

BA-CA Investor Relations Release

Michael Bauer ☎ +43 (0) 50505 58809

Results for the first six months of 2007:

Bank Austria Creditanstalt as part of UniCredit Group on growth path

- **Consolidated profit up by 76 per cent to EUR 1.2 billion**
- **Business with Austrian retail customers confirms turnaround**
- **CEE Division substantially strengthened and growing strongly**

Bank Austria Creditanstalt (BA-CA) continued to increase its earnings power substantially in the first six months of 2007. Contributions to this strong performance came from all of the bank's Divisions. Austrian customer business improved significantly and the CEE Division, comprising the banks in Central and Eastern Europe, grew very strongly. The group of consolidated companies of BA-CA has significantly widened as a result of the bundling of all CEE banks (except Poland's Markets) in UniCredit Group's CEE Division, which is managed out of Vienna. To make the BA-CA results for the first half of 2007 comparable with the same period of the previous year, we have recalculated the figures for the first half of 2006 on a pro-forma basis reflecting the new structure of BA-CA.

In the first half of 2007, BA-CA's net profit after tax and minorities increased by 76.1 per cent to EUR 1,208 million (first six months of 2006: pro forma EUR 686 million). Return on equity after tax was 18.7 per cent. The cost/income ratio, at 48.9 per cent, declined to a level below the 50 per cent mark for the first time (first six months of 2006: pro forma 57.7 per cent).

Items in the income statement¹

BA-CA's net interest income in the first six months of 2007 rose by 16.2 per cent to EUR 1,838 million (2006: EUR 1,582 million). Net fee and commission income also developed favourably, rising by 17.6 per cent to EUR 1,054 million compared with the same period of the previous year (2006: EUR 897 million). Net trading income was EUR 224 million, 28.7 per cent lower than the very high level of the previous year (2006: EUR 314 million).

Operating expenses were reduced by 3.7 per cent to EUR 1,584 million (2006: EUR 1,645 million). BA-CA's operating profit thus amounted to EUR 1,657 million, an increase of

37.5 per cent over 2006 (2006: EUR 1,205 million). Net writedowns of loans and provisions for guarantees and commitments totalled EUR 208 million, matching the previous year's level (2006: EUR 205 million) despite the further expansion of the CEE network.

Profit before tax was EUR 1,528 million, up by 53.2 per cent on the previous year (2006: EUR 997 million). Consolidated profit after tax and minority interests increased by 76.1 per cent to EUR 1,208 million in the first half of 2007 (2006: EUR 686 million).

The following key financial data have been calculated on the basis of these results:

- Return on equity before tax was 22.6 per cent.
- Return on equity after tax was 18.7 per cent.
- The cost/income ratio improved to 48.9 per cent (pro-forma figure for 2006: 57.7 per cent).
- The risk/earnings ratio improved from 13 per cent to 11.3 per cent.
- The Tier 1 capital ratio is 10.4 per cent, the total capital ratio is 13.5 per cent.

Results of the Divisions²

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 half of 2007, the **Retail** Division achieved a profit before tax of EUR 72 million (2006: a loss before tax of EUR 7 million), thus continuing the favourable trend recorded in this segment. This confirms the turnaround achieved on the basis of a two-year programme with which the bank significantly expanded its customer relationship management activities and, for example, focused on guarantee products in its securities business. The new focus on small businesses also contributed to the improvement in results. Return on equity before tax reached 14 per cent, the cost/income ratio was 73.5 per cent (2006: 83.9 per cent).

The **Private Banking & Asset Management** Division generated a profit before tax of EUR 44 million in the first half of 2007, improving its performance by 27.3 per cent compared with the previous year (2006: EUR 34 million). Return on equity before tax was 43.6 per cent (2006: EUR 44.2 per cent), the cost/income ratio 52.5 per cent (2006: 58.6 per cent).

The **Corporates** Division increased its profit before tax by 9.1 per cent to EUR 323 million (2006: EUR 296 million). Return on equity before tax reached 27.7 per cent (2006: 24.6 per cent). The cost/income ratio was 37.0 per cent (2006: 40.5 per cent). The Corporates Division – like Markets & Investment Banking – is benefiting strongly from cooperation in UniCredit Group, especially but not only in cross-border business. In 2006, CA IB Corporate Finance Beratungs GmbH was part of the Corporates Division. In 2007, the company was transferred to the Markets & Investment Banking Division.

