Bank Austria
UniCredit Group

Interim Report at 31 March 2008

Bank Austria at a Glance

Income statement figures			
(€ m)	Q1 2008	Q1 2007	+/–
Net interest income	1,125	890	26.4 %
Net fees and commissions	519	517	0.3 %
Net trading, hedging and fair value loss/income	–143	161	–
Operating income	1,543	1,618	–4.6 %
Operating expenses	–941	–849	10.8 %
Operating profit	603	769	–21.6 %
Profit before tax	520	688	–24.5 %
Consolidated profit	410	535	–23.2 %

Volume figures			
(€ m)	31 MARCH 2008	31 DEC. 2007	+/–
Total assets	220,751	209,170	5.5 %
Loans and receivables with customers	121,517	115,341	5.4 %
Primary funds	122,059	119,699	2.0 %
Shareholders' equity (excluding minority interests)	14,577	14,676	–0.7 %
Risk-weighted assets (31 March 2008 under Basel II)	133,733	117,993	13.3 %

Key performance indicators		
	Q1 2008	2007
Return on equity after tax (ROE)	11.50 %	17.00 %
Return on assets (ROA)	0.76 %	1.18 %
Cost/income ratio	60.90 %	52.20 %
Net interest income/avg. risk-weighted assets (banking book)	4.00 %	4.08 %
Risk/earnings ratio	15.40 %	12.30 %
Provisioning charge/avg. risk-weighted assets (banking book)	0.61 %	0.50 %
Total capital ratio (based on credit risk RWA)	9.10 %	11.40 %
Tier 1 capital ratio (based on credit risk RWA)	7.30 %	8.80 %

Staff*)			
	31 MARCH 2008	31 DEC. 2007	+/–
Bank Austria (full-time equivalent)	66,705	54,387	22.6 %
Central and Eastern Europe	55,481	43,648	27.1 %
Austria and other subsidiaries	11,224	10,739	4.5 %

*) Employees of companies accounted for under the proportionate consolidation method are included at 100 %.

Offices*)			
	31 MARCH 2008	31 DEC. 2007	+/–
Bank Austria	2,877	2,343	22.8 %
Central and Eastern Europe	2,531	1,977	28.0 %
Austria and other subsidiaries	346	366	–5.5 %

*) Offices of companies accounted for under the proportionate consolidation method are included at 100 %.

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Preface by Erich Hampel

"Coping with a difficult environment by pursuing expansion. More optimism in spring 2008!"

Ladies and Gentlemen,

Bank Austria got off to a positive start in 2008, despite feeling the repercussions of the global credit market crisis.

The sub-prime crisis had a relatively minor impact on Bank Austria, as on the entire UniCredit Group. Our direct involvement has been limited. It was the sharp decline in securitised credit instruments in a wider sense that required mark-to-market adjustments to be made on book values at Bank Austria, too. This resulted in a net trading, hedging and fair value loss, after trading activities had made significant contributions to profit over many years.

If the net trading, hedging and fair value result is excluded from the calculation, Bank Austria's profit before tax improved by over one-quarter. Commercial banking business developed favourably although securities investments, primary market activities and capital market-related structuring were affected by the wait-and-see attitude adopted by customers. Costs and credit risk remain under control.

Most importantly, Bank Austria continued its expansion. Organic growth (measured by risk-weighted assets) in the first quarter of 2008 was 10% compared with the same period of the previous year. Our branch network expansion programme is under way. Our two most recent acquisitions in Kazakhstan and Ukraine were included for the first time, bringing the growth rate to 17%. We have thereby secured further growth potential and more broadly diversified our business portfolio: it now encompasses countries with widely varying profiles, including EU member states and candidates for EU membership which have made very good progress in convergence; large countries such as Turkey and Russia, where the banking industry is growing strongly; and now also countries in Central Asia which are rich in raw materials and enjoy bright long-term prospects. In Austria, we also won many new customers and lending volume rose significantly. Moreover, we have further enhanced efficiency in sales and production.

We do not see any reason for "crisis talk" in spring 2008. The past months were mostly characterised by a mutual loss of confidence – a psychological phenomenon. Banks wanted to stay on the safe side, and so did companies and institutional and private investors. While this is easy to understand, it results in a negative, self-propelled downward spiral. Yet this development may soon reverse. And even if economic growth may be weaker in the coming quarters, opportunities for growth abound. In the corporate sector there is a large number of projects waiting to be realised: capital investment, restructuring and internationalisation projects, some of which have been postponed over the past months.

As Bank Austria we are in a fortunate position, finding ourselves at the interface of mature economies and young growth markets which are vigorously pursuing the opportunities available to them. In this context, we will position ourselves even better by making more intensive use of a cross-regional network in the production of banking services.

This is clearly reflected in our new brand identity. The common UniCredit logo with the white number 1 in the stylised shape of an arrow on a red background symbolises our cross-regional claim and our promise to deliver on our service approach. With the integration of local brands such as Bank Austria we underline our local roots and proximity to customers. Our core message is “Shape your tomorrow, today”, which stands for dynamism and optimism. “Let’s start!“ and the accompanying campaigns are directed against doubt and hesitation, they stand for moving ahead and taking action. This is the approach we take to serving our customers, in a professional manner, full of optimism and with calm confidence.

Let’s also enjoy a moment of relaxation: a big event is coming soon, the UEFA EURO 2008™ in Switzerland/Austria, for which we are a national supporter. We are looking forward to an exciting tournament. Nine countries in which our Group operates have qualified for the tournament … and we hope that we will be among the winners with one of them.

Yours sincerely,
Erich Hampel
Chairman of the Management Board
Bank Austria

Interim Report at 31 March 2008

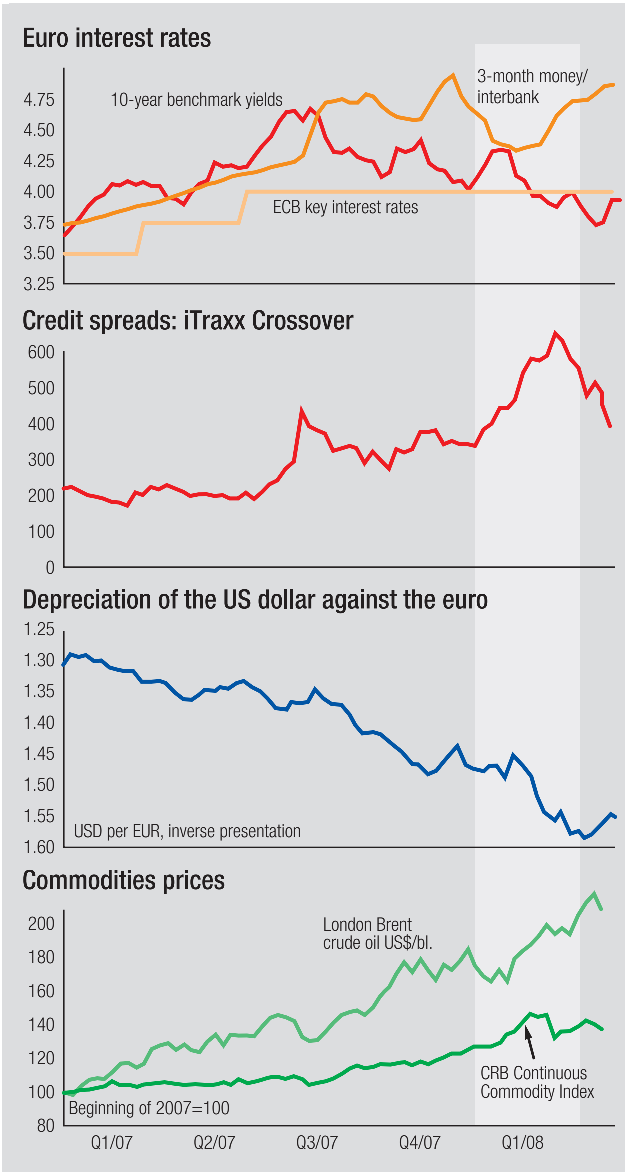
Banking environment in the first quarter of 2008

● The first quarter of 2008 was one of the very rare periods when developments in the global banking sector are largely determined by a single phenomenon: the crisis in credit markets and its repercussions. In a third wave after August and November, spreads on securitised credit instruments in the secondary market widened, as did spreads on corporate and country risk in general. The iTraxx Europe, one of the benchmarks for credit spreads, rose to new highs until the middle of March. Following determined liquidity support provided by central banks and successful measures to support international investment banks with large exposures, the transparency of risks improved. It was only in April, however, that spreads narrowed significantly. Nevertheless, interbank relations remained strained until recently, with short-term money market rates exceeding central banks' interest rates more visibly than before. As a result of the divergent interest rate policies pursued in the US and the euro area, the US dollar fell to new lows against the euro in the course of the first quarter of 2008.

During the first three months, attention turned to the economic impact of these developments. Global economic growth remained remarkably robust in the first quarter of 2008, benefiting from the momentum gained in the previous year and from continued strong growth in Asia. Exports, industrial output and investment in construction are still supporting the economy, primarily in Europe, where Germany is an engine of growth; another positive element is employment growth, which lags the other factors. Financial investments and fundamental shortages led to a sharp rise in commodity prices, which had inflationary effects also in the industrial countries. Business sentiment surveys and early indicators started to suggest an economic slowdown.

▶ In the first quarter of 2008, the Austrian economy still achieved good growth estimated at a real ½ %, or 2.6 % year-on-year, and driven by foreign demand and lively investment activity. Private consumption failed to meet expectations despite the improvement in employment. The strong liquidity position of private individuals and companies was reflected in strong growth in bank deposits (+12.3 % in March 2008 compared with a year earlier) as short-term interest rates reached attractive levels and investors showed restraint with regard to securities investments. Credit demand rose by 5.1 %. Dynamic growth was seen in housing loans to private individuals and in business loans including, for the first time in several months, SME loans. The total volume of mutual funds declined by 6.9 % compared with a year earlier and by 4.5 % from the year-end 2007 level, as a result of outflows and valuation effects.

▶ The global risk aversion in the wake of the credit market crisis is also discernible in CEE countries. Spreads rose strongly in the first quarter of 2008, differentiated by country profile and in some cases against positive fundamentals. Risk premiums rose significantly, also in respect of those countries which currently benefit from being exporters of raw materials. This led to volatility in exchange rates and stock markets, and to central bank action to counter these developments, with an impact on the real economy. Growth trends in Central and Eastern Europe remained intact: in the first quarter of 2008, the ten EU member states achieved combined growth of over 5 %, after 6.2 % in the preceding quarter. In the South-East European countries, economic growth is estimated to have reached between 4.5 % and 5 %. Russia and Ukraine expanded by about 7 % and 6 %, respectively. Lending volume in CEE continues to grow at double-digit rates: for example, in Russia with year-on-year growth of about 56 %, in Turkey with 34 % and in Poland with 29 %.



Bank Austria in the first quarter of 2008

Overview

● In this exceptionally difficult environment, Bank Austria continued its favourable development along its main strategic lines which produced the outstanding performance in 2007 as a whole, with consolidated profit for the year reaching € 2.3 bn. Based on efficiency improvement in Austria, growth in CEE, and integration gains within UniCredit Group, this development is confirmed by a sustained increase in operating income (net interest income and net fees and commissions) and on-balance sheet business volume, as well as by a favourable cost trend in numerous cross-regional initiatives.

However, as in the entire banking industry, the repercussions of the credit market crisis had an impact on performance, with various negative influences reflected in the income statement:

▶ First, the sharp decline in market prices for securitised credit risks and corporate finance transactions required significant fair value adjustments in respect of debt instruments held for trading; despite the comparatively modest exposure to such instruments, the total amount of these valuation adjustments in the first quarter of 2008 was larger than in each of the two preceding quarters.

▶ Second, the unfavourable market environment prompted many customers to indefinitely postpone their planned capital market transactions. This had an impact on investment banking activities and capital market-related corporate finance as well as the entire primary business. Due to the above-mentioned factors, the net trading, hedging and fair value result turned negative, to a net loss of € 143 m, mainly reflecting fair value adjustments of the carrying amounts of debt instruments.

▶ Third, current securities business and new issue activities – with both institutional and retail investors – were also affected by general uncertainty. Net fees and commissions thus recorded lower-than-expected growth, primarily in Austria and also in CEE; overall, they stagnated at a high level (€ 519 m).

▶ Fourth, more difficult funding conditions and higher liquidity costs had a significant impact on commercial lending business. Moreover, economic growth in our two core markets started to weaken.

→ As a result of marking-to-market adjustments reflected in the net trading, hedging and fair value result, **consolidated profit** for the first three months of 2008 was **€ 410 m**, considerably lower than in the preceding quarter (Q4 2007: € 507 m) and significantly below the comparative figure for the first quarter of 2007 (€ 535 m). **Profit before tax** declined to **€ 520 m**, from € 565 m in the preceding quarter and € 688 m a year before.

Profit before tax

	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	+/– PREV. YEAR
Profit before tax (€ m)	688	840	652	565	520	– 24 %
… without net trading, hedging and fair value income/loss	*527*	*777*	*697*	*604*	*662*	*+ 26 %*

The table shows that profit before tax declined by 24 %, or € 168 m, compared with the first quarter of the previous year. This is explained by the development of the net trading, hedging and fair value result: this item showed a net loss for the first quarter of 2008, while net trading, hedging and fair value income for Q1 2007 was far above average (€ 161 m). The swing of – € 304 m from net income to net loss was particularly large. Without the net trading, hedging and fair value result, **profit before tax improved by 26 %.**

A few figures illustrate the exceptional nature of current developments: from 2000 to the middle of 2007, Bank Austria generated a trading profit averaging € 257 m per year, with the lowest figure (€ 220 m) recorded in 2003. With an average profit of € 66.7 m per quarter over the past 30 quarters, results from trading activities were a steady and reliable source of revenue. Disruptions in an entire market segment, the market for securitised loans of all types, had an impact on valuation results and overall performance for the third consecutive quarter. In the first quarter of 2008, market transparency improved significantly and the exposures of major market participants have become largely known. In Bank Austria, the valuation result under the mark-to-market principle is recognised in the net trading, hedging and fair value result.

Debt instruments affected by the credit market crisis in a wider sense have in the meantime been combined in separate ABS portfolios in UniCredit Group and thus also in Bank Austria. After redemptions and selective sales, the market value of the portfolio in Bank Austria at the end of March 2008 was € 3.2 bn (year-end 2007: € 3.6 bn). The portfolio is widely diversified, profitable and carries good ratings (99 % with an investment-grade rating). Valuation losses – these are marking-to-market adjustments to market prices as at 31 March 2008 – on the structured credit portfolio in the first quarter of 2008 totalled € 141 m and are fully reflected in the income statement. The adjustments to the carrying amounts to reflect lower fair values in line with the mark-to-market principle may reverse when the strain in credit markets eases.

The underlying development of Bank Austria continued to be driven by expansion in the growth markets of Central and Eastern Europe and by efficiency enhancement resulting from integration in UniCredit Group.

