidity assets, at least for 30 days, to manage client requirements and the freezing of the interbank market. The net stable funding ratio (NSFR) shall oblige financial institutions to establish refinancing structures in a timely manner. The figure aims at restricting the dependence on short term money sources and at putting more emphasis on liquidity risk management regarding "on-and-off" balance sheet items.

In order to reduce liquidity risk the bank applies the following procedures:

- Holding sufficient liquid stocks by way of our own securities portfolio and interbank receivables
- Maintenance of our own creditworthiness (rating) to guarantee issuing capacity and refinancing lines on the long run
- Ensuring distribution of capital acquirers by individual borrower limits regarding credit risks
- Achieving refinancing diversification via:
  - Socializing with a wide range of money trading counterparties
  - Strengthening our market share in the retail market
  - Supporting institutional clients via our treasury sales department
  - Using a wide range of arrangers regarding the placing of MTN issues

The following methods are applied for measuring liquidity risk:
- Risk value for structural liquidity risk in risk capacity evaluation
- Liquidity tie-up balance
- Liquidity degrees
- Liquidity at risk

Therefore, measuring the liquidity term of financial assets and obligations (liabilities) as well as considering existing and potential outflows is of major importance and is carried out on a regular basis.
By comparing the maturity of receivables and liabilities (by capital commitment) the respective liquidity situation can be estimated and liquidity risks (future and call-off risks) can be controlled.

Liquidity ratio development 2013

The liquidity ratio is the ratio of liquid assets to liquid liabilities. In this context, statistics are set out, which are reported to the Austrian Central Bank each week. The liquidity ratio considers cash flows within a 3-month-scope and amounted to 4.1 on 31.12.2013. Thus, the bank's liquidity situation can be described as comfortable in the rating of outstanding creditworthiness which results from large Nostro positions.

Liquidity ratio	2013	2012
End of year	4,1	3,7
Average value	4,9	4,8

The figures are based on the weekly liquidity report.

Cash reserve

In order to have a sufficient amount of liquidity assets available in case of unexpected high outflows in the course of daily business, a cash reserve has been defined, which shall be retained in any case. For evaluating the cash reserve, respective data are collected on a daily basis and processed by means of the liquidity at risk method to calculate the cash reserve amount.

Structural liquidity risk

In 2013, Hypo Tirol Bank introduced a risk indicator for structural liquidity risk which has been considered in the risk capacity calculation. Structural liquidity is evaluated by assuming rating migration and by measuring the consequential effects on credit spreads. Risk capital requirement results from the cash expenses difference between cash expenses and refinancing at present conditions and the refinancing according to simulated rating migration.

Maturity structure of liabilities pursuant to unconsolidated cash flows:

in k €	up to 3 months	3 months to 1 year	1 to 5 years	more than 5 years
2012				
Liabilities to credit institutions and clients	757.189	273.146	2.275.855	593.836
Liabilities evidenced by certificate Incl. Subordinate and supplementary capital	198.080	117.700	4.839.657	699.219
Derivatives	224.382	373.104	544.227	265.828
2013				
Liabilities to credit institutions and clients	619.223	199.285	2.217.987	416.831
Liabilities evidenced by certificate Incl. Subordinate and supplementary capital	167.652	192.645	4.228.034	573.973
Derivatives	117.783	78.221	295.347	218.398

Liabilities to credit institutions and clients as well as liabilities evidenced by certificate including subordinate and supplementary capital comprise liabilities evaluated at acquisition costs and at fair value.

Macro-economic Risk

Macro-economic risks are loss potentials resulting from exposure against macro-economic risk factors (unemployment rate, GDP development, etc.) Hypo Tirol Bank assumes, that risks from macro-economic environment are substantially reflected in the following:

- Currency risk
- Possibility of default on the part of the clients
- Recoverability of loan securities

In order to achieve risk values for macro-economic risks, these parameters are stressed and additional unexpected losses are evaluated in the context of this scenario.

Other Risks

The economic capital for operational risks is basically evaluated by using the basic indicator approach method. Real estate risks and participating interest risks are classified in correspondence to their risk content and a risk weight ranging from 25% to 290% is calculated thereof. As far as single parts of the corporate group are concerned, the risk value is increased for economic perspective purposes. Risks from other assets are evaluated by using the basic indicator approach. Finally, a lump-sum value is used as a risk buffer for non-assessed risks and for unknown model weaknesses of other risk assessment methods.