The profit before tax generated by the **Markets & Investment Banking** Division amounted to EUR 187 million, an increase of 21.1 per cent (2006: EUR 155 million). Return on equity before tax amounted to 87.5 per cent (2006: 100.1 per cent). The cost/income ratio was 37.5 per cent (2006: 33.7 per cent).

The **CEE** Division's profit before tax grew by 77.6 per cent to EUR 679 million (2006: EUR 383 million), one of the reasons being the change in perimeter. Return on equity before tax reached 20.1 per cent (2006: 19.4 per cent). The cost/income ratio was 50.2 per cent (2006: 51.7 per cent).

Bundling all CEE banks of UniCredit Group (except Poland's Markets) in the CEE Division has considerably expanded the perimeter of BA-CA's activities in the region. Before its integration in UniCredit Group, BA-CA was responsible for a network of banking subsidiaries in 10 countries (including Poland) with business volume totalling EUR 40 billion. Now the network comprises banking subsidiaries in 15 countries with total assets of about EUR 80 billion. This is by far the largest banking network in Central and Eastern Europe. Following the completion of acquisitions in Kazakhstan and Ukraine, BA-CA's perimeter will encompass 19 countries, with total assets amounting to EUR 90 billion.

Additionally, BA-CA has recently finalised the acquisitions of the entire institutional business of the Russian broker ATON and the remaining share capital of International Moscow Bank. The total purchase price for ATON is US\$ 424 million (about EUR 307 million at the current exchange rate). Following this acquisition, UniCredit Group now ranks among the top 5 investment banks in Russia and holds important positions in equities and fixed-income business as well as corporate finance advisory services. In addition, BA-CA has finalised the acquisition of 9.97 per cent of the total share capital of International Moscow Bank (IMB) from the European Bank for Reconstruction and Development (EBRD) for a price of about US\$ 229 million (about EUR 166 million at the current exchange rate). Following completion

of this transaction, BA-CA now holds 100 per cent of IMB's share capital.

In addition to these two acquisitions in Russia and the recent purchases of shareholdings in banks in Kazakhstan and Ukraine, the CEE Division continues to pursue organic growth. The Division plans to open about 800 new branches in the region, with a strong focus on Romania, Russia and Turkey.

The **Corporate Center** of BA-CA recorded a profit before tax of EUR 222 million (2006: EUR 689 million).

Balance sheet³

BA-CA's total assets grew by 31.6 per cent to EUR 203.0 billion compared with year-end 2006 (31 December 2006: EUR 154.3 billion). On a pro-forma basis, the increase was 6.1 per cent (2006: EUR 191.4 billion).

On the assets side, financial assets held for trading increased by 3.6 per cent to EUR 17.3 billion (2006: EUR 16.7 billion). Loans and receivables with banks totalled EUR 46.6 billion, up by 43.4 per cent (2006: EUR 32.5 billion). Loans and receivables with customers increased by 30.6 per cent to EUR 104.6 billion (2006: EUR 80.1 billion).

On the liabilities side, deposits from banks rose by 25.4 per cent to EUR 60.6 billion (2006: EUR 48.3 billion). Deposits from customers increased by 54.1 per cent to EUR 84.7 billion (2006: EUR 55.0 billion). Debt certificates including bonds rose by 1.9 per cent to EUR 25.8 billion (2006: EUR 25.3 billion). Equity (including minority interests) increased by 41.1 per cent to EUR 14.3 billion (2006: EUR 10.1 billion).

As at 30 June 2007, BA-CA had 49,192 employees, 28,105 more than in the previous year (31 December 2006: 21,087 employees). In the same period, the number of branches increased by 1,214 to 2,284 (2006: 1,070). This increase was due to the transfer to BA-CA of banking subsidiaries of UniCredit and HVB in CEE.

¹ The income statement figures for the first six months of 2006 are pro-forma figures.

² Based on data availability, the business segment data are actual figures.

³ Based on data availability, the balance sheet figures are actual figures.