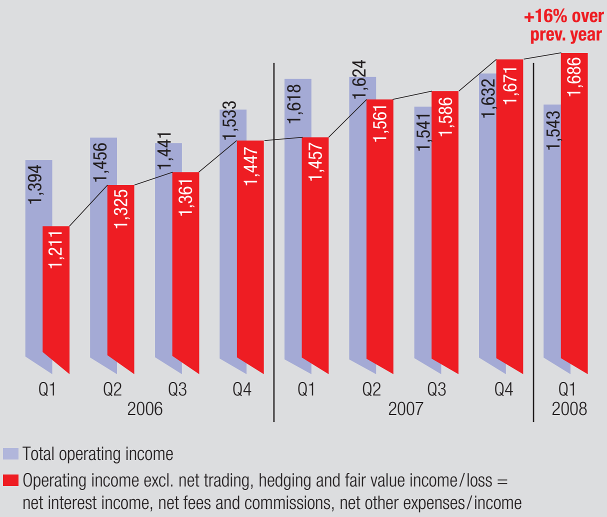
The interim consolidated financial statements as at the end of March 2008 for the first time include the full quarterly results of our most recent **acquisitions**, ATF Bank (Kazakhstan) and Ukrsotsbank. Measured by average risk-weighted assets according to Basel I, business volume thus rose by about € 7 billion (up by 6 % on average total risk-weighted assets in the fourth quarter of 2007), operating income was up by € 131 m and profit before tax by € 14 m (for more details, see the section on the Central Eastern Europe business segment). This compares with an increase in funding costs in the Corporate Center.

The creation of effective international structures in UniCredit Group also involved changes in the **group of consolidated companies** in the Corporates and Markets & Investment Banking (MIB) business segments: Aton International and Aton Broker have been consolidated in the MIB business segment as from August 2007. Following the transfer (described in previous reports) of BA-CA Leasing GmbH from Bank Austria to UniCredit Global Leasing – a sub-holding company which is based in Milan and number one in the European leasing market – in exchange for an interest of 32.59 % in the results of that company, the performance from leasing business has been accounted for under the equity method since the third quarter of 2007 (in the first half of 2007, BA-CA Leasing was still a consolidated company). Moreover, Bank Austria's shareholding interest in iT Austria, which was previously accounted for under the cost method, has been accounted for using the proportionate consolidation method since the beginning of 2008 (as required by qualitative and quantitative consolidation criteria); the effects of this change are comparatively small.

Income statement of Bank Austria for the first three months of 2008

Bank Austria continued to expand, notwithstanding the more difficult economic conditions and operating environment for the banking industry; "sustainable revenue" continued to rise, albeit more slowly, and costs were kept under control despite an expansion of the bank's business and the current investment programme for organic growth.

Operating income by quarter (€ m)



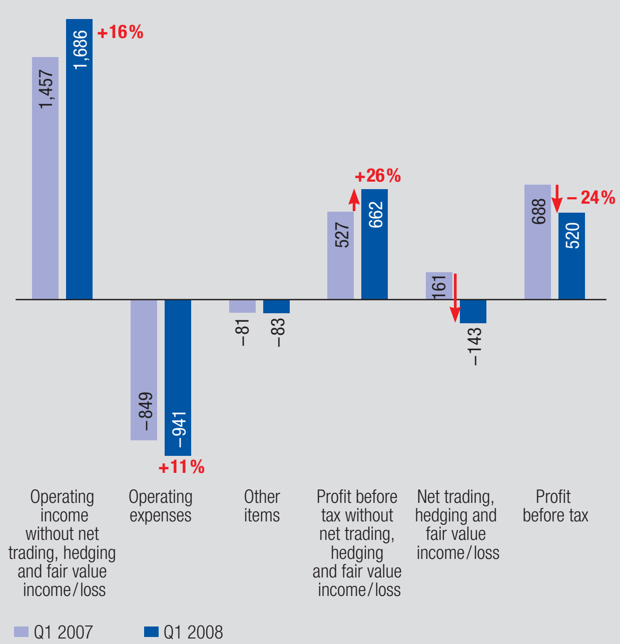
Business volume (in terms of average risk-weighted assets pursuant to Basel I) expanded in the course of the last few quarters to reach € 118.5 bn in the first quarter of 2008, which is 17 % up on the same period of the previous year. While this growth was supported by the inclusion of ATF (Kazakhstan) in December 2007 and Ukrsotsbank (Ukraine) at the beginning of 2008, the old perimeter also reflects a 10 % increase in Bank Austria's business volume. The absolute increase (without new banks) of € 10.2 bn mostly comes from the CEE business segment (+ € 9.1 bn) as well as from the MIB business segment, while risk-weighted assets in the three segments of Austrian customer business were maintained at more or less their previous levels in line with our allocation targets.

Business volume and revenues						
	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	+/– PREV. YEAR
Average risk-weighted assets (€ bn)*)	101.3	100.9	102.5	113.4	118.5	+ 17 %
Operating income (€ m)	1,618	1,624	1,541	1,632	1,543	– 5 %
… excl. net trading, hedging and fair value income/loss	*1,457*	*1,561*	*1,586*	*1,671*	*1,686*	*+ 16 %*

*) Q1 07 under Basel I

● Aside from the negative developments in the net trading, hedging and fair value result, **operating income** (+ 16 %) grew in line with business volume, which provides a good basis for the next few quarters. Including the net trading, hedging and fair value result, operating income declined by € 74 m or 5 % over the previous year. In this context, the revenues of our banking subsidiaries in CEE have constantly risen from quarter to quarter to a figure of over € 1 billion in the first quarter of 2008 (€ 1,020 m), corresponding to a 36 % increase over the previous year. At 19 %, revenue growth in CEE was also impressive in the old perimeter of operations (i.e. without revenues from ATF and Ukrsotsbank). The three Austrian customer business segments (Retail, Corporates and Private Banking & Asset Management) were affected by the downturn in securities business and more difficult funding conditions, resulting in a combined 12 % decline in revenues compared with the first quarter of 2007.

Profit before tax for Q1 2008 compared with Q1 2007 (€ m)



Within the components of operating income, **net interest income** (€ 1,125 m) rose by € 235 m or 26 %, thus being the only driver of revenue growth. Again, the CEE business segment made the strongest contribution to growth, with an increase of € 231 m or 49 %; based on the old perimeter, the increase was € 140 m or 30 %. Net interest income generated by the MIB business segment tripled compared with the previous year, reaching € 127 m and thus contributing € 84 m to the overall increase; this reflects the performance of the Treasury trading units.

Net fees and commissions stagnated at a high level (€ 519 m, +/– 0 %). Slightly weaker growth in CEE was offset by a decline recorded in the other business segments. In Austria, the lower level of net fees and commissions reflects investors' current preference for liquidity and their restraint with regard to those capital market-related instruments which the bank promoted strongly in the past.

The **net trading, hedging and fair value result** (a net loss of € 143 m for Q1 2008, after net income of € 161 m in the same period of the previous year) is composed of a net loss of € 196 m in the MIB Division and net income generated in CEE (€ 31 m) and in the Corporate Center (€ 22 m).

● While revenues present a mixed picture, the interim consolidated financial statements for the first quarter of 2008 show a clearly positive trend on the **cost side**: operating expenses rose by € 91 m or 11 % to € 941 m, mainly due to the larger group of consolidated companies. If the two new banks in Kazakhstan and Ukraine are excluded from the calculation, operating expenses increased by only € 11 m or 1 % compared with Q1 2007.

Cost trends						
(€ m)	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	+/– PREV. YEAR
Bank Austria total	849	735	821	941	941	+ 11 %
Austrian customer business	358	368	321	344	303	– 15 %
CEE	380	407	417	526	513	+ 35 %
CEE old perimeter					445	+ 17 %

In Austrian customer business, operating expenses declined by € 55 m or 15 % compared with the first quarter of 2007. The cost/income ratio was reduced from 55.4 % to 53.5 %. If the consolidation effect in leasing business is taken into account, costs were reduced by 5 % and the cost/income ratio remained more or less unchanged. The increase of € 65 m or 17 % in costs in CEE – adjusted for the most recent acquisitions – is in healthy proportion to volume and revenue growth; it should also be noted that these costs include expenses related to rebranding in a number of countries and the current investment programme for branch network expansion. The cost/income ratio of the CEE business segment in the old perimeter improved slightly, from 50.8 % to 50.1 %, compared with the previous year; this is a low level. Even if the newly added banking subsidiaries are included, the cost/income ratio declined slightly, by half a percentage point, to 50.4 %.

➔ As the net trading, hedging and fair value result turned negative and the swing was only partly offset by growth of other revenue components, Bank Austria's **operating profit** declined by 22 % or € 166 m to € 603 m, despite the moderate increase in costs.

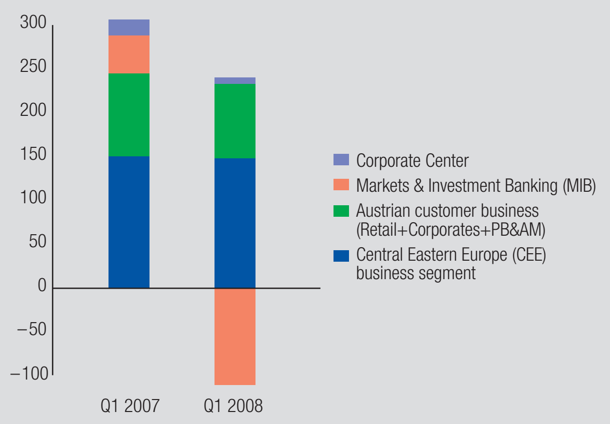
● Among the income statement items leading from operating profit to profit before tax, **net writedowns of loans and provisions for guarantees and commitments** (€ 173 m) in the first quarter of 2008 rose by € 56 m or 47 %; the increase was mainly due to the consolidation effect in the CEE business segment. On the basis of the old perimeter, the increase was only € 7 m or 6 %, to a level of € 125 m. The Austrian business segments recorded flat risk trends; especially in large-volume corporate banking business, provisioning requirements remained at the low level seen in previous periods. Our constant efforts to improve the portfolio quality and reduce risk-weighted assets without affecting customer relationships have contributed to this favourable development. The risk/earnings ratio (provisioning requirement as a percentage of net interest income) in these segments was 21.4 %, 2 percentage points higher than a year before, mainly due to the weak trend in net interest income. In the CEE business segment, the risk/earnings ratio based on the old group of consolidated companies improved by 1.7 percentage points to 8.9 %. With the inclusion of the new banking subsidiaries in the growth markets of Kazakhstan and Ukraine, the risk/earnings ratio increased to 14.6 %, while still remaining below the figure of 15.4 % for the bank as a whole. The application of the strict UniCredit risk standards has revealed a high cost of risk for the new subsidiaries. In Kazakhstan, the tightening of conditions in credit markets has contributed to this situation.

Net income from investments in the first quarter of 2008 was € 101 m, up by € 43 m on Q1 2007. The largest component within the total figure was the share of current profits of the Polish banking subsidiaries, which is defined in the terms and conditions of the sale of Bank BPH by Bank Austria and amounted to € 70 m; in the first quarter of 2008 it was € 32 m higher than a year before. The sale of Hypo Stavebni Sporitelna in the Czech Republic in March 2008 resulted in a capital gain of € 26 m.

➔ The items between the operating profit and profit before tax added up to a net figure of – € 83 m, only € 3 m more than in the first quarter of the previous year. Profit before tax amounted to € 520 m. After deduction of income tax (€ 86 m) and minority interests (€ 24 m), consolidated profit was € 410 m, down by 23 % from the previous year's figure. On an annualised basis, **earnings per share** came to € 8.12, after € 10.58 in the first quarter of 2007 (based on the number of shares after the capital increase). Return on equity (ROE after tax) was 11.5 % (after 16.9 % in the first quarter of 2007 and 17.0 % for 2007 as a whole).

● The direct and indirect impacts of the credit market crisis are also reflected in marginal Economic Value Added (marginal EVA). Marginal EVA of Bank Austria in the first quarter of 2008 was € 111 m, after € 274 m in the same period of the previous year, with MIB making a negative contribution of € 111 m. The combined marginal EVA of the three Austrian customer segments was € 85 m, down by € 10 m from the level a year before. The CEE business segment (including the Vienna-based cost centre) achieved a marginal EVA of € 148 m, almost matching the level of the first quarter of the previous year (€ 150 m); a major factor in this context is the higher cost of capital resulting from the recent acquisitions. RARORAC was 12.4 % for Austrian customer business and 10.1 % for the CEE business segment.

Marginal Economic Value Added (€ m)

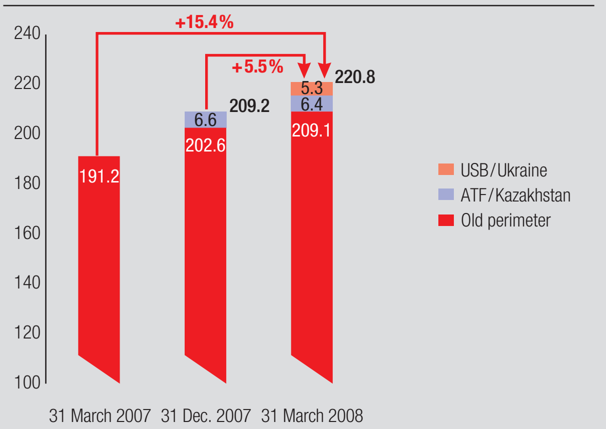


Balance sheet

Bank Austria's consolidated **total assets** increased by € 11.6 bn or 5.5 % in the first quarter of 2008, reaching **€ 220.8 bn** on 31 March 2008. Compared with a year before, total assets rose by € 29.5 bn or 15.4 % – the balance sheet at 31 March 2007 for the first time covered the enlarged consolidation perimeter after Bank Austria had assumed the sub-holding company function for CEE operations.

The expansion – in the course of the reporting period and in a comparison of March 2008 with March 2007 – reflects the bank's organic growth supported by business expansion in CEE. In the old consolidation perimeter, total assets increased by 3.2 % compared with year-end 2007 and by 9.3 % as against the end of March 2007. Growth was also driven by new acquisitions: the contribution from ATF Bank in Kazakhstan, which was consolidated as from the beginning of December 2007, was € 6.6 bn (after elimination of intercompany items) as at the end of 2007 and € 6.4 bn as at 31 March 2008. The integration of our banking subsidiary in Ukraine (Ukrsotsbank together with its holding company Ferrotrade) increased Bank Austria's total assets at the end of March 2008 by € 5.3 bn. Both banks are active in young growth markets and therefore contribute to growth of customer business primarily on the assets side. The sale of Hypo Stavebni Sporitelna (balance sheet total: € 1.2 bn) in the Czech Republic had a less significant impact.

Development of total assets (€ bn)



● In the **first quarter of 2008**, the balance sheet reflected strong growth of loans and receivables with customers as well as more intensive interbank business on the assets and liabilities sides. Financial assets and financial liabilities held for trading also rose strongly. A comparison of the balance sheets at the end of March 2008 and at the end of 2007 shows that growth was dampened by currency depreciation especially in Turkey and Russia; while this effect is partly offset by currency appreciation in a number of other countries, our Turkish and Russian subsidiaries have a strong impact on account of their size.

On the **assets side**, loans and receivables with customers grew by € 6.2 bn or 5.4 %, accounting for more than half of the increase in total assets and 55 % of the balance sheet total. Loans and receivables with banks increased by € 4.2 bn or 11.1 % to € 42.2 bn (a development mainly driven by the parent company), a rise which underlines the bank's good liquidity position and competitiveness in the interbank sector against the background of currently prevailing uncertainty in the banking industry. Intangible assets increased (by € 1.0 bn or 23.9 %) as a result of goodwill recognised in connection with the acquisition in Ukraine.

