Bank Austria
UniCredit Group

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Interim Report at 31 March 2010

Contents

Bank Austria at a Glance

Income statement figures

(€ m)	Q1 2010	Q1 2009	+/–
Net interest income	1,118	1,335	–16.3%
Net fees and commissions	470	457	3.0%
Net trading, hedging and fair value income	76	190	–60.0%
Operating income	1,695	2,018	–16.0%
Operating expenses	–916	–892	2.8%
Operating profit	778	1,126	–30.9%
Profit before tax	290	722	–59.9%
Net profit without minorities	242	547	–55.9%

Volume figures

(€ m)	31 MARCH 2010	31 DEC. 2009	+/–
Total assets	200,958	194,459	3.3%
Loans and receivables with customers	126,503	123,602	2.3%
Primary funds	127,250	125,863	1.1%
Shareholders' equity (excluding minorities)	16,819	13,849	21.4%
Risk-weighted assets (overall, Basel II)	119,469	114,386	4.4%

Key performance indicators

	Q1 2010	2009
Return on equity after tax (ROE)	6.40%	8.10%
Cost/income ratio	54.10%	49.90%
Risk/earnings ratio	39.30%	46.50%
Provisioning charge/avg. lending volume (cost of risk)	1.40%	1.78%
Marginal Economic Value Added	€ 13 m	€ 268 m
Marginal RARORAC	2.1%	3.3%
Total capital ratio (based on all risks, end of period)	12.37%	10.92%
Tier 1 capital ratio	10.35%	8.68%
Core Tier 1 capital ratio (Tier 1 capital ratio without hybrid capital)	10.01%	8.33%

Staff*)

	31 MARCH 2010	31 DEC. 2009	+/–
Bank Austria (full-time equivalent)	59,881	60,594	–1.2%
Central Eastern Europe business segment	51,749	52,332	–1.1%
Other business segments	8,132	8,262	–1.6%
Austria	*7,887*	*7,992*	*–1.3%*

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

Branches*)

	31 MARCH 2010	31 DEC. 2009	+/–
Bank Austria	3,041	3,098	–1.8%
Central Eastern Europe business segment	2,734	2,770	–1.3%
Other business segments	307	328	–6.4%
Austria	*306*	*318*	*–3.8%*

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

Interim Report at 31 March 2010

Bank Austria in the first quarter of 2010

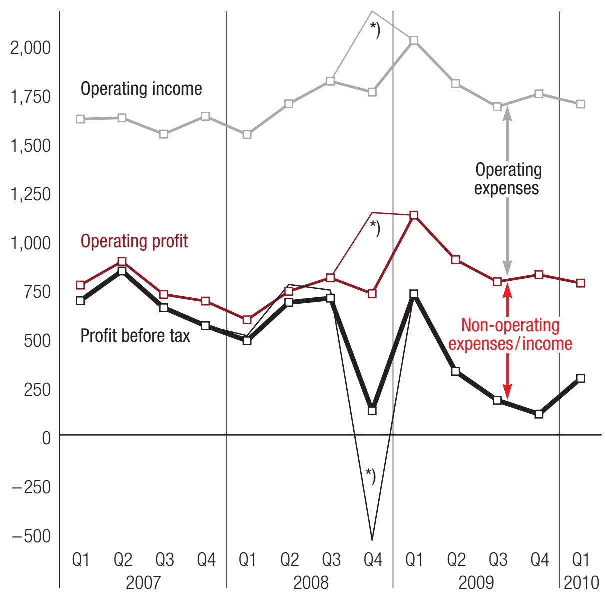
Overview

● A year ago the banking industry was still affected by the repercussions of the financial market crisis, after the global economy had plunged into the deepest recession in recent decades. While the economy is now clearly emerging from the trough, the recovery in Europe is not yet broadly based and lacks momentum. The export-oriented industrial sector, which experienced a massive setback more than a year ago, has recently improved strongly thanks to impetus provided by the Asian and Latin American economies. However, domestic economic performance in Europe is still characterised by structural adjustments, which are reflected in labour market developments and credit risk trends. Overall conditions for growth, especially the monetary environment, have improved for quite some time. Most recently, however, the social costs of expansionary fiscal policies have become apparent. The CEE countries as a group have regained international confidence. It should be noted that exactly one year ago, observers and investors viewed the region and also Austrian banks with considerable scepticism. More recently, CEE countries have again experienced rising capital inflows, CEE currencies have appreciated and credit spreads have returned to normal levels. This is in contrast to the current problems faced by some member states of the euro area.

These developments, characterised by trends which are partly moving in opposite directions, are also reflected in Bank Austria's recent performance. Given the usual time lags between the business cycle and the credit cycle, credit quality still needs to be carefully monitored. But results for the first quarter of 2010 – the best quarterly performance since Q3 2009 – marked a turn for the better: at € 242 m, **consolidated profit** was up by 87 % on Q4 2009 and 74 % higher than in Q3 2009. While operating income and costs remained stable over the past three quarters, the improvement in Q1 2010 was due to lower non-operating items to be deducted from operating profit. The volume of our core commercial banking business in Austria and CEE is growing again. In some CEE countries we are pursuing growth by resuming the selective branch network expansion programme which we suspended some time ago. And in the first quarter of 2010 we significantly strengthened Bank Austria's equity capital with funds from UniCredit's capital increase, raised via the market; with a total capital ratio of 12.37 % we have strengthened the risk buffer for renewed growth.

● The **income statement** for the first quarter of a year provides the status at a specific point in time. The usual comparison of Q1 of the current year with Q1 of the previous year compares two very short reporting periods which are a long time apart. As the banking environment has been marked by dramatic developments and volatility in the past two years, the current interim report provides a comparison of two different worlds: around the turn of 2008/2009, banks still had to cope with the aftermath of the Lehman Brothers collapse. In the fourth quarter of 2008, Bank Austria had to absorb mark-to-market adjustments and substantial impairment losses on goodwill related to our preceding acquisitions (see chart). The first quarter of 2009 marked the worst economic downturn in global industry, which subsequently spread to the entire economy and also took its toll in our core countries. Central banks then took determined expansionary action at the beginning of 2009; as a result, interest rates declined significantly. Bank Austria thus achieved a very good performance in the first quarter of 2009 despite the unfavourable macroeconomic environment: volume in CEE was maintained, benefiting from the growth momentum of the preceding quarters, and the exceptional market situation enabled the bank to generate strong net interest income and net trading income from financial market activities both in CEE and in the CIB Division. However, the recession had a growing impact as the year progressed, resulting in declining credit demand and rapidly increasing risk costs in CEE. The first quarter of 2010 may now see a turnaround; at any rate, the outlook for a sustained recovery has improved.

Results by quarter (€ m)



*) 2008 figures adjusted for one-off effects; thin lines represent unadjusted figures

▶ In the first quarter of 2010, **profit before tax** more than doubled (+161%) from the – low – **Q4 2009** level (€ 111 m) to € 290 m. The improvement came primarily from lower net additions to loan loss provisions while operating profit declined slightly, by 4.8%. Although impaired loans increased further, the current provisioning charge fell in almost all CEE countries compared with the preceding quarter. Turkey, where the advanced economic recovery had a positive effect on credit card business, and Russia, which benefited from the stabilisation of the banking sector, accounted for large proportions of the total decline in net write-downs of loans and provisions for guarantees and commitments. In Kazakhstan, loan loss provisions again had to be increased significantly, but the rate of increase was lower, i.e. net additions to loan loss provisions were lower than in the two preceding quarters. Part of the loan loss provisions were booked by the CEE headquarters in Vienna by way of guarantee, so that overall, the decline was considerably lower. The provisioning charge in Ukraine did not change to any significant extent.

▶ Profit before tax declined by 60% from the figure for the **first quarter of 2009**. The € 432 m decrease reflects the record level of € 722 m achieved in the same period of the previous year. While non-operating items, primarily net writedowns of loans and provisions for guarantees and commitments, more or less matched the Q1 2009 level, operating profit was about 30% lower than a year earlier. In the first quarter of 2009, the former MIB Division made a strong contribution to the overall figure with very good net interest income, benefiting from rapid reductions of market interest rates, high levels of money-market and foreign-exchange trading volume, and customers' increased hedging needs in a period of pronounced uncertainty. Results from Austrian financial market operations – today represented by "Counterparts" in the new CIB Division – declined by € 214 m to a profit before tax of € 71 m compared with the same period of the previous year. This reflects the reduction of proprietary trading and the restructuring of CAIB, which is classified as held for sale. Moreover, the net trading performance of the CEE business segment reached a peak of € 176 m in Q1 2009, declining by € 156 m to € 20 m for the first quarter of 2010. The other components of income, which account for the highest proportion of business, showed a steady development with a slight upward trend most recently. Interest margins narrowed progressively compared with the previous year, a trend seen in most periods of low interest rates. Volume growth failed to offset this development. It was only from the fourth quarter of 2009 to the first quarter of 2010 that volume and net interest income rose again slightly.

➔ Results for the first quarter of 2010 confirm the stability of customer business. While the significant improvement in profits from Q4 2009 to Q1 2010 was due to the decrease of non-operating items to be deducted from operating profit, the development of operating activities points to a turnaround.

● **Loans and receivables with customers** recently rose again by 1.1% compared with the average figure for Q4 2009; while average loans and receivables with customers in CEE were up by 2.1% on the level in the preceding quarter, partly as a result of slight currency appreciation, the figure for the three Austrian customer business segments remained almost unchanged (–0.3%). A comparison with the first quarter of 2009 shows a decline of 3.6% (CEE) and 5.6% (Austrian customer business). Average risk-weighted assets (RWAs) for credit risk developed in similar fashion. The longer-term movement in overall RWAs reflects a decoupling from this trend, with a decline of 9% from the previous year, mainly due to the reduction of market risk (in Austria and CEE) to one half of its former level.

The balance sheet also reflects a **structural improvement in line with strategy**: from the end of 2009 to 31 March 2010, total assets rose by 3.3% to € 201 bn, supported by slight currency appreciation in several countries. Total assets were 6.3% lower than at the end of March 2009, most of the decrease was due to the reorientation of investment banking. Primary funds continued to cover lending volume to the extent of more than 100%. As equity increased by 21% (on account of the capital increase, current profits and reserves in accordance with IAS 39), leverage (the ratio of total assets to equity) declined from 13.5x to 11.6x; this compares with 15.0x a year earlier. The bank's capital resources (as defined in the Austrian Banking Act, without quarterly profit accumulated) improved as a result of the capital increase (and to a lesser extent also on account of firmer exchange rates): based on credit risk, the Core Tier 1 capital ratio (Tier 1 capital ratio without hybrid instruments) rose from 9.37% at the end of 2009 to 11.31% at the end of March 2010, the total capital ratio increased from 11.29% to 12.94%.

Details of the income statement

● Revenues generated by Bank Austria in a persistently difficult environment remained stable. **Operating income** for the first quarter of 2010 reached € 1,695 m; in each of the past three quarters it more or less matched the pre-Lehman level with only minor fluctuations (+/–2%). Compared with the exceptionally high figure of € 2,018 m for the first quarter of 2009, operating income declined by € 323 m or 16% year-on-year. Of the total decrease, the CIB Division accounted for two-thirds (€ 221 m), mainly in net interest income generated by Counterparts (or the former MIB Division), and the CEE Division for the remaining one-third, which reflects the very strong net trading performance in CEE a year earlier (down by € 156 m). Operating income declined only slightly, by 3%, from Q4 2009 to Q1 2010, with roughly equal decreases in Austria and CEE.

Net interest income in the first quarter of 2010 was € 1,118 m, almost unchanged compared with Q4 2009 (–1%) and down by 16% from Q1 2009, a development which was due to the market situation prevailing a year ago. In the early part of 2009, the rapid switch to an expansionary monetary policy course led to a sharp fall in market rates, which fed through to net interest income. The subsequent quarters saw a return to more normal conditions. The gross interest margin declined sharply in the course of the past year, especially in Austrian business, while recovering somewhat in CEE.

Net fees and commissions (Q1 2010: € 470 m) fell by 5% compared with Q4 2009, but increased by 3% year-on-year. In Central and Eastern Europe, net fees and commissions rose by 6% over the same period of the previous year. Slightly higher activity levels in securities and asset management business, guarantees and account maintenance services offset the continued decline in fee and commission income from payment transactions.

Condensed income statement of Bank Austria*) (€ m)

			CHANGE OVER Q4 2009			CHANGE OVER Q1 2009	
	Q1 2010	Q4 2009	€ M	IN %	Q1 2009	€ M	IN %
Net interest	1,081	1,091	–9	–1%	1,312	–231	–18%
Dividend income	1	18	–17	–94%	11	–9	–89%
Other income from equity investments	35	25	+11	+43%	13	+22	>100%
Net interest income	**1,118**	**1,133**	**–16**	**–1%**	**1,335**	**–218**	**–16%**
Net fees and commissions	470	497	–26	–5%	457	+14	+3%
Net trading, hedging and fair value income	76	89	–13	–14%	190	–114	–60%
Net other expenses/income	31	21	+10	+50%	36	–5	–14%
Net non-interest income	**577**	**606**	**–29**	**–5%**	**683**	**–105**	**–15%**
OPERATING INCOME	**1,695**	**1,739**	**–44**	**–3%**	**2,018**	**–323**	**–16%**
Payroll costs	–480	–464	–16	+3%	–487	+7	–1%
Other administrative expenses	–359	–370	+11	–3%	–324	–35	+11%
Recovery of expenses	0	1	–1	–63%	0	–0	–14%
Amortisation, depreciation and impairment losses on tangible and intangible assets	–78	–89	+11	–13%	–81	+3	–4%
OPERATING EXPENSES	**–916**	**–922**	**+6**	**–1%**	**–892**	**–25**	**+3%**
OPERATING PROFIT	**778**	**817**	**–39**	**–5%**	**1,126**	**–348**	**–31%**
Goodwill impairment	0	–18	+18	–100%	0	0	...
Provisions for risks and charges	–71	–64	–7	+11%	–4	–67	>100%
Restructuring costs	–1	–4	+3	–73%	–1	+0	–10%
Net writedowns of loans and provisions for guarantees and commitments	–439	–655	+215	–33%	–446	+7	–2%
Net income from investments	22	34	–11	–33%	47	–25	–52%
PROFIT BEFORE TAX	**290**	**111**	**+179**	**>100%**	**722**	**–432**	**–60%**
Income tax	–34	22	–56	n.m.	–150	+115	–77%
NET PROFIT	**255**	**133**	**+123**	**+92%**	**572**	**–317**	**–55%**
Net profit attributable to the parent company	242	129	+112	+87%	547	–306	–56%
Minorities	14	4	+10	–>100%	25	–11	–45%

n.m. = not meaningful

*) Bank Austria's income statement as presented in this table is a reclassified format corresponding to the format used for segment reporting. See notes (37) and (38) on pages 38 to 43 of this report.

Net trading, hedging and fair value income was € 76 m, down by 14 % from Q4 2009, with decreases of € 28 m in the CIB Division, € 20 m in CEE and € 28 m resulting from trading activities in the Corporate Center. The sharp year-on-year fall of € 114 m or 60 % reflects a strong trading performance in CEE in the first quarter of 2009 (€ 176 m); as the market environment returned to normal, declines were mainly seen in Russia, Romania, Hungary, Kazakhstan and Croatia.