Quality Management of Corporate Group Data

Data quality has reached a very satisfactory level throughout the corporate group. In terms of sustainability, it is essential that defined reporting systems are further developed and adapted to constantly changing conditions in order to control data quality. Based on the fact that a downstream reporting system depends on the accuracy of basic data, data quality will be given top priority in 2014 as well.

Special Developments in 2013 and Forecast for 2014

According to schedule, in 2013, the Italian subsidiary was merged with Hypo Tyrol Bank AG and transformed into an EU branch office. In 2014, the connection between the EU branch office and Hypo Tyrol Bank AG shall be further strengthened. Moreover, every effort was made to reach the goals defined in the restructuring plan, which was agreed with the EU. This will also be one of the major tasks in 2014.

Basel III represents another subject that was emphasised on in 2013, and it required some of the bank's resources. In cooperation with the datacentre all measures were taken to fulfil the requirements in a timely manner. For Hypo Tirol Bank, Basel III also implies the management of EMIR. In 2014, EU regulations in connection with Basel III will come into force. In this context the preparation works regarding the implementation of the Austrian Bank Intervention and Restructuring Act (Bankeninterventions- und -restrukturierungsgesetz (BIRG) will be a subject matter.

Another central point in 2013 was the calculation of risk capacity. Due to supervisory regulations, the existing measure methods were revised and new risk ratios were developed and added.

- The loan risk model was increasingly based on the supervisory IRB model.
- With regard to market risk, a risk ratio was developed for credit spread risk.
- The evaluation of real estate risks was tightened.
- A risk ratio was developed for the structural liquidity risk and integrated into the calculation of risk capacity.
- Another risk ratio is now also considered in relation to the risk from other assets.
- A risk ratio was also developed for macro-economic risk. It simultaneously fulfils all requirements in relation to the consideration of risks from foreign currency and repayment vehicle loans

Information Based on Austrian Law

(97) The Legal Basis in Austria

In accordance with Banking Act, article 59a in conjunction with Austrian Commercial Code article 245a, sec. 1, a compulsory consolidated financial statement according to Banking Act article 59 shall be prepared in compliance with IFRS standards, as applicable in EU countries. On a supplementary basis, pursuant to Banking Act article 59a, the details according to Banking Act, article 64, sect. 1, lines 1-15 and sect. 2 as well as Austrian Commercial Code article 245a, sect. 1 and 3 must be included in the consolidated financial statements.
A full list of the corporate group's holdings can be found in section VII (participating interests).

(98) Dividends and Subsequent Amendments

Hypo Tirol Bank AG is entitled to pay dividends not exceeding the profit as reported in the (individual) financial statement according to the Austrian Banking Act or Austrian Commercial Code in the amount of kEUR 28,714 (2012: kEUR 12,387). In the fiscal year dividends in the amount of kEUR 12,000 were paid.

The annual net income generated in the fiscal year 2013 amounted to kEUR 2.560 (2012: kEUR 8.932). After deduction of reserves amounting to kEUR 25,905 (2012: EUR -1.329) and after addition of profit brought forward amounting to kEUR 249 (2012: kEUR 4,784) the balance profit amounted to kEUR 28,714 (2012: kEUR 12,387)

The Managing Board of Hypo Tirol Bank AG gave its consent to publish the consolidated financial statement on 12 March 2014.

(99) Classification of Securities Acceding to the Austrian Banking Act

The following chart illustrates security classification according to Banking Act article 64 sect. 1 no. 10 and no. 11, at the balance sheet date (31.12.2013):

	not quoted		quoted		Total	
in k €	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Debt securities and other fixed-interest securities	58.970	41.996	610.700	855.443	669.670	897.439
Shares and other securities	3.353	7.650	11.577	11.424	14.930	19.074
Participating interest	17.641	17.641	0	2.626	17.641	20.267
Shares in associated companies	78.199	155.533	0	0	78.199	155.533
Financial assets	49.846	90.710	1.318.749	1.606.872	1.368.595	1.697.582
Total securities according to Banking Act	**208.009**	**313.530**	**1.941.026**	**2.476.365**	**2.149.035**	**2.789.895**

The difference in securities having properties of financial assets amounted to kEUR 1,184 (2012: kEUR 1,631) according to Banking Act article 56, sec. 2 and to kEUR 745 (2012: kEUR 1,305 according to Banking Act article 56, sec.3. Predicted amortization for 2014 amounts to kEUR 332,354 (2013: kEUR 447,910). Subordinate and supplementary capital stock amounted to kEUR 1,075 (2012: kEUR 600).

In the forthcoming year, liabilities evidenced by certificate with a nominal value in the amount of kEUR 253,264 (2013: kEUR 200,664) will mature and become due.