On the **liabilities side**, the first quarter of 2008 saw more restrained growth of € 1.6 bn (+ 1.7 %) in deposits from customers (€ 94.8 bn). Interbank business recorded the largest increase (+ € 8.7 bn / + 16.6 % to a total of € 61.1 bn). Together with debt securities in issue (€ 27.9 bn), primary funds were slightly higher, at € 122.1 bn, than loans and receivables with customers (also 55 % of the balance sheet total). **Equity** amounted to € 15.3 bn, accounting for 7 % of the balance sheet total. Compared with the end of 2007, equity was slightly lower (by € 84 m) as foreign currency translation led to a decline of € 534 m, more than offsetting the effect of consolidated profit (€ 410 m) and the changes in other equity components.

● A **comparison of March 2008 with March 2007** (which is not affected by year-end effects) shows that balance sheet growth (of € 29.5 bn) was mainly supported by loans and receivables with customers (+ € 20.6 bn / + 20.4 %) and primary funds (+ € 16.9 bn / + 16.1 %). This development confirms that Bank Austria's business is growing strongly.

Net capital resources and capital requirements pursuant to the Austrian Banking Act

On 1 January 2008, the calculations required under regulatory standards pursuant to the Austrian Banking Act were converted to the Basel II rules. The main changes in respect of (net) capital resources result from differences in taking account of deductions (for capital components held in associated financial companies in a wider sense) and from the lower net Tier 3 capital (to meet – lower – capital requirements for market risks in the trading book). In addition to the changed rules for determining the assessment basis for credit risk, the provisions in Section 22 of the Austrian Banking Act concerning the minimum capital requirements now comprise, for the first time, the calculation of capital requirements for operational risk and changes in the rules for capital to be held against parts of the trading book (in particular, Tier 3 capital can no longer be used to meet the capital requirements for counterparty default risk).

The comparison of 31 March 2008 (new presentation pursuant to Basel II) with the calculation as at the end of 2007 (old method pursuant to Basel I) shows a decline of 8 % in net capital resources to € 12.0 bn, most of which is due to the new supervisory rules. On the other hand, risk-weighted assets rose by 13 % to € 133.7 bn as a result of the regulatory changes and the bank's underlying business development. The largest contribution to this development came from expansion in the CEE business segment. The capital requirement for credit risk increased by 9 % to € 9.6 bn, and together with the other risk types it rose by 13 % to € 10.7 bn. The Tier 1 capital ratio – based on all risk types pursuant to Basel II – on 31 March 2008 was 6.57 % after 8.20 % at the end of 2007 (Basel I); the total capital ratio was 9.02 % (new presentation) after 11.16 % (old method / all risks).

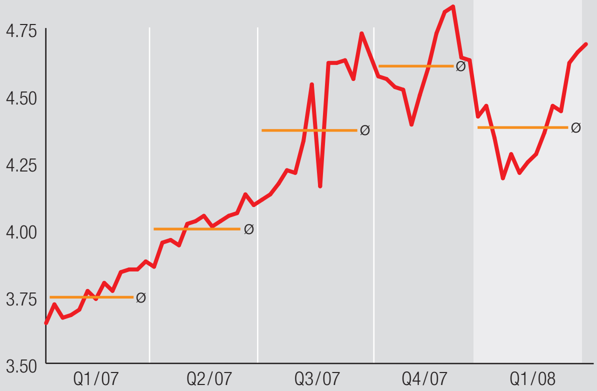
➔ The increase in risk-weighted assets (credit risk) in the first quarter of 2008 resulting from the first-time inclusion of Ukrsotsbank (USB), a bank in Ukraine, in the group of consolidated companies for regulatory purposes as from January 2008 and positive business growth was only partly offset by the first-time application of the solvency calculation pursuant to Basel II.

From March 2008, Bank Austria Creditanstalt AG applies the partial-use approach for credit risk, using the internal ratings-based approach for individual asset categories. The subsidiaries are taken into account by applying the Basel II standardised approach. As at 31 March 2008, operational risk is determined in Bank Austria Creditanstalt AG and in Zagrebačka banka d.d. using the advanced approach, while the other subsidiaries use the standardised approach.

Information on the BA-CA share

In the first quarter of 2008 (and since the announcement of the squeeze-out) the price of BA-CA shares moved independently of the trend for bank shares in a market temporarily characterised by high volatility. The share price averaged € 138.90 in the first three months of 2008, with a low standard deviation of 1.1 %. Given the very low turnover (averaging 7,350 shares per day) on the basis of which prices are determined daily in the Standard Market Auction segment (trading in BA-CA shares in the Prime Market was discontinued at the end of March 2007), and in view of the pending squeeze-out procedure, this performance does not provide meaningful information in economic-terms.

Market interest rates (3-month money): movements and quarterly averages



Development of business segments

Retail Division

(€ m)	Q1/08	Q1/07	CHANGE	
Net interest income	173	185	–12	–7%
Net non-interest income	123	137	–14	–10%
Operating income	296	322	–26	–8%
Operating expenses	–215	–235	20	–8%
Operating profit	81	88	–7	–8%
Net writedowns of loans	–56	–51	–5	10%
Net income from investments	1	12	–11	–94%
Profit before tax	**26**	**48**	**–22**	**–46%**
Risk-weighted assets (avg.)	15,719	16,563	–844	–5%
Average equity*)	975	1,056	–82	–8%
Cost/income ratio	72.7%	72.8%		
Risk/earnings ratio	32.2%	27.3%		
ROE before tax	10.6%	18.1%		

*) IAS capital for subsidiaries, standardised capital for Divisions of Bank Austria

In the first quarter of 2008, the Retail business segment faced a much more difficult environment: short-term interest rate trends and the uncertainty of investors had a negative impact on revenue, which weakened in the course of the first three months and over the previous year. As this could not be offset by further cost savings, operating profit (€ 81 m) was 8% below the level of the first quarter of 2007.

Net interest income (€ 173 m) continued to decline over the preceding quarter and was 7% below the previous year's figure. Since business volume was generally favourable (deposit business was somewhat better than lending business), the downturn is largely explained by tighter margins in deposit business: reference rates fell significantly in January and February after a longer period of rising market rates and increases in Bank Austria's own external interest rates, which led to narrower margins as a result of the usual time lag until interest rates are adjusted accordingly. This development is most visibly reflected in a 30% decline in revenue from savings deposits: while business volume in this segment – in average terms for Q1 2008 – was 6% above the level of the previous year (€ 17.9 bn) due to the attractive interest rate levels after interest rates were raised in 2007, margins narrowed sharply. This development was partly attributable to new legal provisions in Austria (interest rate adjustment clause) which permit interest rates to be adjusted to market rates only on a quarterly basis. Revenues from time deposits developed in a similar fashion, although they were generated with one-quarter of the volume of savings deposits.

← see chart on page 12

Interest income from lending business declined only slightly. Business volume expanded largely in the area of medium/long-term loans; the increase was most pronounced in housing loans, where interest rates could not be raised any further, while the volume of short-term loans (overdrafts, consumer loans), which offer favourable margins, contracted.

Net fees and commissions (€ 129 m) declined by 2% from the preceding quarter, and in the first quarter of 2008 this item was 10% below the previous year's figure which was very high on account of strong securities business. In Q1 2008, sales of securities, mutual funds and own issues were down, influenced by ongoing media reports about the banking crisis and by the weak performance of stock markets, which prompted customers to await further developments. Customers exercised restraint in the area of derivatives business, preferring simple and transparent products to complex structurings.

Such customer behaviour and the current strong preference for liquidity are largely dictated by macroeconomic conditions; consequently, the demand trends among the three sub-segments Mass Market, Affluent Customers and Small Businesses hardly differ.

Operating efficiency of the Retail business segment has further improved, which is reflected in the cost trend: operating expenses (€ 215 m) continued to decline over the previous quarter and were 8% below the level of Q1 2007, supported equally by declines in payroll costs and other administrative expenses. While the cost/income ratio (72.7%) improved only marginally over Q1 2007, reflecting the different revenue levels, it was significantly better than the average for 2007 (73.9%).

Net writedowns of loans were according to plan and in the first quarter of 2008 amounted to € 56 m after € 51 m in the previous year. The risk/earnings ratio was high, at 32.2%, as was the cost of risk in terms of the average banking book (142 basis points). However, the quality of the portfolio improved following the sale of non-performing loans in the fourth quarter of 2007. This measure reduced risk-weighted assets by 5% to € 15.7 bn.

Profit before tax reached € 26 m in the first quarter of 2008. While this was well up on the previous quarter (€ 18 m), it was significantly below the figure for Q1 2007 (€ 48 m) as net income from investments in the first quarter of the previous year included one-off capital gains of € 12 m from the sale of shares in CA Immobilien AG. In Q1 2008, the return on equity (ROE before tax) was 10.6% (average for 2007: 13.3%).

Private Banking & Asset Management

(€ m)	Q1/08	Q1/07	CHANGE	
Net interest income	5	4	0	10 %
Net non-interest income	36	40	–5	–12 %
Operating income	40	45	–4	–10 %
Operating expenses	–26	–23	–3	12 %
Operating profit	15	22	–7	–33 %
Net writedowns of loans	0	0	0	n.m.
Net income from investments	2	0	2	>100 %
Profit before tax	**17**	**22**	**–5**	**–23 %**
Risk-weighted assets (avg.)	481	441	40	9 %
Average equity	199	233	–33	–14 %
Cost/income ratio	63.6 %	51.1 %		
Risk/earnings ratio	n.m.	n.m.		
ROE before tax	33.7 %	37.3 %		

n.m. = not meaningful

Results of the Private Banking & Asset Management (PB&AM) business segment for the first three months of 2008 were weaker than a year before, though not bad, reflecting the impact on investor behaviour of the repercussions of the credit market crisis, which have made themselves repeatedly felt since August 2007. As net fees and commissions declined, operating income (€ 40 m) was 10 % lower than in the first quarter of 2007, a period which was marked by a different outlook for investors. After the successful fourth quarter of 2007, sales of structured investment products in the first three months of 2008 fell short of expectations, with outstanding volume declining from the year-end 2007 and Q1 2007 levels (not least because of current valuations). This development was due to restraint displayed by investors, who responded to current news in the media by investing fresh money in liquid direct deposits; this investment jam may clear in the coming months.

The start of the year marked an important milestone for Private Banking: the transfer of customers from other segments to BANK*PRIVAT* was successfully completed; this move met with a very high level of acceptance, reflected in the recent inflow of new funds. With the effective differentiation between private and corporate customers, we have now geared business with the top segment of private customers to the homogeneous needs of this specific customer group and we are thereby also taking account of the stronger momentum of private banking services in Austria. Apart from direct deposits, guarantee products have proved attractive to this customer segment especially in view of current market volatility. Moreover, BANK*PRIVAT* has been able to win more than half of its customers for VM PREMIUM, a new customised asset management product with all-in fee models (optionally with or without performance fees) complementing the range of standardised investment services. In the first quarter of 2008, Schoellerbank recorded a net inflow of funds and, in the given market environment, placed inflation-proof investment products, structured interest rate products and guarantee funds based on the CPPI concept. AMG largely offset forthcoming redemptions in the first quarter of 2008 through sales of new structured products including another issue of WeltAktienIndex-GarantieAnleihe (WAIGA 2008–2011/1). Total financial assets in Private Banking at the end of March 2008 were € 15.3 bn, up by 3 % on the level a year before, despite adverse market developments.

In the Asset Management sector, Pioneer Investments Austria (PIA) improved its market share in Austria by 0.5 percentage points to 15.7 %. However, the entire mutual fund industry recorded net outflows and a weak performance of underlying instruments. At the end of March 2008, the outstanding volume of funds of PIA totalled € 22.3 bn, down by 5 % from the year-end 2007 level. 65 guarantee funds (compared with 101 funds in the market as a whole) and a market share of 63 % make PIA the undisputed market leader in this segment. Placement of Global Emerging Markets Garantie was particularly successful in the first quarter of 2008. PIA also achieved a top performance among the respective peer groups in traditional fund products such as PIA-Austria Stock or PIA-Gold Stock.

Costs in the PB&AM business segment in the first three months of 2008 were below budget. Operating expenses were € 26 m, up by 12 % on a year earlier; the increase reflects the build-up of the Private Banking sub-segment during that period and is also due to changes in the distribution of responsibilities among Bank Austria's Divisions. Adjusted for these bank-internal effects, operating expenses increased by about half the amount. PB&AM generated a profit before tax of € 17 m, return on equity before tax was 33.7 % (Q1 2007: 37.3 %).

Corporates

(€ m)	Q1/08	Q1/07	CHANGE		WITHOUT LEASING*)
Net interest income	151	161	–9	–6 %	11 %
Net non-interest income	80	119	–39	–33 %	–16 %
Operating income	231	280	–49	–17 %	–1 %
Operating expenses	–63	–101	38	–38 %	0 %
Operating profit	168	179	–11	–6 %	–1 %
Net writedowns of loans	–15	–17	3	–15 %	12 %
Net income from investments	0	2	–2	–100 %	–100 %
Profit before tax	**154**	**164**	**–10**	**–6 %**	**–3 %**
Risk-weighted assets (avg.)	32,135	31,554	581	2 %	–4 %
Average equity	2,335	2,301	33	1 %	–3 %
Cost/income ratio	27.1 %	36.0 %			28.4 %
Risk/earnings ratio	9.7 %	10.7 %			10.4 %
ROE before tax	26.5 %	28.5 %			27.4 %

*) Corporates business segment without leasing business

At the beginning of the year, the Corporates Division faced a mixed environment: there were initial signs of a reversal in the interest rate cycle and funding costs rose, reflecting developments in the banking sector; nevertheless, the Austrian corporate sector more or less maintained its growth momentum. The main factors that had an impact on business trends were general restraint with regard to capital market transactions and in securities business and derivatives.

Against this background, the Corporates business segment had a good start in 2008, with a significant improvement in results being supported by revenue and cost trends. **Operating profit** for the first quarter of 2008 was € 168 m, up by over one-quarter on Q4 2007, and profit before tax (€ 154 m) exceeded the figure for the preceding quarter by almost one half.

When comparing results with the same period of the previous year, one should note a **structural change**: BA-CA Leasing was reflected in results for the first half of 2007 as a consolidated company; since the third quarter of 2007, the income statement has included an interest of about 33 % in the results of UniCredit Global Leasing S.p.A., to which Bank Austria transferred its leasing business. This means that income and expense items in Q1 2008 and Q1 2007 are not directly comparable, but the effect of this change on results is less significant (rates of change are also indicated without leasing business, see the table above). On an unadjusted basis, **profit before tax** was € 10 m or 6 % lower than a year before; adjusted for the consolidation effect, the decline was half of the unadjusted figure (–€ 5 m or 3 %). At € 231 m, operating income increased by 10 % over the preceding quarter and was 17 % lower than the – very high – figure for the first quarter of 2007.

A comparison with the figures excluding BA-CA Leasing shows that **operating income**, at € 221 m, was only € 2 m or 1 % lower than a year before. The performance of the Corporates Division in the first quarter of 2008 was mainly supported by the fact that the decline in **net fees and commissions** was almost offset by a strong increase in the other income components. **Net interest income** (adjusted) rose by € 14 m or 11 % to € 141 m, mainly due to good volume growth. On the liabilities side, deposits taken by our profit centres rose by 23 %; most of this increase related to time deposits from corporate customers of all size categories. This reflects the currently strong liquidity position in the corporate sector while also indicating the wait-and-see attitude towards long-term financial and capital investments, a trend which is intensified by the attractive levels to which interest rates have risen, at the expense of securities business. As market interest rates declined in January/February and were lower on a quarterly average, the bank's interest rate spreads narrowed and deposits made only a modest contribution to the trend in net interest income. Lending business expanded at more or less unchanged margins. Quarterly average volume increased by about 9 %, mainly in medium-term to long-term loans and in foreign trade financing. This proves that there is no supply-side credit crunch.