After substantial cost savings in late 2008/early 2009, **operating expenses** showed a flat trend over the past few quarters, with minor fluctuations. In the first quarter of 2010, operating expenses were € 916 m, down by 1 % from the preceding quarter and a slight increase of 3 % over Q1 2009. In Austria (including the Corporate Center), costs were 1 % lower than a year earlier and in Q4 2009, whereas costs in CEE rose by 6 % compared with the previous year but declined by 1 % from Q4 2009 to Q1 2010; in local currency terms, costs fell by almost 4 %. Contributions to this development came from declining staff numbers (FTEs down by 583, mainly in Ukraine and Kazakhstan, in connection with the streamlining of regional administrative centres and the sale of the pension fund OTAN) and from the decrease in non-staff expenses in most countries. As costs remained stable, the cost/income ratio reflects a more volatile revenue trend: from Q4 2009 to Q1 2010, it rose from 53.0 % to 54.1 %; the figure for Q1 2009 was as low as 44.2 %, reflecting a good revenue performance; the cost/income ratio for 2009 as a whole reached 49.9 %. At 46.9 %, CEE continues to record a disproportionately low cost/income ratio.

➔ **Operating profit** for the first quarter of 2010 came to € 778 m, declining by 5 % from the preceding quarter. Compared with the particularly high figure for Q1 2009, operating profit fell by 31 %. As mentioned above, this reflects the strong revenue performance a year earlier, with net interest income generated by Markets operations and net trading income in the CEE Division accounting for the year-on-year decline.

● **Credit risk trends** had a strong influence on results in the past few quarters. As economies plunged into deep recession in 2009, the provisioning charge rose strongly and asset quality deteriorated with the usual time lag. Most recently, this adverse impact weakened considerably in the entire bank.

In the first quarter of 2010, net writedowns of loans and provisions for guarantees and commitments (additions to less releases of provisions for loan losses, direct write-offs, recoveries of loans previously written off) were € 439 m, considerably (up to one-third) lower than in the two preceding quarters, when provisioning charges were very high (Q4 2009: € 655 m, Q3 2009: € 603 m). The cost of risk (provisioning charge as a proportion of quarterly average loans to customers, in basis points) declined from 213 bp to 140 bp, more or less matching the Q1 2009 level (136 bp).

Net writedowns of loans and provisions for guarantees and commitments

(€ m)

	Q1 10	Q4 09	Q1 09
Bank Austria as a whole	439	655	446
… Austria	125	158	114
… CEE	314	501	331
Cost of risk (basis points) *)			
Bank Austria as a whole	140 bp	213 bp	136 bp
… Austria	76 bp	96 bp	66 bp
… CEE	212 bp	345 bp	215 bp

*) Provisioning charge/average loans to customers (net)

The provisioning charge in Austria fluctuated over the past few quarters, peaking at € 182 m in the second quarter of 2009 and reaching € 125 m in the reporting period, a decrease of € 33 m from Q4 2009. The cost of risk in the Retail Division – where loan loss rates are relatively high across the cycles for structural reasons – rose from 113 bp in Q4 2009 to 129 bp in Q1 2010, reflecting persistent weakness in the labour market, but it remained below the peak figure of 155 bp reached in Q2 2009. In the CIB Division, weak economic growth also affected smaller companies in the corporate banking sector while having virtually no impact on export-oriented large corporates. As advisory and risk management programmes proved effective at an early stage and restructuring efforts were successful, the cost of risk remained low, falling significantly from 89 bp in Q4 2009 to 54 bp in Q1 2010.

The decline in the current provisioning charge was mainly due to developments in the Central Eastern Europe (CEE) business segment. Net writedowns of loans and provisions for guarantees and commitments in CEE were still high, at € 314 m, but considerably lower than in Q4 2009 (€ 501 m) and in Q1 2009 (€ 331 m). Our banking subsidiaries in Kazakhstan, Turkey, Russia and the Czech Republic accounted for the largest proportion of the decrease in the provisioning charge compared with the levels in the preceding quarter and in Q1 2009. In Kazakhstan, substantial net additions to loan loss provisions were made in the previous year. For this reason the provisioning requirement in the first quarter of 2010, including the risks taken on the Vienna CEE book, was lower, but asset quality still has a strong adverse impact. Asset quality in Turkey started to improve as economic activity picked up in the fourth quarter of 2009; in the first quarter of 2010 there was a net release of provisions, supported by a securitisation transaction in the retail banking sector. In Russia, following the end of the credit boom and the deceleration of the credit cycle, the bank was also able to release provisions. Most recently, the cost of risk in CEE was 212 basis points (after 345 bp in Q4 2009 and 215 bp in Q1 2009).

The lower provisioning charge in the first quarter of 2010 is mainly a positive result of the provisions made in 2009. Asset quality has not yet improved to any significant extent. Expressed as a proportion of gross loans to customers (before writedowns), impaired loans continued to rise from 7.3 % at year-end 2009 to 7.6 % at the end of March

2010, but not as strongly as in preceding quarters. The NPL ratio, i.e. non-performing loans as a percentage of total loans, increased only slightly, from 3.5% to 3.6%. Coverage ratios continued to improve: without taking collateral into account, specific writedowns covered 70.3% of NPLs in March 2010, after 69.8% in December 2009 and 70.5% in March 2009.

Asset quality (€ m)

END OF PERIOD	MARCH 2010	DEC. 2009	MARCH 2009
Gross loans to customers, € bn	132.6	129.3	133.5
Writedowns, € bn	6.1	5.7	4.2
Gross impaired loans	10.1	9.4	7.2
as a percentage of loans to customers	7.6%	7.3%	5.4%
… covered by specific writedowns	52.8%	51.9%	48.8%
of which: gross non-performing loans	4.8	4.5	3.7
as a percentage of loans to customers	3.6%	3.5%	2.9%
… covered by specific writedowns	70.3%	69.8%	70.5%

Among the **other "non-operating" items** between operating profit and profit before tax, net income from investments was € 22 m, positive but lower than at the end of 2009 (€ 34 m) and in Q1 2009 (€ 47 m). This was mainly due to the expiry of Bank Austria's contractual participation in current profits of the Polish UniCredit banking subsidiary; income from this item was € 31 m in Q4 2009 and € 47 m in Q1 2009. Allocations to provisions for risks and charges in the reporting period were € 71 m after € 64 m in the preceding quarter. This amount includes provisions for potential compensation and litigation risks arising from the legal dispute in Switzerland with the German BvS (Bundesanstalt für vereinigungsbedingte Sonderaufgaben). Non-operating items to be deducted from operating profit thus totalled € 489 m, absorbing 63% of operating profit. In Q4 2009, these items totalled € 706 m or 86% of operating profit, the comparative figures for Q1 2009 were € 404 m and 36%, respectively.

➔ Profit before tax amounted to € 290 m. After deduction of income tax in accordance with IFRSs (€ 34 m, effective tax rate 11.9%) and minorities (€ 14 m), **consolidated profit** was € 242 m, 87% higher than in Q4 2009 (€ 129 m) and 56% lower than in Q1 2009.

Volume, profitability and resources

Average **loans and receivables with customers** (net, based on balance sheet figures) increased slightly, by 1% to € 125.1 bn, in the first quarter of 2010 over the preceding quarter, but were 4% lower than a year earlier. Austria and CEE moved more or less in parallel. Average **risk-weighted assets** (€ 116.9 bn, RWA under Basel II) showed a similar trend: up by 2% on Q4 2009, down by 9% from Q1 2009. The significant decrease compared with the same period of the previous year reflects various factors including the reduction of market risk – in line with strategy – which declined to about one half of the previous year's level.

As a result of the capital increase, average **equity** rose to € 15.6 bn in March 2010, an increase of 10% over both the preceding quarter and Q1 2009. **Return on equity** (ROE before tax) was 7.4%, lower than for 2009 as a whole (9.4%) and also below long-term averages (2005–2009: 14.0%, 2005–2007: 19.1%). The decline was due to the increase in equity and, above all, to the weak profit performance reflecting the high provisioning charge. The comparative ROE figure of 20.3% before tax for the first quarter of 2009 was exceptionally high.

Marginal **Economic Value Added** (EVA) is still the key measure of value creation beyond the cost of capital. This key indicator is used at all levels of the bank, even for individual products. At the overall bank level, sustainable value creation is the longer-term goal and strengthening equity capital is the current objective. Revenue shortfalls experienced in the financial market crisis and during the recession, the increase in equity capital and a temporarily higher cost of capital reduced Bank Austria's EVA in the past few quarters. In the reporting period, EVA was still positive at € 13 m. This compares with € 301 m for the first quarter of 2009 and € 268 m for 2009 as a whole. Marginal **RARORAC** was below 1% in Q1 2010 after 3.3% in 2009 as a whole and 12.5% in 2008.

The number of **employees** (full-time equivalent – FTE) declined from 60,594 at the end of 2009 to 59,881 at the end of March 2010. The 130 FTE decrease in Austria was due to the sale of the catering services provider DOMUS Bistro (–94 FTEs) and the transfer of employees to the CEE Division (–24 FTEs). The lower number of employees in CEE (–583 FTEs) reflects the streamlining of the regional administrative centres in Kazakhstan and the sale of the local pension fund OTAN (together –438 FTEs). The reduction of 221 FTEs in Ukraine, too, is a result of organisational alignment with the Group structure. Among the other countries, staff numbers in Turkey rose by a significant 121 and changes in the remaining countries are to be seen in connection with normal staff turnover.

At the end of March 2010, the number of Bank Austria's **branches** was 3,041, down by 47 from year-end 2009. The number of branches in the Austrian business segments was 307, down by eleven units as a result of the transfer of eight CAIB units to management responsibility of the CEE business segment. In CEE, the number of branches declined by 36 to 2,734. This is the net effect of two factors: continued structural adjustments in the course of the integration of recently acquired banking subsidiaries; better regional deployment of resources through closures in urban centres where the bank maintains a multiple presence and opening of branches in new locations as part of the network expansion programme.

Development of Business Segments

Retail Division

(€ m)	Q1 10	Q4 09 1)	Q1 09 1)
Net interest income	164	172	180
Net non-interest income	103	95	110
Operating income	267	267	290
Operating expenses	–194	–187	–200
Operating profit	73	80	90
Net writedowns of loans	–63	–53	–55
Other non-operating items	10	1	2
Profit before tax	**20**	**28**	**37**
Loans to customers (avg.)	19,420	18,840	18,989
Risk-weighted assets (avg.) 2)	10,110	9,392	10,919
Average equity 3)	747	806	880

1) For segment reporting purposes, the comparative figures for 2009 were restated to reflect the structure and methodology of the reporting period (see note 38 on pages 40 to 43 of this report). / 2) Average risk-weighted assets under Basel II (all risks). / 3) Capital allocation to subsidiaries reflects actual IFRS capital (see note 38).

This information applies to all business segment tables.

The **Retail Division** showed a stable performance against the background of extreme fluctuations in the economic environment over the past one and a half years. Weak domestic trends, insolvencies and investors' strong preference for liquidity impacted business with private customers and, more strongly, small businesses for a longer time than other customer segments. But operating income remained at more or less the same level over the past few quarters since the middle of 2009: € 266 m in Q3 2009, € 267 m in Q4 2009 and € 267 m in Q1 2010. Supported by medium-term and long-term loans, average lending volume rose by 3 % from Q4 2009 to Q1 2010, thus exceeding the Q1 2009 level by over 2 %. Interest margins deteriorated in the past few quarters (mainly on the liabilities side as banks competed for funding), in parallel with the decline in interest rates. On the back of a slight increase in volume, however, net interest in a narrower sense rose by 2 % from Q4 2009 to Q1 2010, but it was still lower than the (high) figure for Q1 2009. Net interest income as a whole declined as income from equity interests fluctuated. Net fees and commissions started to rise again in Q4 2009, and remained at that level in Q1 2010 (up by 4 % on the first quarter of 2009). Contributions to this performance came from the successful placement of our guarantee products, most recently PIA China Garantie. Overall, net non-interest income was lower than in the first quarter of the previous year because of a special effect in Q1 2009 (net trading income of € 10 m). Costs in the reporting period were 3 % lower than a year earlier, but changes from quarter to quarter did not show a distinct trend. Operating profit was € 73 m, lower than in the first quarter of the previous year (€ 90 m) when a one-off effect led to exceptional net trading income of € 10 m. Net writedowns of loans and provisions for guarantees and commitments, which in the Retail Division usually lag the key economic indicators, peaked at € 72 m (cost of risk: 155 bp) in Q2 2009 and reached € 63 m (cost of risk: 129 bp) in Q1 2010, slightly exceeding the figures for the preceding quarter and for Q1 2009. This increase was partly offset by net income from investments of a subsidiary (card complete). In the first quarter of 2010, the Retail Division generated a profit before tax of € 20 m.

Private Banking

(€ m)	Q1 10	Q4 09	Q1 09
Net interest income	10	13	12
Net non-interest income	25	22	17
Operating income	35	35	29
Operating expenses	–24	–27	–23
Operating profit	11	9	6
Net writedowns of loans	0	0	0
Other non-operating items	0	0	0
Profit before tax	**11**	**9**	**6**
Total financial assets (end of period)	16,724	16,635	15,538
Loans to customers (avg.)	364	385	302
Risk-weighted assets (avg.)	497	492	666
Average equity	119	111	152

The restructuring of the now newly-defined **Private Banking** (PB) business segment was completed following the transfer of customers from the other divisions at the end of 2009 (the quarterly figures for 2009 in the income statement and the volume-related data have been restated to reflect the consequent business structure and perimeter of customers). This means that we can offer the specific, customised services of a private bank to a homogeneous target group. The market environment improved in Q1 2010 compared with the preceding quarters in 2009, with the MSCI World rising by 3.8 % in the reporting period. But doubts as to whether the later repercussions of the financial market crisis and the economic support programmes could be successfully handled prompted customers to act with great restraint, even before the Greek crisis escalated. This affected securities transactions relating to safe-custody business but had no impact on asset management advisory services. Customers continue to invest a substantial proportion of their portfolio in direct deposits, which account for almost 40 % of investment volume in Private Banking. Our new Bank Austria Private Portfolio PREMIUM service package – a transparent flat fee model – is an initiative taken to stimulate investment activity. In the context of asset management advisory services, the service package links in-depth analysis and advice with a custom-tailored investment strategy, and is available for portfolios with a minimum value of € 50,000. Customers can choose from five types of investment of varying risk intensity and respond to the current proposals of their relationship manager. In the first quarter of 2010, the Division's total financial assets (Schoellerbank and Bank Austria Private Banking) increased slightly, and at € 16.7 bn they were 8 % up on the figure for Q1 2009 (adjusted for structural changes implemented between Q1 2009 and Q1 2010). Operating income in Q1 2010 remained at the level of the preceding quarter and exceeded the Q1 2009 figure by 18 % (adjusted for structural changes) thanks to the increase in net fees and commissions. Following the completion of the customer transfer process and other changes in Q4 2009, operating expenses in Q1 2010 again declined to more or less the medium-term average level (–10 % over Q4 2009, +3 % over Q1 2009). Operating profit therefore improved significantly over Q4 2009 and Q1 2009 to € 11 m, as did profit before tax which also totalled € 11 m because non-operating items were close to zero.