Income statement of the Bank Austria Creditanstalt Group for the first six months of 2007
Pro-forma figures for the first six months of 2006 after changes in the group of consolidated companies

	1 Jan.-30 June 2007 in EUR m	1 Jan.- 30 June 2006 in EUR m pro forma	Change	
			in EUR m	in %
Net interest	1,735	1,485	250	16.8
Dividend income	42	58	-16	-27.5
Income from investments in companies valued at equity	61	38	23	59.4
Net interest income	1,838	1,582	257	16.2
Net fee and commission income	1,054	897	158	17.6
Net trading income	224	314	-90	-28.7
Net other operating income/expenses	124	58	67	>100
TOTAL REVENUES	3,241	2,850	391	13.7
Staff expenses	-852	-908	56	-6.2
Other administrative expenses	-589	-559	-29	5.3
Recovery of expenses	1	1	0	52.3
Amortisation, depreciation and impairment losses on intangible and tangible assets	-144	-178	35	-19.4
OPERATING EXPENSES	-1,584	-1,645	61	-3.7
OPERATING PROFIT	1,657	1,205	452	37.5
Provisions for risks and charges	-47	-21	-26	>100
Goodwill impairment	0	-8	8	
Net writedowns of loans and provisions for guarantees and commitments	-208	-205	-2	1.2
Net income from investments	132	26	106	>100
Integration costs	-8	0	-8	
PROFIT BEFORE TAX	1,528	997	531	53.2
Income tax	-259	-236	-23	9.8
NET PROFIT	1,269	761	508	66.7
Minority interests	-60	-75	14	-19.2
CONSOLIDATED PROFIT	1,208	686	522	76.1

Income statement of the Bank Austria Creditanstalt Group for the first six months of 2007

	1 Jan.-30 June 2007 in EUR m	1 Jan.- 30 June 2006 in EUR m	Change	
			in EUR m	in %
Net interest	1,735	1,202	533	44.4
Dividend income	42	62	-19	-31.3
Income from investments in companies valued at equity	61	36	25	69.4
Net interest income	1,838	1,299	539	41.5
Net fee and commission income	1,054	874	181	20.7
Net trading income	224	260	-36	-13.8
Net other operating income/expenses	124	19	105	>100
TOTAL REVENUES	3,241	2,452	789	32.2
Staff expenses	-852	-805	-48	5.9
Other administrative expenses	-589	-465	-124	26.7
Recovery of expenses	1		1	
Amortisation, depreciation and impairment losses on intangible and tangible assets	-144	-135	-8	6.2
OPERATING EXPENSES	-1,584	-1,405	-179	12.7
OPERATING PROFIT	1,657	1,047	610	58.3
Provisions for risks and charges	-47	-2	-44	>100
Goodwill impairment	0	-8	8	
Net writedowns of loans and provisions for guarantees and commitments	-208	-195	-13	6.5
Net income from investments	132	707	-575	-81.3
Integration costs	-8	0	-8	
PROFIT BEFORE TAX	1,528	1,549	-21	-1.4
Income tax	-259	-164	-95	58.1
NET PROFIT	1,269	1,385	-116	-8.4
Minority interests	-60	-69	9	-13.1
CONSOLIDATED PROFIT	1,208	1,316	-107	-8.2

Business segments H1 2007 / H1 2006

EUR m		RETAIL DIVISION	PRIVATE BANKING & ASSET MANAGEMENT DIVISION	CORPORATES DIVISION	CENTRAL EASTERN EUROPE DIVISION	MARKETS & INVESTMENT BANKING DIVISION	CORPORATE CENTER	BA-CA GROUP
Net interest income	1-6 2007	372	8	316	983	112	47	1,838
	1-6 2006	388	6	317	536	31	21	1,299
Net fee and commission income	1-6 2007	283	67	205	432	77	-10	1,054
	1-6 2006	264	65	195	332	36	-18	874
Net trading income	1-6 2007	0	1	0	94	103	26	224
	1-6 2006	-1	0	-1	88	153	21	260
Net other operating income/expenses	1-6 2007	-16	18	40	59	7	17	125
	1-6 2006	-8	13	16	-6	3	2	19
Net non-interest income	1-6 2007	267	85	245	585	187	33	1,403
	1-6 2006	255	78	210	413	192	4	1,153
TOTAL REVENUES	1-6 2007	639	94	561	1,568	299	80	3,241
	1-6 2006	643	84	527	949	223	25	2,452
OPERATING EXPENSES	1-6 2007	-470	-49	-208	-787	-112	41	-1,584
	1-6 2006	-539	-49	-213	-491	-75	-37	-1,405
OPERATING PROFIT	1-6 2007	170	44	354	782	187	121	1,657
	1-6 2006	104	35	314	459	148	-12	1,047
Provisions for risks and charges	1-6 2007	-2	0	0	-29	-2	-12	-46
	1-6 2006	-1	-1	1	1	0	-3	-2
Goodwill impairment	1-6 2007	0	0	0	0	0	0	0
	1-6 2006	-8	0	0	0	0	0	-8
Net writedowns of loans and provisions for guarantees and commitments	1-6 2007	-109	0	-30	-69	0	0	-208
	1-6 2006	-104	0	-28	-68	1	3	-195
Net income from investments	1-6 2007	13	0	0	3	3	113	132
	1-6 2006	2	0	9	-9	5	700	707