Net fees and commissions were significantly higher (by € 15.3 m) than in the preceding quarter, reaching € 81 m. The increase is impressive in light of the volatile capital market environment: it shows that, in contrast to retail customers, companies continue to make use of risk management instruments. Compared with the first quarter of 2007 (€ 97.0 m without leasing business), net fees and commissions declined by € 24 m or 23%. In this context it should be noted that the first three months of the previous year were a period characterised by brisk fee-based business; and the decline also reflects a side effect from our credit portfolio management: in previous quarters, with a view to reducing risk-weighted assets and allocated equity, we used various secondary-market instruments to place credit risks, without affecting customer relationships; the related expenses are reflected in current net fees and commissions.

Our profit centres continued to win new customers. An acquisition drive in the Austrian corporate banking sector is aimed at increasing the share of wallet. A new analysis product, Working Capital Check, has been launched to intensify existing customer relationships.

Derivatives business focuses on simple, non-speculative products. Additional specialist advisers are employed, and they use a new security advisory tool to intensify investment advisory services. Cooperation with Factor Bank, a company consolidated as from the beginning of 2008, got off to a good start. In the International Corporates department, efforts are being intensified to win new business along the international value chain of multinational companies. Cooperation with Global Transaction Banking, a cross-regional product line, is a door opener in this context. The Public Sector unit offers a new flat-rate package for payment services. Moreover, intensive efforts are focusing on strengthening business relations with non-public hospitals and social-security institutions through specific structured financing arrangements and also on the investments side, including newly launched Ethik Fonds. Real Estate is very successful in lending business, with a number of international projects in the pipeline. The Financial Institutions profit centre availed itself of the bank's good standing in significantly expanding interbank business.

Costs in the Corporates Division have declined over the past few quarters. Operating expenses were € 63 m, 38 % below the figure for Q1 2007, a reduction which reflects the deconsolidation effect of leasing business. Adjusted for this effect, operating expenses were more or less unchanged compared with a year earlier, despite a larger number of account managers and product advisers and the development of new products. The cost/income ratio was 28.4 % after 28.1 % in the first quarter of the previous year (adjusted). Net writedowns of loans in the first three months of 2008 were € 14.6 m. This translates into a risk/earnings ratio of 10.4 % (including income from the investment in the leasing company, which increases net interest income: 9.7 %). This means that the provisioning charge has remained at a very low level, despite an increase of 12 % compared with the Q1 2007 figure. The cost of risk (provisioning charge / average banking book) is 18 basis points (adjusted figure for the first quarter of the previous year: 17 basis points).

Average risk-weighted assets pursuant to Basel I – and thus allocated equity – remained stable despite the expansion of customer business volume (RWA as reported: + 2 %, without leasing: – 4 % compared with Q1 2007). On the basis of a profit before tax of € 154 m, return on equity (ROE before tax) was 26.5 % (Q1 2007: 28.5 %), without leasing business it was unchanged at 27.4 %.

Markets & Investment Banking (MIB)

(€ m)	Q1 / 08	Q1 / 07	CHANGE	
Net interest income	127	43	84	> 100 %
Net non-interest income	– 172	123	– 295	n.m.
Operating income	– 45	166	– 211	–>100 %
Operating expenses	– 50	– 60	9	– 15 %
Operating loss/profit	– 96	106	– 202	–>100 %
Net writedowns of loans	0	0	0	n.m.
Net income from investments	0	1	– 1	– 100 %
Loss/profit before tax	**– 96**	**105**	**– 201**	**–>100 %**
Risk-weighted assets (avg.)	6,392	4,431	1,962	44 %
Average equity	4,415	429	3,985	> 100 %
Cost/income ratio	– 111.5 %	36.0 %		
Risk/earnings ratio	0.0 %	0.0 %		
ROE before tax	– 8.7 %	97.7 %		

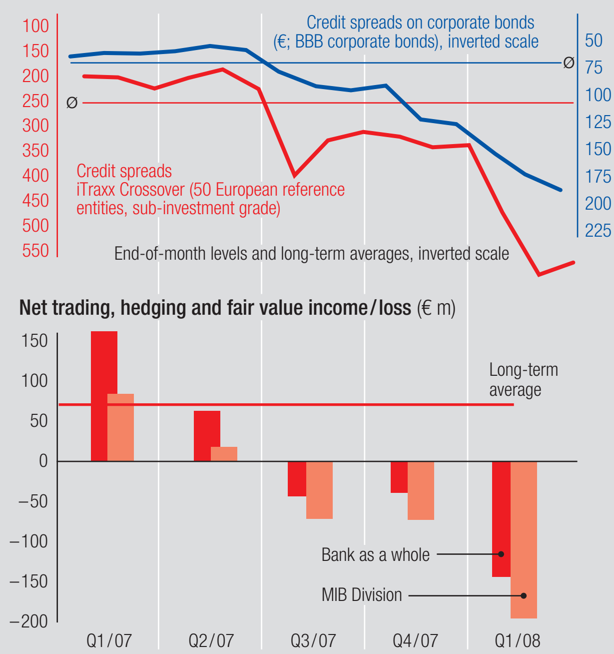
The credit market crisis had an impact on Bank Austria's Markets & Investment Banking (MIB) business segment via two channels: first, valuations of securitised credit risks continued to decline significantly, reaching a new low in the middle of March before starting to recover; it was only in April/May that the recovery was really noticeable. These developments required substantial adjustments to lower fair values also in MIB in the first quarter of 2008; current trading activities in credit market instruments were affected by the market situation. Second, demand from customers was slack, numerous projects were postponed in view of uncertainties and currently unfavourable prices. As the year progresses, however, valuation results may reverse and investors may abandon their wait-and-see attitude.

➔ Unlike the situation in the two preceding quarters, the negative impact of the credit market crisis on Structured Credit was only partly offset by the positive and in some areas very strong performance of other MIB activities. Overall, this led to a loss before tax of € 96 m for the first quarter of 2008, resulting from a net trading, hedging and fair value loss of € 196 m which fully reflects the valuation losses associated with the crisis; this represents a negative € 281 m swing from net trading, hedging and fair value income of € 85 m in the first quarter of 2007. However, this compares with a strong improvement in the other income components, which increased by a combined € 69 m or 85 % to € 151 m. Operating income turned negative, from € 166 m in the first quarter of the previous year and € 120 m in the preceding quarter to – € 45 m in the first quarter of 2008.

The **Markets** area recorded a low double-digit loss, reflecting developments in the Structured Credit business line, which absorbed almost all of the impact of the credit market crisis. In March, the valuation of credit market instruments which is reflected in the general widening of spreads fell to low levels previously thought impossible; this development can be seen from the iTraxx Europe, one of the benchmarks for credit spreads (see chart). As a result, in line with the mark-to-market principle, asset-backed securities (ABS portfolio) were marked down although the portfolio has been built up over many years, is well diversified and characterised by a good rating structure, and also generates significant current interest income. Spreads of financials and corporates also widened in the wake of the crisis. This adversely affected Credit Trading, though to a lesser extent. Overall, valuation losses on the structured credit portfolio were € 141 m.

The other Markets units continued to perform well. FICC (Fixed Income, Currencies, Commodities; mainstream markets and emerging markets) exceeded expectations, contributing about € 94 m to overall income in the first quarter of 2008, as in the previous year. Interest rate management and trading activities in EEMEA markets were successful especially at the beginning of the year; performance in these sectors weakened somewhat in subsequent months as volatility was strong. Equity-related activities were mainly supported by large turnover in Sales and Brokerage, while large-volume transactions and primary business were more or less absent. A significant number of transactions are in the pipeline in customer business, especially from CEE.

Credit market crisis and net trading, hedging and fair value income/loss



Investment Banking, the other MIB area, was affected by a general wait-and-see attitude in the reporting period rather than by the market crisis. In the Financing sector, Corporate Solutions Austria fully met expectations, accounting for two-thirds of the positive result. In capital market transactions, there was slow progress in the equities sector while Debt Capital Markets (DCM) gained market share especially in the euro area in customer business with corporates, local government and institutional customers. In M&A business, the number of deals was low, but work on a number of projects not yet realised is in progress.

In **Principal Investments**, a business area in which investments in alternative asset categories have been bundled, the performance of hedge fund investments weighed down on results while Private Equity Investments developed favourably.

Among the other MIB activities, **Corporate Treasury Sales** delivered a good performance as in previous periods; the unit handles current Austrian customer business in cooperation with the Corporates Division and holds an undisputed market position in this area.

Operating expenses in the first quarter of 2008 were € 50 m, down by 15 % from the level a year earlier. This decline is due to cost savings relating to staff and non-staff expenses, and to lower provisions for profit-sharing. Given the negative figure for operating income (–€ 45 m) and a **loss** before tax (–€ 96 m), the key performance indicators do not provide meaningful information.

Central Eastern Europe (CEE)

(€ m)	Q1/08	Q1/07	CHANGE		OLD*)
Net interest income	704	472	231	49%	30%
Net non-interest income	316	275	41	15%	0%
Operating income	1,020	747	272	36%	19%
Operating expenses	–513	–380	–134	35%	17%
Operating profit	506	368	139	38%	38%
Net writedowns of loans	–103	–50	–53	>100%	9%
Net income from investments	28	3	25	>100%	>100%
Profit before tax	**420**	**305**	**115**	**38%**	**33%**
Risk-weighted assets (avg.)	59,776	43,673	16,103	37%	21%
Average equity	8,100	6,611	1,488	23%	14%
Cost/income ratio	50.4%	50.8%			50.1%
Risk/earnings ratio	14.6%	10.5%			8.9%
ROE before tax	20.8%	18.5%			21.5%

*) Rates of change and key ratios in the old consolidation perimeter

Following an excellent performance in the fourth quarter of 2007, our CEE banking subsidiaries maintained their strong momentum in the first quarter of 2008. While economic conditions in the various countries differ widely, the Central Eastern Europe (CEE) business segment is generally characterised by healthy growth. Business volume and results have risen steadily over the past quarters. Cost efficiency has been kept at a high level despite investment in organic growth, and risks have remained well within our expectations.

Our two recent acquisitions in Kazakhstan and Ukraine are fully included for the first time in the consolidated financial statements for the first quarter of 2008. These acquisitions reflect our commitment to particularly promising markets, through banks which have already attained strong market positions. We have thereby strengthened the basis for sustainable growth in the long term while further diversifying our business portfolio. It now encompasses countries with widely varying profiles, including EU member states and candidates for EU membership which have made very good progress in convergence; large countries such as Turkey and Russia, where the banking industry is growing strongly; and now also countries in Central Asia which are rich in raw materials and enjoy bright prospects in a long-term perspective.

Business volume measured by risk-weighted assets (RWA pursuant to Basel I) expanded by 17 % in the first quarter of 2008 as compared with the preceding quarter and was up by 37 % on the level a year earlier; in the old consolidation perimeter (after deduction of the two newly added banks), quarter-on-quarter volume growth was 3 %, and year-on-year growth reached 21 %. Business operations in Turkey (+ 30 %), Russia (+ 40 %) and Croatia (+ 10 %) expanded strongly; based on their size and market position, they accounted for two-thirds of growth in the old consolidation perimeter. Considerable growth was also achieved in Hungary (+ 21 %), the Czech Republic (+ 24 %) and Slovakia (+ 27 %), reflecting these countries' strong economic relations with Western Europe.

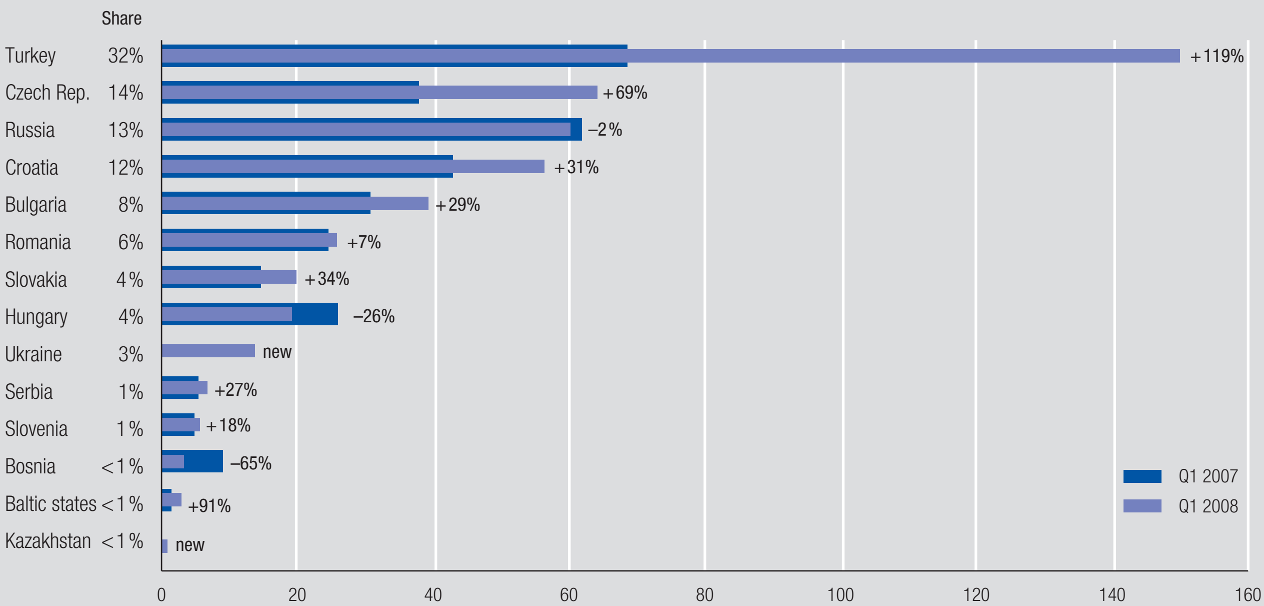
From Q4 2007 to Q1 2008, operating income rose by 7 % to over € 1 bn (€ 1,020 m) as a result of consolidation effects. The increase over the first quarter of the previous year was 36 %. In the old perimeter, operating income did not quite match the record figure of the final quarter of 2007 (– 7 %) as the global credit market crisis also had an impact on net trading, hedging and fair value income in CEE; nevertheless, revenues exceeded the Q1 2007 figure by 19 %. The "sustainable" income components (operating income without net trading, hedging and fair value income) in the old perimeter grew by 25 %, more strongly than underlying risk-weighted assets. The main contribution to growth came from net interest income, which was 49 % (in the old perimeter, 29 %) higher than a year before. In eight countries, the growth rate reached 30 % or more, with Russia achieving the strongest increase (+ 40 %). Net fees and commissions in the first quarter of 2008 were 26 % (on an adjusted basis, 14 %) higher than in the same period of the previous year. Trends in the various countries differed according to the relative importance of the generally weak securities and new issue business; commercial services such as cash management and loan commissions developed favourably. There was a strong increase of 44 % in Turkey, where Yapı Kredi Bank is the undisputed and innovative market leader in commercial services – including credit card business, foreign trade financing, leasing and factoring – and in institutional asset management. Overall, the net trading, hedging and fair value result was positive (€ 31 m / old perimeter: € 18 m) but significantly lower than the quarterly average of € 44 m in 2007 and the figure of € 52 m for the first quarter of 2007. Although the results from trading activities largely relate to customer business, the decline was generally due to the significant widening of credit spreads on high-yield securities (emerging markets, corporates or currencies) in the wake of the global credit market crisis – leading to fair value adjustments. This was the main reason why net trading losses were recorded in Russia (– € 6 m) and Bulgaria (– € 4 m), while in Hungary (– € 5 m) and in the Czech Republic (– € 7 m) the main factors were the stabilisation policy and interest rate trends. In the other countries (with the exception of the increase in Romania), net trading, hedging and fair value income was only slightly lower. The contribution from the newly consolidated banking subsidiaries to the overall figure totalled almost € 14 m.