Corporate & Investment Banking (CIB)

(€ m)	Q1 10	Q4 09	Q1 09
Net interest income	226	289	466
Net non-interest income	111	96	91
Operating income	337	385	558
Operating expenses	–122	–118	–117
Operating profit	215	267	441
Net writedowns of loans	–62	–105	–60
Other non-operating items	2	–50	–2
Profit before tax	**154**	**112**	**379**
Loans to customers (avg.)	46,326	47,051	50,760
Risk-weighted assets (avg.)	30,674	29,951	35,232
Average equity	7,550	7,480	7,533

The **CIB Division** got off to a good start in 2010, generating a profit before tax of € 154 m. Performance improved significantly over the preceding quarter, even if the increase was due to non-operating items, more specifically a lower provisioning charge and the release of provisions. Despite the difficult environment, there was no significant change in profit before tax compared with Q3 2009 (€ 155 m) and Q2 2009 (€ 157 m). The year-on-year comparison (Q1 2010/ Q1 2009) shows a € 225 m decrease, reflecting the exceptionally high profit before tax achieved in the first quarter of 2009 (€ 379 m). While costs were stable, the decline resulted from the trend in operating income, which was € 337 m, down by 13 % from the preceding quarter and significantly lower, by € 221 m or 40 %, than in Q1 2009. A breakdown into "Network" (essentially commercial banking business of the former Corporates Division) and "Counterparts" (customer-driven trading activities of the former MIB Division) illustrates the stable medium-term development of "Network", i.e. corporate banking revenues: at € 233 m, they matched the previous year's level of € 237 m, reflecting a weak trend in lending volume and margins which came under strong pressure until recently, especially on the liabilities side. On the other hand, operating income from the more volatile "Counterparts" trading activities was € 104 m, down by € 217 m from the record figure of € 321 m for Q1 2009, which included exceptionally strong net interest income. Net writedowns of loans and provisions for guarantees and commitments amounted to € 62 m, after € 105 m in the preceding quarter. The cost of risk was 54 basis points (bp) in Q1 2010 after 89 bp in Q4 2009 and 47 bp in Q1 2009. Together with our corporate customers we use analysis tools such as Working-CapitalCheck or VerschuldungsKapazitätsRechner (a borrowing capacity calculator) to check their current financing and liquidity positions for weak spots in order to take timely measures. The AufschwungKredit loan launched recently is intended to help medium-sized companies to cope with the difficult final phase of the recession. Average risk-weighted assets under Basel II (€ 30.7 bn) were 13 % lower than a year earlier. This decline resulted partly from the restructuring of trading activities, with market risk in CIB being reduced by more than one half (58 %). The reduction will become more pronounced with the intra-group sale of UniCredit CAIB, a consolidated company, which is planned for 1 June 2010.

Central Eastern Europe (CEE)

(€ m)	Q1 10	Q4 09	Q1 09
Net interest income	781	772	756
Net non-interest income	291	349	436
Operating income	1,072	1,121	1,192
Operating expenses	–503	–509	–475
Operating profit	570	612	717
Net writedowns of loans	–314	–501	–331
Other non-operating items	4	–21	–2
Profit before tax	**259**	**90**	**383**
Loans to customers (avg.)	59,260	58,029	61,472
Risk-weighted assets (avg.)	70,420	69,049	74,853
Average equity	10,938	10,255	9,507

Central and Eastern Europe (CEE) coped well with the partly dramatic developments in the past six quarters since autumn 2008. Recent performance trends show that all doubts notwithstanding, the CEE Division is resuming its role as a major source of revenue and growth for the bank regardless of the marked differences between the various countries – whether in structural terms (suppliers to high-tech industry like Central Europe, or economies rich in raw materials like Russia and Ukraine) or with regard to the degree of convergence (member states of the euro area, EU member states, countries in Central Asia) or in respect of economic autonomy (Turkey).

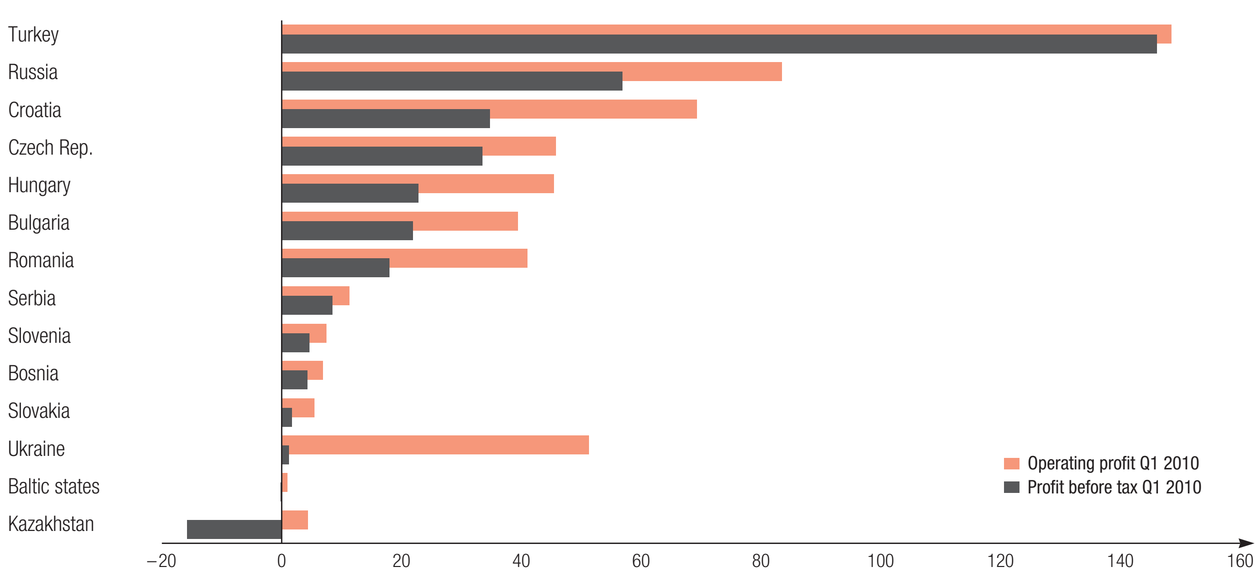
Profit before tax for the first quarter of 2010 rose to € 259 m from the low levels seen in the two preceding quarters (Q4 2009: € 90 m, Q3 2009: € 107 m) but did not return to the pre-crisis level of around € 500 m. The improvement is explained by the fact that after the very large net additions to loan loss provisions (and direct write-offs) of € 510 m and € 501 m in the third and fourth quarters of 2009, respectively, the provisioning charge was significantly lower in the first three months of 2010.

A closer look at the components of operating profit shows that the CEE Division's business, though affected by the crisis, remained stable. After strong increases in the years until the Lehman Brothers collapse, operating income declined to recently € 1,072 m, a decrease of 10 % compared with Q1 2009. Within the total figure, the "sustainable" income components – i.e. net interest income and net fees and commissions – rose again in the course of the second half of 2009; in the reporting period, they were up by a combined 4 % year-on-year. Net interest income was € 781 m, up by 3 % on Q1 2009; volume was resilient (–4 %) and interest margins improved from their low a year earlier. This means that the decline in revenue compared with the first quarter of the previous year may be explained by the completely different financial market environment rather than developments in commercial banking business: in the first quarter of 2010, net trading income generated by the CEE Division returned to a normal level of € 20 m; the comparative figure for the first quarter of 2009 was € 176 m, exceptionally high because of strong volatility and large turnover as well as hedging needs in view of the then prevailing scepticism with regard to CEE. This development was seen in most CEE countries. The current improvement in euro terms was partly supported by the recent appreciation of important currencies, without however significantly influencing the underlying trend: at the level of operating income/expenses, year-on-year growth rates adjusted for exchange rate movements are about 2 or 3 percentage points lower than in euro terms. Operating expenses (€ 503 m) in the CEE Division were strongly reduced (by 22 %) at an early stage, when revenues fell sharply from Q4 2008 to Q1 2009. Since then they have slightly increased, but adjusted for exchange rate movements, operating expenses were lower than a year earlier. The cost/income ratio rose by 7 percentage points, reflecting the significant fall of net trading income within total revenue, but it was still significantly lower than 50 % (46.9 %). Operating profit amounted to € 570 m, a decrease of € 147 m or 21 % from the Q1 2009 level as net trading income declined by € 156 m.

Non-operating items to be deducted from the relatively stable operating profit remained large (see also the chart below). In the first quarter of 2010, the sum total of these items between operating profit and profit before tax was down by € 211 m from the Q4 2009 figure but still amounted to € 310 m, absorbing more than one half (54 %) of operating profit (compared with € 333 m or 47 % in the same period of the previous year). Provisions for risks and charges were slightly lower and net income from investments was higher than in Q4 2009; the main component of the non-operating items was the provisioning charge, which amounted to € 314 m, down from Q4 2009 (€ 501 m) and from Q1 2009 (€ 331 m). Of the € 186 m improvement compared with the preceding quarter, a contribution of close to € 100 m came from Turkey as asset quality in the country improved and enhanced debt collection procedures proved effective. Overall, trends in a single quarter do not provide sufficiently significant data from which to derive a turnaround. Net writedowns of loans and provisions for guarantees and commitments were still high and the cost of risk, based on average lending volume, for the CEE Division as a whole was 212 basis points (bp). Kazakhstan and Ukraine accounted for the largest proportion of that figure, with a combined 50 % of the provisioning charge of the CEE Division including the portfolio managed in Vienna. The cost of risk in Kazakhstan still exceeded 1,000 basis points (1,163 bp, including the Vienna guarantees), in Ukraine it reached 638 bp. In Romania (326 bp) the cost of risk was also above the divisional average. The cost of risk was below 200 bp in ten countries and below 100 bp in seven countries.

Despite the repercussions of the financial market crisis and the recession, the CEE business segment generated a profit before tax of € 259 m for the first quarter of 2010, which again exceeded the combined profit before tax in the three Austrian customer business segments (€ 185 m); in Q4 2009, the converse was the case: € 90 m in CEE compared with € 148 m in Austria. CEE is on the way to resuming its role as a stable source of profits. Equity allocated to the Division in the first quarter of 2010 (€ 10.9 bn) was 7 % higher than in Q4 2009 and 15 % above the Q1 2009 level.

Operating profit and profit before tax of CEE banking subsidiaries (€ m)



Income statement of the consolidated banking subsidiaries in CEE

(€ m)

	CEE BANKS TOTAL [1]		CZECH REPUBLIC		SLOVAKIA		HUNGARY	
	Q1 10	Q1 09	Q1 10	Q1 09	Q1 10	Q1 09	Q1 10	Q1 09
Net interest income	**763.4**	**740.2**	**56.7**	**67.7**	**16.5**	**23.9**	**52.3**	**27.9**
Net fee and commission income	247.9	257.0	25.8	23.3	6.4	5.6	22.8	22.6
Net trading, hedging and fair value income	19.9	148.6	0.9	–4.5	0.7	1.6	–0.1	17.2
Net other income/expenses	6.4	7.0	–0.2	0.1	0.4	0.3	2.8	0.0
Net non-interest income	**274.2**	**412.6**	**26.5**	**18.9**	**7.6**	**7.5**	**25.5**	**39.8**
OPERATING INCOME	**1,037.5**	**1,152.8**	**83.2**	**86.6**	**24.1**	**31.4**	**77.8**	**67.7**
OPERATING EXPENSES	**–477.0**	**–453.3**	**–37.4**	**–35.2**	**–18.6**	**–18.7**	**–32.4**	**–29.3**
OPERATING PROFIT	**560.6**	**699.5**	**45.8**	**51.4**	**5.5**	**12.7**	**45.4**	**38.4**
Provisions for risks and charges	–5.9	–3.5	0.0	0.0	–0.1	0.0	0.3	0.0
Net writedowns on loans	–226.3	–301.0	–11.9	–29.2	–3.9	–2.0	–20.8	–16.8
Net income from investments	10.9	2.2	0.6	0.2	0.2	0.0	–2.2	0.2
Integration costs	–1.0	–0.9	–0.9	–0.8	0.0	0.0	0.0	–0.1
PROFIT BEFORE TAX	**338.3**	**396.3**	**33.5**	**21.6**	**1.7**	**10.7**	**22.8**	**21.8**
Cost/income ratio	46.0%	39.3%	45.0%	40.6%	77.3%	59.5%	41.6%	43.3%
Risk/earnings ratio	29.6%	40.7%	20.9%	43.1%	23.3%	8.3%	39.7%	60.0%
Exchange rate			25.868	27.601	1.000	1.000	268.522	294.191
Appreciation/depreciation against the euro			+6.7%		0.0%		+9.6%	

(€ m)

	SLOVENIA		BULGARIA		ROMANIA		BALTICS	
	Q1 10	Q1 09	Q1 10	Q1 09	Q1 10	Q1 09	Q1 10	Q1 09
Net interest income	**12.1**	**8.9**	**49.9**	**53.9**	**56.1**	**31.6**	**2.5**	**4.4**
Net fee and commission income	4.9	4.3	18.4	20.2	12.5	12.4	–0.8	0.6
Net trading, hedging and fair value income	–0.5	0.3	1.3	1.2	6.6	34.9	2.5	1.0
Net other income/expenses	0.0	0.2	0.2	0.0	0.1	0.0	0.1	0.0
Net non-interest income	**4.5**	**4.8**	**19.9**	**21.4**	**19.1**	**47.4**	**1.8**	**1.6**
OPERATING INCOME	**16.6**	**13.7**	**69.8**	**75.3**	**75.2**	**79.0**	**4.3**	**6.0**
OPERATING EXPENSES	**–9.1**	**–8.9**	**–30.4**	**–31.7**	**–34.2**	**–33.9**	**–3.4**	**–3.4**
OPERATING PROFIT	**7.5**	**4.8**	**39.4**	**43.6**	**41.0**	**45.1**	**1.0**	**2.6**
Provisions for risks and charges	0.0	0.0	–0.1	3.4	–0.1	–0.4	0.0	0.0
Net writedowns on loans	–4.0	–3.9	–17.7	–14.4	–22.9	–8.9	–1.1	–1.9
Net income from investments	1.1	0.0	0.3	4.7	0.0	0.1	0.0	0.0
Integration costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PROFIT BEFORE TAX	**4.6**	**0.9**	**21.9**	**37.3**	**18.0**	**35.9**	**–0.2**	**0.7**
Cost/income ratio	55.0%	65.0%	43.5%	42.1%	45.5%	42.9%	78.0%	57.3%
Risk/earnings ratio	32.8%	43.9%	35.5%	26.8%	40.8%	28.2%	45.5%	42.5%
Exchange rate	1.000	1.000	1.956	1.956	4.113	4.268	0.709	0.706
Appreciation/depreciation against the euro	0.0%		0.0%		+3.8%		–0.4%	

1) Sum of P/L figures of the individual CEE banks shown in this table. The CEE business segment also includes the Vienna-based CEE profit centre.