(100) Disclosure

Comprehensive information regarding the organisational structure, risk management and the risk capital situation in accordance with Banking Act sec. 26 and 26a in connection with the provision of the Finance Supervisory Commission on executing banking laws with regard to informational duties on the part of credit institutes are published on the website of Hypo Tirol Bank AG.

For information download please see: www.hypotirol.com/Unternehmen/Recht&Sicherheit - "Offenlegung § 26 BWG" (Disclosure, Banking Act article 26").

Executives

Supervisory Board Members			
Chairman	Mag. Wilfried STAUDER,	Innsbruck	
1st Vice chairman	Dr. Jürgen BODENSEER,	Innsbruck	
2nd Vice chairman	Dr. Toni EBNER,	Aldein	
Other board members			
	Mag. Eva BEIHAMMER,	Schwaz	
	Dr. Bernd GUGGENBERGER,	Innsbruck	
	Dr. Ida HINTERMÜLLER,	Innsbruck	
	Mag. Franz MAIR,	Münster	
	Ao. Univ.-Prof. Dr. Erich PUMMERER	Innsbruck	since 9 Dec.2013
	Dr. Christoph SWAROVSKI	Wattens	until 28 June 2013
Delegated by the works council			
	Dr. Heinrich LECHNER, Chairman of works council	Innsbruck	
	Andreas PEINTNER,	Ellbögen	
	Peter PICHLER,	Innsbruck	
	Ingrid WALCH,	Inzing	

Managing Board Members		
Chairman	Dr. Markus JOCHUM,	Innsbruck
Managing Board Member	Johann Peter HÖRTNAGL,	Trins
Managing Board Member	Mag. Johann KOLLREIDER,	Innsbruck

Representatives Of The Supervisory Authority		
State Commissioner	MMag. Paul SCHIEDER	Vienna
Deputy State Commissioner	Amtsdirektor Josef DORFINGER	Vienna

Trustees		
Trustee according to Pfandbrief Act	Dr. Klaus-Dieter GOSCH	Innsbruck
Deputy Trustee according to Pfandbrief Act	Amtsdirektor Hannes EGERER	Vienna

VII. Participating Interest

Companies fully consolidated in the financial statement:

Company name, location	Capital share in % 2013	Date of financial statement	Capital share in % 2012
HYPO TIROL LEASING GMBH, Innsbruck	100,00 %	31.12.13	100,00 %
Hypo-Rent Grundverwertungsgesellschaft m.b.H., Innsbruck	100,00 %	31.12.13	100,00 %
Hypo-Rent Gebäudeleasing 1987 Gesellschaft m.b.H., Innsbruck	100,00 %	31.12.13	100,00 %
Hypo-Rent Immobilienverwaltungs-Gesellschaft m.b.H., Innsbruck	100,00 %	31.12.13	100,00 %
Hypo-Rent Projekterrichtungs-Gesellschaft m.b.H., Innsbruck	100,00 %	31.12.13	100,00 %
Hypo-Rent Liegenschaftsanlage-Gesellschaft m.b.H., Innsbruck	100,00 %	31.12.13	100,00 %
Hypo-Rent II Grundverwertung GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
Hypo-Rent Sole Grundverwertungs-GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
Hypo-Tirol Mobilienleasing Gesellschaft m.b.H., Innbruck	100,00 %	31.12.13	100,00 %
Beteiligungs-und Finanzierungsgesellschaft m.b.H., Innsbruck	100,00 %	31.12.13	100,00 %
Grundverwertung GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
Hypo Tirol Versicherungsmakler GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
HYPO TIROL INVEST GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
Hypo Tirol Leasing Wiener Betriebsansiedlungen GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
Liegenschaftstreuhand GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
L2 Errichtungs- und Vermietungsgesellschaft mbH, Innsbruck	100,00 %	31.12.13	100,00 %
Autopark Grundverwertungs GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
CYTA-Errichtungs- und Management GmbH, Völs	100,00 %	31.12.13	100,00 %
CYTA-Errichtungs- und Management GmbH & CO KG, Völs	100,00 %	31.12.13	100,00 %
Alpen Immobilieninvest GmbH , Innsbruck	100,00 %	31.12.13	100,00 %
HTL Projektholding GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
HTL Deutschland GmbH, Kulmbach	100,00 %	31.12.13	100,00 %
ERFOLG Liegenschaftsvermietungs GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
VBC 3 Errichtungs GmbH, Wien	100,00 %	31.12.13	100,00 %
Dienstleistungszentrum Kramsach Betriebsgesellschaft mbH, Innsbruck	100,00 %	31.12.13	100,00 %
Hypo Tirol Bank Italia S.p.A., Bozen; left consolidation cycle on 01 Oct.2013 due to the transition into an EU branch office	0,00 %		100,00 %
Tirol Immobilien und Beteiligungs GmbH (IBG), Bozen	100,00 %	31.12.13	100,00 %
Hebbel Projektentwicklung Gesellschaft mbH, Innsbruck	100,00 %	31.12.13	100,00 %
Hypo-Rent Betriebsansiedlungsgesellschaft m.b.H., Innsbruck	100,00 %	31.12.13	100,00 %
Aaron Kantor AT 1 GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
Hypo Tirol Beteiligungs GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
Berger Truck Service Verwaltungs GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
HTI Immobilienverwaltungs-GmbH, Innsbruck	100,00 %	31.12.13	100,00 %
Hypo Immobilien Betriebs GmbH, Innsbruck	100,00 %	31.12.13	0,00 %