In the first quarter of 2008, the **increase in costs** compared with the same period of the previous year was 35 % in the new consolidation perimeter and 17 % in the old perimeter, remaining below revenue growth. The cost/income ratio thus improved by about half a percentage point, to 50.4 % (old perimeter) and 50.1 % (new perimeter) respectively; these levels are well below the average for the bank as a whole (61.3 %). This development is to be seen against the background of our ongoing branch network expansion programme, our investments to unlock further cross-regional synergies, and the rebranding process. As part of our drive to expand the office network, through which we aim to open about 950 new branches by the end of 2009, we opened 82 new branches in the first quarter of 2008. This compares with the closure of 44 smaller outlets, mainly in Ukraine (– 23), where UniCredit Group has a double presence. The branch network was expanded in Turkey (+ 49 branches, net), Russia (+ 5), Romania (+ 11), Hungary (+ 4), Serbia (+ 2) and Latvia (+ 1). By the end of April 2008, one-quarter of the new branches planned for 2008 (a total of about 500) had been opened, two-thirds of the entire expansion programme is either already operational or in the process of being implemented. The number of employees (FTE) in the old consolidation perimeter increased by 12%. With the two newly included banks (ATF in Kazakhstan and USB in Ukraine), 140 (now 150) and 485 branches, respectively, with a total of 5,551 and 10,740 employees (FTE), respectively, were added to the network. The cost/income ratio of the new banks was 43.7 % and 59.6 %, respectively.

Net writedowns of loans and provisions for guarantees and commitments in the first quarter of 2008 reached € 103 m (Q1 2007: € 50 m); the inclusion of ATF/Kazakhstan accounted for € 34 m of this total, and USB/Ukraine for € 15 m. It is to these initial levels that the UniCredit business model with its strict risk policies and processes will be applied. In the old consolidation perimeter, net writedowns of loans and provisions for guarantees and commitments were € 54 m, only slightly higher than a year before (€ 50 m). Although the provisioning charge increased as a result of general expansion, and especially on account of strong efforts to boost retail banking and business with small and medium-sized companies, the risk/earnings ratio is still very low on all definitions: 14.6 % including Kazakhstan and Ukraine, 8.9 % in the old perimeter as reported, and 11.9 % after adjustment for the effect in Turkey.

➔ In the CEE business segment, the combination of organic and external growth led to an increase in revenues which was twice the amount of cost growth (€ 272 m compared with € 134 m). In the first quarter of 2008, **profit before tax** in the CEE business segment, including the two new banks, rose by 38% to € 420 m; the increase in the old consolidation perimeter was 33% to € 406 m. Return on equity (ROE before tax) improved from 18.5 % in the first quarter of 2007 to 19.7 % in the first quarter of 2008 in the old consolidation perimeter; including the two new banks, ROE before tax was 20.8 %.

Profit before tax of CEE banking subsidiaries (€ m)



Outlook

● After surprisingly robust growth in the first quarter of 2008, the global economic slowdown is making itself felt in Austrian industry also as a result of the strong euro. For the first time after 30 quarters, Bank Austria's Purchasing Managers Index has fallen below the 50% mark, signalling a downturn. Especially demand from key foreign markets weakened. The situation is aggravated by the strong increase in commodities prices and transport costs, while pricing power in the sales sector is low. This will be reflected in corporate earnings and in stock market prices. Yet a recession is not in sight. Growth will weaken as the year progresses, but our forecast for the annual average remains at 1.9%, not least because of the higher-than-expected figure for the early part of the year. A similar trend is expected for Europe as a whole. While economic growth has slowed down, it is still so strong that a change in policy to sustained interest rate reductions cannot be expected in view of inflationary pressure. This means that the preference for liquidity will probably remain strong.

The upswing in the CEE countries is likely to continue in the coming months, though at a lower rate. However, pressure comes from two sides: first, the general risk aversion has made external borrowing more expensive and more difficult. This effect is felt most strongly in countries with a large current account deficit and a need for large capital imports, and it may result in more restrictive credit conditions also within the various countries. As international investors take a differentiated approach, various countries may experience higher exchange rate volatility. Second, the economic slowdown in Western Europe also feeds through to the CEE economies via close economic links. For 2008 we continue to forecast growth of 5.6%, after 6.7% in the previous year.

● As regards the bank's future performance it is not possible to say when the credit crisis will be overcome and how valuations reflected in the net trading, hedging and fair value result will develop in the future. While credit spreads narrowed in April, one cannot say that the situation has returned to normal; spreads will remain high for the time being, even after easing somewhat. We expect that in current customer business in Markets & Investment Banking, companies will swiftly implement projects which they have planned for a long time.

In Austrian customer business we anticipate a moderate trend in revenues; the investment jam cannot be expected to clear within a short time. In this environment, we will offer classic banking products and capital market-related solutions with a simple structure while continuing our business acquisition initiative through advisory services.

In CEE we are focusing on further increasing revenue through organic growth. Our branch network expansion programme is under way. In this context, strong efforts in retail banking business will help us gain market share in those segments which are expanding in the structural catching-up process. Risks associated with future developments tend to be of a macroeconomic nature, but well-balanced thanks to the diversification of our business.

Within Bank Austria and UniCredit Group, we will make more intensive use of opportunities for cross-regional organisational arrangements. Further steps towards bundling decentralised units in Markets & Investment Banking will enhance the effectiveness of our operations in Europe and benefit customer business. With our product lines, in product development of the Divisions and also in back-office activities, we will use economies of scale through closer cooperation across Europe. This is likely to result in short-term cost advantages and improved efficiency.

➔ Overall, we expect that – unless there are further sharp declines in credit markets – profits will improve significantly in the second quarter of 2008. As a consequence of the net trading, hedging and fair value loss recorded in the first quarter of 2008, results for the first six months of 2008 will be substantially lower than in the same period of the previous year, although the other business areas are expected to develop favourably.

Income statement of the Bank Austria Group

for the first quarter of 2008

				CHANGE	
(€ m)	(Notes)	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007	€ M	IN %
Net interest	(4)	1,075	852	223	26.2
Dividend income	(5)	11	9	2	22.7
Other income from equity investments	(5)	39	29	10	34.5
Net interest income		**1,125**	**890**	**235**	**26.4**
Net fees and commissions	(6)	519	517	1	0.3
Net trading, hedging and fair value loss/income	(7)	–143	161	–304	–
Net other expenses/income	(8)	42	49	–7	–14.9
Net non-interest income		**418**	**727**	**–309**	**–42.5**
OPERATING INCOME		**1,543**	**1,618**	**–74**	**–4.6**
Payroll costs	(9)	–551	–502	–49	9.8
Other administrative expenses	(10)	–316	–275	–41	15.0
Recovery of expenses		–	–	–	–
Amortisation, depreciation and impairment losses on tangible and intangible assets		–73	–72	–1	1.1
OPERATING EXPENSES		**–941**	**–849**	**–91**	**10.8**
OPERATING PROFIT		**603**	**769**	**–166**	**–21.6**
Goodwill impairment		–	–	–	–
Provisions for risks and charges	(11)	–7	–18	11	–63.0
Restructuring costs		–5	–3	–2	49.9
Net writedowns of loans and provisions for guarantees and commitments	(12)	–173	–117	–56	47.3
Net income from investments	(13)	101	58	43	74.9
PROFIT BEFORE TAX		**520**	**688**	**–168**	**–24.5**
Income tax		–86	–125	39	–31.3
NET PROFIT		**434**	**563**	**–129**	**–23.0**
Minority interests		–24	–29	5	–18.0
CONSOLIDATED PROFIT		**410**	**535**	**–124**	**–23.2**

Key figures	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Earnings per share (in €, basic and diluted)	2.03	3.23
ROE before tax	13.9%	20.7%
ROE after tax	11.5%	16.9%
Cost/income ratio	60.9%	52.5%
Risk/earnings ratio	15.4%	13.2%

Income statement of the Bank Austria Group

by quarter

(€ m)	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest	1,075	1,015	903	883	852
Dividend income	11	17	64	33	9
Other income from equity investments	39	47	52	32	29
Net interest income	**1,125**	**1,079**	**1,019**	**948**	**890**
Net fees and commissions	519	550	520	537	517
Net trading, hedging and fair value loss/income	–143	–39	–44	63	161
Net other expenses/income	42	42	47	75	49
Net non-interest income	**418**	**553**	**522**	**675**	**727**
OPERATING INCOME	**1,543**	**1,632**	**1,541**	**1,624**	**1,618**
Payroll costs	–551	–505	–479	–350	–502
Other administrative expenses	–316	–370	–284	–314	–275
Recovery of expenses	–	1	1	1	–
Amortisation, depreciation and impairment losses on tangible and intangible assets	–73	–67	–60	–72	–72
OPERATING EXPENSES	**–941**	**–941**	**–821**	**–735**	**–849**
OPERATING PROFIT	**603**	**691**	**720**	**889**	**769**
Goodwill impairment	–	–	–	–	–
Provisions for risks and charges	–7	–34	5	–29	–18
Restructuring costs	–5	–13	–12	–5	–3
Net writedowns of loans and provisions for guarantees and commitments	–173	–128	–148	–90	–117
Net income from investments	101	49	87	74	58
PROFIT BEFORE TAX	**520**	**565**	**652**	**840**	**688**
Income tax	–86	–34	–88	–134	–125
NET PROFIT	**434**	**531**	**564**	**705**	**563**
Minority interests	–24	–24	–21	–32	–29
CONSOLIDATED PROFIT	**410**	**507**	**543**	**674**	**535**

Key figures	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Earnings per share (in €, basic and diluted)	2.03	2.51	2.69	3.34	3.23
ROE before tax	13.9%	15.5%	18.6%	24.4%	20.7%
ROE after tax	11.5%	14.5%	16.2%	20.6%	16.9%
Cost/income ratio	60.9%	57.7%	53.3%	45.3%	52.5%
Risk/earnings ratio	15.4%	11.8%	14.5%	9.5%	13.2%

Balance sheet of the Bank Austria Group

at 31 March 2008

					(€ m)
				CHANGE	
Assets	(Notes)	31 MARCH 2008	31 DEC. 2007	€ M	IN %
Cash and cash balances		2,710	2,967	–257	–8.7
Financial assets held for trading	(14)	21,033	19,092	1,942	10.2
Financial assets at fair value through profit or loss	(15)	1,019	935	84	9.0
Available-for-sale financial assets	(16)	11,477	10,864	614	5.6
Held-to-maturity investments	(17)	6,481	7,623	–1,142	–15.0
Loans and receivables with banks	(18)	42,225	38,007	4,218	11.1
Loans and receivables with customers	(19)	121,517	115,341	6,177	5.4
Hedging derivatives		1,191	1,147	44	3.9
Changes in fair value of portfolio hedged items (+/–)		–	–	–	–
Investments in associates and joint ventures		2,293	2,281	12	0.5
Property, plant and equipment	(20)	2,274	2,003	271	13.5
Intangible assets	(21)	5,276	4,258	1,018	23.9
of which: goodwill		*4,915*	*3,886*	*1,029*	*26.5*
Tax assets		1,001	1,007	–7	–0.6
a) current tax assets		150	151	–2	–1.2
b) deferred tax assets		851	856	–5	–0.5
Non-current assets and disposal groups classified as held for sale	(22)	535	1,727	–1,192	–69.0
Other assets		1,718	1,918	–201	–10.5
TOTAL ASSETS		**220,751**	**209,170**	**11,582**	**5.5**
Liabilities and equity					
Deposits from banks	(23)	61,148	52,445	8,703	16.6
Deposits from customers	(24)	94,768	93,203	1,565	1.7
Debt securities in issue	(25)	27,291	26,496	795	3.0
Financial liabilities held for trading	(26)	9,353	7,442	1,910	25.7
Financial liabilities at fair value through profit or loss	(27)	2,057	2,386	–329	–13.8
Hedging derivatives		2,014	1,638	377	23.0
Changes in fair value of portfolio hedged items (+/–)		–	–	–	–
Tax liabilities		688	616	71	11.6
a) current tax liabilities		159	125	35	27.8
b) deferred tax liabilities		528	492	37	7.5
Liabilities included in disposal groups classified as held for sale	(29)	–	1,247	–1,247	–100.0
Other liabilities		3,481	3,574	–93	–2.6
Provisions for risks and charges	(28)	4,552	4,611	–59	–1.3
a) post-retirement benefit obligations		4,089	4,088	1	–
b) other provisions		463	523	–60	–11.5
Insurance reserves		150	178	–28	–15.5
Equity		15,250	15,334	–84	–0.5
of which: Minorities (+/–)		*673*	*658*	*15*	*2.3*
TOTAL LIABILITIES AND EQUITY		**220,751**	**209,170**	**11,582**	**5.5**

Cash flow statement

		(€ m)
	1 JAN. –31 MARCH 2008	1 JAN. –31 MARCH 2007
CASH AND CASH EQUIVALENTS AT END OF PREVIOUS PERIOD	**2,967**	**1,584**
Cash flows from operating activities	733	715
Cash flows from investing activities	–963	1,662
Cash flows from financing activities	–24	31
Effects of exchange rate changes	–3	–102
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,710**	**3,890**

Statement of changes in equity of the Bank Austria Group

(€ m)

	SUB-SCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION	RESERVES IN ACCORDANCE WITH IAS 39[1]	ACTUARIAL LOSSES IN ACCORDANCE WITH IAS 19	SHARE-HOLDERS' EQUITY	MINORITY INTERESTS	EQUITY
As at 1 January 2007	**1,069**	**2,859**	**6,482**	**–73**	**347**	**–757**	**9,927**	**213**	**10,140**
Capital increase	400	1,566					1,966		1,966
Changes in the group of consolidated companies			1,094	–149	–1		944	389	1,333
Shares in controlling companies							–		–
Recognised income and expenses			535	10	42		586	34	620
Dividend paid							–		–
Other changes							–		–
AS AT 31 MARCH 2007	**1,469**	**4,425**	**8,111**	**–213**	**388**	**–757**	**13,423**	**636**	**14,059**

1) Reserves in accordance with IAS 39	1 Jan. 2007	31 March 2007
Cash flow hedge reserve	–175	–160
Available-for-sale reserve	522	548
Total	347	388

	SUB-SCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION	RESERVES IN ACCORDANCE WITH IAS 39[1]	ACTUARIAL LOSSES IN ACCORDANCE WITH IAS 19	SHARE-HOLDERS' EQUITY	MINORITY INTERESTS	EQUITY
As at 1 January 2008	**1,469**	**5,323**	**8,118**	**–31**	**397**	**–600**	**14,676**	**658**	**15,334**
Capital increase							–	–	–
Changes in the group of consolidated companies							–	10	10
Shares in controlling companies							–	–	–
Recognised income and expenses			410	–534	–16		–139	24	–115
Dividend paid							–	–19	–19
Other changes			41				41	–	41
AS AT 31 MARCH 2008	**1,469**	**5,323**	**8,569**	**–565**	**381**	**–600**	**14,577**	**673**	**15,250**

1) Reserves in accordance with IAS 39	1 Jan. 2008	31 March 2008
Cash flow hedge reserve	–119	–37
Available-for-sale reserve	516	417
Total	397	381

The change in foreign currency translation is due to exchange rate fluctuations, which were particularly discernible at our units in Turkey and Kazakhstan in the first quarter of 2008.