Continued: Income statement of the consolidated banking subsidiaries in CEE

(€ m)

	TURKEY [2]		RUSSIA		KAZAKHSTAN		UKRAINE	
	Q1 10	Q1 09	Q1 10	Q1 09	Q1 10	Q1 09	Q1 10	Q1 09
Net interest income	**168.6**	**181.0**	**121.3**	**93.6**	**37.8**	**68.8**	**65.1**	**73.9**
Net fee and commission income	84.9	74.3	30.1	30.0	–10.5	10.3	9.8	13.2
Net trading, hedging and fair value income	5.3	6.7	–14.4	44.7	5.9	16.0	1.9	9.8
Net other income/expenses	7.8	6.5	–0.2	–0.5	–6.4	–0.6	–0.1	–0.2
Net non-interest income	**98.0**	**87.4**	**15.5**	**74.1**	**–11.0**	**25.7**	**11.6**	**22.9**
OPERATING INCOME	**266.6**	**268.4**	**136.8**	**167.7**	**26.8**	**94.4**	**76.7**	**96.8**
OPERATING EXPENSES	**–118.1**	**–102.9**	**–53.3**	**–48.0**	**–22.4**	**–22.3**	**–25.5**	**–26.7**
OPERATING PROFIT	**148.5**	**165.5**	**83.5**	**119.7**	**4.4**	**72.2**	**51.3**	**70.1**
Provisions for risks and charges	–5.6	–5.9	0.0	0.0	0.0	0.0	0.0	–0.2
Net writedowns on loans	1.1	–51.8	–28.9	–50.3	–24.8	–52.6	–50.1	–56.8
Net income from investments	2.1	0.4	2.2	–1.9	4.5	–1.0	0.0	–0.1
Integration costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PROFIT BEFORE TAX	**146.1**	**108.2**	**56.9**	**67.4**	**–15.8**	**18.6**	**1.2**	**12.9**
Cost/income ratio	44.3%	38.4%	39.0%	28.6%	83.5%	23.6%	33.2%	27.6%
Risk/earnings ratio	–0.6%	28.6%	23.8%	53.8%	65.5%	76.5%	76.9%	76.8%
Exchange rate	2.087	2.163	41.270	44.417	204.213	181.094	11.080	10.426
Appreciation/depreciation against the euro	+3.7%		+7.6%		–11.3%		–5.9%	

(€ m)

	CROATIA		BOSNIA		SERBIA	
	Q1 10	Q1 09	Q1 10	Q1 09	Q1 10	Q1 09
Net interest income	**91.2**	**76.9**	**18.1**	**16.7**	**15.1**	**11.0**
Net fee and commission income	32.8	28.7	6.8	6.6	3.9	5.0
Net trading, hedging and fair value income	8.1	17.8	1.1	1.1	0.6	0.9
Net other income/expenses	2.0	1.3	0.0	0.0	–0.1	–0.1
Net non-interest income	**42.9**	**47.8**	**7.9**	**7.7**	**4.3**	**5.7**
OPERATING INCOME	**134.1**	**124.6**	**26.0**	**24.4**	**19.4**	**16.7**
OPERATING EXPENSES	**–64.8**	**–64.2**	**–19.2**	**–19.9**	**–8.1**	**–8.2**
OPERATING PROFIT	**69.3**	**60.4**	**6.9**	**4.4**	**11.3**	**8.6**
Provisions for risks and charges	–0.2	–0.3	–0.2	–0.1	0.0	0.0
Net writedowns on loans	–35.4	–7.7	–3.2	–2.5	–2.8	–2.2
Net income from investments	1.2	–0.2	0.8	0.0	0.0	0.0
Integration costs	–0.1	–0.1	0.0	0.0	0.0	0.0
PROFIT BEFORE TAX	**34.8**	**52.1**	**4.3**	**1.8**	**8.5**	**6.3**
Cost/income ratio	48.3%	51.5%	73.7%	81.8%	41.7%	48.9%
Risk/earnings ratio	38.9%	10.1%	17.7%	15.0%	18.5%	20.3%
Exchange rate	7.285	7.412	1.956	1.956	98.718	93.860
Appreciation/depreciation against the euro	+1.7%		0.0%		–4.9%	

2) pro quota

Balance Sheet and Capital Resources

Balance sheet developments

● Bank Austria's **total assets** increased again in the **first three months of 2010**. As at 31 March 2010, consolidated total assets of Bank Austria were € 201.0 bn, up by € 6.5 bn or 3.3 % on year-end 2009. Growth was mainly driven by customer business on both sides of the balance sheet while interbank business continued to lag behind. The most important change in the balance sheet was the increase in equity resulting mainly from the capital increase. This means that the balance sheet structure has improved from several sides.

Like the consolidated balance sheet at 31 December 2009, the consolidated balance sheet at 31 March 2010 includes disposal groups classified as held for sale, which are shown in accordance with IFRS 5 in the items Non-current assets and disposal groups classified as held for sale and Liabilities included in disposal groups classified as held for sale. At the end of 2009 and at the end of March 2010, these items showed the investment bank UniCredit CAIB AG and the broker firm UniCredit CAIB Securities UK Ltd. The volume of these companies rose by € 1.0 bn to € 14.2 bn on the assets side and by € 2.7 bn to € 13.2 bn on the liabilities side, mainly as a result of interbank receivables/liabilities within UniCredit Group.

A **year-on-year comparison** shows that total assets were down by € 13.5 bn or 6.3 % from the level as at 31 March 2009, mainly due to the restructuring of UniCredit CAIB AG and preparations for its sale within UniCredit Group. The volume of disposal groups classified as held for sale declined by € 17.4 bn or 55 % to € 14.2 bn on the assets side, and by € 17.3 bn or 57 % to € 13.2 bn on the liabilities side, compared with 31 March 2009. (In the previous year, disposal groups classified as held for sale still included card complete Service Bank AG, a company providing card services whose total assets are very low and which has been reintegrated in the meantime.) Another factor in this context was the reintegration of parts of CAIB in the course of a spin-off which took place in February 2010.

● On the **assets side**, loans and receivables with customers (net of writedowns, which also increased) rose by 2.3 % or € 2.9 bn to € 126.5 bn from year-end 2009 to the end of March 2010. They accounted for 63 % of total assets. In Austria, customer loans expanded by only 1 %, mainly in the Retail Division. In CEE, loans and receivables with customers increased by 4 %, supported by moderate currency appreciation in the first quarter of 2010. Loans and receivables with banks were only slightly higher than at the end of 2009 (+ 1.4 %). Financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments rose by a combined 10.3 %. Financial assets held for trading also increased in the first quarter of 2010 (+ 16.5 %), in connection with commercial underlying transactions of CAIB. (If the amounts of CAIB classified as held for sale are added back to the relevant balance sheet items, financial assets held for trading are down by 10 % from the previous year.)

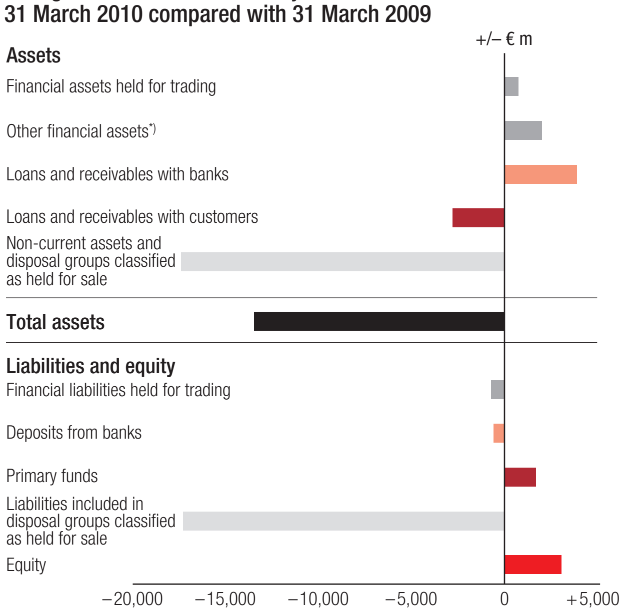
Major balance sheet items (€ bn)

	31 MARCH 2010	31 DEC. 2009	CHANGE		31 MARCH 2009	CHANGE	
ASSETS							
Financial assets held for trading	**4.8**	**4.1**	+0.7	+16.5 %	**4.1**	+0.7	+18.1 %
Other financial assets *)	**17.8**	**16.1**	+1.7	+10.3 %	**15.8**	+2.0	+12.7 %
Loans and receivables with banks	**23.4**	**23.1**	+0.3	+1.4 %	**19.5**	+3.9	+20.0 %
Loans and receivables with customers	**126.5**	**123.6**	+2.9	+2.3 %	**129.3**	−2.8	−2.2 %
Non-current assets and disposal groups classified as held for sale	***14.2***	***13.2***	*+1.0*	*+7.2 %*	***31.6***	*−17.4*	*−55.1 %*
Total assets	**201.0**	**194.5**	+6.5	+3.3 %	**214.4**	−13.5	−6.3 %
LIABILITIES AND EQUITY							
Financial liabilities held for trading	**1.2**	**0.9**	+0.2	+26.2 %	**1.9**	−0.7	−38.6 %
Deposits from banks	**32.0**	**33.4**	−1.4	−4.1 %	**32.6**	−0.6	−1.8 %
Primary funds	**127.3**	**125.9**	+1.4	+1.1 %	**125.6**	+1.7	+1.3 %
Equity	**17.4**	**14.4**	+3.0	+20.8 %	**14.3**	+3.1	+21.3 %
Liabilities included in disposal groups classified as held for sale	***13.2***	***10.5***	*+2.7*	*+25.8 %*	***30.5***	*−17.3*	*−56.7 %*
Total liabilities and equity	**201.0**	**194.5**	+6.5	+3.3 %	**214.4**	−13.5	−6.3 %

*) Sum total of the following items: financial assets at fair value through profit or loss, available-for-sale financial assets, and held-to-maturity investments.

● On the **liabilities side**, deposits from customers showed weak growth in the first three months of 2010 (+0.6% to € 97.6 bn as at the end of March 2010), but they were 4.7% higher than a year earlier. Debt securities in issue, on the other hand, increased by 2.9% to € 29.7 bn in the first quarter of 2010, after a reduction in preceding quarters. These developments reflect the market environment, which has improved in the meantime. Primary funds, i.e. the sum total of deposits from customers and debt securities in issue, thus rose by 3.3% since the end of 2009 and by 1.3% since the end of March 2009, reaching € 127.3 bn. This means that loans and receivables with customers were covered by primary funds to the extent of more than 100%. Interbank business on the liabilities side continued to decline.

Changes in total assets and major balance sheet items 31 March 2010 compared with 31 March 2009



*) Sum total of the following items: financial assets at fair value through profit or loss, available-for-sale financial assets, and held-to-maturity investments.

At the end of March 2010, **equity** amounted to € 17.4 bn, an increase of € 3.0 bn or 20.8% over the year-end 2009 level and more or less the same increase compared with March 2009. As a proportion of the balance sheet total, equity rose from 6.7% as at 31 March 2009 to 7.4% at the end of 2009 to 8.6% at the end of March 2010, with leverage declining from 15.0x to 13.5x and most recently 11.6x. The increase of € 2,990 m was mainly due to the € 2,000 m capital increase, as a result of which subscribed capital rose by € 212 m and capital reserves by € 1,788 m, and to income and expenses recognised directly in equity in the amount of € 1,012 m. In addition to current profit, the latter item mainly reflects the positive development of foreign currency translation and reserves in accordance with IAS 19. No dividend payments were made in 2009. As at 31 March 2010, equity without minority interests was € 16.8 bn, up by € 2,970 m or 21.4% on year-end 2009.

Capital resources pursuant to the Austrian Banking Act

Risk-weighted assets (RWAs) as at 31 March 2010 were € 119.5 bn, up by € 5.1 bn or 4.4% on year-end 2009. The increase resulted from an adjustment of risk parameters required in view of economic developments and from the higher exchange rates of most CEE currencies as at 31 March 2010. As a result of higher RWAs, the capital requirement for credit risk increased to € 8.5 bn (+4.1%) and the capital requirement for all types of risk was € 9.6 bn (+4.4%).

Net capital resources rose by € 2.3 bn or 18.3% to € 14.8 bn in the first quarter of 2010. The increase resulted mainly from the capital increase of € 2.0 bn at UniCredit Bank Austria AG, and partly also from exchange rate movements.

Capital ratios as at 31 March 2010 improved significantly compared with year-end 2009. The Core Tier 1 capital ratio (Tier 1 capital ratio without hybrid capital) based on all risks rose from 8.33% to 10.01%. The Core Tier 1 capital ratio based on credit risk improved from 9.37% to 11.31%.

Capital ratios

	31 MARCH 2010	31 DEC. 2009
based on all risks 1)		
Tier 1 capital ratio	10.35%	8.68%
... without hybrid capital (Core Tier 1 capital ratio)	10.01%	8.33%
Total capital ratio	12.37%	10.92%
based on credit risk 2)		
Tier 1 capital ratio	11.69%	9.76%
... without hybrid capital (Core Tier 1 capital ratio)	11.31%	9.37%
Total capital ratio	12.94%	11.29%

1) Credit risk, operational risk, position risk and settlement risk.
2) 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.

Outlook

The scenario for 2010 which we described in our 2009 Annual Report, published a few weeks ago, in connection with the economic environment and Bank Austria's future performance is still applicable. Quarterly data, early indicators and prices quoted in financial markets have further accentuated the opportunities and risks which we described:

▶ The impetus for global growth and the expansion of world trade have become somewhat stronger, even though economic support programmes and monetary policy are still significant factors in this context. Asia and also Latin America have underlined their role as engines of global growth, and we now also expect slightly faster growth in the US (revised forecast for 2010: 3.2 %). Economic developments in the euro area are divergent: while exports and industrial output are expanding strongly from low levels – which benefits member states to a varying extent – the domestic economy remains weak in almost all countries so that real growth will probably remain below 1 %.

▶ On the other hand, pressure to put public finances on a healthy basis (after the significant increase in debt in 2009) has risen strongly. This has widened spreads and also raised awareness of latent risks. The crisis in Greece in particular weighed down the euro (although other world currencies are equally affected by a critical budget situation). While this leads to competitive advantages, fiscal restraint has an even stronger effect in almost all countries; these deflationary trends entail clearly negative growth effects. The "monetary exit" is also being postponed. We do not expect that key interest rates will be raised this year; rather, we anticipate an environment which continues to be marked by low interest rates and – measured by the benchmarks – a flat yield curve.

● The **Austrian** economy continued to recover in the first quarter of 2010. Sentiment and the labour market proved to be more robust than recently expected. The improvement in sentiment was mainly due to export demand, though the growth of Austrian exports actually lagged somewhat behind the expansion of world trade. A hesitant improvement in the labour market helped to brighten the outlook for retail trade. Despite these positive signals we are maintaining our modestly optimistic growth forecast at 1.3 %. As capacity utilisation levels were low and investment activity remained slack, credit demand continued to be weak in the early part of the year: new loans and repayments more or less balanced each other, which means that lending volume has remained at the same level for months while bank deposits held by companies are still growing. Given the low level of interest rates, no growth is seen in private households' bank deposits. On the other hand, mutual funds offered to the general public recorded significant net inflows in the first quarter of 2010, for the first time since 2007.

● In **Central and Eastern Europe** (CEE) key indicators have recently improved. Within our perimeter of operations, developments in Turkey, especially, were a pleasant surprise. But in the CEE region, too, economic developments are moving at two different speeds: lively industrial exports versus weak domestic demand. The outlook for individual countries varies strongly, depending on the degree of their integration. In financial markets, the CEE countries have gained renewed confidence – in contrast to the euro periphery – especially when compared with the situation a year ago, because current account deficits and thus external financing requirements have further declined. Therefore, and under the influence of renewed capital inflows, important currencies have appreciated, permitting an easing of monetary policy in many cases. The partly extensive economic support programmes put in place by governments in 2009 have no influence on this, all the more so as the young economies started from low debt levels. Credit spreads on CEE investments have fallen further, and the banking sectors have been stabilised even in problem countries. Nevertheless, the Greek crisis intensifies pressure to consolidate, especially for countries with fixed exchange-rate regimes such as Bulgaria. Moreover, the less expansionary or even restrictive course in Western Europe has an indirect adverse impact on the outlook in CEE. Apart from Turkey we do not see any major risk of inflation for most economies, despite rising raw material prices. Interest rates will therefore continue to decline, for example, in Hungary, Romania and Russia, or interest rate increases will be postponed (e. g. in Central Europe). In Kazakhstan and also in Ukraine, the macroeconomic outlook has visibly improved, as can be seen from higher growth rates, sound balance-of-payments figures and renewed trends for the local currencies to appreciate. But their banking sectors are in the process of being restructured, and there is poor credit quality in both countries.

