

## BA-CA Investor Relations Release

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**Results for the first three months of 2007<sup>1</sup>:**

### **New CEE subsidiaries are driving Bank Austria Creditanstalt's growth as expected**

- **The new subsidiaries in Central and Eastern Europe make a substantial contribution to boosting BA-CA's overall profits by 74 per cent to EUR 535 million**
- **BA-CA reduces cost/income ratio from 57.3 per cent to 52.5 per cent**
- **BA-CA with enlarged perimeter in CEE: 700 new branches**

The integration of the new subsidiaries in Central and Eastern Europe has given a strong impetus to the growth of Bank Austria Creditanstalt (BA-CA). In the first three months of 2007, consolidated profit rose by 73.8 per cent to EUR 535 million (Q1 2006: EUR 308 million). As announced, the transfer to BA-CA of direct and indirect shareholdings in ten banks of UniCredit and HVB in Central and Eastern Europe (CEE) took place in the first quarter of 2007; these included Yapi Kredi in Turkey, IMB in Russia, Zagrebačka banka in Croatia and Bulbank in Bulgaria. The CEE region now accounts for almost 50 per cent of BA-CA's profits. Return on equity after tax was 16.9 per cent (Q1 2006: 17.9 per cent). The cost/income ratio declined to 52.5 per cent (2006: 57.3 per cent).

BA-CA's CEO Erich Hampel: "We are moving in the right direction. As expected, the new subsidiaries in Central and Eastern Europe are having a positive effect on our performance. And we have made visible progress in Austrian retail operations."

#### **Items in the income statement**

In the first quarter of 2007, net interest income rose by 40.6 per cent to EUR 890 million (Q1 2006: EUR 633 million). Net fee and commission income also developed very favourably, rising by 24.2 per cent to EUR 517 million compared with the same period of the previous year (Q1

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<sup>1</sup> As the figures for the first quarter of 2007 are already available, BA-CA is publishing its results earlier than planned, for the Annual General Meeting scheduled for 3 May. As a result of the one-off effects in 2006 and the new Group structure in 2007, a comparison of quarterly data is meaningful only to a limited extent. The publication of the Interim Report at 31 March 2007 is planned for 9 May.

2006: EUR 416 million). Net trading income was EUR 161 million, almost matching the high level achieved in the previous year.

Operating expenses rose by 21.5 per cent to EUR 849 million (Q1 2006: EUR 699 million). Most of this increase resulted from the transfer to BA-CA of the new subsidiaries in Central and Eastern Europe. Thus BA-CA's operating profit reached EUR 769 million, an increase of 47.3 per cent over the previous year's level of EUR 522 million. Despite the inclusion of the new CEE subsidiaries in the consolidated financial statements, net writedowns of loans and provisions for guarantees and commitments rose by only 8.4 per cent to EUR 117 million (Q1 2006: EUR 108 million).

Profit before tax was EUR 688 million, up by 63.4 per cent on the first quarter of the previous year (2006: EUR 421 million). The consolidated profit after tax and minority interests increased by 73.8 per cent to EUR 535 million. Calculated on a pro-forma basis – i.e. excluding Bank BPH and HVB Splitska banka, and including the banking subsidiaries transferred to BA-CA from UniCredit and HVB – consolidated profit (after tax and minority interests) increased by 52.7 per cent, from a level of EUR 350 million (Q1 2006).

**This improvement in results yields the following key financial data:**

- Return on equity before tax was 20.7 per cent (Q1 2006: 22.3 per cent).
- Return on equity after tax was 16.9 per cent (Q1 2006: 17.9 per cent).
- The cost/income ratio improved to 52.5 per cent (2006: 57.3 per cent).
- The risk/earnings ratio (provisioning charge as a percentage of net interest income) improved from 17.1 per cent to 13.2 per cent.
- The Tier 1 capital ratio is 10.8 per cent (31 December 2006: 11.6 per cent).