Statement of recognised income and expenses (€ m)

	2008	2007
Gains/losses on assets held for sale (available-for-sale reserve)	–127	35
Gains/losses on cash flow hedges (cash flow hedge reserve)	112	20
Foreign currency translation – exchange differences	–539	17
Foreign currency translation relating to assets held for sale	–	–
Actuarial losses on defined-benefit plans	–	–
Taxes on items directly recognised in equity	5	–15
Recognised directly in equity	**–549**	**57**
Net profit	**434**	**563**
TOTAL OF INCOME AND EXPENSES RECOGNISED IN THE REPORTING PERIOD	**–115**	**620**
Shareholders' equity	–139	586
Minority interests	24	34

Notes to the Consolidated Financial Statements of the Bank Austria Group

(1) Significant accounting policies

The interim report of the Bank Austria Group has been prepared in accordance with International Financial Reporting Standards (IFRSs). IAS 34 was applied to the interim report. The interim report covers the first three months of 2008 (1 January 2008 to 31 March 2008) and compares this period with the same period of the previous year.

In January 2008, the IASB published a revised IFRS 3, "Business Combinations" ("IFRS 3 R"), and an amended IAS 27, "Consolidated and Separate Financial Statements" ("IAS 27 R"). IFRS 3 R and IAS 27 R will become effective for business combinations in business years beginning on or after 1 July 2009. They may be applied for earlier periods if both Standards are applied simultaneously. The Bank Austria Group is examining the possible application from 2009.

(2) Earnings per share

During the reporting period, no financial instruments with a dilutive effect on the bearer shares were outstanding. Therefore basic earnings per share in accordance with IAS 33 equal diluted earnings per share in accordance with IAS 33. Based on the average number of shares outstanding, earnings per share for the first three months of 2008 were € 2.03 (comparative figure for the same period of the previous year: € 3.23).

(3) Changes in the group of consolidated companies in 2008

The following subsidiaries were included in the group of consolidated companies as from 1 January 2008:

- Factorbank AG
- HYPERION Immobilienvermietungsgesellschaft m.b.H.
- Teledata Consulting und Systemmanagement Gesellschaft m.b.H.
- Treuconsult Beteiligungsgesellschaft m.b.H.
- Informations Technologie Austria GmbH (accounted for under the proportionate consolidation method)

On 25 June 2007, the Management Board of BA-CA AG ("Bank Austria") approved the acquisition of Joint Stock Commercial Bank for Social Development Ukrsotsbank, Kiev, Ukraine, (Ukrsotsbank). On 21 January 2008, the bank acquired a 94.20% shareholding interest for € 1,526.9 m. A shareholding interest of 8.05% with a book value of € 131.7 m was acquired directly by Bank Austria, and 86.15% with a book value of € 1,395.2 m was acquired indirectly through Private Joint Stock Company "Ferrotrade International" (a wholly-owned subsidiary of Bank Austria), which has its headquarters in Kiev. The two companies have been included in the group of consolidated companies of the Bank Austria Group as from 1 January 2008. The preliminary goodwill resulting from the transaction is € 1,167.7 m.

Two of Bank Austria's Bosnian banking subsidiaries, HVB Central Profit Banka and UniCredit Zagrebacka banka, were integrated to form the new UniCredit Bank d.d. on 1 March 2008.

In March 2008, our equity interest in the Czech banking subsidiary Hypo Stavebni Sporitelna was sold for CZK 1.2 bn.

In the course of the new corporate branding process, the subsidiary International Moscow Bank (IMB) was renamed UniCredit Bank in the first quarter of 2008; it is now operating under the name of ZAO UniCredit Bank.

Notes to the income statement

(4) Net interest

(€ m)	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Interest income	**2,997**	**2,387**
Financial assets held for trading	148	129
Financial assets designated at fair value through profit or loss	13	3
Available-for-sale financial instruments	114	98
Held-to-maturity investments	136	172
Loans and receivables with banks	444	469
Loans and receivables with customers	2,090	1,402
Hedging derivatives	46	101
Other assets	6	13
Interest expense	**–1,922**	**–1,535**
Deposits from banks	–635	–578
Deposits from customers	–922	–654
Debt securities in issue	–332	–268
Financial liabilities held for trading	–16	–1
Financial liabilities designated at fair value through profit or loss	–9	–8
Other liabilities	–4	–12
Hedging derivatives	–4	–14
TOTAL	**1,075**	**852**

(5) Dividends and other income from equity investments

(€ m)	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Income from dividends	**11**	**9**
Investments	2	9
Available-for-sale financial assets	2	–
Financial assets designated at fair value through profit or loss	8	–
Income from investments valued at equity	**39**	**29**
TOTAL	**50**	**38**

Notes (CONTINUED)

Notes to the income statement (CONTINUED)

(6) Net fees and commissions

Fee and commission income/expense (€ m)	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Fee and commission income	**629**	**621**
Management, brokerage and consultancy services	206	210
Collection and payment services	235	209
Other services	189	202
Fee and commission expense	**–111**	**–104**
Management, brokerage and consultancy services	–25	–25
Collection and payment services	–49	–45
Other services	–36	–33
TOTAL	**519**	**517**

Net fees and commissions (€ m)	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Management, brokerage and consultancy services	181	185
Collection and payment services	186	163
Other services	152	169
TOTAL	**519**	**517**

(7) Net trading, hedging and fair value loss/income

(€ m)	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Financial assets held for trading	**–178**	**53**
Debt securities	–304	7
Equity instruments	88	9
Units in investment funds	–15	25
Loans	–	–
Other	53	11
Financial liabilities held for trading	**23**	**–**
Deposits	2	–
Other	21	–
Other financial investments	**130**	**57**
Derivatives	**–93**	**49**
Financial derivatives	–175	47
Credit derivatives	82	2
Trading income from assets and liabilities designated at fair value through profit or loss	**–24**	**2**
Dividends from trading assets	**–**	**–**
TOTAL	**–143**	**161**

(8) Net other expenses/income

(€ m)	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Other income	81	75
Other expenses	–39	–26
TOTAL	**42**	**49**

(9) Payroll costs

(€ m)	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Employees	**–537**	**–491**
Wages and salaries	–375	–343
Social charges	–68	–69
Severance pay	–3	–1
Social security costs	–22	–12
Allocation to employee severance pay provision	–6	–8
Provision for retirement payments and similar provisions	–49	–46
Payments to external pension funds	–7	–6
Costs related to share-based payments	–2	–
Other employee benefits	–20	–14
Recovery of compensation	16	8
Others	**–15**	**–11**
TOTAL	**–551**	**–502**

(10) Other administrative expenses

(€ m)	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Indirect taxes and duties	**–8**	**–5**
Miscellaneous costs and expenses	**–308**	**–270**
Fees paid to external professionals	–12	–18
Insurance	–10	–5
Advertising	–40	–34
Premises surveillance and cash transportation	–10	–6
Supply and miscellaneous services rendered by third parties	–59	–60
Property related expense	–66	–57
Maintenance and lease rentals for plant and equipment	–20	–15
Postage, telephone, printed materials and other office expenses	–38	–34
Hire charges and other expenses	–13	–11
Other costs	–40	–30
TOTAL	**–316**	**–275**

Notes (CONTINUED)

Notes to the income statement (CONTINUED)

(11) Provisions for risks and charges

	(€ m)	
	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Increase	**–9**	**–24**
Legal disputes	–	–2
Reserves for advisory services	–9	–22
Decrease	**2**	**6**
Legal disputes	2	–
Reserves for advisory services	1	6
TOTAL	**–7**	**–18**
Net provisions		
Legal disputes	1	–2
Reserves for advisory services	–8	–16
TOTAL	**–7**	**–18**

(12) Net writedowns of loans and provisions for guarantees and commitments

	(€ m)	
	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Impairment losses on loans and receivables	**–173**	**–122**
Loans and receivables with banks	**–**	**4**
writedowns	–	–
writebacks	–	4
payments received for written-off loans	–	–
Loans and receivables with customers	**–173**	**–126**
writedowns	–346	–212
writebacks	165	79
payments received for written-off loans	8	7
Impairment losses on other transactions	**–**	**5**
TOTAL	**–173**	**–117**

(13) Net income from investments

	(€ m)	
	1 JAN.– 31 MARCH 2008	1 JAN.– 31 MARCH 2007
Income	156	99
Expense	–55	–41
NET INCOME FROM INVESTMENTS	**101**	**58**

Notes to the balance sheet

(14) Financial assets held for trading

	31 MARCH 2008			31 DEC. 2007
(€ m)	LISTED	UNLISTED	TOTAL	TOTAL
Financial assets (non-derivatives)	**7,833**	**3,318**	**11,151**	**11,491**
Debt securities	7,645	1,213	8,858	10,416
Equity instruments	187	590	777	808
Units in investment funds	1	36	37	42
Loans	–	1,479	1,479	214
Impaired assets	–	–	–	10
Assets sold but not derecognised	–	–	–	–
Positive fair values of derivative financial instruments	**5**	**9,878**	**9,883**	**7,601**
Financial derivatives	5	9,530	9,535	7,489
Credit derivatives	–	348	348	112
TOTAL	**7,837**	**13,196**	**21,033**	**19,092**

(15) Financial assets at fair value through profit or loss

	31 MARCH 2008			31 DEC. 2007
(€ m)	LISTED	UNLISTED	TOTAL	TOTAL
Debt securities	647	64	711	577
Equity instruments	8	20	28	31
Units in investment funds	7	254	261	306
Loans	–	20	20	20
TOTAL	**663**	**357**	**1,019**	**935**

In the first three months of 2008, the negative effect in the Bank Austria Group's income statement from financial assets at fair value through profit or loss was € 22.7 m.

(16) Available-for-sale financial assets

	31 MARCH 2008			31 DEC. 2007
(€ m)	LISTED	UNLISTED	TOTAL	TOTAL
Debt securities	5,670	2,601	8,271	7,521
Equity instruments	88	1,934	2,022	2,185
Units in investment funds	26	1,159	1,184	1,159
TOTAL	**5,784**	**5,693**	**11,477**	**10,864**

Notes (CONTINUED)

Notes to the balance sheet (CONTINUED)

(17) Held-to-maturity investments

		(€ m)
	31 MARCH 2008	31 DEC. 2007
Debt securities		
Structured securities	67	70
Other securities	6,414	7,553
TOTAL	**6,481**	**7,623**

(18) Loans and receivables with banks

		(€ m)
	31 MARCH 2008	31 DEC. 2007
Loans to central banks	**5,091**	**5,365**
Time deposits	341	289
Compulsory reserves	3,405	3,573
Repos	994	1,120
Other	351	382
Loans to banks	**37,134**	**32,642**
Current accounts and demand deposits	5,130	7,527
Time deposits	14,002	11,689
Other loans	17,975	13,397
Debt securities	–	–
Impaired assets	27	28
TOTAL	**42,225**	**38,007**
Loan loss provisions deducted from loans and receivables	32	33

(19) Loans and receivables with customers

		(€ m)
	31 MARCH 2008	31 DEC. 2007
Other transactions	75,623	72,641
Current accounts	16,570	15,824
Mortgages	17,273	15,506
Credit cards and personal loans, incl. loans guaranteed by salary	9,559	8,559
Impaired assets	1,812	2,071
Finance leases	680	740
Assets sold but not derecognised	–	–
TOTAL	**121,517**	**115,341**
Loan loss provisions deducted from loans and receivables	3,612	3,570

(20) Property, plant and equipment

(€ m)	31 MARCH 2008	31 DEC. 2007
Assets for operational use	**2,022**	**1,751**
Owned	**1,963**	**1,698**
Land	198	185
Buildings	1,305	1,088
Equipment	153	152
Electronic systems	171	131
Other	138	142
Leased	**59**	**53**
Land	–	–
Buildings	51	53
Equipment	–	–
Electronic systems	7	–
Other	–	–
Held-for-investment assets	**252**	**252**
Owned	**252**	**252**
Land	197	197
Buildings	55	55
Other	–	–
TOTAL	**2,274**	**2,003**

(21) Intangible assets

(€ m)	31 MARCH 2008	31 DEC. 2007
Goodwill	**4,914**	**3,886**
Other intangible assets	**362**	**373**
Intangible assets generated internally	141	153
Other assets	221	220
TOTAL	**5,276**	**4,258**

Notes (CONTINUED)

Notes to the balance sheet (CONTINUED)

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

(€ m)	31 MARCH 2008	31 DEC. 2007
Individual non-current assets	**535**	**535**
Asset groups classified as held for sale		
Financial assets held for trading	–	–
Financial assets at fair value through profit or loss	–	–
Available-for-sale financial assets	–	557
Held-to-maturity investments	–	407
Loans and receivables with banks	–	65
Loans and receivables with customers	–	95
Equity investments	–	–
Property, plant and equipment	–	3
Intangible assets	–	3
Other assets	–	62
Total	**–**	**1,192**
TOTAL ASSETS	**535**	**1,727**

(23) Deposits from banks

(€ m)	31 MARCH 2008	31 DEC. 2007
Deposits from central banks	**5,013**	**5,448**
Deposits from banks	**56,135**	**46,997**
Current accounts and demand deposits	14,923	6,933
Time deposits	20,701	21,473
Other liabilities	20,511	18,591
TOTAL	**61,148**	**52,445**

(24) Deposits from customers

(€ m)	31 MARCH 2008	31 DEC. 2007
Current accounts and demand deposits	39,453	34,439
Time deposits	49,714	35,323
Other liabilities	5,601	23,441
TOTAL	**94,768**	**93,203**

(25) Debt securities in issue

(€ m)	31 MARCH 2008	31 DEC. 2007
Listed securities	**12,225**	**12,329**
Bonds	11,023	11,923
Other securities	1,202	406
Unlisted securities	**15,066**	**14,167**
Bonds	13,392	11,663
Other securities	1,675	2,504
TOTAL	**27,291**	**26,496**

(26) Financial liabilities held for trading

(€ m)	31 MARCH 2008			31 DEC. 2007
	LISTED	UNLISTED	TOTAL	TOTAL
Financial liabilities	**85**	**630**	**714**	**1,248**
Deposits from banks	1	616	617	1,109
Deposits from customers	64	6	69	114
Debt securities	20	8	29	25
Derivatives	**55**	**8,583**	**8,638**	**6,194**
Financial derivatives	55	8,335	8,389	6,120
Credit derivatives	–	249	249	74
TOTAL	**140**	**9,213**	**9,353**	**7,442**

(27) Financial liabilities at fair value through profit or loss

(€ m)	31 MARCH 2008			31 DEC. 2007
	LISTED	UNLISTED	TOTAL	TOTAL
Deposits from banks	–	11	11	12
Deposits from customers	–	–	–	–
Debt securities	171	1,875	2,046	2,374
TOTAL	**171**	**1,886**	**2,057**	**2,386**

On balance, a negative change of € 34.7 m in the fair values of other debt securities totalling € 2,057 m was recognised in the income statement.