➔ All this means that the moderately optimistic outlook for **Bank Austria** outlined in the 2009 Annual Report, with the uncertainties in financial markets mentioned in it, still applies. For 2010 as a whole, we do not expect more than just a slight increase in volume, which started in the first quarter. At any rate, with our strengthened capital base, we are ready to meet new demand for loans and we will take advantage of the improved outlook by selectively expanding our branch network in CEE. In view of narrow margins and little prospect of any significant growth of net fees and commissions, our operating performance will not change to any major extent. Against the background of this sideways movement, the key factor determining future performance will again be the non-operating components, i. e. imponderable developments. This includes market and credit risk as well as the question of how possible changes in the regulatory framework and procedural requirements will change the relationship between banks and the business sector.

Among the ongoing structural changes and projects, the sale of UniCredit CAIB will take place soon. When the company is no longer included in consolidation, Bank Austria's market risk will continue to decline. The terms and conditions of the sale include a participation in the profits of the Markets sub-division of UniCredit Group, which means that we will continue to benefit from profits generated by investment banking activities. As part of the One4C project we are working to refine the segmentation in Austrian customer business with a view to better meeting the specific needs of customers through a targeted customer service approach.

Statement of Comprehensive Income

of the Bank Austria Group for the first quarter of 2010

Consolidated income statement

(€ m)

	(Notes)	1 JAN.– 31 MARCH 2010	1 JAN.– 31 MARCH 2009
Interest income and similar revenues	(4)	2,065	2,970
Interest expense and similar charges	(4)	–983	–1,658
Net interest margin		**1,081**	**1,312**
Fee and commission income	(5)	577	546
Fee and commission expense	(5)	–107	–89
Net fees and commissions		**470**	**457**
Dividend income and similar revenue	(6)	1	11
Gains and losses on financial assets and liabilities held for trading	(7)	75	199
Fair value adjustments in hedge accounting	(8)	–	–1
Gains and losses on disposal of:	(9)	19	39
a) loans		2	–
b) available-for-sale financial assets		18	42
c) held-to-maturity investments		–	–3
d) financial liabilities		–	–
Gains and losses on financial assets/liabilities at fair value through profit or loss	(10)	1	–9
OPERATING INCOME		**1,648**	**2,008**
Impairment losses on:	(11)	–440	–446
a) loans		–437	–441
b) available-for-sale financial assets		1	–
c) held-to-maturity investments		–	–
d) other financial assets		–4	–5
Net income from financial activities		**1,208**	**1,562**
Premiums earned (net)		24	23
Other income (net) from insurance activities		–19	–19
Net income from financial and insurance activities		**1,213**	**1,566**
Administrative costs:		–840	–812
a) staff expense	(12)	–480	–488
b) other administrative expense	(13)	–360	–325
Provisions for risks and charges	(14)	–71	–4
Impairment/write-backs on property, plant and equipment	(15)	–52	–53
Impairment/write-backs on intangible assets	(16)	–26	–28
Other net operating income	(17)	27	32
OPERATING COSTS		**–962**	**–865**
Profit (loss) of associates		34	16
Gains and losses on tangible and intangible assets measured at fair value		–2	–
Impairment of goodwill		–	–
Gains and losses on disposal of investments		7	5
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**290**	**722**
Tax expense (income) related to profit or loss from continuing operations		–34	–150
NET PROFIT OR LOSS FOR THE PERIOD		**255**	**572**
Net profit or loss attributable to the parent company		242	547
Minorities		14	25
Earnings per share (in €, basic and diluted)		4.56	10.83

Statement of income and expenses recognised directly in equity

(€ m)

	1 JAN.– 31 MARCH 2010	1 JAN.– 31 MARCH 2009
Gains/losses on assets held for sale (available-for-sale reserve)	106	–85
Gains/losses on cash flow hedges (cash flow hedge reserve)	159	276
Changes at companies accounted for under the equity method	7	–2
Foreign currency translation – exchange differences	548	–609
Foreign currency translation relating to assets held for sale	–	–23
Actuarial losses on defined-benefit plans	–	–
Taxes on items directly recognised in equity	–63	–49
Other changes	–	–14
Recognised directly in equity	**757**	**–507**
Net profit	**255**	**572**
TOTAL OF INCOME AND EXPENSES RECOGNISED IN THE REPORTING PERIOD	**1,012**	**65**
Shareholders' equity	992	59
Minority interests	19	6

Consolidated Balance Sheet

of the Bank Austria Group at 31 March 2010

Assets

(€ m)

	(Notes)	31 MARCH 2010	31 DEC. 2009
Cash and cash balances		2,669	3,213
Financial assets held for trading	(18)	4,821	4,137
Financial assets at fair value through profit or loss	(19)	246	235
Available-for-sale financial assets	(20)	12,399	10,826
Held-to-maturity investments	(21)	5,146	5,067
Loans and receivables with banks	(22)	23,404	23,076
Loans and receivables with customers	(23)	126,503	123,602
Hedging derivatives		179	151
Changes in fair value of portfolio hedged items (+/–)		–	–
Investments in associates and joint ventures		2,458	2,426
Insurance reserves attributable to reinsurers		–	–
Property, plant and equipment	(24)	2,421	2,273
of which held for investment		*474*	*369*
Intangible assets	(25)	4,136	3,938
of which goodwill		*3,608*	*3,415*
Tax assets		1,382	1,330
a) current tax assets		323	309
b) deferred tax assets		1,059	1,021
Non-current assets and disposal groups classified as held for sale	(26)	14,162	13,210
Other assets		1,032	975
TOTAL ASSETS		**200,958**	**194,459**

Liabilities and equity

(€ m)

	(Notes)	31 MARCH 2010	31 DEC. 2009
Deposits from banks	(27)	31,985	33,362
Deposits from customers	(28)	97,598	97,041
Debt securities in issue	(29)	29,651	28,822
Financial liabilities held for trading	(30)	1,155	915
Financial liabilities at fair value through profit or loss	(31)	1,959	1,967
Hedging derivatives		262	219
Changes in fair value of portfolio hedged items (+/–)		–	–
Tax liabilities		627	552
a) current tax liabilities		135	96
b) deferred tax liabilities		492	456
Liabilities included in disposal groups classified as held for sale	(32)	13,199	10,492
Other liabilities		2,758	2,372
Provisions for risks and charges	(33)	4,215	4,167
a) post-retirement benefit obligations		3,681	3,677
b) other provisions		534	490
Insurance reserves		171	162
Equity		17,378	14,388
of which Minorities (+/–)		*559*	*539*
TOTAL LIABILITIES AND EQUITY		**200,958**	**194,459**

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*)	ACTUARIAL LOSSES IN ACCORDANCE WITH IAS 19	SHARE-HOLDERS' EQUITY	MINORITY INTERESTS	EQUITY
As at 1 January 2009	**1,469**	**5,327**	**8,425**	**–1,175**	**16**	**–558**	**13,505**	**733**	**14,237**
Changes in the group of consolidated companies							–	18	18
Shares in controlling companies		–					–	–	–
Recognised income and expenses			536	–615	138	–	59	6	65
AS AT 31 MARCH 2009	**1,469**	**5,327**	**8,961**	**–1,790**	**154**	**–558**	**13,563**	**758**	**14,321**

*) Reserves in accordance with IAS 39	1 Jan. 2009	31 March 2009
Cash flow hedge reserve	29	201
Available-for-sale reserve	–13	–47
Total	16	154
of which reserves of companies classified as held for sale		*–138*

	SUB-SCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION	RESERVES IN ACCORDANCE WITH IAS 39*)	ACTUARIAL LOSSES IN ACCORDANCE WITH IAS 19	SHARE-HOLDERS' EQUITY	MINORITY INTERESTS	EQUITY
As at 1 January 2010	**1,469**	**5,325**	**9,295**	**–1,727**	**148**	**–660**	**13,850**	**539**	**14,388**
Capital increase	212	1,788					2,000		2,000
Transaction costs of capital increase		–20					–20		–20
Changes in the group of consolidated companies							–	1	1
Shares in controlling companies		–3					–3		–3
Recognised income and expenses			248	544	201	–	992	19	1,012
AS AT 31 MARCH 2010	**1,681**	**7,089**	**9,543**	**–1,184**	**348**	**–660**	**16,819**	**559**	**17,378**

*) Reserves in accordance with IAS 39	1 Jan. 2010	31 March 2010
Cash flow hedge reserve	62	207
Available-for-sale reserve	86	141
Total	148	348
of which reserves of companies classified as held for sale		*–48*

At an Extraordinary General Meeting on 4 March 2010, a resolution was adopted to increase the share capital of UniCredit Bank Austria AG by € 212,262,771.60 to a total nominal amount of € 1,681,033,521.40. The issue of 29,197,080 no-par value shares at the price of € 68.50 has increased equity by € 2 bn.

Cash flow statement

of the Bank Austria Group

(€ m)

	1 JAN.– 31 MARCH 2010	1 JAN.– 31 MARCH 2009
CASH AND CASH EQUIVALENTS AT END OF PREVIOUS PERIOD	**3,244**	**3,929**
Cash flows from operating activities	–1,516	–1,129
Cash flows from investing activities	–960	327
Cash flows from financing activities	1,950	–49
Effects of exchange rate changes	–49	5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,669**	**3,083**

The amount of cash and cash equivalents stated in the cash flow statement also includes cash and cash equivalents of disposal groups classified as held for sale.

Notes to the Consolidated Financial Statements

of Bank Austria

(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 2010 (1 January 2010 to 31 March 2010) and compares this period with the same period of the previous year.

Effects of amendments to IAS 39 and IFRS 7

In accordance with the amendments to IAS 39 and IFRS 7, "Reclassification of Financial Assets", published in October 2008, specific financial assets were reclassified in the balance sheet from the category "measured at fair value" into loans and receivables with customers in the second half of 2008.

Reclassified financial assets: carrying amount, fair value and effects on comprehensive income (€ m)

TYPES OF INSTRUMENTS	ACCOUNTING PORTFOLIO BEFORE RECLAS-SIFICATION	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION	CARRYING AMOUNT AS AT 31 MARCH 2010	FAIR VALUE AS AT 31 MARCH 2010	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAXES)		INCOME/EXPENSES RECOGNISED DURING THE PERIOD (BEFORE TAXES)	
					FROM MEASUREMENT	OTHER	FROM MEASUREMENT	OTHER
A. Debt securities			**–1,813**	**–1,582**	**65**	**19**	**–**	**13**
	HFT	AFS	–20	–20	–	–	–	1
	HFT	HTM	–42	–45	2	1	–	1
	HFT	Loans to banks	–	–	–	–	–	–
	HFT	Loans to customers	–1,751	–1,517	64	18	–	12
	AFS	Loans to banks	–	–	–	–	–	–
	AFS	Loans to customers	–	–	–	–	–	–
B. Equity instruments			**–**	**–**	**–**	**–**	**–**	**–**
C. Loans			**–**	**–**	**–**	**–**	**–**	**–**
D. Units in investment funds			**–**	**–**	**–**	**–**	**–**	**–**
TOTAL			**–1,813**	**–1,582**	**65**	**19**	**–**	**13**

Impairment test

In Bank Austria the impairment test in respect of goodwill allocated to each cash-generating unit was performed as at 31 December 2009.

As at 31 March 2010, the projections used for the impairment test are still considered to be valid.

Depending on financial performance of the individual units, such projections may need to be revised prior to the date of the next regular impairment test (31 December 2010).

Notes (CONTINUED)

(2) Earnings per share / dividend

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 (211.7 million shares), earnings per share for the first three months of 2010 were € 1.14 (comparative figure for the same period of the previous year: € 2.71, based on 202.0 million shares).

(3) Changes in the group of consolidated companies in 2010

The following companies were included in the group of consolidated companies of the Bank Austria Group as from 1 January 2010:

- BA Betriebsobjekte GmbH
- BA Betriebsobjekte GmbH & Co Beta Vermietungs OG
- BA Betriebsobjekte Praha, spol. s. r. o.
- Europe Investment Fund Budapest
- KSG Karten-Verrechnungs- und Servicegesellschaft m. b. H.

On 1 January 2010, UniCredit Bank Austria AG sold 100 % of Domus Bistro GmbH to VIVAT Beteiligungs GmbH for € 73,559.03.

On 15 January 2010, the Ukrainian company CA IB Securities AT (Kiev), a wholly-owned subsidiary of UniCredit CAIB AG, was transferred to Tovarystvo Z Obmezhenoyu Vidpovidalnistyu "KPD Consulting".

In Kazakhstan, the Open saving pension fund OTAN JSC was sold to JSC "SAT & Company" for KZT 3,608,920,928.00 (€ 18 m) on 15 March 2010.