Companies consolidated in the financial statement in accordance with the equity method:

Company name, location	Capital share in % 2013	Equity capital in K €	Date of financial statement
Tiroler Kommunalgebäudeleasing Gesellschaft m.b.H., Innsbruck	33,33 %	1.205	31.12.13
TKL II Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	35	31.12.13
TKL III Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	67	31.12.13
TKL IV Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	33	31.12.13
TKL V Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	1.773	31.12.13
TKL VI Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	451	31.12.13
TKL VII Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	-380	31.12.13
TKL VIII Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	-752	31.12.13
Tiroler Landesprojekte Grundverwertungs GmbH, Innsbruck	33,33 %	-994	31.12.13
Immorent-Hypo-Rent Grundverwertungsgesellschaft m.b.H., Innsbruck	50,00 %	-602	31.12.13
Seilbahnleasing GmbH, Innsbruck	33,33 %	355	31.12.13
Competence Park Investment Verwaltungs GmbH, Friedrichshafen	0,00 %	sold 2013	
Competence Park Investment Verwaltungs GmbH & Co. KG, Friedrichshafen	0,00 %	sold 2013	
MC EINS Investment GmbH, Wien	0,00 %	sold 2013	
HTV KAPPA Immobilienleasing GmbH, Dornbirn	50,00 %	80	31.12.13
Projektentwicklungsges.m.b.H., Innsbruck	75,00 %	4.916	31.12.13
BIZ Business- und Innovationszentrum St.Pölten GmbH, St. Pölten	75,00 %	1.022	31.12.13
GTZ Gründer- und Technologiezentrum Wels GMBH, Wels	75,00 %	3.825	31.12.13
Bürocenter-Wienzeile GmbH, Wien	75,00 %	1.339	31.12.13

Company name, location	Capital share in % 2013	Equity capital in K €	Date of financial statement
Tiroler Kommunalgebäudeleasing Gesellschaft m.b.H., Innsbruck	33,33 %	1.237	31.12.12
TKL II Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	-1.014	31.12.12
TKL III Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	26	31.12.12
TKL IV Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	74	31.12.12
TKL V Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	1.841	31.12.12
TKL VI Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	624	31.12.12
TKL VII Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	-444	31.12.12
TKL VIII Grundverwertungsgesellschaft m.b.H., Innsbruck	33,33 %	-740	31.12.12
Tiroler Landesprojekte Grundverwertungs GmbH, Innsbruck	33,33 %	-1.219	31.12.12
Immorent-Hypo-Rent Grundverwertungsgesellschaft m.b.H., Innsbruck	50,00 %	-923	31.12.12
Seilbahnleasing GmbH, Innsbruck	33,33 %	161	31.12.12
Competence Park Investment Verwaltungs GmbH, Friedrichshafen	50,00 %	25	31.12.12
Competence Park Investment Verwaltungs GmbH & Co. KG, Friedrichshafen	50,00 %	6.017	31.12.12
MC EINS Investment GmbH, Wien	50,00 %	1.560	31.12.12
MC ZWEI Investment GmbH, Wien	50,00 %	1.666	31.12.12
MS 14 Investment GmbH, Friedrichshafen	50,00 %	sold 2012	
MS 14 Investment GmbH & Co. KG, Friedrichshafen	50,00 %	sold 2012	
HTV KAPPA Immobilienleasing GmbH, Dornbirn	50,00 %	2	31.12.12
Projektentwicklungsges.m.b.H., Innsbruck	75,00 %	3.644	31.12.12
BIZ Business- und Innovationszentrum St.Pölten GmbH, St. Pölten	75,00 %	925	31.12.12
GTZ Gründer- und Technologiezentrum Wels GMBH, Wels	75,00 %	3.208	31.12.12
Bürocenter-Wienzeile GmbH, Wien	75,00 %	561	31.12.12