In the first three months of 2008, changes in fair values resulting from changes in our own funding costs (debt securities in issue, and financial liabilities at fair value through profit or loss) were € 36.3 m (2007: € 3.1 m).

Notes (CONTINUED)

Notes to the balance sheet (CONTINUED)

(28) Provisions

(€ m)	31 MARCH 2008	31 DEC. 2007
Pensions and other post-retirement benefit obligations	**4,089**	**4,088**
Other provisions for risks and charges	**463**	**523**
Legal disputes	176	181
Other	287	341
TOTAL	**4,552**	**4,611**

(29) Liabilities included in disposal groups classified as held for sale

(€ m)	31 MARCH 2008	31 DEC. 2007
Liabilities associated with assets classified as held for sale		
Deposits	–	–
Securities	–	–
Other liabilities	–	103
Total	**–**	**103**
Liabilities included in disposal groups classified as held for sale		
Deposits from banks	–	–
Deposits from customers	–	1,143
Debt securities in issue	–	–
Financial liabilities held for trading	–	–
Financial liabilities at fair value through profit or loss	–	–
Other liabilities	–	1
Total	**–**	**1,144**
TOTAL LIABILITIES	**–**	**1,247**

Additional IFRS disclosures

(30) Contingent liabilities and commitments

(€ m)	31 MARCH 2008	31 DEC. 2007
Financial guarantees given to:	**9,041**	**8,228**
Banks	1,103	1,697
Customers	7,938	6,531
Commercial guarantees given to:	**12,487**	**12,768**
Banks	2,503	2,825
Customers	9,984	9,943
Other irrevocable commitments	**14,067**	**14,224**
Credit derivatives: sales of protection	**1,702**	**969**
Other commitments	**5,544**	**5,731**
TOTAL	**42,841**	**41,919**

(31) Employees

Share-based payments

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

UniCredit calculates the economic value of the share-based payment arrangements on a uniform basis for the entire Group and provides the Group companies with the relevant information. In the Bank Austria Group, the total amount recognised in the income statement for the first three months of 2008 is € 2 m.

Employees	Q1 2008	2007
Salaried staff	60,478	44,542
Other employees	94	98
TOTAL*)	**60,572**	**44,640**
of which: in Austria	*10,002*	*10,558*
of which: abroad	*50,317*	*34,082*

*) Average full-time equivalents of staff employed in the Bank Austria Group (employees of companies accounted for under the proportionate consolidation method are included at 100 %), excluding apprentices and employees on unpaid sabbatical or maternity/paternity leave

(32) Events after the date of the interim financial statements

For the purpose of creating a uniform visual Group identity, a rebranding took place at the beginning of the second quarter of 2008. The Group is now operating under the Bank Austria brand. The name of the parent company will remain unchanged for the time being.

(33) Segment reporting

As in previous periods, the primary segment reporting format is based on the internal reporting structure of business segments, which reflects management responsibilities in the Bank Austria Group in 2008. The business segments are presented as independent units with their own capital resources and responsibility for their own results. This also complies with the requirements of IFRS 8.

Notes (CONTINUED)

The definition of business segments is primarily based on organisational responsibility for customers.

Retail
Responsibility for the Retail Division covers Bank Austria Creditanstalt AG's business with private customers and small businesses and the credit card business (card complete).

Private Banking & Asset Management
The Private Banking & Asset Management Division comprises the subsidiaries BANK*PRIVAT*, Schoellerbank AG, Asset Management Gesellschaft AMG and Pioneer Investments Austria.

Corporates
The Corporates Division covers the sub-segment Large Corporates (multinational corporates, financial institutions, public sector) and Real Estate, business with medium-sized companies and customers using specific products (e.g. derivatives) as well as the activities of BA-CA Wohnbaubank AG and BA-CA Real Invest GmbH. The leasing business of the Bank Austria Creditanstalt Leasing Group was transferred to UniCredit Global Leasing with effect from July 2007. In exchange, Bank Austria received a 32.59% shareholding interest in that company which is accounted for under the equity method.

CEE
The CEE business segment includes the commercial banking units of the Bank Austria Group in the region of Central and Eastern Europe. From 2007, the CEE segment also includes the units in Central and Eastern Europe and in Turkey which were transferred from UniCredit and HVB to the Bank Austria Group. Corporate finance business for CEE customers was transferred to the Markets & Investment Banking Division. JSC ATF Bank was included in the group of consolidated companies as from December 2007 and Ukrsotsbank was included as from January 2008.

Markets & Investment Banking
The Markets & Investment Banking Division essentially comprises the treasury activities of Bank Austria. The equity interests in UniCredit Aton International Limited and ZAO UniCredit Aton were included in the group of consolidated companies and allocated to the MIB Division as from August 2007.

Corporate Center
"Corporate Center" covers all equity interests that are not assigned to other segments. Also included are inter-segment eliminations and other items which cannot be assigned to other business segments.

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

The result of each business segment is measured by the profit before tax and the net profit after tax earned by the respective segment. In addition to the cost/income ratio, the return on equity is one of the key ratios used for controlling the business segments. The segment reporting data also show the net profit after tax.

The interest rate applied to investment of equity allocated to the business segments corresponds to the 3-month EURIBOR plus a margin of the average 5-year UniCredit credit spread. The rate applied to the business segments for investment of equity is determined for one year as part of the budgeting process. A uniform rate of 3.8% is applied to loans on which interest is not accrued and to writedowns.

Overhead costs are allocated proportionately to direct and indirect costs of the business segments.

Capital allocated to the business segments in Bank Austria is based on the Core Tier 1 capital ratio on the basis of planned risk-weighted assets. The bank uses differentiated percentage rates according to the individual business segments:

Retail	6.00%
Private Banking & Asset Management	5.90%
Corporates	6.45%
CEE	6.45%
Markets & Investment Banking	6.45%
Corporate Center	6.80%

Capital allocation to subsidiaries reflects the equity capital actually available.

Segment reporting Q1 2008 / Q4 2007 / Q3 2007 / Q2 2007 / Q1 2007								(€ m)
		RETAIL DIVISION	PRIVATE BANKING & ASSET MANAGEMENT DIVISION	CORPORATES DIVISION	CENTRAL EASTERN EUROPE DIVISION	MARKETS & INVESTMENT BANKING DIVISION	CORPORATE CENTER	BANK AUSTRIA GROUP
Net interest income	**Q1/2008**	**173**	**5**	**151**	**704**	**127**	**–34**	**1,125**
	Q4/2007	**177**	**6**	**147**	**633**	**135**	**–18**	**1,079**
	Q3/2007	**200**	**5**	**167**	**536**	**83**	**29**	**1,019**
	Q2/2007	**187**	**4**	**156**	**510**	**69**	**22**	**948**
	Q1/2007	**185**	**4**	**161**	**472**	**43**	**25**	**890**
Net fees and commissions	Q1/2008	129	27	81	261	23	–2	519
	Q4/2007	133	46	65	249	57	–	550
	Q3/2007	133	29	72	248	37	–	520
	Q2/2007	139	34	101	226	43	–5	537
	Q1/2007	144	33	104	207	35	–6	517
Net trading, hedging and fair value loss/income	Q1/2008	–	–	–	31	–196	22	–143
	Q4/2007	–3	–	–	52	–73	–15	–39
	Q3/2007	3	–	–	31	–72	–6	–44
	Q2/2007	–	–	–	42	18	3	63
	Q1/2007	–	–	–	52	85	24	161
Net other expenses/income	Q1/2008	–7	8	–	24	–	16	42
	Q4/2007	–5	12	–1	16	1	19	42
	Q3/2007	–10	9	–6	34	3	16	47
	Q2/2007	–8	11	25	43	3	2	75
	Q1/2007	–7	7	15	16	4	15	49
Net non-interest income	**Q1/2008**	**123**	**36**	**80**	**316**	**–172**	**36**	**418**
	Q4/2007	**125**	**59**	**64**	**317**	**–15**	**3**	**553**
	Q3/2007	**125**	**38**	**66**	**314**	**–32**	**10**	**522**
	Q2/2007	**130**	**45**	**126**	**310**	**64**	**–**	**675**
	Q1/2007	**137**	**40**	**119**	**275**	**123**	**32**	**728**
OPERATING INCOME	**Q1/2008**	**296**	**40**	**231**	**1,020**	**–45**	**2**	**1,543**
	Q4/2007	**301**	**65**	**211**	**950**	**120**	**–15**	**1,632**
	Q3/2007	**325**	**44**	**233**	**849**	**51**	**39**	**1,541**
	Q2/2007	**317**	**49**	**282**	**821**	**133**	**22**	**1,624**
	Q1/2007	**322**	**45**	**280**	**747**	**166**	**58**	**1,618**
OPERATING EXPENSES	**Q1/2008**	**–215**	**–26**	**–63**	**–513**	**–50**	**–73**	**–941**
	Q4/2007	**–238**	**–30**	**–77**	**–525**	**–79**	**8**	**–941**
	Q3/2007	**–228**	**–25**	**–68**	**–417**	**–42**	**–40**	**–821**
	Q2/2007	**–235**	**–26**	**–107**	**–407**	**–52**	**93**	**–735**
	Q1/2007	**–235**	**–23**	**–101**	**–380**	**–60**	**–52**	**–849**
OPERATING PROFIT	**Q1/2008**	**81**	**15**	**168**	**506**	**–96**	**–72**	**603**
	Q4/2007	**63**	**35**	**133**	**425**	**41**	**–7**	**691**
	Q3/2007	**97**	**18**	**165**	**432**	**9**	**–1**	**720**
	Q2/2007	**82**	**23**	**175**	**414**	**81**	**115**	**889**
	Q1/2007	**88**	**22**	**179**	**368**	**106**	**6**	**769**
Goodwill impairment	Q1/2008	–	–	–	–	–	–	–
	Q4/2007	–	–	–	–	–	–	–
	Q3/2007	–	–	–	–	–	–	–
	Q2/2007	–	–	–	–	–	–	–
	Q1/2007	–	–	–	–	–	–	–

Notes (CONTINUED)

Additional IFRS disclosures (CONTINUED)

		RETAIL DIVISION	PRIVATE BANKING & ASSET MANAGEMENT DIVISION	CORPORATES DIVISION	CENTRAL EASTERN EUROPE DIVISION	MARKETS & INVESTMENT BANKING DIVISION	CORPORATE CENTER	BANK AUSTRIA GROUP
Provisions for risks and charges	Q1/2008	–	–	1	–7	–	–	–7
	Q4/2007	–4	–1	–4	–33	–	8	–34
	Q3/2007	5	–	–	–16	2	14	5
	Q2/2007	–1	–	–	–15	–	–12	–29
	Q1/2007	–2	–	–	–14	–2	–	–18
Restructuring costs	Q1/2008	–	–	–	–4	–	–1	–5
	Q4/2007	–	–	–	–9	–2	–1	–13
	Q3/2007	–	–	–	–11	–	–1	–12
	Q2/2007	–	–	–	–5	–	–	–5
	Q1/2007	–	–	–	–2	–	–	–3
Net writedowns of loans and provisions for guarantees and commitments	Q1/2008	–56	–	–15	–103	–	–	–173
	Q4/2007	–41	–	–26	–62	2	–	–128
	Q3/2007	–58	1	–10	–80	–1	–	–148
	Q2/2007	–58	–	–13	–19	–	–	–90
	Q1/2007	–51	–	–17	–50	–	–	–117
Net income from investments	Q1/2008	1	2	–	28	–	70	101
	Q4/2007	–	1	–1	–5	–2	56	49
	Q3/2007	–	1	–12	22	1	74	87
	Q2/2007	1	–	–2	–	2	74	75
	Q1/2007	12	–	2	3	1	39	58
PROFIT BEFORE TAX	**Q1/2008**	**26**	**17**	**154**	**420**	**–96**	**–2**	**520**
	Q4/2007	**18**	**36**	**104**	**315**	**39**	**55**	**565**
	Q3/2007	**45**	**20**	**143**	**347**	**11**	**86**	**652**
	Q2/2007	**24**	**22**	**159**	**374**	**82**	**177**	**840**
	Q1/2007	**48**	**22**	**164**	**305**	**105**	**45**	**688**
Income tax	Q1/2008	–6	–4	–33	–94	26	26	–86
	Q4/2007	–	–9	–26	–61	–10	72	–34
	Q3/2007	–10	–4	–27	–62	1	13	–88
	Q2/2007	–5	–6	–29	–69	–17	–9	–134
	Q1/2007	–12	–6	–38	–59	–24	14	–125
NET PROFIT	**Q1/2008**	**20**	**13**	**122**	**326**	**–70**	**24**	**434**
	Q4/2007	**18**	**26**	**78**	**254**	**29**	**127**	**531**
	Q3/2007	**36**	**16**	**116**	**285**	**12**	**99**	**564**
	Q2/2007	**20**	**17**	**130**	**306**	**65**	**168**	**705**
	Q1/2007	**36**	**16**	**126**	**246**	**80**	**59**	**563**
RWA credit and market risk	**Q1/2008**	**15,719**	**481**	**32,135**	**59,776**	**6,392**	**4,004**	**118,507**
	Q4/2007	**15,801**	**445**	**31,587**	**51,001**	**6,852**	**7,681**	**113,366**
	Q3/2007	**16,128**	**464**	**29,387**	**47,342**	**5,424**	**3,771**	**102,516**
	Q2/2007	**16,190**	**457**	**31,508**	**44,355**	**4,703**	**3,643**	**100,857**
	Q1/2007	**16,563**	**441**	**31,554**	**43,673**	**4,431**	**4,613**	**101,275**
Average equity *)	Q1/2008	975	199	2,335	8,100	4,415	–1,120	14,903
	Q4/2007	1,003	231	2,241	7,517	5,099	–1,487	14,603
	Q3/2007	1,011	181	2,137	7,377	1,884	1,472	14,064
	Q2/2007	1,005	168	2,362	6,891	427	2,910	13,764
	Q1/2007	1,056	233	2,301	6,611	429	2,669	13,300

*) IAS capital for subsidiaries, standardised capital for Divisions of Bank Austria

