Bank Austria
UniCredit Group

Interim Report at 31 March 2009

Bank Austria at a Glance

Income statement figures			
(€ m)	Q1 2009	Q1 2008	+/–
Net interest income	1,335	1,125	18.6%
Net fees and commissions	457	519	–11.9%
Net trading, hedging and fair value income/loss	190	–143	–
Operating income	2,018	1,543	30.7%
Operating expenses	–892	–946	–5.8%
Operating profit	1,126	597	88.5%
Profit before tax	722	514	40.5%
Consolidated profit	547	406	34.7%

Volume figures			
(€ m)	31 MARCH 2009	31 DEC. 2008	+/–
Total assets	214,430	222,152	–3.5%
Loans and receivables with customers	129,300	131,973	–2.0%
Primary funds	125,559	127,761	–1.7%
Equity	13,558	13,505	0.4%
Risk-weighted assets (overall)	127,898	133,239	–4.0%

Key performance indicators		
	Q1 2009	2008
Return on equity after tax (ROE)	16.3%	7.8%
Cost/income ratio	44.2%	54.4%
Risk/earnings ratio	33.4%	18.8%
Provisioning charge/avg. lending volume (cost of risk)	1.37%	0.80%
Marginal Economic Value Added	€ 301 m	€ 1,091 m
Marginal RARORAC	14.2%	12.5%
Total capital ratio based on all risks	9.27%	9.19%
Tier 1 capital ratio	6.95%	6.82%
Core Tier 1 capital ratio (Tier 1 capital ratio without hybrid capital)	6.64%	6.52%

Staff 1)			
	31 MARCH 2009	31 DEC. 2008	+/–
Bank Austria (full-time equivalent, consolidated companies)	64,019	67,002	–4.5%
Central Eastern Europe business segment	54,986	56,058	–1.9%
Other business segments	9,033	10,944	–17.5%
Austria	*8,553*	*10,175*	–15.9%

Offices 2)			
	31 MARCH 2009	31 DEC. 2008	+/–
Bank Austria	3,160	3,166	–0.2%
Central Eastern Europe business segment	2,822	2,824	–0.1%
Other business segments	338	342	–1.2%
Austria	*328*	*331*	*–0.9%*

1) Employees of companies accounted for under the proportionate consolidation method are included at 100%.
2) Offices of companies accounted for under the proportionate consolidation method are included at 100%. From 2008 without representative offices.

Contents

Preface by Erich Hampel

Ladies and Gentlemen,

Bank Austria got off to a good start in 2009 with a sound performance in the first three months. Operating profit for the first quarter of 2009 was € 1,126 m, up by 90 % on a year earlier.

A substantial contribution to this performance came from the positive swing in the net trading, hedging and fair value result, which reflects the stabilisation of the global financial market and the focus on customer-driven business.

Although the recession has spread to Central and Eastern Europe, we continue to operate successfully in these growth markets: operating profit improved, although the growth momentum is weaker than the long-term trend. While revenues remained stable, cost reductions made significant contributions to performance in both CEE and Austria. Bank Austria's cost/income ratio declined to a level significantly below 50 %.

The improvement in operating profit in the first three months absorbed the increase in the provisioning charge which was required in the CEE countries, with considerable regional differences, and to a lesser extent also in Austria. Nevertheless, consolidated profit exceeded the level of the first three months of the previous year by 35 %.

This relatively good performance is due, on the revenue and cost sides, to ad-hoc measures and implementation of the cross-regional business model. Bank Austria aims to be close to local customers and benefits from production in the international network of UniCredit Group. This strengthens our competitiveness independently of the economic environment.

In spring 2009 we can more clearly pinpoint the development of the business cycle. The sharp downturn in world trade and global manufacturing since autumn 2008 has created a new situation. Even if there are initial signs that the economic climate in key markets is stabilising at a low level, the economies in which we operate need to adjust and absorb this shock wave in the coming quarters.

From our day-to-day business activities with our customers we know that this adjustment process is in full swing. Companies are strengthening their balance sheets, improving their internal service and payment flows and the level of liquidity absorption. Above all, they are adjusting to foreseeable trends in demand expected for the recovery as structural change is particularly manifest in a cyclical low. We have contributed to these efforts by providing various services and tools such as our WorkingCapitalCheck, advice on liquidity and solutions to improve the financing structure. Our advisory services have been well received, demand for cash management and trade finance has remained significantly above the previous year's level … and in commercial banking it is business as usual despite weak demand.

In the past few months, the example of the CEE region has shown how fast markets can change. What is important now is that we maintain the openness of our economies in Europe and get the exchange of commodities and capital flows going again – also with public and international support. We have got into the cyclical low together and we can only get out of it together.

Yours sincerely,

Erich Hampel
Chairman of the Management Board
of UniCredit Bank Austria AG

Interim Report at 31 March 2009

Banking environment in the first three months of 2009

The global economic downturn led to a deep recession in the first quarter of 2009 whereas the situation in financial markets began to stabilise. Following a sharp decline in world trade and manufacturing around year-end 2008, the business sector adjusted inventories, investment and production capacity, with the usual impact on employment and incomes. The US economy shrank by 1.6% in the first three months of 2009, as in the preceding quarter (–6.1% per annum); the downturn in the euro area was even stronger, with GDP falling by 2.1%. Growth forecasts for the industrial countries and for emerging markets were dramatically revised downwards week by week until the G-20 meeting at the end of March 2009. Global stock markets fell to new lows in March. Above all, credit risk deteriorated, now as a result of economic trends rather than the financial market crisis. Provisioning for possible loan losses had a strong impact on banks' financial statements.

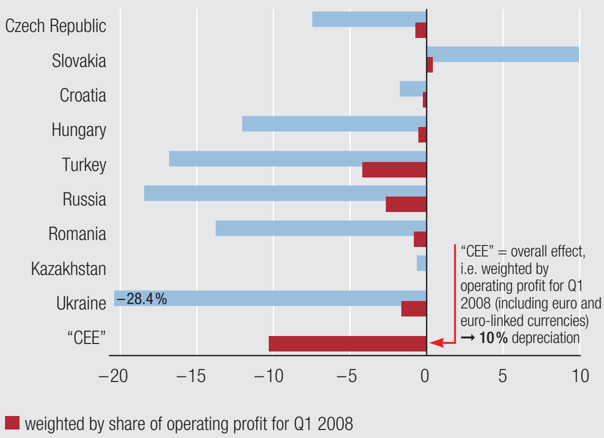
The stabilisation packages put in place by governments, central banks and international organisations started to take effect in global financial markets. Fluctuations were less pronounced compared with the market turmoil experienced in September and November 2008, and liquidity improved in some segments. Short-term market rates declined significantly as a result of an expansionary monetary policy: the three-month money market rate in euro was 1.50% p.a. at the end of March, down by 1.3 percentage points on the year-end 2008 level and over 3 percentage points lower than a year earlier. From December 2008 onwards, long-term yields on government bonds remained at a level of 3% p.a., with some fluctuations. The yield curve thus steepened, a trend which became more pronounced most recently. However, investors' confidence remained fragile, concentrating on government securities and taking a more differentiated view of the various countries. These developments benefited the US dollar, which was seen as a safe haven and appreciated by 5.5% from Q4 2008 to Q1 2009 (+19% as against March 2008). Given the prevailing risk aversion, interest rate spreads on corporate bonds and emerging markets bonds remained at the year-end 2008 level. Nevertheless, the first quarter of 2009 saw a record volume in the primary market. In response to strong demand, spreads declined significantly towards the end of the reporting period and later on.

The undifferentiated, critical view which was taken of the CEE region and of banks operating in Central and Eastern Europe was of major significance for Bank Austria. A number of investment analyses drew parallels with the Asia crisis of 1997. External liquidity dried up in reaction to such comments, thus further aggravating the strained financing position of countries which rely on continued capital inflows. It was only when the role of the International Monetary Fund was strengthened through the tripling of its resources and the establishment and granting of new credit facilities that a more realistic view of – undoubtedly existing – risks started to prevail and more attention was given to the different country profiles. In the first quarter of 2009, the CEE countries had to absorb a double hit: the undifferentiated negative assessment by financial markets and the full impact of the recession. These adverse effects were felt both by closely integrated countries with a strong industrial sector and by countries experiencing an external financing gap. Consequently, some of the CEE currencies depreciated strongly (see chart). External credit risk combined with domestic credit risk. Given the bad start to 2009, we had to lower economic growth forecasts for 17 CEE countries to minus 3.5% after growth of 4% in the previous year.

Manufacturing output in Austria recorded a double-digit decline in the first quarter of 2009, as the economic downturn in the countries which are Austria's main trading partners was particularly pronounced. Overall economic performance is estimated to have fallen by 1.2% compared with the preceding quarter. The adjustments to this shock wave and their multiplier effects (via investment, employment, incomes and consumption) can only be mitigated somewhat through fiscal measures. Credit demand is weakening, annual growth contracted from 7.3% at the end of December to 5.2% in March. Nevertheless, total lending volume rose also in March 2009 compared with December 2008, mainly on account of growth in corporate loans, while loans to private households declined slightly. At the same time, credit risk is increasing, reflecting the business cycle.

CEE currencies against the euro

Average exchange rates in Q1 2009 compared with Q1 2008, in %



Bank Austria in the first quarter of 2009

Overview

While the financial market environment showed initial signs of stabilisation, the economic downturn in our core markets accelerated. Nevertheless, Bank Austria[1)] got off to a good start in the year, thereby again underlining its resilience and stability:

● Operating performance improved further, though in a differentiated manner and with less pronounced growth than in a longer-term comparison. **Operating income** for the first quarter of 2009 was € 2,018 m; with an increase of **31 %** over the same period of the previous year, it exceeded the 2 billion euro mark. Compared with the fourth quarter of 2008, revenue growth was 18 %, excluding the special dividend in connection with the sale of profit-sharing rights in B&C (€ 415 m).

Most of this significant improvement is due to the positive swing in **the net trading, hedging and fair value result**: net income of € 190 m for the first three months of 2009 compared with a net loss of € 143 m in the first quarter of 2008, the period in which the financial market crisis first came to a head (Bear Stearns); the net trading, hedging and fair value result for the fourth quarter of 2008 – which hopefully marked the final culmination (Lehman Brothers) of the financial market crisis – was a net loss of € 136 m.

Without the erratic results from trading activities, operating income was € 1,828 m, in line with the high level of the two preceding quarters. This means that the “sustainable” revenue components were 9 % higher than a year earlier. Overall growth was driven by a further increase in net interest income while fee-based business still reflected low activity in securities investments.