Information in accordance with IAS 28.37:

Company name, location	Total assets in k €	Liabilities in k €	Turnover in k €	Result in k €
2013				
Tiroler Kommunalgebäudeleasing Gesellschaft m.b.H., Innsbruck	6.033	4.828	291	78
TKL II Grundverwertungsgesellschaft m.b.H., Innsbruck	1.673	1.638	53	-5
TKL III Grundverwertungsgesellschaft m.b.H., Innsbruck	80	13	32	27
TKL IV Grundverwertungsgesellschaft m.b.H., Innsbruck	33	0	0	-6
TKL V Grundverwertungsgesellschaft m.b.H., Innsbruck	14.769	12.996	746	-68
TKL VI Grundverwertungsgesellschaft m.b.H., Innsbruck	22.634	22.183	721	-173
TKL VII Grundverwertungsgesellschaft m.b.H., Innsbruck	18.251	18.631	1.052	64
TKL VIII Grundverwertungsgesellschaft m.b.H., Innsbruck	86.461	87.213	3.923	-3
Tiroler Landesprojekte Grundverwertungs GmbH, Innsbruck	13.779	14.773	880	225
Immorent-Hypo-Rent Grundverwertungsgesellschaft m.b.H., Innsbruck	28.355	28.957	2.537	321
Seilbahnleasing GmbH, Innsbruck	19.470	19.115	3.614	195
HTV KAPPA Immobilienleasing GmbH, Dornbirn	32.694	32.614	1.250	78
Projektentwicklungsges.m.b.H., Innsbruck	29.428	24.512	4.049	1.273
BIZ Business- und Innovationszentrum St.Pölten GmbH, St. Pölten	3.251	2.229	468	97
GTZ Gründer- und Technologiezentrum Wels GMBH, Wels	16.058	12.233	2.404	617
Bürocenter-Wienzeile GmbH, Wien	18.270	16.931	2.071	578
2012				
Tiroler Kommunalgebäudeleasing Gesellschaft m.b.H., Innsbruck	6.399	5.162	307	114
TKL II Grundverwertungsgesellschaft m.b.H., Innsbruck	1.722	2.736	-844	-902
TKL III Grundverwertungsgesellschaft m.b.H., Innsbruck	1.038	975	71	26
TKL IV Grundverwertungsgesellschaft m.b.H., Innsbruck	273	199	57	35
TKL V Grundverwertungsgesellschaft m.b.H., Innsbruck	15.126	13.285	862	138
TKL VI Grundverwertungsgesellschaft m.b.H., Innsbruck	24.812	24.188	783	-136
TKL VII Grundverwertungsgesellschaft m.b.H., Innsbruck	18.488	18.932	1.091	65
TKL VIII Grundverwertungsgesellschaft m.b.H., Innsbruck	100.159	100.899	4.572	313
Tiroler Landesprojekte Grundverwertungs GmbH, Innsbruck	19.719	20.938	926	74
Immorent-Hypo-Rent Grundverwertungsgesellschaft m.b.H., Innsbruck	30.019	30.942	2.174	32
Seilbahnleasing GmbH, Innsbruck	22.085	21.924	4.138	102
Competence Park Investment Verwaltungs GmbH, Friedrichshafen	26	1	1	0
Competence Park Investment Verwaltungs GmbH & Co. KG, Friedrichshafen	32.177	26.160	1.683	278
MC EINS Investment GmbH, Wien	7.668	6.108	69	-64
MC ZWEI Investment GmbH, Wien	2.039	373	108	940
HTV KAPPA Immobilienleasing GmbH, Dornbirn	28.676	28.674	469	2
Projektentwicklungsges.m.b.H., Innsbruck	29.415	25.771	4.050	1.284
BIZ Business- und Innovationszentrum St.Pölten GmbH, St. Pölten	3.180	2.255	445	64
GTZ Gründer- und Technologiezentrum Wels GMBH, Wels	16.399	13.191	2.319	454
Bürocenter-Wienzeile GmbH, Wien	18.580	18.019	2.026	367

Companies not included in the consolidated financial statement:

Information regarding companies with a capital share larger than 20%
(subsidiaries or associated companies only)