		RETAIL DIVISION	PRIVATE BANKING & ASSET MANAGEMENT DIVISION	CORPORATES DIVISION	CENTRAL EASTERN EUROPE DIVISION	MARKETS & INVESTMENT BANKING DIVISION	CORPORATE CENTER	BANK AUSTRIA GROUP
ROE before tax in %	*Q1/2008*	*10.6*	*33.7*	*26.5*	*20.8*	*–8.7*	*n.m.*[*)]	*13.9*
	Q4/2007	*7.1*	*61.9*	*18.5*	*16.8*	*3.0*	*n.m.*	*15.5*
	Q3/2007	*17.9*	*44.0*	*26.8*	*18.8*	*2.3*	*n.m.*	*18.6*
	Q2/2007	*9.7*	*52.4*	*27.0*	*21.7*	*77.2*	*n.m.*	*24.4*
	Q1/2007	*18.1*	*37.3*	*28.5*	*18.5*	*97.7*	*n.m.*	*20.7*
ROE after tax in %	*Q1/2008*	*8.0*	*25.4*	*20.7*	*15.8*	*–5.4*	*n.m.*	*11.5*
	Q4/2007	*7.1*	*45.9*	*13.9*	*13.5*	*2.2*	*n.m.*	*14.6*
	Q3/2007	*14.1*	*34.8*	*21.7*	*15.5*	*2.5*	*n.m.*	*16.0*
	Q2/2007	*7.9*	*39.3*	*22.0*	*17.8*	*61.0*	*n.m.*	*20.5*
	Q1/2007	*13.7*	*27.5*	*21.9*	*14.9*	*75.0*	*n.m.*	*16.9*
Cost/income ratio in %	*Q1/2008*	*72.7*	*63.6*	*27.1*	*50.3*	*–111.5*	*n.m.*	*60.9*
	Q4/2007	*78.9*	*45.7*	*36.6*	*55.3*	*65.5*	*n.m.*	*57.7*
	Q3/2007	*70.1*	*58.0*	*29.1*	*49.2*	*82.0*	*n.m.*	*53.3*
	Q2/2007	*74.2*	*53.8*	*38.0*	*49.6*	*39.4*	*n.m.*	*45.3*
	Q1/2007	*72.8*	*51.1*	*36.0*	*50.8*	*36.0*	*n.m.*	*52.5*
Risk/earnings ratio in %	*Q1/2008*	*32.2*	*n.m.*	*9.7*	*14.6*	*n.m.*	*n.m.*	*15.4*
	Q4/2007	*23.4*	*n.m.*	*17.4*	*9.8*	*n.m.*	*n.m.*	*11.8*
	Q3/2007	*28.9*	*n.m.*	*6.0*	*14.9*	*n.m.*	*n.m.*	*14.5*
	Q2/2007	*31.1*	*n.m.*	*8.3*	*3.8*	*n.m.*	*n.m.*	*9.5*
	Q1/2007	*27.3*	*n.m.*	*10.7*	*10.5*	*n.m.*	*n.m.*	*13.2*

*) not meaningful

Information required under Austrian law

(34) Consolidated capital resources and regulatory capital requirements

Net capital resources of the Bank Austria group of credit institutions	31 MARCH 2008 BASEL II	31 DEC. 2007 BASEL I
(€ m)		
Paid-in capital (less own shares)	1,468	1,468
Reserves and minority interests	8,775	8,912
Intangible assets	–755	–702
Core capital (Tier 1, under Basel I)	**9,488**	**9,678**
Deductions from Tier 1 capital (in particular 50% deduction pursuant to Section 23 (13) 3 to 4d of the Austrian Banking Act)[3]	–700	
Core capital (Tier 1, under Basel II)	**8,788**	**9,678**
Net subordinated liabilities	3,673	3,893
Revaluation reserves and undisclosed reserves	138	141
Supplementary capital resources (Tier 2, under Basel I)	**3,811**	**4,034**
Deductions from Tier 2 (50% deduction pursuant to Section 23 (13) 3 to 4d)[3]	–681	
Supplementary capital resources (Tier 2, under Basel II)	**3,130**	**4,034**
Deductions from Tier 1 and Tier 2 (under Basel II only deduction pursuant to Section 23 (13) 4a)[4]	–140	–1,153
Net capital resources (excl. Tier 3)	**11,778**	**12,559**
Tier 3 (re-assigned subordinated capital)	286	606
NET CAPITAL RESOURCES (INCL. TIER 3)	**12,064**	**13,165**

Capital requirements of the Bank Austria group of credit institutions	31 MARCH 2008 BASEL II	31 DEC. 2007 BASEL I
(€ m)		
Basel I		
Banking book		8,833
Trading book		606
Basel II		
a) Credit risk pursuant to standardised approach	7,604	
b) Credit risk pursuant to internal ratings-based (IRB) approach	2,011	
Credit risk	9,615	
Operational risk	797	
Position risk – debt instruments, equities, foreign currencies and commodities	286	
Settlement risk	0	
CAPITAL REQUIREMENT	**10,699**	**9,439**
Total RWA	133,733	117,993

Capital ratios	31 MARCH 2008 BASEL II	31 DEC. 2007 BASEL I
(€ m)		
Tier 1 capital ratio, based on all risks	6.57%	8.20%
Total capital ratio, based on all risks[1]	9.02%	11.16%
Tier 1 capital ratio, based on credit risk	7.31%	8.76%
Total capital ratio, based on credit risk[2]	9.14%	11.37%

1) Net capital resources (incl. Tier 3) as a percentage of the risk-weighted assessment basis for all risks
2) Total capital resources less requirement for trading book, commodities risk, exchange rate risk and operational risk as a percentage of the risk-weighted assessment basis for credit risk
3) Capital components in non-consolidated companies and "shortfall"
4) Capital components in insurance companies

Statement by Management on the Interim Report

We state to the best of our knowledge that the consolidated financial statements prepared in accordance with the relevant financial reporting standards provide a true and fair view of the financial position and performance of the Group, and that in the Management Report of the Group for the first quarter of 2008 the business trends including business results and the position of the Group have been presented in such a way as to provide a true and fair view of the financial position and performance of the Group, and that it describes the material risks and uncertainties to which the Group is exposed.

In respect of this Interim Report for the first three months of 2008, the conduct of an audit and a review by an independent auditor have been waived.

Vienna, 5 May 2008

The Management Board

Erich Hampel
(Chairman)

Federico Ghizzoni

Thomas Gross

Wilhelm Hemetsberger

Werner Kretschmer

Ralph Müller

Regina Prehofer

Carlo Vivaldi

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Income Statement/CEE Banks

Income statement of the consolidated banking subsidiaries in CEE

(€ m)	TURKEY*)			RUSSIA			CROATIA		
	Q1 2008	Q1 2007	%	Q1 2008	Q1 2007	%	Q1 2008	Q1 2007	%
Net interest income	**148.3**	**114.0**	**+30%**	**107.4**	**76.9**	**+40%**	**83.6**	**65.0**	**+29%**
Net fee and commission income	74.9	52.0	+44%	28.5	25.0	+14%	32.4	26.3	+23%
Net trading, hedging and fair value income	5.0	6.9	–28%	–5.8	5.7	n.m.	5.0	5.6	–12%
Net other income/expenses	17.4	10.7	+63%	0.0	1.7	–100%	2.7	3.1	–13%
Net non-interest income	**97.2**	**69.6**	**+40%**	**22.7**	**32.5**	**–30%**	**40.0**	**35.0**	**+14%**
OPERATING INCOME	**245.6**	**183.7**	**+34%**	**130.1**	**109.4**	**+19%**	**123.6**	**100.0**	**+24%**
OPERATING EXPENSES	**–116.9**	**–92.2**	**+27%**	**–56.1**	**–40.7**	**+38%**	**–62.4**	**–55.9**	**+11%**
OPERATING PROFIT	**128.6**	**91.4**	**+41%**	**74.0**	**68.6**	**+8%**	**61.2**	**44.1**	**+39%**
Provisions for risks and charges	**–8.7**	**–13.4**	**–35%**	**0.0**	**0.0**	**–**	**–0.1**	**–0.5**	**–82%**
Net writedowns on loans	29.6	–9.9	n.m.	–13.9	–7.2	+92%	–3.2	–1.4	>100%
Net income from investments	0.2	0.4	–46%	0.0	0.0	–	–1.8	0.6	n.m.
Integration costs	0.0	–0.1	–100%	0.0	0.0	–	0.0	0.0	n.m.
PROFIT BEFORE TAX	**149.7**	**68.4**	**>100%**	**60.1**	**61.4**	**–2%**	**56.1**	**42.7**	**+31%**
Cost/income ratio	47.6%	50.2%		43.1%	37.3%		50.5%	55.9%	
Exchange rate	1.786	1.809		35.018	34.112		7.338	7.325	
Appreciation/depreciation against the euro	+1.3%			–2.6%			–0.2%		

(€ m)	CZECH REPUBLIC			SLOVAKIA			SLOVENIA		
	Q1 2008	Q1 2007	%	Q1 2008	Q1 2007	%	Q1 2008	Q1 2007	%
Net interest income	**67.4**	**49.6**	**+36%**	**25.9**	**19.7**	**+32%**	**10.0**	**7.8**	**+28%**
Net fee and commission income	24.2	25.8	–6%	6.9	5.6	+22%	4.7	4.2	+12%
Net trading, hedging and fair value income	–6.6	0.6	n.m.	4.6	7.3	–37%	–0.2	0.7	n.m.
Net other income/expenses	0.0	0.4	–>100%	0.9	0.6	+37%	0.0	0.0	–>100%
Net non-interest income	**17.6**	**26.8**	**–35%**	**12.4**	**13.6**	**–9%**	**4.6**	**4.9**	**–5%**
OPERATING INCOME	**84.9**	**76.5**	**+11%**	**38.2**	**33.2**	**+15%**	**14.6**	**12.7**	**+16%**
OPERATING EXPENSES	**–37.3**	**–34.4**	**+8%**	**–17.4**	**–16.7**	**+4%**	**–7.8**	**–6.9**	**+13%**
OPERATING PROFIT	**47.6**	**42.0**	**+13%**	**20.9**	**16.6**	**+26%**	**6.8**	**5.7**	**+18%**
Provisions for risks and charges	**0.0**	**0.0**	**–100%**	**0.4**	**0.0**	**n.m.**	**0.0**	**0.0**	**–100%**
Net writedowns on loans	–9.1	–4.1	>100%	–1.5	–1.6	–8%	–1.2	–1.1	+6%
Net income from investments	26.9	0.0	>100%	0.0	0.3	–>100%	0.2	0.0	n.m.
Integration costs	–1.7	–0.2	>100%	0.0	–0.5	–100%	–0.3	0.0	–
PROFIT BEFORE TAX	**63.7**	**37.8**	**+69%**	**19.7**	**14.7**	**+34%**	**5.4**	**4.6**	**+18%**
Cost/income ratio	43.9%	45.0%		45.4%	50.1%		53.7%	54.7%	
Exchange rate	27.766	28.342		33.775	37.234		1.000	1.000	
Appreciation/depreciation against the euro	+2.1%			+10.2%					

*) pro quota
n.m. = not meaningful

BULGARIA			ROMANIA			HUNGARY			KAZAKHSTAN	UKRAINE
Q1 2008	Q1 2007	%	Q1 2008	Q1 2007	%	Q1 2008	Q1 2007	%	Q1 2008	Q1 2008
56.7	**44.1**	**+28%**	**29.9**	**22.9**	**+30%**	**39.1**	**35.0**	**+12%**	**45.6**	**45.5**
18.1	17.5	+4%	13.9	18.9	−27%	20.7	18.3	+13%	8.2	16.2
−4.1	1.7	n.m.	21.3	17.5	+22%	−4.5	4.9	n.m.	7.0	6.6
0.1	0.6	−84%	0.0	−1.3	−>100%	−0.1	0.0	−>100%	0.1	2.0
14.1	**19.8**	**−29%**	**35.3**	**35.2**	**+0%**	**16.1**	**23.2**	**−31%**	**15.4**	**24.8**
70.8	**63.9**	**+11%**	**65.1**	**58.1**	**+12%**	**55.2**	**58.2**	**−5%**	**60.9**	**70.2**
−30.3	**−27.0**	**+12%**	**−34.8**	**−29.0**	**+20%**	**−31.7**	**−28.6**	**+11%**	**−26.6**	**−41.9**
40.6	**36.9**	**+10%**	**30.4**	**29.0**	**+5%**	**23.5**	**29.6**	**−21%**	**34.3**	**28.4**
0.6	**0.1**	**>100%**	**0.6**	**0.0**	**n.m.**	**0.2**	**0.0**	**–**	**0.0**	**0.0**
−3.1	−6.8	−55%	−6.6	−5.0	+33%	−4.8	−3.9	+25%	−33.7	−14.8
0.9	0.2	>100%	1.4	0.1	>100%	0.6	1.1	−44%	−0.1	0.0
0.0	0.0	–	0.0	−0.1	−100%	−0.4	−1.0	−66%	0.0	0.0
39.0	**30.3**	**+29%**	**25.8**	**24.1**	**+7%**	**19.1**	**25.8**	**−26%**	**0.5**	**13.5**
42.7%	42.2%		53.4%	50.0%		57.4%	49.1%		43.7%	59.6%
1.956	1.956		3.335	3.526		251.352	264.263		167.871	6.903
+0.0%			+5.7%			+5.1%				

BOSNIA			SERBIA			BALTICS			CEE BANKS TOTAL		
Q1 2008	Q1 2007	%	Q1 2008	Q1 2007	%	Q1 2008	Q1 2007	%	Q1 2008	Q1 2007	%
18.8	**18.3**	**+3%**	**9.4**	**8.2**	**+15%**	**4.8**	**3.9**	**+23%**	**692.5**	**465.5**	**+49%**
7.3	7.2	+2%	4.6	3.9	+17%	0.1	0.3	−61%	260.6	205.2	+27%
1.4	0.8	+81%	1.4	1.2	+21%	0.6	−0.6	n.m.	31.8	52.3	−39%
0.1	0.3	−71%	−0.2	−0.1	>100%	0.8	0.0	n.m.	23.8	16.0	+49%
8.8	**8.3**	**+7%**	**5.8**	**5.0**	**+16%**	**1.6**	**−0.3**	**n.m.**	**316.2**	**273.4**	**+16%**
27.6	**26.5**	**+4%**	**15.3**	**13.3**	**+15%**	**6.4**	**3.6**	**+78%**	**1,008.6**	**738.9**	**+37%**
−19.1	**−17.8**	**+7%**	**−7.5**	**−7.0**	**+6%**	**−3.0**	**−2.5**	**+20%**	**−492.6**	**−358.9**	**+37%**
8.6	**8.7**	**−2%**	**7.8**	**6.2**	**+25%**	**3.4**	**1.1**	**>100%**	**516.0**	**380.0**	**+36%**
−0.1	**−0.1**	**+67%**	**0.0**	**0.0**	**–**	**0.0**	**0.0**	**–**	**−7.2**	**−13.9**	**−49%**
−3.5	0.7	n.m.	−1.2	−1.1	+16%	−0.8	0.6	n.m.	−67.7	−40.8	+66%
−0.1	0.0	−>100%	0.0	0.0	−100%	0.0	0.0	–	28.1	2.6	>100%
−1.7	−0.4	>100%	0.0	0.0	–	0.0	−0.4	−100%	−4.1	−2.7	+55%
3.1	**9.0**	**−65%**	**6.5**	**5.1**	**+27%**	**2.6**	**1.3**	**+91%**	**465.1**	**325.3**	**+43%**
69.0%	67.2%		48.9%	53.1%		46.7%	69.2%		48.8%	48.6%	
1.956	1.956		79.986	84.446		0.700	0.696				
0.0%			+5.6%			−0.5%					

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Investor Relations of Bank Austria Creditanstalt AG

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Ratings

	LONG-TERM	SUBORDINATED LIABILITIES	SHORT-TERM
Moody's[1)]	Aa2	Aa3	P-1
Standard & Poor's[2)]	A+	A	A-1

1) Grandfathered debt remains rated Aa2, subordinated debt rating remains Aa3.

2) Grandfathered debt and subordinated debt rating remain rated AA+.

Financial calendar

5 August 2008	Results for the first six months of 2008
12 November 2008	Results for the first nine months of 2008
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Notes

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