Notes to the income statement

(4) Interest income / Interest expense

Interest income and similar revenues

(€ m)

	1 JAN.–31 MARCH 2010				1 JAN.– 31 MARCH 2009
	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	TOTAL
Financial assets held for trading	43	–	27	69	64
Financial assets at fair value through profit or loss	2	–	–	2	5
Available-for-sale financial assets	109	–	–	109	113
Held-to-maturity investments	79	–	–	79	109
Loans and receivables with banks	–	61	–	61	234
Loans and receivables with customers	19	1,593	–	1,612	2,224
Hedging derivatives	X	X	129	129	215
Other assets	X	X	3	3	6
TOTAL	**253**	**1,654**	**158**	**2,065**	**2,970**

Interest expense and similar charges

(€ m)

	1 JAN.–31 MARCH 2010				1 JAN.– 31 MARCH 2009
	DEPOSITS	SECURITIES	OTHER TRANSACTIONS	TOTAL	TOTAL
Deposits from central banks	–8	X	–	–8	n. a.
Deposits from banks	–160	X	–	–160	–441
Deposits from customers	–544	X	–	–544	–826
Debt securities in issue	X	–201	–	–201	–354
Financial liabilities held for trading	–	–	–39	–39	–12
Financial liabilities at fair value through profit or loss	–	–6	–	–7	–10
Other liabilities	X	X	–3	–3	–5
Hedging derivatives	X	X	–22	–22	–10
TOTAL	**–713**	**–207**	**–63**	**–983**	**–1,658**

Notes to the income statement (CONTINUED)

(5) Fee and commission income / Fee and commission expense

Fee and commission income

(€ m)

	1 JAN.– 31 MARCH 2010	1 JAN.– 31 MARCH 2009
Guarantees given	**52**	**42**
Credit derivatives	**2**	**2**
Management, brokerage and consultancy services:	**197**	**185**
securities trading	16	11
currency trading	62	75
portfolio management	48	38
custody and administration of securities	26	23
custodian bank	10	9
placement of securities	8	8
reception and transmission of orders	2	4
advisory services	3	2
distribution of third party services	21	15
Collection and payment services	**178**	**215**
Securitisation servicing	**–**	**–**
Factoring	**10**	**9**
Tax collection services	**–**	**–**
Management of multilateral trading facilities	**–**	**–**
Management of current accounts	**49**	**30**
Other services	**88**	**63**
TOTAL	**577**	**546**

Fee and commission expense

(€ m)

	1 JAN.– 31 MARCH 2010	1 JAN.– 31 MARCH 2009
Guarantees received	**–7**	**–2**
Credit derivatives	**–11**	**–11**
Management, brokerage and consultancy services:	**–26**	**–12**
trading in financial instruments	–3	–2
currency trading	–	–1
portfolio management	–	–3
custody and administration of securities	–14	–5
placement of financial instruments	–	–
off-site distribution of financial instruments, products and services	–9	–
Collection and payment services	**–52**	**–47**
Other services	**–10**	**–16**
TOTAL	**–107**	**–89**

(6) Dividend income and similar revenue

(€ m)

	1 JAN.–31 MARCH 2010		1 JAN.–31 MARCH 2009	
	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
Financial assets held for trading	–	–	–	–
Available-for-sale financial assets	–	1	2	–
Financial assets at fair value through profit or loss	–	–	–	8
Investments	–	X	–	X
TOTAL	**–**	**1**	**3**	**8**

Notes to the income statement (CONTINUED)

(7) Gains and losses on financial assets and liabilities held for trading

(€ m)

	1 JAN.–31 MARCH 2010					1 JAN.– 31 MARCH 2009
	UNREALISED PROFITS	REALISED PROFITS	UNREALISED LOSSES	REALISED LOSSES	NET PROFIT	NET PROFIT
Financial assets held for trading	**134**	**127**	**–47**	**–61**	**152**	**–42**
Debt securities	39	47	–5	–4	77	4
Equity instruments	44	9	–41	–4	8	–5
Units in investment funds	26	–	–	–	26	–
Loans	–	–	–	–	–	1
Other	25	70	–	–53	41	–41
Financial liabilities held for trading	**–**	**–**	**–2**	**–5**	**–7**	**–4**
Debt securities	–	–	–	–	–	–
Deposits	–	–	–	–	–	–2
Other	–	–	–2	–5	–7	–2
Other financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**49**	**205**
Derivatives	**218**	**356**	**–240**	**–377**	**–119**	**40**
Financial derivatives	218	340	–240	–377	–135	9
on debt securities and interest rates	*208*	*327*	*–223*	*–359*	*–47*	*140*
on equity securities and share indices	*4*	*1*	*–3*	*–6*	*–6*	*–6*
on currency and gold	*X*	*X*	*X*	*X*	*–76*	*–142*
other	*6*	*13*	*–14*	*–11*	*–6*	*17*
Credit derivatives	–	16	–	–	16	32
TOTAL	**352**	**483**	**–289**	**–444**	**75**	**199**

(8) Fair value adjustments in hedge accounting

(€ m)

	1 JAN.– 31 MARCH 2010	1 JAN.– 31 MARCH 2009
Gains on:		
Fair value hedging instruments	8	1
Hedged asset items (in fair value hedge relationship)	2	2
Hedged liability items (in fair value hedge relationship)	–	–
Total gains on hedging activities	**9**	**3**
Losses on:		
Fair value hedging instruments	–7	–2
Hedged asset items (in fair value hedge relationship)	–1	–2
Hedged liability items (in fair value hedge relationship)	–2	–
Total losses on hedging activities	**–10**	**–3**
NET HEDGING RESULT	**–0**	**–1**

Notes to the income statement (CONTINUED)

(9) Gains and losses on disposals/repurchases

(€ m)

	1 JAN.–31 MARCH 2010			1 JAN.–31 MARCH 2009		
	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
Financial assets						
Loans and receivables with banks	–	–	–	–	–	–
Loans and receivables with customers	2	–1	2	–	–	–
Available-for-sale financial assets	23	–6	18	60	–18	42
Debt securities	*10*	*–6*	*4*	*5*	*–7*	*–2*
Equity instruments	*13*	*–*	*13*	*55*	*–11*	*44*
Units in investment funds	*–*	*–*	*–*	*–*	*–*	*–*
Loans	*–*	*–*	*–*	*–*	*–*	*–*
Held-to-maturity investments	–	–	–	–	–3	–3
TOTAL ASSETS	**26**	**–6**	**19**	**60**	**–21**	**39**
Financial liabilities						
Deposits from banks	–	–	–	–	–	–
Deposits from customers	–	–	–	–	–	–
Debt securities in issue	–	–	–	–	–	–
TOTAL LIABILITIES	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL	**26**	**–6**	**19**	**60**	**–21**	**39**

(10) Net change in financial assets and liabilities at fair value through profit or loss

(€ m)

	1 JAN.–31 MARCH 2010					1 JAN.–31 MARCH 2009
	UNREALISED PROFITS	REALISED PROFITS	UNREALISED LOSSES	REALISED LOSSES	NET PROFIT	NET PROFIT
Financial assets	**3**	**–**	**–1**	**–1**	**1**	**–9**
Debt securities	1	–	–	–	1	1
Equity securities	–	–	–	–	–	–
Units in investment funds	1	–	–1	–1	–	–10
Loans	–	–	–	–	–	–
Financial liabilities	**2**	**1**	**–44**	**–**	**–41**	**9**
Debt securities	2	1	–44	–	–41	9
Deposits from banks	–	–	–	–	–	–
Deposits from customers	–	–	–	–	–	–
Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**–**	**–**
Credit and financial derivatives	**44**	**–**	**–2**	**–**	**41**	**–9**
TOTAL	**48**	**1**	**–47**	**–1**	**1**	**–9**

Notes to the income statement (CONTINUED)

(11) Impairment losses

Impairment losses on loans and receivables

(€ m)

	1 JAN.–31 MARCH 2010						1 JAN.–31 MARCH 2009
	WRITE-DOWNS			WRITE-BACKS			
	SPECIFIC						
	WRITE-OFFS	OTHER	PORTFOLIO	SPECIFIC	PORTFOLIO	TOTAL	TOTAL
Loans and receivables with banks	–	–	–	2	–	2	–
Loans and receivables with customers	–6	–685	–37	200	90	–439	–441
TOTAL	**–6**	**–685**	**–37**	**201**	**90**	**–437**	**–441**

Impairment losses on available-for-sale financial assets

(€ m)

	1 JAN.–31 MARCH 2010				1 JAN.–31 MARCH 2009
	WRITE-DOWNS		WRITE-BACKS		
	SPECIFIC				
	WRITE-OFFS	OTHER	SPECIFIC	TOTAL	TOTAL
Debt securities	–	–	1	1	–
Equity instruments	–	–	x	–	–
Units in investment funds	–	–	–	–	–
Loans to banks	–	–	–	–	–
Loans to customers	–	–	–	–	–
TOTAL	**–**	**–**	**1**	**1**	**–**

Impairment losses on other financial transactions

(€ m)

	1 JAN.–31 MARCH 2010						1 JAN.–31 MARCH 2009
	WRITE-DOWNS			WRITE-BACKS			
	SPECIFIC						
	WRITE-OFFS	OTHER	PORTFOLIO	SPECIFIC	PORTFOLIO	TOTAL	TOTAL
Guarantees given	–	–19	–1	13	2	–4	–6
Credit derivatives	–	–	–	–	–	–	–
Commitments to disburse funds	–	–1	–1	1	1	1	1
Other transactions	–	–	–	–	–	–	–
TOTAL	**–**	**–20**	**–1**	**14**	**4**	**–4**	**–5**

Notes to the income statement (CONTINUED)

(12) Payroll

(€ m)

	1 JAN.– 31 MARCH 2010	1 JAN.– 31 MARCH 2009
Employees	**–468**	**–479**
Wages and salaries	–342	–348
Social charges	–69	–70
Severance pay	–	–1
Social security costs	–13	–13
Allocation to employee severance pay provision	–	–6
Provision for retirement payments and similar provisions	–55	–53
Payments to external pension funds	–6	–5
Costs related to share-based payments	–1	–1
Other employee benefits	–19	–12
Recovery of compensation*)	37	30
Others	**–12**	**–8**
TOTAL	**–480**	**–488**

*) This includes recovery of staff costs relating to Bank Austria employees who are not active within the Group.

(13) Other administrative expenses

(€ m)

	1 JAN.– 31 MARCH 2010	1 JAN.– 31 MARCH 2009
Indirect taxes and duties	**–15**	**–8**
Miscellaneous costs and expenses	**–345**	**–317**
Advertising, marketing and communication	–25	–24
Expenses related to credit risk	–8	–3
Expenses related to personnel	–13	–12
Information and communication technology expenses	–97	–74
Consulting and professional services	–10	–9
Real estate expenses	–82	–83
Other functioning costs	–111	–112
TOTAL	**–360**	**–325**

(14) Net provisions for risks and charges

(€ m)

	1 JAN.–31 MARCH 2010			1 JAN.– 31 MARCH 2009
	PROVISIONS	REALLOCATION SURPLUS	TOTAL	TOTAL
Other provisions				
Legal disputes	–1	1	0	2
Staff costs	–	–	–	–
Other	–71	1	–70	–6
TOTAL	**–72**	**1**	**–71**	**–4**

Notes to the income statement (CONTINUED)

(15) Impairment on property, plant and equipment

(€ m)

	1 JAN.–31 MARCH 2010				1 JAN.–31 MARCH 2009
	DEPRECIATION	IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT	NET PROFIT
Property, plant and equipment					
Owned	**–51**	**–**	**–**	**–51**	**–52**
used in the business	–50	–	–	–50	–51
held for investment	–2	–	–	–2	–1
Finance lease	**–1**	**–**	**–**	**–1**	**–1**
used in the business	–1	–	–	–1	–1
held for investment	–	–	–	–	–
TOTAL	**–52**	**–**	**–**	**–52**	**–53**

(16) Impairment on intangible assets

(€ m)

	1 JAN.–31 MARCH 2010				1 JAN.–31 MARCH 2009
	AMORTISATION	IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT	NET PROFIT
Intangible assets					
Owned	**–27**	**–**	**1**	**–26**	**–28**
generated internally by the company	–1	–	–	–1	–8
other	–26	–	1	–25	–20
Finance leases	**–**	**–**	**–**	**–**	**–**
TOTAL	**–27**	**–**	**1**	**–26**	**–28**

(17) Other net operating income

Other operating expenses

(€ m)

	1 JAN.–31 MARCH 2010	1 JAN.–31 MARCH 2009
Costs for operating leases	–	–
Reclassification of gains/losses associated with cash flow hedges of non-financial assets or liabilities from equity to profit or loss (IAS 39, paragraph 98a)	–	–
Non-deductible tax and other fiscal charges	–	–1
Writedowns on improvements of goods owned by third parties	–	–
Costs related to the specific service of financial leasing	–	–
Other	–26	–13
TOTAL OTHER OPERATING EXPENSES	**–27**	**–14**

Other operating income

(€ m)

	1 JAN.–31 MARCH 2010	1 JAN.–31 MARCH 2009
Recovery of costs	**–**	**–**
Other income	**54**	**45**
Revenue from administrative services	31	26
Reclassification of valuation reserve relating to cash-flow hedging of non-financial assets/liabilities	–	–
Revenues from rentals of real estate investments (net of direct operating costs)	4	4
Revenues from operating leases	–	–
Recovery of miscellaneous costs paid in previous years	1	1
Revenues from finance lease activities	–	–
Others	17	14
TOTAL OTHER OPERATING INCOME	**54**	**45**
OTHER NET OPERATING INCOME	**27**	**32**

Notes to the balance sheet

(18) Financial assets held for trading

(€ m)

	31 MARCH 2010				31 DEC. 2009
	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL	TOTAL
Financial assets (non-derivatives)	**1,032**	**1,773**	**238**	**3,043**	**2,503**
Debt securities	1,001	1,772	23	2,796	2,292
Structured securities	*6*	–	–	*6*	*6*
Other debt securities	*995*	*1,772*	*23*	*2,790*	*2,286*
Equity instruments	21	–	3	24	14
Units in investment funds	10	–	212	223	197
Loans	–	–	–	–	–
Repos	–	–	–	–	–
Other	–	–	–	–	–
Derivative instruments	**4**	**1,750**	**24**	**1,778**	**1,634**
Financial derivatives	4	1,748	23	1,775	1,632
Trading	*4*	*1,748*	*20*	*1,771*	*1,630*
Related to fair value option	–	–	–	–	–
Other	–	–	*3*	*3*	*2*
Credit derivatives	–	3	1	3	1
Trading	–	*3*	*1*	*3*	*1*
Related to fair value option	–	–	–	–	–
Other	–	–	–	–	–
TOTAL	**1,036**	**3,523**	**262**	**4,821**	**4,137**

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

(€ m)

	31 MARCH 2010				31 DEC. 2009
	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL	TOTAL
Debt securities	*10*	125	57	192	176
Structured securities	–	–	–	–	–
Other debt securities	*10*	*125*	*57*	*192*	*176*
Equity securities	*17*	–	–	18	18
Units in investment funds	–	–	35	35	34
Loans	–	–	2	2	6
Structured	–	–	–	–	–
Other	–	–	*2*	*2*	*6*
TOTAL	**28**	**125**	**94**	**246**	**235**

This item shows assets in respect of which Bank Austria used the option to designate financial instruments as at fair value through profit or loss in order to avoid inconsistencies in the valuation of assets and liabilities which are connected with each other. Most of these assets are complex structures with embedded derivatives.