● **Cost trends** again made a strong contribution to stability: operating expenses were € 892 m, **down** by 13 % on the preceding quarter and 6 % lower than in the same period of the previous year. Also when adjusted for exchange rate changes, costs declined in absolute terms. The cost/income ratio fell steadily, from close to 62 % in the first quarter of 2008 to **44.2 %** most recently. This development is to be seen in the context of lower-cost processes and cross-regional synergies resulting from the implementation of the strategic business model. Moreover, a number of cost-saving measures taken since the middle of 2008 also proved effective without impacting the bank’s earnings power.

➔ Contributions to the improvement in operating profit came from both revenues and costs: at **€ 1,126 m** for the first three months of 2009, **operating profit** was up by about 90 % on the first quarter of 2008, a period in which performance was comparatively weak. The increase over the fourth quarter of 2008 (without the B&C-related special dividend) was 64 %. Even if the net trading, hedging and fair value result is excluded from the calculation, operating profit was up by 27 % on the same period of the previous year and 14 % higher than in the preceding quarter.

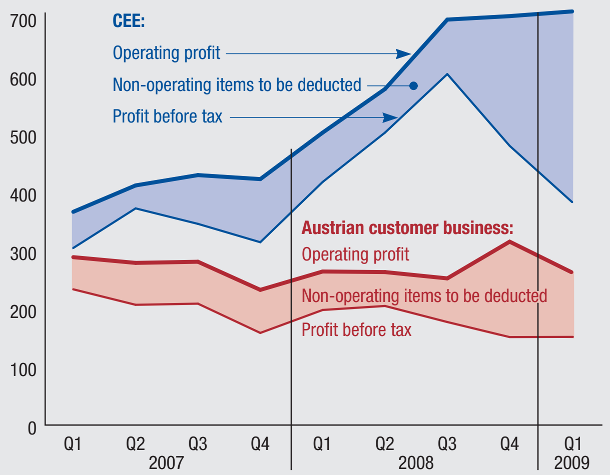
● However, as in 2008 as a whole and in the fourth quarter of 2008, results reflected the impact of the weak economic environment, especially on the income statement items between operating profit and profit before tax, which was not offset by other factors. Following material impairment losses on goodwill in the fourth quarter of 2008, no further value adjustments were required in the first quarter of 2009. But the **risk position** in commercial banking business continued to deteriorate. Net writedowns of loans and provisions for guarantees and commitments in the first quarter of 2009 amounted to € 446 m, about two and a half times the figure for the same period of the previous year. The provisioning charge for the preceding quarter was even higher, at € 528 m, but this was due to counterparty defaults in the financial sector as the financial market crisis escalated in that period. Measured by average lending volume, the cost of risk reached 137 basis points in the first quarter of 2009 (Q1 2008: 66 bp). This increase was mainly due to developments in the CEE business segment, in which the cost of risk, at 209 bp, now significantly exceeds the average for the bank as a whole.

➔ More than half of the improvement in operating performance compared with the first quarter of the previous year was offset by the rise in net writedowns of loans and provisions for guarantees and commitments and by a decline in net income from investments. **Profit before tax** rose by € 208 m to € 722 m in the first quarter of 2009, an increase of 40 % over the same period of the previous year. This completely offset the sharp decline in results seen in the fourth quarter of 2008, which was primarily caused by value adjustments in respect of equity interests and by the net trading, hedging and fair value result. Profit before tax exceeded the average of € 680 m for the first three quarters of 2008 by a significant 6 %.

1) In this report, “Bank Austria“ refers to the group of consolidated companies. “UniCredit Bank Austria AG“ is the name of the group’s parent company.

● While the general trends in the income statement for the first three months of 2009 were similar for Austrian customer business[2] and for the Central Eastern Europe (CEE) business segment, the size of the respective performance data differed. Depending on the convergence with the western European economies and the respective exchange rate regimes, the performance of our banking subsidiaries in CEE was affected by the crisis to a varying degree (see the section on CEE in this report).

Operating profit remains stable, but high loan loss provisions and substantial writedowns (€ m)



After the strong expansion of recent years, business volumes and revenues in CEE only just exceeded the high level achieved in the third quarter of 2008 and therefore failed to match the general growth trend which we still consider to be intact in the longer term. Exchange rate developments in the past two quarters for the first time adversely affected the contribution of the CEE business segment to overall results following the translation of the local interim financial statements into euros; previously, upward and downward movements in the respective currencies largely offset each other. Nevertheless, in euro terms operating profit in CEE totalled € 720 m, which is 42 % up on the figure for the same period in 2008; developments are even more favourable when stated in local currency or translated at constant exchange rates (+58 %). The higher provisioning requirements caused the CEE Division's profit before tax to decline to € 386 m, a level slightly below that of the previous year. Supported by net interest income, revenues from Austrian customer business showed a steady development. Changes in the group of consolidated companies (disposal of Pioneer Investments Austria) and in the allocation of companies accounted for under the equity method (the contribution from leasing business has been allocated to the Corporate Center) and the generally weak performance of some equity interests resulted in a contraction of the revenue base. Through cost reductions, operating profit was maintained at the level of the previous year. In Austrian customer business, too, net writedowns of loans and provisions for guarantees and commitments (€ 114 m) were significantly higher (+63 %) than a year ago, but lower than in Q4 2008 (€ 168 m). Profit before tax, at € 149 m, matched the figure for the preceding quarter and was one quarter below the Q1 2008 level.

An analysis of results by business segment shows that the Markets & Investment Banking Division again made a large, positive contribution to the bank's performance in the first three months of 2009 with a profit before tax of € 259 m. Operating income was mostly driven by customer-based business in currency trading and interest rate management, as well as by corporate bond issues; more favourable valuation levels also helped in this context.

➔ Given the difficult environment, Bank Austria's results for the first quarter of 2009 confirmed the buoyant nature and efficiency of its current commercial operations while taking into account the higher risks in the external environment. **Consolidated profit** came to € 547 m after the poor result of the preceding quarter (– € 489 m; adjusted for one-off effects +€ 108 m). The return on equity (ROE after tax) was 16.3 % after 11.4 % in Q1 2008, and after 7.8 % in 2008 as a whole.

● Volume is stagnating, a development which reflects economic trends and declining demand (partly also currency translation effects and exchange rate fluctuations). Average risk-weighted assets in the first quarter of 2009 were 9 % higher than the previous year's figure. However, comparability is limited by the fact that RWAs are reported for the first time pursuant to the Basel II rules. Despite exchange rate movements, the (unweighted) average lending volume (loans and receivables with customers) changed only slightly (–1.0 %) compared with the preceding quarter and exceeded the figure for the first quarter of 2008 by 10 %. Volume in CEE expanded by 20 % year-on-year and in Austrian customer business by 4 %, with a 6 % increase recorded in the Corporates Division.

● Since the end of 2008, Bank Austria's **capital base** improved somewhat: equity in the balance sheet in accordance with IFRSs rose slightly, to € 14.3 bn at the end of March 2009, representing 6.7 % of the balance sheet total. The capital ratios pursuant to the Austrian Banking Act also increased: the Core Tier 1 capital ratio (Tier 1 capital without hybrid capital based on all risks) rose from 6.52 % at the end of 2008 to 6.64 % at the end of March 2009, the total capital ratio increased from 9.19 % to 9.27 %.

2) "Austrian customer business" comprises the total of the Retail, Corporates and Private Banking & Asset Management business segments.

Details of the income statement

Net interest income has remained at a very high level of about € 1,300 m since the third quarter of 2008, with minor fluctuations. In the first quarter of 2009 it was € 1,335 m, up by 19% on a year earlier. Of the € 210 m increase over the previous year, the Markets & Investment Banking Division accounted for € 185 m, reflecting higher levels of activity in interest rate management in customer business and the bank's more favourable funding conditions. Net interest income generated by our CEE banking subsidiaries was slightly below the peak level achieved in the preceding quarter, but 8% higher than for the same period of the previous year. At constant exchange rates, the growth rate would have been three times as high (+24%). Net interest income in Austrian customer business rose by 6% compared with the previous year; in this area, a strong net interest performance (+19%) was partly offset by negative pro-rata contributions from equity investments.

Net fees and commissions reflected persistently low levels of activity in securities business in the first quarter of 2009 and declining income from payment transactions. At € 457 m, net fees and commissions were 12% lower than in the first quarter of 2008. In CEE, net fees and commissions declined to the level of the first three months of the previous year; yet adjusted for exchange rate changes, there was an increase of 12%. The decline in Austria (–20%) was largely due to the deconsolidation of Pioneer Investments Austria (PIA) with its fee-based business. In the Corporates Division, fee-earning business picked up as compared with the preceding quarter.

The positive swing of € 333 m in the **net trading, hedging and fair value result** from the negative figure for Q1 2008 to net income of € 190 m for the first three months of 2009 accounted for 70% of total revenue growth. Most of the improvement came from the CEE business segment, with a smaller contribution being made by the Corporate Center, which includes the results from the hedging of CEE profit contributions. All CEE countries (with the exception of the Czech Republic) achieved positive net trading, hedging and fair value results in the first quarter of 2009. Operations in Russia, Hungary, Romania, Kazakhstan and Ukraine achieved the largest improvements in absolute terms. Apart from Croatia, these were the countries experiencing the most pronounced movements in interest rates and exchange rates. Interest-rate and currency-rate management in business with local customers and lively bond trading activities were the major contributors to revenues in the first quarter of 2009, in which the net trading, hedging and fair value result was positive.

Operating expenses in the first quarter of 2009 were 6% lower than in the same period of the previous year, and there was an even stronger decline compared with the preceding quarter. Since the beginning of 2008, the cost/income ratio has been reduced by 17 percentage points to 44.2%. Costs fell in all operating business segments as a result of long-term programmes to enhance efficiency and short-term measures. The strongest cost reduction was achieved in CEE, with costs down by 22% on the preceding quarter and by 7% on Q1 2008. The major factor in this context was staff reductions of 1,073 FTEs in CEE in the first quarter of 2009. Integration-related efficiency enhancement programmes were implemented in Romania, Russia and Turkey, and especially in Kazakhstan (–332 FTEs) and Ukraine (–620 FTEs). The cost/income ratio in CEE fell to below 40%, from a level of over 50% a year ago. Operating expenses were also reduced in Austrian customer business, by 8% compared with Q4 2008 and by 5% compared with the first quarter of the previous year. Further efficiency improvements were achieved in the Retail Division and in the Corporate Center (the sale of PIA at the end of 2008 accounted for less than half of the reduction); the cost/income ratio improved by over one percentage point to 52.4%, despite a weaker revenue trend.