Business segments H1 2007 / H1 2006

EUR m		RETAIL DIVISION	PRIVATE BANKING & ASSET MANAGEMENT DIVISION	CORPORATES DIVISION	CENTRAL EASTERN EUROPE DIVISION	MARKETS & INVESTMENT BANKING DIVISION	CORPORATE CENTER	BA-CA GROUP
Integration costs	1-6 2007	0	-1	0	-7	0	0	-8
	1-6 2006	0	0	0	0	0	0	0
PROFIT BEFORE TAX	1-6 2007	72	44	323	679	187	222	1,528
	1-6 2006	-7	34	296	383	155	689	1,549
Income tax	1-6 2007	-16	-11	-67	-128	-42	5	-259
	1-6 2006	3	-8	-67	-80	-27	14	-164
NET PROFIT	1-6 2007	56	33	256	552	146	227	1,269
	1-6 2006	-4	26	230	303	128	703	1,385
Risk-weighted assets (average, Austrian Banking Act)	1-6 2007	16,355	449	31,552	42,474	4,484	4,242	99,556
	1-6 2006	16,257	452	30,868	26,272	3,284	1,988	79,121
Equity allocated (average)	1-6 2007	1,031	201	2,332	6,751	428	2,789	13,532
	1-6 2006	1,170	155	2,407	3,949	309	-244	7,747
Return on equity before tax in %	1-6 2007	14.0	43.6	27.7	20.1	87.5	n.m.	22.6
	1-6 2006	-1.3	44.2	24.6	19.4	100.1	n.m.	40.0
Return on equity after tax before deduction of minority interests in %	1-6 2007	10.9	32.4	22.0	16.3	68.0	n.m.	18.8
	1-6 2006	-0.7	33.7	19.1	15.3	82.7	n.m.	35.8
Cost/income ratio in %	1-6 2007	73.5	52.5	37.0	50.2	37.5	n.m.	48.9
	1-6 2006	83.9	58.6	40.5	51.7	33.7	n.m.	57.3
Risk/earnings ratio in %	1-6 2007	29.2	n.m.	9.5	7.0	0.0	n.m.	11.3
	1-6 2006	26.7	n.m.	8.7	12.7	3.4	n.m.	15.0

n.m. = not meaningful

Balance sheet of the Bank Austria Creditanstalt Group at 30 June 2007

Assets	30 June 2007	30 June 2006	Change	
	in EUR m	in EUR m	in EUR m	in %
Cash and cash balances	2,878	1,584	1,295	81.8%
Financial assets held for trading	17,280	16,676	604	3.6%
Financial assets at fair value through profit and loss	616	487	129	26.5%
Available-for-sale financial assets	11,321	9,697	1,625	16.8%
Held-to-maturity investments	8,948	5,772	3,177	55.0%
Loans and receivables with banks	46,600	32,486	14,115	43.4%
Loans and receivables with customers	104,623	80,104	24,520	30.6%
Investments in associates and joint ventures	1,900	1,890	11	0.6%
Property, plant and equipment	2,145	1,373	772	56.2%
Intangible assets	2,778	1,052	1,725	>100
Tax assets	1,195	998	197	19.7%
Non-current assets and disposal groups classified as held for sale	173	15	159	>100
Other assets	2,590	2,123	467	22.0%
TOTAL ASSETS	203,049	154,255	48,794	31.6%

Liabilities and equity	30 June 2007	30 June 2006	Change	
	in EUR m	in EUR m	in EUR m	in %
Deposits from banks	60,563	48,309	12,255	25.4%
Deposits from customers	84,708	54,969	29,739	54.1%
Debt certificates including bonds	25,822	25,347	475	1.9%
Financial liabilities held for trading	5,148	5,264	-116	-2.2%
Financial liabilities at fair value through profit and loss	2,196	1,731	465	26.9%
Tax liabilities	871	587	284	48.5%
Liabilities included in disposal groups classified as held for sale	85	0	85	>100
Other liabilities	4,508	3,394	1,113	32.8%
Provisions	4,672	4,513	158	3.5%
Insurance reserves	165	0	165	>100
Equity	14,310	10,140	4,170	41.1%
of which: minority interests	677	213	463	>100
TOTAL LIABILITIES AND EQUITY	203,049	154,255	48,794	31.6%