Notes to the balance sheet (CONTINUED)

(20) Available-for-sale financial assets

(€ m)

	31 MARCH 2010				31 DEC. 2009
	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL	TOTAL
Debt securities	3,475	6,507	*1,751*	11,732	10,111
Structured securities	*–*	*1*	*419*	*421*	*424*
Other	*3,475*	*6,505*	*1,332*	*11,312*	*9,687*
Equity instruments	1	203	*273*	477	485
Measured at fair value	*1*	*203*	*263*	*467*	*476*
Carried at cost	*–*	*–*	*10*	*10*	*9*
Units in investment funds	16	102	*72*	190	230
Loans	–	–	–	–	–
TOTAL	**3,492**	**6,811**	**2,096**	**12,399**	**10,826**

(21) Held-to-maturity investments

(€ m)

	31 MARCH 2010					31 DEC. 2009	
	CARRYING AMOUNT	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Debt securities	5,146	2,804	2,188	293	5,285	5,067	5,195
Structured securities	–	–	–	–	–	–	–
Other securities	*5,146*	*2,804*	*2,188*	*293*	*5,285*	*5,067*	*5,195*
Loans	–	–	–	–	–	–	–
TOTAL	**5,146**	**2,804**	**2,188**	**293**	**5,285**	**5,067**	**5,195**

(22) Loans and receivables with banks

(€ m)

	31 MARCH 2010	31 DEC. 2009
Loans to central banks	**4,540**	**5,225**
Time deposits	367	292
Compulsory reserves	3,670	4,426
Repos	433	464
Other	70	43
Loans to banks	**18,864**	**17,851**
Current accounts and demand deposits	3,510	2,315
Time deposits	10,494	10,908
Other loans	4,860	4,628
Repos	*1,990*	*1,773*
Finance leases	*–*	*–*
Other	*2,869*	*2,855*
Debt securities	–	–
Structured	*–*	*–*
Other	*–*	*–*
TOTAL (CARRYING AMOUNT)	**23,404**	**23,076**
TOTAL (FAIR VALUE)	**23,609**	**23,305**
Loan loss provisions deducted from loans and receivables	98	99

Notes to the balance sheet (CONTINUED)

(23) Loans and receivables with customers

(€ m)

	31 MARCH 2010			31 DEC. 2009
	PERFORMING	IMPAIRED	TOTAL	TOTAL
Current accounts	12,608	272	12,880	12,934
Repos	184	1	185	203
Mortgages	22,389	1,179	23,568	22,971
Credit cards and personal loans, including wage assignment loans	8,366	161	8,527	8,392
Finance leases	365	31	396	407
Factoring	690	7	698	784
Other transactions	75,159	3,057	78,216	75,876
Debt securities	1,987	47	2,035	2,034
Structured securities	–	–	–	–
Other debt securities	*1,987*	*47*	*2,035*	*2,034*
TOTAL (CARRYING AMOUNT)	**121,748**	**4,755**	**126,503**	**123,602**
TOTAL (FAIR VALUE)	**122,273**	**4,856**	**127,129**	**125,891**
Loan loss provisions deducted from loans and receivables	826	5,310	6,135	5,691

(24) Property, plant and equipment

(€ m)

	31 MARCH 2010	31 DEC. 2009
Assets for operational use	**1,947**	**1,904**
Owned	**1,895**	**1,852**
Land	184	179
Buildings	1,275	1,226
Office furniture and fittings	151	155
Electronic systems	178	180
Others	107	111
Leased	**52**	**52**
Land	–	–
Buildings	50	49
Office furniture and fittings	–	–
Electronic systems	1	2
Others	1	1
Held-for-investment assets	**474**	**369**
Owned	**474**	**369**
Land	236	214
Buildings	238	155
Leased	**–**	**–**
Land	–	–
Buildings	–	–
TOTAL	**2,421**	**2,273**

Notes to the balance sheet (CONTINUED)

(25) Intangible assets

(€ m)

	31 MARCH 2010	31 DEC. 2009
Goodwill	**3,608**	**3,415**
Other intangible assets	**527**	**523**
Assets carried at cost	527	523
Intangible assets generated internally	*27*	*46*
Other assets	*500*	*477*
Assets valued at fair value	–	–
Intangible assets generated internally	–	–
Other assets	–	–
TOTAL	**4,136**	**3,938**

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

(€ m)

	31 MARCH 2010	31 DEC. 2009
Individual assets		
Financial assets	–	–
Equity investments	–	–
Property, plant and equipment	46	46
Intangible assets	–	–
Other non-current assets	–	–
Total	**46**	**46**
Asset groups classified as held for sale		
Financial assets held for trading	11,577	11,557
Financial assets at fair value through profit or loss	2	25
Available-for-sale financial assets	92	259
Held-to-maturity investments	–	1
Loans and receivables with banks	1,157	11
Loans and receivables with customers	81	–
Equity investments	–	–
Property, plant and equipment	–	–
Intangible assets	–	–
Other assets	1,207	1,311
Total	**14,116**	**13,164**
ASSETS	**14,162**	**13,210**

This item includes the investment bank UniCredit CAIB AG and the brokerage firm UniCredit CAIB Securities UK Ltd.

(27) Deposits from banks

(€ m)

	31 MARCH 2010	31 DEC. 2009
Deposits from central banks	**4,053**	**4,355**
Deposits from banks	**27,932**	**29,007**
Current accounts and demand deposits	2,650	2,863
Time deposits	9,251	9,456
Loans	15,577	16,226
Reverse repos	*552*	*1,126*
Other	*15,025*	*15,101*
Liabilities in respect of commitments to repurchase treasury shares	–	–
Other liabilities	454	461
TOTAL	**31,985**	**33,362**
FAIR VALUE	**32,303**	**33,588**

Notes to the balance sheet (CONTINUED)

(28) Deposits from customers

(€ m)

	31 MARCH 2010	31 DEC. 2009
Current accounts and demand deposits	39,215	39,368
Time deposits	50,282	50,149
Loans	744	669
Reverse repos	*445*	*395*
Other	*299*	*274*
Liabilities in respect of commitments to repurchase treasury shares	538	529
Other liabilities	6,820	6,327
TOTAL	**97,598**	**97,041**
FAIR VALUE	**97,325**	**97,407**

(29) Debt securities in issue

(€ m)

	31 MARCH 2010					31 DEC. 2009	
	CARRYING AMOUNT	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Securities							
Bonds	27,086	2,008	24,563	371	26,941	26,764	26,576
Structured	*105*	–	–	*105*	*105*	*99*	*99*
Other	*26,982*	*2,008*	*24,563*	*267*	*26,837*	*26,666*	*26,477*
Other securities	2,565	27	1,700	837	2,565	2,058	2,057
Structured	*27*	*27*	–	–	*27*	*27*	*27*
Other	*2,538*	–	*1,700*	*837*	*2,537*	*2,030*	*2,030*
TOTAL	**29,651**	**2,035**	**26,263**	**1,208**	**29,506**	**28,822**	**28,633**

(30) Financial liabilities held for trading

(€ m)

	31 MARCH 2010				31 DEC. 2009
	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL	TOTAL
Financial liabilities	**8**	**86**	**–**	**94**	**37**
Deposits from banks	**–**	**70**	**–**	**70**	**–**
Deposits from customers	**8**	**16**	**–**	**24**	**37**
Debt securities	**–**	**–**	**–**	**–**	**–**
Bonds	–	–	–	–	–
Structured	–	–	–	–	–
Other	–	–	–	–	–
Other securities	–	–	–	–	–
Structured	–	–	–	–	–
Other	–	–	–	–	–
Derivative instruments	**1**	**1,031**	**28**	**1,061**	**878**
Financial derivatives	**1**	**1,031**	**28**	**1,061**	**878**
Trading	1	1,027	26	1,054	874
Relating to fair value option	–	–	–	–	–
Other	–	4	3	6	5
Credit derivatives	**–**	**–**	**–**	**–**	**–**
Trading derivatives	–	–	–	–	–
Relating to fair value option	–	–	–	–	–
Other	–	–	–	–	–
TOTAL	**9**	**1,118**	**28**	**1,155**	**915**

Notes to the balance sheet (CONTINUED)

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

(€ m)

	31 MARCH 2010				31 DEC. 2009
	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	TOTAL	TOTAL
Deposits from banks	–	–	–	–	–
Structured	–	–	–	–	–
Others	–	–	–	–	–
Deposits from customers	–	–	–	–	–
Structured	–	–	–	–	–
Others	–	–	–	–	–
Debt securities	–	1,959	–	1,959	1,967
Structured	–	*1,959*	–	*1,959*	*1,967*
Others	–	–	–	–	–
TOTAL	**–**	**1,959**	**–**	**1,959**	**1,967**

This item shows liabilities in respect of which Bank Austria used the option to designate financial instruments as at fair value through profit or loss in order to avoid inconsistencies in the valuation of assets and liabilities which are connected with each other. Most of these liabilities are debt securities and complex structures with embedded derivatives. In the first three months of 2010, changes in fair values resulting from changes in our own funding costs were –€ 15.6 m (same period of the previous year: € 49.7 m).

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

(€ m)

	31 MARCH 2010	31 DEC. 2009
Liabilities associated with assets classified as held for sale		
Deposits	–	–
Securities	–	–
Other liabilities	–	–
Total	**–**	**–**
Liabilities included in disposal groups classified as held for sale		
Deposits from banks	1,808	–
Deposits from customers	106	–
Debt securities in issue	–	–
Financial liabilities held for trading	9,770	8,663
Financial liabilities at fair value through profit or loss	36	35
Provisions	1	–
Other liabilities	1,478	1,794
Total	**13,199**	**10,492**
LIABILITIES	**13,199**	**10,492**

(33) Provisions for risks and charges

(€ m)

	31 MARCH 2010	31 DEC. 2009
Pensions and other post-retirement benefit obligations	**3,681**	**3,677**
Other provisions for risks and charges	**534**	**490**
Legal disputes	189	147
Staff expenses	5	4
Other	341	339
TOTAL	**4,215**	**4,167**

Additional IFRS disclosures

(34) Guarantees given and commitments

(€ m)

	31 MARCH 2010	31 DEC. 2009
Financial guarantees given to:	**6,984**	**7,911**
Banks	378	618
Customers	6,606	7,293
Commercial guarantees given to:	**13,287**	**12,518**
Banks	2,473	1,948
Customers	10,814	10,570
Other irrevocable commitments to disburse funds	**13,941**	**12,971**
Banks	955	292
Usage certain	*47*	*49*
Usage uncertain	*908*	*242*
Customers	12,986	12,680
Usage certain	*5,598*	*6,205*
Usage uncertain	*7,388*	*6,475*
Underlying obligations for credit derivatives: sales of protection	**921**	**927**
Assets used to guarantee others' obligations	**–**	**–**
Other commitments	**3,525**	**3,587**
TOTAL	**38,659**	**37,915**

(35) 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 UniCredit 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 2010 is € 1 m.

No new Stock Option Plans have been granted since 2009. A cash-based payment model was adopted.

Employees

	Q1 2010	2009
Salaried staff	60,043	61,920
Other employees	105	139
TOTAL*)	**60,148**	**62,059**
of which: in Austria	*7,871*	*8,146*
of which: abroad	*52,277*	*53,913*

*) Average full-time equivalents of staff employed in the Bank Austria Group (consolidated companies), excluding apprentices and employees on unpaid sabbatical or maternity/paternity leave.

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

At the meeting of the Supervisory Board on Thursday, 6 May 2010, Doris Tomanek was appointed to the Management Board with responsibility for Human Resources Austria & CEE with immediate effect. In this capacity, she has overall responsibility for human resources for Bank Austria and all CEE subsidiaries as well as for the coordination of all personnel matters of UniCredit Group subsidiaries in Austria.

Additional IFRS disclosures (CONTINUED)

(37) Reconciliation of reclassified accounts to mandatory reporting schedule

(€ m)

	1 JAN.– 31 MARCH 2010	1 JAN.– 31 MARCH 2009
Net interest	1,081	1,312
Dividends and other income from equity investments	36	23
Dividend income and similar revenue	1	11
minus: dividends from equity instruments held for trading	–	–
Profit (loss) of associates – of which: Income (loss) from equity investments valued at net equity	35	13
Net interest income	**1,118**	**1,335**
Net fees and commissions	470	457
Net trading, hedging and fair value income	76	190
Gains (losses) on financial assets and liabilities held for trading	75	199
plus: dividends from equity instruments held for trading	–	–
Fair value adjustments in hedge accounting	–	*–1*
Gains (losses) on disposal or repurchase of financial liabilities	–	–
Gains (losses) on financial assets and liabilities designated at fair value through profit and loss	*1*	*–9*
Net other expenses/income	31	36
Gains (losses) on disposals/repurchases of loans and receivables – not impaired	–	–
Premiums earned (net)	24	23
Other income (net) from insurance activities	–19	–19
Other net operating income	27	32
minus: other operating income – of which: recovery of expenses	–	–
plus: Gains (losses) on disposals of investments – assets leasing operation	–	–
Net non-interest income	**577**	**683**
OPERATING INCOME	**1,695**	**2,018**
Payroll costs	–480	–488
Administrative costs – staff expenses	–480	–488
minus: integration costs	–	–
Other administrative expenses	–359	–324
Administrative costs – other administrative expenses	–360	–325
minus: integration costs	*1*	*1*
Recovery of expenses = Other net operating income – of which: Operating income – recovery of costs	–	–
Amortisation, depreciation and impairment losses on intangible and tangible assets	–78	–81
Impairment/Write-backs on property, plant and equipment	–52	–53
minus: impairment losses/write backs on property owned for investment	–	–
minus: integration costs	–	–
Impairment/Write-backs on intangible assets	–26	–28
minus: integration costs	–	–
OPERATING EXPENSES	**–916**	**–892**
OPERATING PROFIT	**778**	**1,126**

Additional IFRS disclosures (CONTINUED)

	1 JAN.– 31 MARCH 2010	1 JAN.– 31 MARCH 2009
Impairment of goodwill	–	–
Provisions for risks and charges	–71	–4
Integration costs	–1	–1
Net impairment losses on loans and provisions for guarantees and commitments	–439	–446
Gains (losses) on disposal and repurchase of loans	2	–
minus: gains (losses) on disposals/repurchases of loans and receivables – not impaired position	–	–
Impairment losses on loans	–437	–441
Impairment losses on other financial assets	–4	–5
Net income from investments	22	47
Gains (losses) on disposal and repurchase of available-for-sale financial assets	18	42
Gains (losses) on disposal and repurchase of held-to-maturity investments	–	–
Impairment losses on: available-for-sale financial assets	1	–3
Impairment losses on: held-to-maturity investments	–	–
plus: Impairment losses/write backs on property owned for investment	–	–
Profit (loss) of associates	34	–
minus: Profit (loss) of associates – Income (loss) from equity investments valued at net equity	*–35*	*16*
Gains and losses on tangible and intangible assets	*–2*	–
Gains (losses) on disposal of investments	7	–13
minus: gains (losses) on disposals of investments – assets leasing operation	–	*5*
PROFIT BEFORE TAX	**290**	**722**
Income tax for the period = Tax (income) expense related to profit or loss from continuing operations	–34	–150
NET PROFIT (LOSS) FOR THE PERIOD	**255**	**572**
Net profit attributable to the parent company	242	547
Minorities	–14	–25

Additional IFRS disclosures (CONTINUED)

(38) Segment reporting

As in previous periods, the segment reporting format is based on the internal reporting structure of business segments, which reflects management responsibilities in the Bank Austria Group in 2010. The business segments are presented as independent units with their own capital resources and responsibility for their own results. This also meets the requirements of IFRS 8.

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

Retail
Responsibility for the Retail Division covers Bank Austria's business with private customers (except Private Banking customers) and small businesses and the credit card business.

Private Banking
Private Banking has responsibility for private customers with investments exceeding € 500,000. Schoellerbank AG is also included in the Private Banking Division.

Corporate & Investment Banking
The Corporate & Investment Banking segment covers the sub-segments large customers (Multinational Corporates, Financial Institutions, Public Sector) and real estate, business with medium-sized companies and customers using specific products as well as treasury activities. The Corporate & Investment Banking Division includes, beside others, the investment bank CAIB, Bank Austria Wohnbaubank AG and the Bank Austria Real Invest Group as consolidated companies. The CAIB subsidiaries in the CEE countries are allocated to the CEE business segment as from the first quarter of 2010.

CEE
The CEE business segment includes the commercial banking units of the Bank Austria Group in the region of Central and Eastern Europe (including Turkey and Kazakhstan). The CAIB subsidiaries in the CEE countries are also allocated to the CEE business segment as from the first quarter of 2010.

Corporate Center
Corporate Center covers all equity interests that are not assigned to other segments and it also includes the contribution from UniCredit Global Leasing, in which Bank Austria has a shareholding interest of 31.01 % accounted for under the equity method. 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, before deduction of minority interests, earned by the respective segment.

The interest rate applied to investment of equity allocated to the business segments is determined for one year in advance as part of the budgeting process. It is composed of a "risk-free" interest rate plus a margin of the average 5-year CDS spread of UniCredit.

Overhead costs are allocated to the business segments according to a key of distribution applied within the Group on a uniform basis (50 % costs, 20 % revenues, 20 % FTEs and 10 % proportionately).