Net writedowns of loans and provisions for guarantees and commitments in the first quarter of 2009 totalled € 446 m, with the CEE business segment accounting for almost three-quarters (€ 332 m) of the total and the remaining amount being recorded in the three segments of Austrian customer business. The strong increase of € 229 m in CEE compared with the first quarter of 2008 should be seen in the context of regional differences: as mentioned above, while the general risk situation deteriorated, risk intensity varies considerably according to country group and from country to country, depending on the degree of convergence, and the weight in the overall figure also differs (diversification effect). Some 30% of the provisioning charge for CEE relates to Turkey and Russia. While our Turkish unit (accounted for under the proportionate consolidation method) showed the strongest increase in absolute terms (+€ 81 m), it should be noted that a year ago there was a net release of loan loss provisions due to a special methodological effect; the cost of risk*) in Turkey in the first quarter of 2009 was 264 basis points, above the CEE average. In Russia (increase: +€ 38 m, cost of risk: 217 bp), the provisioning charge was in line with the CEE average. Kazakhstan and Ukraine together accounted for one-third of net writedowns of loans and provisions for guarantees and commitments in CEE. In

*) Cost of risk = net writedowns of loans and provisions for guarantees and commitments measured in terms of basis points (bp) of average lending volume

these two countries the cost of risk is still far higher (446 bp and 571 bp, respectively) than in the other CEE countries, but the combined provisioning charge increased by only € 61 m over the same period of the previous year. In the other countries, the cost of risk is far below average, in 4 countries far below 100 basis points. Among the EU member states in CEE, only the Czech Republic recorded a strong increase of € 20 m, with the cost of risk at 185 bp. In Austria, the provisioning charge in the first quarter of 2009 was € 114 m – lower than in the preceding quarter, in which loan losses in the financial sector had to be absorbed, but 63% higher than a year earlier. While the cost of risk in the Retail business segment remained stable (at 107 bp), the relevant figure in the Corporates Division rose significantly (to 53 bp) in line with the business cycle, though starting from an exceptionally low level in Q1 2008 (14 bp). For the bank as a whole, the cost of risk rose from 66 to 137 basis points, with impaired loans to customers as a proportion of total net loans rising from 1.66% to 2.85%.

Net income from investments in the first quarter of 2009 was € 47 m, down by one half on the first quarter of the previous year. The figure includes the share of current profits of the Polish banking subsidiaries, which is defined in the terms and conditions of the sale in November 2006 and amounted to € 43 m, down by € 26 m. Moreover, the comparative figure for the same period of the previous year included gains on the sale of Hypo Stavebni Bank (€ 26 m) in the Czech Republic.

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

			CHANGE	
	Q1/2009	Q1/2008	€ M	IN %
Net interest	1,312	1,075	+237	22%
Dividend income	11	11	–1	–7%
Other income from equity investments	13	39	–26	–67%
Net interest income	**1,335**	**1,125**	**+210**	**19%**
Net fees and commissions	457	519	–62	–12%
Net trading, hedging and fair value income/loss	190	–143	+333	n.m.
Net other expenses/income	36	42	–6	–14%
Net non-interest income	**683**	**418**	**+265**	**63%**
OPERATING INCOME	**2,018**	**1,543**	**+474**	**31%**
Payroll costs	–487	–551	+64	–12%
Other administrative expenses	–324	–316	–8	2%
Recovery of expenses	0	0	+0	n.m.
Amortisation, depreciation and impairment losses on tangible and intangible assets	–81	–78	–2	3%
OPERATING EXPENSES	**–892**	**–946**	**+54**	**–6%**
OPERATING PROFIT	**1,126**	**597**	**+529**	**89%**
Goodwill impairment	0	0	0	n.m.
Provisions for risks and charges	–4	–7	+3	–45%
Restructuring costs	–1	–5	+4	–76%
Net writedowns of loans and provisions for guarantees and commitments	–446	–173	–273	>100%
Net income from investments	47	101	–54	–53%
PROFIT BEFORE TAX	**722**	**514**	**+208**	**40%**
Income tax	–150	–84	–65	77%
NET PROFIT	**572**	**430**	**+143**	**33%**
Minority interests	–25	–24	–2	7%
CONSOLIDATED PROFIT	**547**	**406**	**+141**	**35%**

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. The quarterly figures for 2008 were restated retrospectively by allocating impairment losses on intangible assets which resulted from value adjustments in the fourth quarter of 2008 to the individual quarters on a pro-rata time basis.

Development of business segments

Retail Division

(€ m)	Q1/09	Q1/08	CHANGE	
Net interest income	187	173	+14	+8%
Net non-interest income	113	123	−10	−8%
Operating income	300	296	+4	+1%
Operating expenses	−203	−215	+12	−6%
Operating profit	97	81	+16	+19%
Net writedowns of loans	−55	−56	+1	−2%
Net income from investments	2	1	+1	>100%
Profit before tax	**44**	**26**	**+18**	**+68%**
Risk-weighted assets (avg.) 1)	10,999	15,719	−4,720	−30%
Average equity 2)	880	975	−94	−10%
Cost/income ratio	67.8%	72.7%		
Risk/earnings ratio	29.3%	32.2%		
ROE before tax	19.8%	10.6%		

1) Average RWA: for credit and market risk under Basel I until year-end 2008, for all risks under Basel II from the beginning of Q1 2009. / 2) Equity allocated according to Tier 1 ratio on the basis of the planned RWA under Basel II (see note 39). / This information applies to all business segment tables.

In light of the difficult demand environment, the performance of the Retail business segment was better than expected in the first quarter of 2009, thanks largely to improved efficiency in sales and cost. While operating income did not match the strong performance of the preceding quarter, it remained at the level of the first quarter of 2008 (+1%). Net interest income was up 8% year-on-year although this item no longer includes income from equity interests from the beginning of 2009 (Wüstenrot). The sharp decline in market rates led to a slight improvement in margins in short-term lending business, while margins in the area of sight and time deposits deteriorated. Lending volume generally remained stable compared with Q1 2008: the decline in short-term loans was more than offset by an increase in medium and long-term loans, and by housing construction loans in particular (+6%). As net fees and commissions continued to contract, net non-interest income declined by 8% compared with Q1 2008 on account of the depressed situation in securities and new issue business, and as a result of further losses in revenue from payment transactions. In this environment, the steady reduction of costs in the preceding quarters (–6% year-on-year) has become a key factor for the Retail business segment's successful performance. Net writedowns of loans and provisions for guarantees and commitments hardly changed; the cost of risk remained unchanged at 107 basis points of business volume. Profit before tax was 68% above the level of Q1 2008; with a return on equity of 19.8% before tax, the Retail Division is operating on the basis of sustained profitability.

Private Banking & Asset Management

(€ m)	Q1/09	Q1/08	CHANGE		ADJ.*)
Net interest income	5	5	*0*	+6%	*+13%*
Net non-interest income	20	36	*−16*	−44%	*−20%*
Operating income	25	40	*−15*	−38%	*−15%*
Operating expenses	−18	−26	*+7*	−28%	*−7%*
Operating profit	6	15	*−8*	−56%	*−31%*
Net writedowns of loans	0	0	*0*	n.m.	*n.m.*
Net income from investments	0	2	*−2*	−100%	*−100%*
Profit before tax	**6**	**17**	**−11**	**−63%**	***−45%***
Risk-weighted assets (avg.)	585	481	*+104*	+22%	
Average equity	152	199	*−47*	−24%	
Cost/income ratio	74.2%	63.6%			
ROE before tax	16.3%	33.7%			

*) Without profit contribution from Pioneer Investments Austria (PIA) and funding costs of the equity interest

With the bundling of UniCredit Group's investment business – we sold Pioneer Investments Austria (PIA) to Pioneer Investments International at the end of 2008 – the Private Banking & Asset Management (PB&AM) Division concentrates on private banking business with the top customer segment of the Austrian market. This is to be noted when analysing the income statement of the PB&AM Division (in the above table, the column showing adjusted changes in per cent provides an indication of the consolidation effect). The situation in Private Banking in the first quarter of 2009 and in the preceding quarter – but in contrast to the same period a year ago – was characterised by a preference of high net worth individuals for defensive investment categories, frequently direct deposits. Moreover, there was intense competition on terms and conditions. The PB&AM Division's subsidiaries Schoellerbank, Bank Privat and AMG generated net inflows of funds as compared with the preceding quarter and Q1 2008, and they achieved higher net interest income. However, net fees and commissions, the main revenue component in this business segment, were lower, reflecting customers' investment behaviour. At the end of March 2009, Total Financial Assets at Schoellerbank were € 6.4 bn, those at Bank Privat totalled € 5.9 bn, and assets under management with AMG amounted to € 1.8 bn. Total volume stabilised in the first few months of 2009. A comparison with the same period of the previous year shows a small decline of 1.2% to € 13.6 bn, all of which was due to intermediate market performance. Costs were reduced by 7%, also on the basis of the new structure of the Division. The key figures clearly show the structural change: PIA, an asset management production unit with low capital absorption, is no longer included in consolidation. Private Banking is a staff-intensive business based on personalised advisory services.

Corporates

(€ m)	Q1/09	Q1/08	CHANGE		ADJ.*)
Net interest income	156	151	*+5*	+3%	*+10%*
Net non-interest income	68	80	*–12*	–16%	*–16%*
Operating income	224	231	*–7*	–3%	*+1%*
Operating expenses	–66	–63	*–3*	+5%	*+4%*
Operating profit	158	168	*–10*	–6%	*–1%*
Net writedowns of loans	–60	–15	*–45*	>100%	*>100%*
Net income from investments	0	0	*0*	n.m.	*n.m.*
Profit before tax	**99**	**154**	**–56**	**–36%**	***–32%***
Risk-weighted assets (avg.)	25,913	32,135	*–6,222*	–19%	
Average equity	2,000	2,335	*–335*	–14%	
Cost/income ratio	29.4%	27.1%			
Risk/earnings ratio	38.1%	9.7%			
ROE before tax	19.7%	26.5%			

*) Q1 2008 figures without leasing business (and funding costs)

The Corporates Division got off to a good start in 2009 in its current customer business although the higher provisioning charge reflecting economic trends significantly impacted results. (The 2008 figures in the segment income statement include income from the shareholding interest in UniCredit Leasing including funding costs in the item net interest income; see the column showing adjusted changes). Net interest income for the first quarter of 2009 (adjusted) was 10% up on the same period of the previous year, with contributions from companies accounted for under the equity method significantly dampening growth. Performance was driven by lending activities: average volume in the Division grew by 6% over Q1 2008 as there were increases across all customer groups. Above-average growth was seen especially in trade finance and other short-term loans and also in real estate finance, where the bank gained market share. On the deposits side, declining interest rate spreads led to lower interest income despite higher volume. Although fee and commission income recovered strongly from the level of Q4 2008 (mainly in interest rate/exchange rate management), net fees and commissions – in all areas except guarantees – were still lower than in the same period of the previous year. Costs remained under control, with a cost/income ratio of less than 30%. Operating profit more or less matched the previous year's level (as a result of the shortfall in income from equity investments), the credit cycle-related increase in the provisioning charge from the exceptionally low level of Q1 2008 caused profit before tax to decline by 32% (on a like-for-like perimeter basis). The cost of risk in the Division was 53 basis points of average volume (after 18 bp a year earlier), below the long-term average and below the average for the Divisions.