Company name, location	Capital share in % 2013	Note
HTW Holding GmbH, Innsbruck	100,00 %	Company of minor importance
Landhaus-Parkgaragen Gesellschaft m.b.H., Innsbruck	100,00 %	Company of minor importance
Landhaus-Parkgaragen Gesellschaft m.b.H. & Co. KG, Innsbruck	100,00 %	Company of minor importance
C ZWEI Investment GmbH, Innsbruck	100,00 %	Company of minor importance
HYPO Gastro GmbH, Innsbruck	100,00 %	Company of minor importance
HT Immobilien Investment GmbH, Innsbruck	100,00 %	Company of minor importance
Kramsacher Betriebsansiedlungsgesellschaft m.b.H., Innsbruck	100,00 %	Company of minor importance
HPS Standortservice GmbH, Innsbruck	100,00 %	Company of minor importance
ARZ Hypo-Holding GmbH, Innsbruck	99,09 %	Company of minor importance
MC ZWEI Investment GmbH, Wien	50,00 %	Company of minor importance
Tyrol Equity AG, Innsbruck	33,33 %	Sold in 2013
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	33,30 %	Company of minor importance
ARZ Allgemeines Rechenzentrum GmbH, Innsbruck	32,70 %	Company of minor importance
Lantech Innovationszentrum GesmbH, Landeck	32,73 %	Company of minor importance
REB II Beteiligungs AG, Wien	25,64 %	Company of minor importance
„Wohnungseigentum“, Tiroler gemeinnützige Wohnbaugesellschaft m.b.H., Innsbruck	24,33 %	Company of minor importance
GHS Immobilien AG, Wien	22,69 %	Company of minor importance
HYPO EQUITY-Unternehmensbeteiligungen AG, Bregenz	21,78 %	Company of minor importance

Company name, location	Capital share in % 2012	Note
HTW Holding GmbH, Innsbruck	100,00 %	Company of minor importance
Landhaus-Parkgaragen Gesellschaft m.b.H., Innsbruck	100,00 %	Company of minor importance
Landhaus-Parkgaragen Gesellschaft m.b.H. & Co. KG, Innsbruck	100,00 %	Company of minor importance
C ZWEI Investment GmbH, Innsbruck	100,00 %	Company of minor importance
HYPO Gastro GmbH, Innsbruck	100,00 %	Company of minor importance
HT Immobilien Investment GmbH, Innsbruck	100,00 %	Company of minor importance
Kramsacher Betriebsansiedlungsgesellschaft m.b.H., Innsbruck	100,00 %	Company of minor importance
ARZ Hypo-Holding GmbH, Innsbruck	99,09 %	Company of minor importance
HPS Standortservice GmbH, Innsbruck	50,00 %	Company of minor importance
Tyrol Equity AG, Innsbruck	33,33 %	Company of minor importance
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	33,30 %	Sold in 2013
ARZ Allgemeines Rechenzentrum GmbH, Innsbruck	32,70 %	Company of minor importance
Lantech Innovationszentrum GesmbH, Landeck	32,73 %	Company of minor importance
REB II Beteiligungs AG, Wien	25,64 %	Company of minor importance
„Wohnungseigentum“, Tiroler gemeinnützige Wohnbaugesellschaft m.b.H., Innsbruck	24,33 %	Company of minor importance
GHS Immobilien AG, Wien	22,69 %	Company of minor importance
HYPO EQUITY-Unternehmensbeteiligungen AG, Bregenz	21,78 %	Company of minor importance

Information regarding companies with a capital share smaller than 20 %

Company name, location	Capital share in % 2013	Capital share in % 2012	
Global Private Equity IV Holding AG, Wien	18,74 %	18,74 %	
Tiroler gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H. (TIGEWOSI), Innsbruck	17,45 %	17,45 %	
Masterinvest Kapitalanlage-Gesellschaft m.b.H., Wien	12,50 %	12,50 %	
Hypo-Wohnbaubank Aktiengesellschaft, Wien	12,50 %	12,50 %	
Hypo-Banken-Holding Gesellschaft m.b.H., Wien	12,50 %	12,50 %	
Rathaus Passage GmbH, Innsbruck	11,23 %	11,23 %	
HP IT-Solutions Gesellschaft m.b.H., Innsbruck	11,11 %	11,11 %	
Hypo-Haftungs-Gesellschaft m.b.H., Wien	11,05 %	11,05 %	
Merkur Bank KGaA, München	0,00 %	8,75 %	Sold in 2013
Logistikzentrum Hallbergmoos GmbH, München	6,00 %	6,00 %	
Logistikzentrum Forchheim GmbH, München	6,00 %	6,00 %	
Pflegeheim Wolfratshausen Grundstücks GmbH, München	6,00 %	6,00 %	
PensPlan Invest SGR Spa/AG, Bozen	4,44 %	4,44 %	
Bergbahnen Rosshütte Seefeld Tirol Reith AG, Seefeld	1,62 %	1,62 %	
Lienzer-Bergbahnen-Aktiengesellschaft, Lienz	1,58 %	1,85 %	
VBV–Betriebliche Altersvorsorge Aktiengesellschaft, Wien	1,28 %	1,28 %	
AAA Air Alps Aviation Alpenländisches Flugunternehmen Ges.m.b.H. in Liquidation, Innsbruck	0,28 %	0,28 %	
GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination GmbH, Wien	0,20 %	0,20 %	
Allgemeine Bausparkasse registrierte Genossenschaft mit beschränkter Haftung, Wien	0,04 %	0,04 %	