Additional IFRS disclosures (CONTINUED)

In 2010, capital allocated to the business segments in UniCredit Bank Austria AG, based on the Tier 1 capital ratio, is 6.7% of planned risk-weighted assets under the Basel II rules. Capital allocation to subsidiaries reflects actual IFRS capital. The adjustment item with respect to the consolidated IFRS capital of the Bank Austria Group is reflected in the Corporate Center.

Restatements for 2009:

In 2010, a number of structural changes took place within the business segments and in the group of consolidated companies. This means that results for 2010 are not fully comparable with those for 2009. For this reason, the segment results for 2009 have been restated. The difference compared with Bank Austria's results for 2009 is presented in a separate column showing "Restatement differences".

The main pro-forma adjustments made to the figures for 2009 are as follows:

- The reorganisation of the Private Banking segment in the fourth quarter of 2009, the transfer of customers from Retail to Private Banking in particular, is reflected in the figures for all quarters of 2009.
- WAVE was sold to UGIS (UniCredit Global Information Services S.p.A.) in May 2009 and is therefore no longer included in the restated figures for 2009.
- The CAIB subsidiaries in CEE countries were transferred from Corporate & Investment Banking to the CEE business segment.
- The allocation of overhead costs was changed as from 2010, and the changes were also applied to 2009.
- From 2010, income from custodian bank services is no longer allocated to the sales divisions but exclusively to the department responsible for settlement in Corporate & Investment Banking. The relevant comparative figures for 2009 were also restated.

Additional IFRS disclosures (CONTINUED)

Segment reporting Q1–Q4 2009/Q1 2010

(€ m)

		RETAIL DIVISION	PRIVATE BANKING DIVISION	CORPORATE & INVESTMENT BANKING DIVISION	CENTRAL EASTERN EUROPE DIVISION	CORPORATE CENTER	RESTATEMENT DIFFERENCES [1]	BANK AUSTRIA GROUP
Net interest income	**Q1/2010**	**164**	**10**	**226**	**781**	**–64**	**–**	**1,118**
	Q4/2009	**172**	**13**	**289**	**772**	**–106**	**–6**	**1,133**
	Q3/2009	**171**	**16**	**367**	**739**	**–108**	**2**	**1,186**
	Q2/2009	**165**	**16**	**428**	**737**	**–125**	**1**	**1,222**
	Q1/2009	**180**	**12**	**466**	**756**	**–83**	**4**	**1,335**
Net fees and commissions	Q1/2010	101	25	80	270	–6	–	470
	Q4/2009	102	24	98	280	–8	–	497
	Q3/2009	93	23	65	264	–10	–	436
	Q2/2009	94	23	67	262	–4	1	442
	Q1/2009	97	21	87	254	–3	1	457
Net trading, hedging and fair value income/loss	Q1/2010	–	–	28	20	28	–	76
	Q4/2009	–	–	–10	69	31	–1	89
	Q3/2009	–1	–	–114	68	14	–	–34
	Q2/2009	–8	1	–102	183	5	1	81
	Q1/2009	10	–	2	176	2	–	190
Net other expenses/income	Q1/2010	2	–	2	1	26	–	31
	Q4/2009	–7	–2	8	–1	23	–1	21
	Q3/2009	3	–1	7	31	55	–	95
	Q2/2009	2	–1	4	21	32	2	60
	Q1/2009	3	–4	3	6	35	–7	36
Net non-interest income	**Q1/2010**	**103**	**25**	**111**	**291**	**48**	**–**	**577**
	Q4/2009	**95**	**22**	**96**	**349**	**45**	**–2**	**606**
	Q3/2009	**95**	**22**	**–42**	**363**	**59**	**–**	**496**
	Q2/2009	**88**	**22**	**–30**	**467**	**33**	**4**	**584**
	Q1/2009	**110**	**17**	**91**	**436**	**34**	**–7**	**683**
OPERATING INCOME	**Q1/2010**	**267**	**35**	**337**	**1,072**	**–16**	**–**	**1,695**
	Q4/2009	**267**	**35**	**385**	**1,121**	**–61**	**–8**	**1,739**
	Q3/2009	**266**	**38**	**325**	**1,102**	**–49**	**1**	**1,683**
	Q2/2009	**253**	**38**	**398**	**1,203**	**–92**	**5**	**1,805**
	Q1/2009	**290**	**29**	**558**	**1,192**	**–49**	**–3**	**2,018**
OPERATING EXPENSES	**Q1/2010**	**–194**	**–24**	**–122**	**–503**	**–73**	**–**	**–916**
	Q4/2009	**–187**	**–27**	**–118**	**–509**	**–85**	**4**	**–922**
	Q3/2009	**–194**	**–24**	**–118**	**–483**	**–76**	**–1**	**–898**
	Q2/2009	**–198**	**–23**	**–126**	**–478**	**–77**	**–1**	**–904**
	Q1/2009	**–200**	**–23**	**–117**	**–475**	**–79**	**3**	**–892**
OPERATING PROFIT	**Q1/2010**	**73**	**11**	**215**	**570**	**–89**	**–**	**778**
	Q4/2009	**80**	**9**	**267**	**612**	**–146**	**–4**	**817**
	Q3/2009	**71**	**13**	**207**	**618**	**–125**	**–**	**785**
	Q2/2009	**55**	**15**	**272**	**725**	**–169**	**4**	**902**
	Q1/2009	**90**	**6**	**441**	**717**	**–128**	**–**	**1,126**
Goodwill impairment	Q1/2010	–	–	–	–	–	–	–
	Q4/2009	–	–	–	–	–18	–	–18
	Q3/2009	–	–	–	–1	–	–	–1
	Q2/2009	–	–	–	–	–	–	–
	Q1/2009	–	–	–	–	–	–	–
Provisions for risks and charges	Q1/2010	–	–	–	–6	–65	–	–71
	Q4/2009	–1	–	–41	–24	–	2	–64
	Q3/2009	–	–	–10	–5	–9	–2	–27
	Q2/2009	–1	–	–	–13	–5	–	–20
	Q1/2009	–	–	–	–3	–	–	–4
Restructuring costs	Q1/2010	–	–	–	–1	–	–	–1
	Q4/2009	–	–	–3	–1	–	–	–4
	Q3/2009	–	–	–	–1	–	–	–1
	Q2/2009	–	–	–1	–1	–	–	–2
	Q1/2009	–	–	–	–1	–	–	–1
Net writedowns of loans and provisions for guarantees and commitments	Q1/2010	–63	–	–62	–314	–	–	–439
	Q4/2009	–53	–	–105	–501	–	4	–655
	Q3/2009	–63	–	–31	–510	–	1	–603
	Q2/2009	–72	–	–111	–376	–	–4	–563
	Q1/2009	–55	–	–60	–331	–	–1	–446

1) The segment results for 2009 have been restated. The difference compared with Bank Austria's results for 2009 is presented in a separate column showing "Restatement differences", which mainly relate to changes in the group of consolidated companies (e.g. sale of WAVE) and other adjustments.

Additional IFRS disclosures (CONTINUED)

		RETAIL DIVISION	PRIVATE BANKING DIVISION	CORPORATE & INVESTMENT BANKING DIVISION	CENTRAL EASTERN EUROPE DIVISION	CORPORATE CENTER	RESTATEMENT DIFFERENCES [1]	BANK AUSTRIA GROUP
Net income from investments	Q1/2010	10	–	2	11	–	–	22
	Q4/2009	2	–	–5	4	33	–	34
	Q3/2009	1	–	–11	5	27	–	23
	Q2/2009	5	–	–3	4	3	–	9
	Q1/2009	2	–	–2	2	45	–	47
PROFIT BEFORE TAX	**Q1/2010**	**20**	**11**	**154**	**259**	**–154**	**–**	**290**
	Q4/2009	**28**	**9**	**112**	**90**	**–131**	**3**	**111**
	Q3/2009	**9**	**13**	**155**	**107**	**–107**	**–1**	**176**
	Q2/2009	**–13**	**15**	**157**	**338**	**–171**	**–**	**326**
	Q1/2009	**37**	**6**	**379**	**383**	**–83**	**–1**	**722**
Income tax	Q1/2010	–1	–3	–34	–40	43	–	–34
	Q4/2009	–2	–7	11	–20	41	–1	22
	Q3/2009	–1	–1	–17	–22	24	–	–17
	Q2/2009	5	–	27	–52	–18	–	–38
	Q1/2009	–10	–1	–101	–77	40	–1	–150
NET PROFIT	**Q1/2010**	**18**	**8**	**121**	**219**	**–111**	**–**	**255**
	Q4/2009	**26**	**1**	**123**	**70**	**–90**	**3**	**133**
	Q3/2009	**8**	**12**	**138**	**85**	**–83**	**–1**	**159**
	Q2/2009	**–8**	**14**	**184**	**287**	**–189**	**–1**	**288**
	Q1/2009	**28**	**4**	**278**	**307**	**–43**	**–2**	**572**
Risk-weighted assets (RWA)	**Q1/2010**	**10,110**	**497**	**30,674**	**70,420**	**5,226**	**–**	**116,927**
	Q4/2009	**9,392**	**492**	**29,951**	**69,049**	**5,502**	**–**	**114,386**
	Q3/2009	**10,171**	**607**	**29,789**	**67,761**	**5,650**	**605**	**114,583**
	Q2/2009	**10,888**	**667**	**33,486**	**72,056**	**5,498**	**326**	**122,921**
	Q1/2009	**10,919**	**666**	**35,232**	**74,853**	**5,633**	**596**	**127,898**
Equity (avg.) [2]	Q1/2010	747	119	7,550	10,938	–3,718	–	15,635
	Q4/2009	806	111	7,480	10,255	–4,447	–	14,204
	Q3/2009	805	162	7,602	10,151	–4,600	20	14,140
	Q2/2009	811	153	7,713	9,999	–4,558	21	14,139
	Q1/2009	880	152	7,533	9,507	–3,899	21	14,194
Cost/income ratio in %	*Q1/2010*	*72.8*	*69.0*	*36.3*	*46.9*	*n.m.*	*n.m.*	*54.1*
	Q4/2009	*70.1*	*75.3*	*30.7*	*45.4*	*n.m.*	*n.m.*	*53.0*
	Q3/2009	*73.2*	*64.5*	*36.4*	*43.9*	*n.m.*	*n.m.*	*53.3*
	Q2/2009	*78.4*	*61.5*	*31.6*	*39.7*	*n.m.*	*n.m.*	*50.1*
	Q1/2009	*69.0*	*79.5*	*20.9*	*39.9*	*n.m.*	*n.m.*	*44.2*
Risk/earnings ratio in %	*Q1/2010*	*38.2*	*n.m.*	*27.5*	*40.2*	*n.m.*	*n.m.*	*39.3*
	Q4/2009	*30.9*	*n.m.*	*36.3*	*64.9*	*n.m.*	*n.m.*	*57.8*
	Q3/2009	*36.9*	*n.m.*	*8.5*	*69.0*	*n.m.*	*n.m.*	*50.8*
	Q2/2009	*43.6*	*n.m.*	*25.8*	*51.1*	*n.m.*	*n.m.*	*46.1*
	Q1/2009	*30.4*	*n.m.*	*12.8*	*43.8*	*n.m.*	*n.m.*	*33.4*

1) The segment results for 2009 have been restated. The difference compared with Bank Austria's results for 2009 is presented in a separate column showing "Restatement differences", which mainly relate to changes in the group of consolidated companies (e.g. sale of WAVE) and other adjustments.

2) Total IFRS capital for the subsidiaries allocated to the respective Division together with standardised capital for the rest of the respective Division. The difference compared with the consolidated equity of the Bank Austria Group is shown in the Corporate Center.

n.m. = not meaningful

Information required under Austrian law

(39) Consolidated capital resources and regulatory capital requirements

Net capital resources of the Bank Austria group of credit institutions

(€ m)

	31 MARCH 2010	31 DEC. 2009
Paid-in capital (less own shares)	1,681	1,469
Reserves and minority interests	12,081	9,708
Intangible assets	–579	–579
Deductions from Tier 1 capital (in particular 50% deduction pursuant to Section 23 (13) 3 to 4d of the Austrian Banking Act) 1)	–822	–675
Core capital (Tier 1)	**12,361**	**9,923**
Net subordinated liabilities	2,975	3,004
Revaluation reserves and undisclosed reserves	160	139
Deductions from Tier 2 (50% deduction pursuant to Section 23 (13) 3 to 4d) 1)	–822	–675
Supplementary capital resources (Tier 2)	**2,313**	**2,468**
Deductions from Tier 1 and Tier 2 (deduction pursuant to Section 23 (13) 4a) 2)	–141	–138
Net capital resources (excl. Tier 3)	**14,533**	**12,253**
Tier 3 (re-assigned subordinated capital)	245	243
NET CAPITAL RESOURCES (INCL. TIER 3)	**14,778**	**12,496**

Capital requirements of the Bank Austria group of credit institutions

(€ m)

	31 MARCH 2010	31 DEC. 2009
Capital requirements of		
a) Credit risk pursuant to standardised approach	5,915	5,846
b) Credit risk pursuant to internal ratings-based (IRB) approach	2,546	2,285
Credit risk	8,461	8,131
Operational risk	852	777
Position risk – debt instruments, equities, foreign currencies and commodities	245	243
Settlement risk	–	–
CAPITAL REQUIREMENT	**9,558**	**9,151**
Total RWA	119,469	114,386

Capital ratios

	31 MARCH 2010	31 DEC. 2009
Tier 1 capital ratio, based on all risks	10.35%	8.68%
Total capital ratio, based on all risks 3)	12.37%	10.92%
Tier 1 capital ratio, based on credit risk	11.69%	9.76%
Total capital ratio, based on credit risk 4)	12.94%	11.29%

1) Capital components in non-consolidated companies and "shortfall"
2) Capital components in insurance companies
3) Net capital resources (incl. Tier 3) as a percentage of the risk-weighted assessment basis for all risks
4) 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

Statement by Management

on the Interim Report

We confirm to the best of our knowledge that the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report for the first three months gives a true and fair view of important events that occurred during the first three months of the financial year and their impact on the interim consolidated financial statements, and of the principal risks and uncertainties for the remaining nine months of the financial year.

Vienna, 3 May 2010

The Management Board

Willibald Cernko
(Chairman)

Helmut Bernkopf

Jürgen Danzmayr

Federico Ghizzoni

Rainer Hauser

Carlo Vivaldi

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Ratings

	LONG-TERM	SUBORDINATED LIABILITIES	SHORT-TERM
Moody's[1)]	A1	A2	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 remain rated AA+.

Financial calendar

3 August 2010	Results for the first six months of 2010
10 November 2010	Results for the first nine months of 2010
All information is available electronically at http://ir.bankaustria.at	

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Notes

This report contains forward-looking statements relating to the future performance of Bank Austria. These statements reflect estimates which we have made on the basis of all information available to us at present. Should the assumptions underlying forward-looking statements prove incorrect, or should risks – such as those mentioned in this report – materialise to an extent not anticipated, actual results may vary from those expected at present. Market share data are based on the most recent information available at the editorial close of this report.

"Bank Austria" as used in this report refers to the group of consolidated companies. "UniCredit Bank Austria AG" as used in this report refers to the parent company.

In adding up rounded figures and calculating the percentage rates of changes, slight differences may result compared with totals and rates arrived at by adding up component figures which have not been rounded off.

Disclaimer

This edition of our Interim Report is prepared for the convenience of our English-speaking readers. It is based on the German original, which is the authentic version and takes precedence in all legal respects.