Markets & Investment Banking (MIB)

(€ m)	Q1/09	Q1/08	CHANGE	
Net interest income	313	127	+185	>100%
Net non-interest income	–4	–172	+168	–98%
Operating income	308	–45	+354	n.m.
Operating expenses	–47	–50	+4	–7%
Operating profit	261	–96	+357	n.m.
Net writedowns of loans	0	0	0	n.m.
Net income from investments	–2	0	–2	n.m.
Profit before tax	**259**	**–96**	**+355**	**n.m.**
Risk-weighted assets (avg.)	9,337	6,392	+2,945	+46%
Average equity	5,542	4,415	+1,127	+26%
Cost/income ratio	15.2%	n.m.		
ROE before tax	18.7%	n.m.		

The revenue swing in the MIB Division from minus € 45 m in the first quarter of 2008 to plus € 308 m in Q1 2009 (and also compared with the preceding quarters) is only the product of a short reporting period. But the stabilisation measures taken by governments, central banks and international organisations (led by the IMF) are having a confidence-building effect on financial markets. Given the deteriorating trend in the real economy, the industry's revenue pool is still moderate, especially in investment banking and in the equity sector. Nevertheless, results in the MIB Division improved, thanks to the strategic concentration on customer-driven business at the expense of proprietary trading, the consolidation of risk-taking activities, and an adjustment of resources used. In the first quarter of 2009, interest rate and exchange rate management were the main sources of revenue, especially in trading activities with our corporate and institutional customers in Central and Eastern Europe. The first quarter of 2009 was a record period in bond trading and in the primary market for corporate bonds. Moreover, the ABS portfolio, which was reclassified from financial assets held for trading into loans and receivables with customers and is being steadily reduced with a focus on profitability, generates significant current interest income. In the Investment Banking sector, Corporate Finance used its close contacts with corporate banking units to achieve a strong increase in revenues compared with the previous year. Costs declined by 7% while staffing levels were more or less unchanged (down by 3 FTEs). After the provisioning charge in the fourth quarter of 2008, no further loan loss provisions were required (credit risk, counterparty risk). With a profit before tax of € 259 m, Markets & Investment Banking contributed more than one-third to Bank Austria's overall profits in the first quarter of 2009.

Central Eastern Europe (CEE)

(€ m)	Q1/09	Q1/08	CHANGE	
Net interest income	759	704	+56	+8%
Net non-interest income	436	316	+120	+38%
Operating income	1,196	1,020	+176	+17%
Operating expenses	–475	–513	+38	–7%
Operating profit	720	506	+214	+42%
Net writedowns of loans	–332	–103	–229	>100%
Net income from investments	2	28	–26	–92%
Profit before tax	**386**	**420**	**–34**	**–8%**
Risk-weighted assets (avg.)	75,185	59,776	+15,409	+26%
Average equity	9,525	8,100	+1,425	+18%
Cost/income ratio	39.8%	50.3%		
Risk/earnings ratio	43.7%	14.6%		
ROE before tax	16.2%	20.8%		

Central and Eastern Europe experienced an unusual combination of unfavourable factors in the first quarter of 2009: general strong criticism voiced by international analysts in respect of the entire region was followed by the withdrawal of international funds and strong depreciation of CEE currencies; this coincided with the spillover of the global economic downturn into the region. While external uncertainty mainly affected the growth markets with large current account deficits, the sharp decline in demand for exports in the manufacturing sector had an impact especially on the industrially integrated EU member states in CEE. This means that the various regions experienced widely divergent trends.

Our CEE banking subsidiaries adjusted to this environment in a flexible manner: operating profit continued to rise, though at a lower rate, compared with the preceding quarter; the figure for the first quarter of 2009 was € 720 m, up by 43% on Q1 2008 (adjusted for exchange rate effects, by more than 60%). On the other hand, operations in all countries recorded a significantly higher provisioning charge, the total figure tripled to € 332 m. This absorbed the improvement in operating performance: the growth of operating profit offset the exceptionally large increase in net writedowns of loans and provisions for guarantees and commitments. In the first quarter of 2009, the CEE Division's profit before tax declined by 20%, as in the preceding quarter; however, at € 386 m, it was only 8% lower than in the first quarter of 2008. If profit is translated at constant exchange rates and the previous year's figure is adjusted for the one-off effect resulting from the sale of Hypo Stavebni Sporitelna, Prague, (€ 26 m), profit before tax even slightly improved by 12%.

Depreciation of all flexible CEE currencies (with the exception of Slovakia ahead of the introduction of the euro) caused currency translation losses from the translation of local interim financial statements and also strongly influenced the local commercial business of our banking subsidiaries. As was to be expected, demand for exchange rate management and interest rate management increased, the latter in response to rising interest rate spreads in the countries concerned. Moreover, foreign currency assets gained in value in local currency terms, with positive effects on volume and revenues. In addition, the major economies in CEE continued to experience a credit expansion with a higher degree of autonomy, though at a slower pace. Average lending volume in the business segment rose by 20% over the same period of the previous year. Risk-weighted assets increased by 25%, but given the switch from Basel I to Basel II (here: extension of risk classes) this is of limited informational value.

Net interest income for the first quarter of 2009 was 8% higher than a year earlier (at constant exchange rates, up by 23%); growth in Turkey, Ukraine and Kazakhstan as well as in Romania more than offset the weaker trends in Central Europe and SEE. Net fees and commissions performed as weakly as in the preceding quarters, falling short of the Q1 2008 level (–3%; but +8% adjusted for exchange rate effects). The increase of € 144 m in net trading, hedging and fair value income to € 176 m made the largest contribution to revenue growth in the CEE Division, with Russia (+€ 50 m), Hungary (+€ 22 m) and Romania (+€ 14 m) and, to a lesser extent, Croatia, Kazakhstan and Ukraine accounting for the largest portion of the increase.

In the past two quarters, growth rates in operating activities fell clearly behind trend growth. This made continued cost efficiency all the more important to stabilise revenues. Operating expenses were strongly reduced (by more than 20%) from the fourth quarter of 2008 to the first quarter of 2009, to a level that was 7% lower than a year earlier. Even adjusted for exchange rate changes, operating expenses rose only slightly, by 3%, compared with revenue growth of 34%. Cost reduction reflected various cost-saving measures and the effect of long-term adjustments. The number of employees declined by 1,073 FTEs in the first three months of 2009 to 54,985 FTEs, mainly as a result of adjustments to the branch networks acquired in Ukraine (–620 FTEs) and Kazakhstan (–332 FTEs). In CEE as a whole, the number of branches remained unchanged compared with year-end 2008 (–2 branches to a total of 2,822); as new branches were opened in 2008, the total number was 291 higher than in the first quarter of 2008. Operating expenses (in local currency) were also significantly reduced in Turkey and Russia. Over a period of 12 months, the cost/income ratio in the CEE Division declined from 50.3% to 39.8%.

As mentioned in the section "Details of the income statement", two-thirds of net writedowns of loans and provisions for guarantees and commitments in the first quarter of 2009 were accounted for by four countries: Russia (€ 51 m), where the increase was strong also in absolute terms while the cost of risk (217 basis points of average lending volume) remained in the medium range; Turkey (€ 52 m), where the increase over the previous year's level (+€ 81 m) was due to a statistical effect (the switch to UniCredit methodologies involved a release of loan loss provisions in the amount of € 30 m in Q1 2008); and Kazakhstan (€ 53 m), where the cost of risk (446 bp) was far above average, and Ukraine (€ 57 m) with the cost of risk at 571 bp.

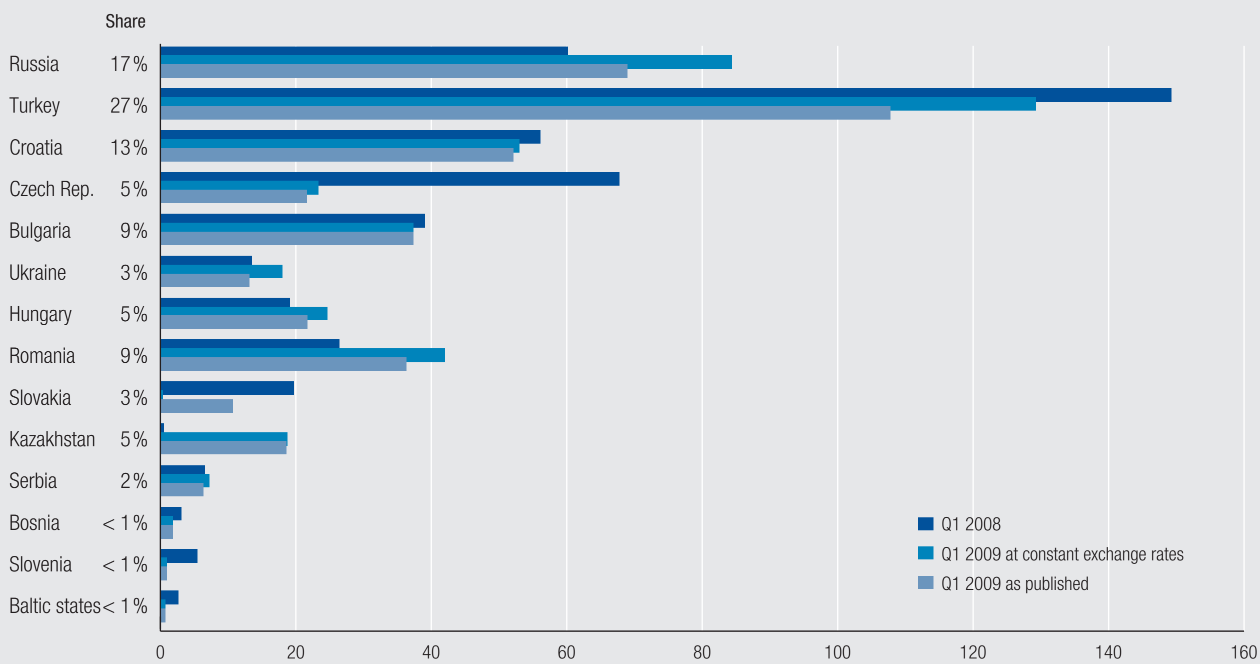
In Kazakhstan, where the banking sector saw major adjustments even before the onset of the financial market crisis, revenue growth and cost reductions more than offset the high provisioning charge, which increased by € 19 m. On this basis, profit before tax was clearly positive (€ 18 m). But the provisioning charge still absorbed 72 % of operating profit.