HYPO TIROL
BANK AG
MANAGING
BOARD

Innsbruck, 12 March 2014

Johann Peter Hörtnagl

Dr. Markus Jochum

Mag. Johann Kollreider

Statement of approval

Auditor’s report on the consolidated financial statement

We have audited the enclosed consolidated financial statement of Hypo Tirol Bank AG, Innsbruck for the fiscal year from 1 January 2013 to 31 December 2013. The consolidated financial statement comprises the consolidated balance sheet as at 31 December 2013, the consolidated profit and loss account, the consolidated comprehensive income statement, the consolidated cash flow statement, the consolidated statement of changes in equity capital for the fiscal year ended on 31 December 2013, and a summary of the fundamental balancing and evaluation methods and other statements described in the appendix (notes).

Responsibilities of the legal representatives regarding the consolidated financial statement and the corporate group accounting
The legal representatives of the company are responsible for managing the corporate group accounting and for preparing a consolidated financial statement which gives a true and fair view of the assets, the financial position and the profit situation of the corporate group in compliance with the International Financial Reporting Standards (IFRS) as applicable in EU countries and pursuant to the Austrian Commercial Code article 245a. This responsibility includes the preparation, implementation and maintenance of an internal control system, if this is of significance for preparing a consolidated financial statement and presenting a true and fair view of the assets, the financial position and the profit situation of the corporate group so that the consolidated financial statement is free of material misstatements, regardless of whether they result from intentional or unintentional errors; moreover the responsibilities comprise the selection and application of appropriate balance sheet and evaluation methods and the preparation of estimates, which seem to be appropriate in consideration of the existing conditions.

Responsibilities of the auditor and description of type and scope of the legally required final audit
It is our responsibility to present a judgment based on the audit of this consolidated financial statement. For that reason, we have audited the financial statement in accordance with the legal provisions and principles of orderly auditing as applicable in Austria and in accordance with the International Standards on Auditing (ISAs) published by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These principles require that we comply with the ethics of professions and that we plan and perform the audit as to obtain all the information we consider necessary in order to judge whether the consolidated financial statement is free of material misstatements.
An audit comprises the assessment process in order to obtain audit evidence with regard to income and other statements presented in the consolidated financial statement. The selection of assessment tools is at the obligatory discretion of the auditor, in consideration of estimates regarding risks of any material misstatements, regardless of whether they result from intentional or unintentional errors. In evaluating such risks, the auditor considers the internal control system, provided that it is of significance for preparing a consolidated financial statement and presenting a true and fair view of the assets, the financial position and the profit situation, in order to determine the necessary scope of auditing inspections, giving due consideration to all the background conditions; however, not to come to any judgment with regard to the effectiveness of the corporate group’s internal controls. Furthermore, the audit includes the evaluation of the appropriateness of the applied balancing and evaluating methods, and the evaluation of major estimates made by the legal representatives as well as the appreciation of the entire consolidated financial statement.

In our opinion we have obtained sufficient and appropriate audit evidence and consequently our audit represents a secure basis for the judgment.

Audit opinion
Our audit has led to no objections. In accordance with the facts obtained from this audit, the consolidated financial statement complies with all legal requirements and gives a true and fair view of the assets and the financial position of the corporate group as at 31 December 2013, and a true and fair view of the corporate group’s profit situation and cash flows for the fiscal year from 1 January to 31 December 2013, in compliance with the International Financial Reporting Standards as applicable in EU countries.