**Results of BA-CA's Divisions**

BA-CA reports its results in five Divisions: Retail, Private Banking & Asset Management, Corporates, Markets & Investment Banking, and Central Eastern Europe (CEE). The bank also shows results for its Corporate Center.

In the first quarter of 2007, the **Retail** Division generated a profit before tax of EUR 48 million, thus visibly improving its results. The figure for the same period of the previous year was a loss before tax of EUR 6 million. Return on equity before tax was 18.1 per cent, the cost/income ratio was 72.8 per cent (2006: 87.1 per cent).

The **Private Banking & Asset Management** Division recorded a profit before tax of EUR 22 million for the first three months of 2007, an increase of 38.7 per cent over the previous year (2006: EUR 16 million). Return on equity before tax was 37.3 per cent (2006: 38.3 per cent), the cost/income ratio was 51.1 per cent (2006: 60.2 per cent).

The **Corporates** Division increased its profit before tax by 18.1 per cent to EUR 164 million (2006: EUR 139 million). Return on equity before tax was 28.5 per cent (2006: 22.7 per cent). The cost/income ratio came to 36.0 per cent (2006: 38.4 per cent).

The profit before tax generated by the **Markets & Investment Banking** Division rose by 2.7 per cent to EUR 105 million (2006: EUR 102 million). Return on equity before tax reached 97.7 per cent (2006: 170.0 per cent). The cost/income ratio was 36 per cent (2006: 23 per cent).

The **CEE** Division boosted its profit before tax by 70.5 per cent to EUR 305 million (2006: EUR 179 million). Return on equity before tax was 18.5 per cent (2006: 18.1 per cent). The cost/income ratio amounted to 50.8 per cent (2006: 52.1 per cent).

BA-CA's position in Central and Eastern Europe has been further strengthened by the bank's integration in UniCredit Group. The transfer of the CEE banks from UniCredit and HVB to BA-CA has boosted BA-CA's business volume in CEE: total assets have climbed from around EUR 40 billion to about EUR 78 billion. The number of customers served by the bank has risen from around 6 million to about 18 million, the number of employees from some 19,000 to 39,000, and the number of branches from 1,100 to almost 1,800. The CEE Division of UniCredit Group, managed by BA-CA, is responsible for a market of more than 300 million people. BA-CA's perimeter of operations in this region has thus increased threefold.

BA-CA's **Corporate Center** achieved a profit before tax of EUR 45 million (2006: a loss before tax of EUR 8 million).

### **Balance sheet**

The total assets of BA-CA rose by 24 per cent to EUR 191.2 billion (31 December 2006: EUR 154.3 billion) compared to year-end 2006.

On the assets side of the balance sheet, financial assets held for trading increased by 4.9 per cent to EUR 17.5 billion (31 December 2006: EUR 16.7 billion). Loans and receivables with

banks rose by 17.7 per cent to EUR 38.2 billion (2006: EUR 32.5 billion). Loans and receivables with customers expanded by 26 per cent to EUR 100.9 billion (2006: EUR 80.1 billion).

On the liabilities side of the balance sheet, deposits from banks were up 14.6 per cent to EUR 55.3 billion (2006: EUR 48.3 billion). Deposits from customers climbed by 44.1 per cent to EUR 79.2 billion (2006: EUR 55.0 billion). Debt certificates including bonds increased by 2.4 per cent to EUR 26.0 billion (2006: EUR 25.3 billion). Equity (including minority interests) rose by 38.7 per cent to EUR 14.1 billion (2006: EUR 10.1 billion).

As of 31 March 2007, BA-CA had 47,287 employees, 26,290 more than in the previous year (31 December 2006: 21,087 employees). In the same period, the number of branches increased by 1,198 to 2,268 (2006: 1,070). This marked increase is explained by the transfer to BA-CA of CEE subsidiaries of UniCredit and HVB.