In Ukraine, growth in operating profit (+€ 42 m) fully offset the increase in net writedowns of loans and provisions for guarantees and commitments (+€ 42 m) in the first quarter of 2009. As a result, profit before tax remained at the level of € 13 m achieved in the first quarter of the previous year. The situation in Ukraine deteriorated dramatically compared with the same period of the previous year: the provisioning charge absorbed 82 % of operating profit in the first quarter of 2009, compared with just over one-half in the same period of 2008.

Developments in these vulnerable economies contrast with the favourable picture in South-East Europe. Lending volume at our banking subsidiary in Croatia more or less matches the level in Russia and (on a proportionate basis) in Turkey, but the cost of risk, measured as a proportion of average lending volume, is as low as 37 bp. In Bosnia and Herzegovina, the cost of risk is 77 bp, in Serbia 156 bp. The cost of risk in Bulgaria and Romania is 154 and 122 basis points, respectively.

Our banking subsidiary in the Czech Republic stands out among the EU member states in CEE, with a strong increase in net writedowns of loans and provisions for guarantees and commitments (+€ 20 m, cost of risk: 185 bp); one of the reasons for this development is the portfolio structure in terms of industries. – The detailed analysis shows that the increase in the provisioning charge and the respective risk intensity of loan portfolios vary widely according to country groups and from country to country, with a wide diversification.

Profit before tax of CEE banking subsidiaries (€ m)



Income statement of the consolidated banking subsidiaries in CEE

(€ m)	CEE BANKS TOTAL		CZECH REPUBLIC		SLOVAKIA		HUNGARY	
	Q1/2009	Q1/2008	Q1/2009	Q1/2008	Q1/2009	Q1/2008	Q1/2009	Q1/2008
Net interest income	**744.1**	**692.5**	**67.7**	**67.4**	**23.9**	**25.9**	**27.8**	**39.1**
Net fee and commission income	257.4	260.6	23.3	24.2	5.6	6.9	22.6	20.7
Net trading, hedging and fair value income	148.4	31.7	–4.5	–6.6	1.6	4.6	17.2	–4.5
Net other income/expenses	7.2	23.5	0.1	0.0	0.3	0.9	0.0	–0.1
Net non-interest income	**412.9**	**315.8**	**18.9**	**17.6**	**7.5**	**12.4**	**39.8**	**16.1**
OPERATING INCOME	**1,157.0**	**1,008.3**	**86.6**	**84.9**	**31.4**	**38.2**	**67.6**	**55.3**
OPERATING EXPENSES	**–455.0**	**–492.4**	**–35.2**	**–37.3**	**–18.7**	**–17.4**	**–29.3**	**–31.8**
OPERATING PROFIT	**701.9**	**515.9**	**51.4**	**47.6**	**12.7**	**20.9**	**38.3**	**23.5**
Provisions for risks and charges	–3.5	–7.2	**0.0**	**0.0**	0.0	0.4	0.0	0.2
Net writedowns on loans	–302.1	–67.7	–29.2	–9.1	–2.0	–1.5	–16.8	–4.8
Net income from investments	2.3	32.3	0.2	30.9	0.0	0.0	0.2	0.6
Integration costs	–0.9	–4.1	–0.8	–1.7	0.0	0.0	–0.1	–0.4
PROFIT BEFORE TAX	**397.7**	**469.2**	**21.6**	**67.7**	**10.7**	**19.7**	**21.7**	**19.1**
Cost/income ratio	39.3%	48.8%	40.6%	43.9%	59.5%	45.4%	43.3%	57.5%
Risk/earnings ratio	40.6%	9.8%	43.1%	13.5%	8.3%	5.9%	60.2%	12.3%
Exchange rate			27.601	25.569	€ 1 = 30.126	33.080	294.191	259.740
Appreciation/depreciation against the euro			–7.4%		+9.8%		–11.7%	

(€ m)	SLOVENIA		BULGARIA		ROMANIA		BALTICS	
	Q1/2009	Q1/2008	Q1/2009	Q1/2008	Q1/2009	Q1/2008	Q1/2009	Q1/2008
Net interest income	**8.9**	**10.0**	**53.9**	**56.7**	**31.7**	**29.9**	**4.4**	**4.8**
Net fee and commission income	4.3	4.7	20.2	18.1	12.4	13.9	0.6	0.1
Net trading, hedging and fair value income	0.3	–0.2	1.2	–4.1	34.9	21.3	1.0	0.6
Net other income/expenses	0.2	0.0	0.0	0.3	0.1	0.0	0.0	0.8
Net non-interest income	**4.8**	**4.6**	**21.4**	**14.4**	**47.4**	**35.3**	**1.6**	**1.6**
OPERATING INCOME	**13.7**	**14.6**	**75.3**	**71.1**	**79.1**	**65.1**	**6.0**	**6.4**
OPERATING EXPENSES	**–8.9**	**–7.8**	**–31.6**	**–30.5**	**–33.5**	**–34.3**	**–3.4**	**–3.0**
OPERATING PROFIT	**4.8**	**6.8**	**43.6**	**40.6**	**45.6**	**30.9**	**2.6**	**3.4**
Provisions for risks and charges	0.0	0.0	3.4	0.6	–0.4	0.6	0.0	0.0
Net writedowns on loans	–3.9	–1.2	–14.4	–3.0	–8.9	–6.6	–1.9	–0.8
Net income from investments	0.0	0.2	4.6	0.9	0.0	1.5	0.0	0.0
Integration costs	0.0	–0.3	0.0	0.0	0.0	0.0	0.0	0.0
PROFIT BEFORE TAX	**0.9**	**5.4**	**37.3**	**39.0**	**36.3**	**26.4**	**0.7**	**2.6**
Cost/income ratio	65.1%	53.7%	42.0%	42.9%	42.3%	52.6%	57.3%	46.7%
Risk/earnings ratio	43.9%	12.0%	26.8%	5.4%	28.1%	22.1%	42.5%	17.4%
Exchange rate	1.000	1.000	1.956	1.956	4.268	3.689	0.706	0.697
Appreciation/depreciation against the euro	0.0%		+0.0%		–13.6%		–1.2%	

Continued: Income statement of the consolidated banking subsidiaries in CEE

(€ m)	TURKEY*)		RUSSIA		KAZAKHSTAN		UKRAINE	
	Q1/2009	Q1/2008	Q1/2009	Q1/2008	Q1/2009	Q1/2008	Q1/2009	Q1/2008
Net interest income	**181.2**	**148.3**	**97.2**	**107.4**	**68.8**	**45.6**	**73.9**	**45.5**
Net fee and commission income	74.4	74.9	30.1	28.5	10.3	8.2	13.2	16.2
Net trading, hedging and fair value income	6.7	5.0	44.5	–5.8	16.0	7.0	9.8	6.6
Net other income/expenses	6.6	16.9	–0.4	0.0	–0.6	0.1	–0.2	1.9
Net non-interest income	**87.7**	**96.7**	**74.2**	**22.7**	**25.7**	**15.3**	**22.9**	**24.6**
OPERATING INCOME	**269.0**	**245.1**	**171.4**	**130.1**	**94.5**	**60.9**	**96.8**	**70.1**
OPERATING EXPENSES	**–104.0**	**–116.9**	**–49.1**	**–56.1**	**–22.3**	**–26.6**	**–26.7**	**–41.7**
OPERATING PROFIT	**165.0**	**128.1**	**122.2**	**74.0**	**72.2**	**34.3**	**70.1**	**28.4**
Provisions for risks and charges	–5.9	–8.7	0.0	0.0	0.0	0.0	–0.2	0.0
Net writedowns on loans	–51.8	29.6	–51.4	–13.9	–52.6	–33.7	–56.8	–14.8
Net income from investments	0.4	0.2	–1.9	0.0	–1.0	–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	**107.7**	**149.2**	**68.9**	**60.1**	**18.6**	**0.5**	**13.1**	**13.5**
Cost/income ratio	38.7%	47.7%	28.7%	43.1%	23.6%	43.7%	27.6%	59.5%
Risk/earnings ratio	28.6%	–20.0%	52.8%	12.9%	76.5%	73.8%	76.8%	32.6%
Exchange rate	2.163	1.804	44.417	36.311	181.094	180.505	10.426	7.555
Appreciation/depreciation against the euro	–16.6%		–18.2%		–0.3%		–27.5%	

(€ m)	CROATIA		BOSNIA		SERBIA	
	Q1/2009	Q1/2008	Q1/2009	Q1/2008	Q1/2009	Q1/2008
Net interest income	**76.9**	**83.6**	**16.7**	**18.8**	**11.0**	**9.4**
Net fee and commission income	28.7	32.4	6.6	7.3	5.0	4.6
Net trading, hedging and fair value income	17.7	5.0	1.1	1.4	0.9	1.4
Net other income/expenses	1.3	2.7	0.0	0.1	–0.1	–0.2
Net non-interest income	**47.7**	**40.0**	**7.6**	**8.8**	**5.7**	**5.8**
OPERATING INCOME	**124.6**	**123.6**	**24.4**	**27.6**	**16.7**	**15.3**
OPERATING EXPENSES	**–64.2**	**–62.4**	**–19.9**	**–19.1**	**–8.2**	**–7.5**
OPERATING PROFIT	**60.4**	**61.2**	**4.4**	**8.6**	**8.6**	**7.8**
Provisions for risks and charges	–0.3	–0.1	–0.1	–0.1	0.0	0.0
Net writedowns on loans	–7.7	–3.2	–2.5	–3.5	–2.2	–1.2
Net income from investments	–0.2	–1.8	0.0	–0.1	0.0	0.0
Integration costs	–0.1	0.0	0.0	–1.7	0.0	0.0
PROFIT BEFORE TAX	**52.1**	**56.1**	**1.8**	**3.1**	**6.3**	**6.5**
Cost/income ratio	51.5%	50.5%	81.8%	69.0%	48.9%	48.9%
Risk/earnings ratio	10.1%	3.8%	15.0%	18.5%	20.3%	13.2%
Exchange rate	7.412	7.285	1.956	1.956	93.860	82.645
Appreciation/depreciation against the euro	–1.7%		+0.0%		–11.9%	

*) Pro quota.