Statement regarding the Consolidated Financial Report

The consolidated financial report shall be audited on the basis of legal requirements and it shall be assessed whether it corresponds to consolidated financial statement and whether other statements contained in the consolidated financial report evoke an incorrect picture of the corporate situation. The auditor’s statement of approval must also contain a statement about whether the consolidated financial report essentially corresponds to the consolidated financial statement and whether the statements, which were made in compliance with the Austrian Commercial Code, article 243a, sec. 2, are correct.

In our opinion, the consolidated financial report is consistent with the consolidated financial statement and the statements, which were made in compliance with the Austrian Commercial Code article 243a, sec. 2, are correct.

Vienna, 12 March 2014

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Ernst Schönhuber eh
chartered accountant

Mag. Andrea Stippl eh
chartered accountant

Statement of the legal representatives

We confirm to the best of our knowledge that the consolidated financial statement, which was established in accordance with all relevant reporting standards, gives a true and fair view of the assets, the financial position and the profit situation of the corporate group; that the consolidated financial report describes the business development, the company result and the company situation in such a manner that gives a true and fair view of the assets, the financial position and the profit situation of the corporate group, and that the consolidated financial report describes the essential risks and uncertainties the corporate group is confronted with.

We confirm to the best of our knowledge that the financial statement of the parent company, which was established in accordance with all relevant reporting standards, gives a true and fair view of the assets, the financial position and the profit situation of the company; that the financial report describes the business development, the company result and the company situation in such a manner that gives a true and fair view of the assets, the financial position and the profit situation, and that the financial report describes all risks and uncertainties the company is confronted with.

Innsbruck, 12 March 2014

Managing Board

Johann Peter Hörtnagl

Dr. Markus Jochum

Mag. Johann Kollreider

Report of the Supervisory Board

In the course of the fiscal year 2013, all business activities carried out by the Managing Board were monitored by the Supervisory Board. In the context of rotational and extraordinary meetings and other reports, the Supervisory Board gained detailed information about the development of the company and all essential business cases. In addition, the Chairman of the Supervisory Board regularly received information provided by the Managing Board and the Internal Auditors Department.

Supervisory Board Meetings

In the fiscal year 2013, four ordinary and two extraordinary Supervisory Board meetings were held, at which fundamental issues of business policy, current developments of investment income, compliance with budgetary requirements and single business cases, which required the approval of the Supervisory Board due to legal or statutory provisions, were discussed with the Managing Board. The Supervisory Board particularly focused on the measures regarding the implementation of the bank's strategic realignment programme.

Supervisory Board Committees

The Supervisory Board appointed six committees.
The Credit Committee manages mortgages, loans, and large-scale investments. Five ordinary meetings and three extraordinary meeting were held by the Credit Committee in the fiscal year 2013.
According to the Austrian Banking Act, article 63a, sec. 4, the Audit Committee is responsible for monitoring the preparation of the financial statement, the effectiveness of the internal control system, the internal audit system and the risk management system of the company; furthermore it manages the audit and the preparation of the approval of the financial statement, the proposal concerning profit distribution, the financial report as well as the consolidated financial statement and the consolidated financial report. Altogether, four Audit Committee meetings were held in the fiscal year 2013.

The Committee for Managing Board Matters regulates the relations between the company and the members of the Managing Board, except appointments or recall of appointments or granting share options of the bank. In the fiscal year 2013, one meeting was held by the Board Matters Committee.

The Remuneration Committee, which is responsible for all remuneration issues described in the Austrian Banking Act, article 39 b and c with the exception of Managing Board remuneration, held two meetings in the fiscal year 2013.

In the context of the Supervisory Board meeting held on 09 December 2013, a nomination committee was established which is responsible for all matters in relation to the Austrian Banking Act, article 29; in addition, a risk committee was founded to manage all matters regarding the Austrian Banking Act , article 39 d. The first meetings of these committees will be held in the fiscal year 2014.

Financial Statement

The financial statement and the financial report as at 31 December 2013 were audited by the chartered accountants Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna. As no objections were proposed, the auditor's opinion was granted without any limitations or reservations.

The consolidated financial statement including appendix (notes), which was prepared in compliance with the International Financial Reporting Standards (IFRS), as well as the consolidated financial report as at 31 December 2013 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna.

Subsequent to the final audit of the 2013 financial statement and the 2013 consolidated financial statement, the appendix (notes), the financial report for the financial statement and the consolidated financial statement, no objections were raised. The Supervisory Board approves the profit distribution proposal, and the financial statement submitted by the Managing Board, which has been prepared in accordance with the Companies Act, article 96, section 4, and it acknowledges the consolidated financial statement.

Innsbruck, 25 March 2014

Supervisory Board

Mag. Wilfried Stauder