Balance sheet developments

Bank Austria's consolidated total assets as at 31 March 2009 were **€ 214.4 bn**, down by 3.5 % on year-end 2008 and 2.9 % lower than at the end of March 2008. Apart from seasonal effects in interbank business after the year-end, the main reason for the decrease in the first three months of 2009 was the reduction of proprietary trading activities in line with strategy. Another factor was the depreciation of major CEE currencies, primarily relative to the exchange rates prevailing at the end of March 2008 and to a lesser extent in the course of the first quarter of 2009. Moreover, the 2008 financial statements reflected material writedowns for goodwill impairment, and this effect is to be noted in a comparison with the end of March 2008.

Like the consolidated balance sheet at 31 December 2008, the interim consolidated balance sheet at 31 March 2009 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. The relevant companies include the investment bank UniCredit CAIB AG together with its subsidiaries in Poland, Russia and the United Kingdom, and card complete Service Bank AG.

On the **assets side**, cash and cash balances fell by 21.1 % and loans and receivables with banks declined by 2.6 %, giving a combined decrease of € 1.3 bn, a counter-movement to the year-end 2008 effects. The reorientation of financial market activities with a view to focusing on customer-driven business is reflected in the decline of € 2.5 bn or 7.4 % in the item Non-current assets and disposal groups classified as held for sale, in which UniCredit CAIB AG predominates. The other asset items related to financial market activities – financial assets held for trading, financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments – were also down on year-end 2008, by a combined amount of close to one billion euros (€ 977 m or 4.7 %). Loans and receivables with customers amounted to € 129.3 bn at the end of March 2009; this figure was slightly lower than at year-end 2008 (–2.0 %, mainly as a result of short-term transactions by institutional customers not classified as banks), but 6.4 % higher than a year earlier. Loans and receivables with customers accounted for 60.3 % of total assets, an increase of almost 1 percentage point over year-end 2008.

On the **liabilities side**, and in line with assets-side developments, interbank business declined by € 2.9 bn and liabilities included in disposal groups classified as held for sale (primarily the capital market business of UniCredit CAIB, as mentioned above) were down by € 2.7 bn, accounting for most of the € 7.7 bn contraction of the balance sheet total. From year-end 2008 to the end of March 2009, deposits from customers declined by € 2.0 bn or 2.1 %. Primary funds including debt securities in issue totalled € 125.6 bn or 59 % of the balance sheet total and covered 97 % of loans and receivables with customers.

At the end of March 2009, equity was € 14.3 bn, up by 0.6 % on year-end 2008; measured as a proportion of the balance sheet total, equity rose from 6.4 % to 6.7 %. Shareholders' equity (i.e. equity less minority interests) amounted to € 13.6 bn (+0.4 %).

Capital resources pursuant to the Austrian Banking Act

As at the end of March 2009, risk-weighted assets (RWAs) were € 127.9 bn, down by € 5.3 bn or 4.0 % from year-end 2008. The decline resulted partly from economic trends in Austria and abroad and from lower exchange rates of CEE currencies as at 31 March 2009. As a result of lower RWAs, the capital requirement for credit risk declined by 5.7 % to € 8.9 bn and the capital requirement for all types of risk was € 10.2 bn, down by 4.0 %.

Net capital resources also decreased in the first three months of 2009, by € 0.4 bn (–3.2 %) to € 11.9 bn, mainly as a result of higher deductions pursuant to Section 23 (13) 3 to 4d) of the Austrian Banking Act, and the above-mentioned changes in exchange rates.

Capital ratios as at 31 March 2009 improved slightly compared with year-end 2008. The Core Tier 1 capital ratio (Tier 1 capital ratio without hybrid capital based on all risks) rose from 6.52 % to most recently 6.64 %.

Capital ratios based on all risks*)

	31 MARCH 2009	31 DEC. 2008
Tier 1 capital ratio	6.95 %	6.82 %
… without hybrid capital (Core Tier 1 capital ratio)	6.64 %	6.52 %
Total capital ratio	9.27 %	9.19 %

*) Credit risk, operational risk, position risk and settlement risk.

Outlook

The **global economy** is in deep recession. Gross world product will shrink by 0.7 % in 2009, after expanding by 5 % and 3 % in 2007 and 2008, respectively. We expect GDP in the US to decline by 2.6 % and in the euro area by 4.0 %. China's economy, the mainstay of global growth, will also experience a significant slowdown from 9 % to 5.5 %. It should be noted, however, that the downturn in economic performance as reflected in these annual average figures has largely taken place already. Industry surveys and other sentiment indicators are sending initial signals that the downturn is losing momentum. The lagging variables – i. e. employment, incomes and consumption, insolvencies – will impact the economy in the coming quarters.

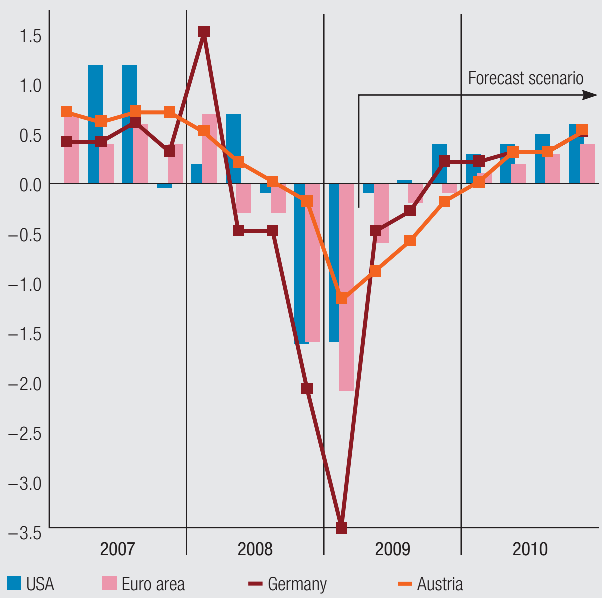
In most **CEE** countries, capacity utilisation in 2009 is set to be 5 % to 10 % below potential. And the reduction of inventories has not yet reached the stage seen in other parts of the world. Moreover, external debt rollover ratios will probably remain below 100 %. This means that investment ratios will be pushed lower and savings ratios will be higher to reduce current account deficits. Bulgaria, Ukraine, Hungary, Kazakhstan, Romania and the Baltic states have external financing gaps of over 10 % of GDP. As the intensity of the global shock eases, these specific national features – in relation to the size of the external financing gaps – will increasingly come to the fore. In some cases the outlook will probably continue to be challenging, particularly if the signs of global manufacturing recovery prove to be false. Recent developments suggest that the region may increasingly expect support from the IMF, the EU and foreign banks. While this does not reduce the need for economies to adjust, it does mitigate the risks. The long-term prospects of convergence for the region remain intact, and the ability and willingness of EU member states in CEE to join EMU have also increased significantly. Overall, the second quarter of 2009 will not mark the end of the challenges faced by the region. But it will see a further step on the road for the region to rejoin the convergence path.

The downturn in the **Austrian** economy will also lose momentum in the next few months in line with developments in most of Austria's trading partners. Overall, real GDP is expected to contract by over 2 %, mainly on account of declines in exports and investment in equipment. Benefiting from government measures, the construction industry and private consumption, though slightly declining or stagnating, will support the economy. For this reason the contraction of the Austrian economy could turn out to be less pronounced than in many other European countries. Credit demand will continue to decrease, with lending volume expected to be somewhat lower by the end of 2009 compared with year-end 2008. Further strong growth is seen in deposits; they account for a large proportion of Austrians' ongoing strong savings activity.

➔ **Bank Austria** got off to a good start in 2009; rather than being pessimistic, the bank is moderately confident about the forthcoming quarters. In Austria, economic factors with an adverse impact, primarily the credit cycle, will have more weight than positive effects resulting from the more favourable interest rate scenario. In retail banking, there is a need for simplicity; in the corporate banking sector, advisory services aimed at helping customers deal with the crisis in their financing arrangements will strengthen our market position. There is no sign yet of a sustained recovery of securities business, which means that net fees and commissions will remain weak. The improvement in trading and capital market activities in the first quarter of 2009 cannot simply be projected for the full year. The general profile in CEE is similar. We proceed from the assumption that operating activities can be maintained at the current high level until the convergence process again provides a stronger impetus. Unexpected setbacks in individual countries with a vulnerable economy cannot be ruled out. But they can count on an increased willingness of international institutions and banks to provide support. Irrespective of the market situation, we will strengthen the international network of our competence lines, establish very close links between corporate banking and Markets & Investment Banking, and unlock synergies in production and settlement by using shared production centres.

Economic performance

(real GDP, % on preceding quarter, seasonally-adjusted)



UniCredit Research

Consolidated Income Statement of the Bank Austria Group

for the first quarter of 2009

	(Notes)	1 JAN.– 31 MARCH 2009	1 JAN.– 31 MARCH 2008
			(€ m)
Interest income and similar revenues	(4)	2,970	2,997
Interest expense and similar charges	(4)	–1,658	–1,922
Net interest margin		**1,312**	**1,075**
Fee and commission income	(5)	546	629
Fee and commission expense	(5)	–89	–111
Net fees and commissions		**457**	**519**
Dividend income and similar revenue	(6)	11	12
Gains and losses on financial assets and liabilities held for trading	(7)	199	–120
Fair value adjustments in hedge accounting	(8)	–1	–
Gains and losses on disposal of:	(9)	39	74
a) loans		–	–
b) available-for-sale financial assets		42	74
c) held-to-maturity investments		–3	–
d) financial liabilities		–	–
Gains and losses on financial assets/liabilities at fair value through profit or loss	(10)	–9	–24
OPERATING INCOME		**2,008**	**1,535**
Impairment losses on:	(11)	–446	–173
a) loans		–441	–173
b) available-for-sale financial assets		–	–
c) held-to-maturity investments		–	–
d) other financial assets		–5	–
Net income from financial activities		**1,562**	**1,362**
Premiums earned (net)		23	30
Other income (net) from insurance activities		–19	–22
Net income from financial and insurance activities		**1,566**	**1,370**
Administrative costs:		–812	–873
a) staff expense	(12)	–488	–551
b) other administrative expense	(13)	–325	–321
Provisions for risks and charges	(14)	–4	–7
Impairment/write-backs on property, plant and equipment	(15)	–53	–49
Impairment/write-backs on intangible assets	(16)	–28	–29
Other net operating income	(17)	32	34
OPERATING COSTS		**–865**	**–924**
Profit (loss) of associates		16	67
Gains and losses on tangible and intangible assets measured at fair value		–	–
Impairment of goodwill		–	–
Gains and losses on disposal of investments	(18)	5	1
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**722**	**514**
Tax expense (income) related to profit or loss from continuing operations		–150	–84
NET PROFIT OR LOSS FOR THE PERIOD		**572**	**430**
Minorities		–25	–24
NET PROFIT OR LOSS ATTRIBUTABLE TO THE PARENT COMPANY		**547**	**406**
Earnings per share (in €, basic and diluted)		10.83	8.04

The quarterly figures for 2008 were restated retrospectively by allocating impairment losses on intangible assets which resulted from value adjustments in the fourth quarter of 2008 to the individual quarters on a pro-rata time basis.

Consolidated Balance Sheet of the Bank Austria Group

at 31 March 2009

Assets			(€ m)
	(Notes)	31 MARCH 2009	31 DEC. 2008
Cash and cash balances		3,083	3,908
Financial assets held for trading	(19)	4,081	4,489
Financial assets at fair value through profit or loss	(20)	324	567
Available-for-sale financial assets	(21)	9,863	10,034
Held-to-maturity investments	(22)	5,598	5,754
Loans and receivables with banks	(23)	19,504	20,023
Loans and receivables with customers	(24)	129,300	131,973
Hedging derivatives		172	85
Changes in fair value of portfolio hedged items (+/–)		–	–
Investments in associates and joint ventures		2,272	2,277
Insurance reserves attributable to reinsurers		–	–
Property, plant and equipment	(25)	2,356	2,346
Intangible assets	(26)	3,900	4,170
of which goodwill		*3,366*	*3,595*
Tax assets		1,133	1,088
a) current tax assets		275	253
b) deferred tax assets		859	835
Non-current assets and disposal groups classified as held for sale	(27)	31,551	34,068
Other assets		1,292	1,369
TOTAL ASSETS		**214,430**	**222,152**

Liabilities and equity			(€ m)
	(Notes)	31 MARCH 2009	31 DEC. 2008
Deposits from banks	(28)	32,565	35,511
Deposits from customers	(29)	93,185	95,164
Debt securities in issue	(30)	32,374	32,597
Financial liabilities held for trading	(31)	1,881	2,155
Financial liabilities at fair value through profit or loss	(32)	2,029	2,000
Hedging derivatives		195	123
Changes in fair value of portfolio hedged items (+/–)		–	–
Tax liabilities		622	541
a) current tax liabilities		184	138
b) deferred tax liabilities		438	403
Liabilities included in disposal groups classified as held for sale	(33)	30,477	33,137
Other liabilities		2,633	2,515
Provisions for risks and charges	(34)	4,001	4,015
a) post-retirement benefit obligations		3,542	3,537
b) other provisions		459	477
Insurance reserves		147	156
Equity		14,321	14,237
of which Minorities (+/–)		*758*	*733*
TOTAL LIABILITIES AND EQUITY		**214,430**	**222,152**

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 2008	**1,469**	**5,323**	**8,118**	**–31**	**397**	**–600**	**14,676**	**658**	**15,334**
Purchase price allocation			–4				–4	2	–2
As at 1 January 2008 restated	**1,469**	**5,323**	**8,114**	**–31**	**397**	**–600**	**14,672**	**659**	**15,332**
Changes in the group of consolidated companies							–	10	10
Recognised income and expenses			451	–534	–16		–99	24	–75
Dividend paid							–	–19	–19
AS AT 31 MARCH 2008	**1,469**	**5,323**	**8,565**	**–565**	**381**	**–600**	**14,573**	**675**	**15,248**

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

	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
Recognised income and expenses			536	–615	138		59	6	65
Dividend paid							–		–
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*

Statement of recognised income and expenses

(€ m)

	2009	2008
Gains/losses on assets held for sale (available-for-sale reserve)	–85	–127
Gains/losses on cash flow hedges (cash flow hedge reserve)	276	112
Changes at companies accounted for under the equity method	–2	–
Foreign currency translation – exchange differences	–609	–539
Foreign currency translation relating to assets held for sale	–23	–
Actuarial gains/losses on defined-benefit plans	–	–
Taxes on items directly recognised in equity	–49	5
Other changes	–14	41
Recognised directly in equity	**–507**	**–508**
Net profit	**572**	**434**
TOTAL OF INCOME AND EXPENSES RECOGNISED IN THE REPORTING PERIOD	**65**	**–75**
Shareholders' equity	59	–99
Minority interests	6	24

Cash flow statement of the Bank Austria Group

		(€ m)
	1 JAN.–31 MARCH 2009	1 JAN.–31 MARCH 2008
CASH AND CASH EQUIVALENTS AT END OF PREVIOUS PERIOD	**3,929**	**2,967**
Cash flows from operating activities	–1,129	733
Cash flows from investing activities	327	–963
Cash flows from financing activities	–49	–24
Effects of exchange rate changes	5	–3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,083**	**2,710**

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 the Bank Austria Group

(1) Significant accounting policies

The interim report of the Bank Austria Group has been prepared in accordance with International Financial Reporting Standards (IFRSs). IAS 34 was applied to the interim report. The interim report covers the first three months of 2009 (1 January 2009 to 31 March 2009) and compares this period with the same period of the previous year.

In January 2008, the IASB published a revised IFRS 3, "Business Combinations" ("IFRS 3 R"), and an amended IAS 27, "Consolidated and Separate Financial Statements" ("IAS 27 R"). IFRS 3 R and IAS 27 R will become effective for business combinations in business years beginning on or after 1 July 2009. They may be applied for earlier periods if both Standards are applied simultaneously. After examining the possibility of earlier application, Bank Austria did not make use of it.

Results for the first quarter of 2009 were significantly influenced by the application of the amendments to IAS 39 and IFRS 7, "Reclassification of Financial Assets", which were approved by the IASB and adopted by the European Union in October 2008. In accordance with the provisions in the amendments to IAS 39, reclassifications were effected as from 1 July 2008 at the fair values determined at that date. The following table shows the effects related to the reclassifications:

Reclassifications in accordance with IAS 39

(€ m)	31 DEC. 2008	31 MARCH 2009
Financial assets held for trading	–1,993	–1,825
Held-to-maturity investments	1	1
Loans and receivables with customers	2,374	2,294
Deferred tax liabilities	–32	–32

Effects on the income statement (€ m)	1 JULY– 31 DEC. 2008	1 JAN.– 31 MARCH 2009	1 JULY 2008– 31 MARCH 2009
Interest income	31	15	46
Gains and losses on financial assets and liabilities held for trading	350	74	424
Income tax expense	32	–	32

Impairment test

In Bank Austria the impairment test in respect of goodwill allocated to each cash-generating unit was performed as at 31 December 2008.

As at 31 March 2009 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 reviewed prior to the date of the next regular impairment test (31 December 2009).

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, earnings per share for the first three months of 2009 were € 2.71 (comparative figure for the same period of the previous year: € 2.03).

(3) Changes in the group of consolidated companies in 2009

The following subsidiaries were included in the group of consolidated companies of the Bank Austria Group as from 1 January 2009:

- BA-CA Wien Mitte Holding GmbH
- Christoph Reisegger Gesellschaft m.b.H.
- Diners Club CEE Holding AG
- Diners Polska Sp.z.o.o.
- EK Mittelstandsfinanzierungs AG
- Euroventures-Austria-CA-Management GesmbH
- Mezzanin Finanzierungs AG
- Palais Rothschild Vermietungs GmbH Co OEG
- WED Donau-City Gesellschaft m.b.H.
- WED Holding Gesellschaft m.b.H.
- WED Wiener Entwicklungsgesellschaft für den Donauraum AG
- Arany Penzügyi Lizing Zrt., Hungary
- UniCredit Factoring Penzügyi Szolgoltato Zrt., Hungary

The following companies have been accounted for under the equity method since 1 January 2009:

- "Air Plus" Air Travel Card Vertriebsgesellschaft m.b.H.
- Pay Life Bank GmbH
- UniCredit Business Partner S.p.A., Italy

On 22 January 2009, UniCredit Global Leasing S.p.A., Italy, a leasing company accounted for under the equity method, merged with UniCredit Leasing S.p.A., Italy. Bank Austria's shareholding interest in the merged company is 31.01 %.

Also in January 2009, Bank Austria transferred its previously consolidated subsidiaries BA-CA Administration Services GmbH and Banking Transaction Services s.r.o, Czech Republic, to UniCredit Business Partner S.p.A., Italy. In return, Bank Austria received a shareholding interest of 28.81 % in UniCredit Business Partner S.p.A., which has been accounted for under the equity method in the Bank Austria Group since 1 January 2009.

Notes (CONTINUED)

Notes to the income statement

(4) Interest income / Interest expense

Interest income and similar revenues (€ m)

	1 JAN.–31 MARCH 2009					1 JAN.–31 MARCH 2008
	UNIMPAIRED FINANCIAL ASSETS		IMPAIRED FINANCIAL ASSETS	OTHER ASSETS	TOTAL	TOTAL
	DEBT SECURITIES	LOANS				
Financial assets held for trading	56	–	–	8	64	148
Financial assets at fair value through profit or loss	5	–	–	–	5	13
Available-for-sale financial assets	108	–	–	5	113	114
Held-to-maturity investments	109	–	–	–	109	136
Loans and receivables with banks	–	231	2	–	234	444
Loans and receivables with customers	37	2,093	82	12	2,224	2,090
Hedging derivatives	X	X	X	215	215	46
Financial assets sold but not derecognised	–	–	–	–	–	–
Other assets	X	X	X	6	6	6
TOTAL	**315**	**2,324**	**85**	**246**	**2,970**	**2,997**

Interest expense and similar charges (€ m)

	1 JAN.–31 MARCH 2009				1 JAN.–31 MARCH 2008
	DEPOSITS	SECURITIES	OTHER LIABILITIES	TOTAL	TOTAL
Deposits from banks	–441	X	–	–441	–635
Deposits from customers	–826	X	–	–826	–922
Debt securities in issue	X	–354	–	–354	–332
Financial liabilities held for trading	–	–	–12	–12	–16
Financial liabilities at fair value through profit or loss	–	–10	–	–10	–9
Financial liabilities relating to assets sold but not derecognised	–	–	–	–	–
Other liabilities	X	X	–5	–5	–4
Hedging derivatives	X	X	–10	–10	–4
TOTAL	**–1,267**	**–364**	**–27**	**–1,658**	**–1,922**

Notes (CONTINUED)

Notes to the income statement (CONTINUED)

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

Fee and commission income		(€ m)
	1 JAN.– 31 MARCH 2009	1 JAN.– 31 MARCH 2008
Guarantees given	**42**	**41**
Credit derivatives	**2**	**3**
Management, brokerage and consultancy services:	**185**	**206**
securities trading	11	9
currency trading	75	73
segregated accounts	38	31
custody and administration of securities	23	38
custodian bank	9	13
placement of securities	8	14
client instructions	4	7
advisory	2	2
distribution of third party services	15	19
Collection and payment services	**215**	**235**
Securitisation servicing	**–**	**–**
Factoring	**9**	**9**
Tax collection services	**–**	**–**
Other services	**92**	**136**
TOTAL	**546**	**629**

Fee and commission expense		(€ m)
	1 JAN.– 31 MARCH 2009	1 JAN.– 31 MARCH 2008
Guarantees received	**–2**	**–4**
Credit derivatives	**–11**	**–6**
Management, brokerage and consultancy services:	**–12**	**–25**
securities trading	–2	–5
currency trading	–1	–1
segregated accounts	–3	–7
custody and administration of securities	–5	–11
placement of securities	–	–1
off-site distribution of securities, products and services	–	–
Collection and payment services	**–47**	**–49**
Other services	**–16**	**–26**
TOTAL	**–89**	**–111**

Notes (CONTINUED)

Notes to the income statement (CONTINUED)

(6) Dividend income and similar revenue

(€ m)

	1 JAN.–31 MARCH 2009		1 JAN.–31 MARCH 2008	
	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
Financial assets held for trading	–	–	–	–
Available-for-sale financial assets	2	–	–	2
Financial assets at fair value through profit or loss	–	8	–	8
Investments	–	X	2	–
TOTAL	**3**	**8**	**2**	**10**

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

(€ m)

	1 JAN.–31 MARCH 2009					1 JAN.– 31 MARCH 2008
	CAPITAL GAINS	TRADING PROFIT	CAPITAL LOSSES	TRADING LOSSES	NET PROFIT	NET PROFIT
Financial assets held for trading	**156**	**366**	**–137**	**–427**	**–42**	**–180**
Debt securities	85	61	–63	–80	4	–306
Equity instruments	71	66	–71	–71	–5	88
Units in investment funds	–	1	–	–	–	–15
Loans	–	1	–	–	1	–
Other	–	238	–3	–277	–41	53
Financial liabilities held for trading	**–**	**–**	**–4**	**–**	**–4**	**23**
Debt securities	–	–	–	–	–	–
Deposits	–	–	–2	–	–2	2
Other	–	–	–2	–	–2	21
Other financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**205**	**130**
Derivatives	**185**	**689**	**–94**	**–598**	**40**	**–93**
Financial derivatives	185	610	–94	–550	9	–176
on debt securities and interest rates	*147*	*538*	*–47*	*–499*	*140*	*97*
on equity securities and share indices	*10*	*14*	*–10*	*–20*	*–6*	*–140*
on currency and gold	*X*	*X*	*X*	*X*	*–142*	*–129*
other	*27*	*58*	*–37*	*–31*	*17*	*–4*
Credit derivatives	–	80	–	–48	32	82
TOTAL	**341**	**1,055**	**–235**	**–1,025**	**199**	**–120**

Notes (CONTINUED)

Notes to the income statement (CONTINUED)

(8) Fair value adjustments in hedge accounting

	1 JAN.– 31 MARCH 2009	1 JAN.– 31 MARCH 2008
		(€ m)
Gains on:		
Fair value hedging instruments	1	2
Hedged asset items (fair value)	2	3
Hedged liability items (fair value)	–	–
Cash flow hedges	–	–
Assets and liabilities denominated in currency	–	–
Total gains on hedging activities	**3**	**4**
Losses on:		
Fair value hedging instruments	–2	–3
Hedged asset items (fair value)	–2	–1
Hedged liability items (fair value)	–	–
Cash flow hedges	–	–
Assets and liabilities denominated in currency	–	–
Total losses on hedging activities	**–3**	**–4**
NET HEDGING RESULT	**–1**	**–**

(9) Gains and losses on disposals/repurchases

	1 JAN.–31 MARCH 2009			1 JAN.–31 MARCH 2008		(€ m)
	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
Financial assets						
Loans and receivables with banks	–	–	–	–	–	–
Loans and receivables with customers	–	–	–	–	–	–
Available-for-sale financial assets	60	–18	42	143	–70	74
Debt securities	*5*	*–7*	*–2*	*17*	*–17*	*–*
Equity instruments	*55*	*–11*	*44*	*122*	*–52*	*70*
Units in investment funds	*–*	*–*	*–*	*3*	*–*	*3*
Loans	*–*	*–*	*–*	*–*	*–*	*–*
Held-to-maturity investments	–	–3	–3	–	–	–
TOTAL ASSETS	**60**	**–21**	**39**	**143**	**–70**	**74**
Financial liabilities						
Deposits with banks	–	–	–	–	–	–
Deposits with customers	–	–	–	–	–	–
Debt securities in issue	–	–	–	–	–	–
TOTAL LIABILITIES	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL	**60**	**–21**	**39**	**143**	**–70**	**74**

Notes (CONTINUED)

Notes to the income statement (CONTINUED)

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

(€ m)

	1 JAN.–31 MARCH 2009					1 JAN.– 31 MARCH 2008
	CAPITAL GAINS	GAINS ON TRANSFER	CAPITAL LOSSES	LOSSES ON TRANSFER	NET PROFIT	NET PROFIT
Financial assets	**8**	**2**	**–9**	**–9**	**–9**	**–22**
Debt securities	5	–	–4	–	1	–3
Equity securities	–	–	–	–	–	–5
Units in investment funds	2	1	–5	–9	–10	–15
Loans	–	–	–	–	–	–
Financial liabilities	**31**	**–**	**–22**	**–**	**9**	**80**
Debt securities	31	–	–22	–	9	81
Deposits from banks	–	–	–	–	–	–
Deposits from customers	–	–	–	–	–	–
Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**–**	**–1**
Financial derivatives	**22**	**–**	**–31**	**–**	**–9**	**–81**
Derivatives	22	–	–31	–	–9	–81
Credit derivatives	–	–	–	–	–	–
TOTAL	**61**	**2**	**–63**	**–10**	**–9**	**–24**

(11) Impairment losses

Impairment losses on loans (€ m)

	1 JAN.–31 MARCH 2009								1 JAN.– 31 MARCH 2008
	WRITE-DOWNS			WRITE-BACK					
	SPECIFIC			SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
Loans and receivables with banks	–	–	–	–	–	–	–	–	–
Loans and receivables with customers	–11	–538	–47	–	139	–	17	–441	–173
TOTAL	**–11**	**–538**	**–47**	**–**	**139**	**–**	**17**	**–441**	**–173**

Notes (CONTINUED)

Notes to the income statement (CONTINUED)

Impairment losses on other financial transactions (€ m)

	1 JAN.–31 MARCH 2009								1 JAN.– 31 MARCH 2008
	WRITE-DOWNS			WRITE-BACK					
	SPECIFIC			SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
Guarantees given	–	–19	–2	–	13	–	2	–6	–
Credit derivatives	–	–	–	–	–	–	–	–	–
Commitments to disburse funds	–	–1	–	–	1	–	–	1	–
Other transactions	–	–	–	–	–	–	–	–	–
TOTAL	**–**	**–20**	**–2**	**–**	**14**	**–**	**3**	**–5**	**–**

(12) Payroll: breakdown

(€ m)

	1 JAN.– 31 MARCH 2009	1 JAN.– 31 MARCH 2008
Employees	**–479**	**–537**
Wages and salaries	–348	–375
Social charges	–70	–68
Severance pay	–1	–3
Social security costs	–13	–22
Allocation to employee severance pay provision	–6	–6
Provision for retirement payments and similar provisions	–53	–49
Payments to external pension funds	–5	–7
Costs related to share-based payments	–1	–2
Other employee benefits	–12	–20
Recovery of compensation	30	16
Other	**–8**	**–15**
TOTAL	**–488**	**–551**

(13) Other administrative expenses

(€ m)

	1 JAN.– 31 MARCH 2009	1 JAN.– 31 MARCH 2008
Indirect taxes and duties	**–8**	**–8**
Miscellaneous costs and expenses	**–317**	**–313**
Advertising, marketing and communication	–24	–44
Expenses related to credit risk	–3	–3
Expenses related to personnel	–12	–18
Information and communication technology expenses	–74	–71
Consulting and professional services	–9	–9
Real estate expenses	–83	–77
Other functioning costs	–112	–90
TOTAL	**–325**	**–321**

Notes (CONTINUED)

Notes to the income statement (CONTINUED)

(14) Net provisions for risks and charges

(€ m)

	1 JAN.–31 MARCH 2009			1 JAN.–31 MARCH 2008
	PROVISIONS	REALLOCATION SURPLUS	TOTAL	TOTAL
Other provisions				
Legal disputes	–3	5	2	1
Staff costs	–	–	–	–
Other	–6	–	–6	–8
TOTAL	**–9**	**5**	**–4**	**–7**

(15) Impairment on property, plant and equipment

(€ m)

	1 JAN.–31 MARCH 2009				1 JAN.–31 MARCH 2008
	DEPRECIATION	IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT	
Property, plant and equipment					
Owned	**–52**	**–**	**–**	**–52**	**–47**
used in the business	–51	–	–	–51	–46
held for investment	–1	–	–	–1	–
Finance lease	**–1**	**–**	**–**	**–1**	**–2**
used in the business	–1	–	–	–1	–2
held for investment	–	–	–	–	–
TOTAL	**–53**	**–**	**–**	**–53**	**–49**

(16) Impairment on intangible assets

(€ m)

	1 JAN.–31 MARCH 2009				1 JAN.–31 MARCH 2008
	AMORTISATION	IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT	
Intangible assets					
Owned	**–28**	**–**	**–**	**–28**	**–29**
generated internally by the company	–8	–	–	–8	–8
other	–20	–	–	–20	–20
Finance leases	**–**	**–**	**–**	**–**	**–**
TOTAL	**–28**	**–**	**–**	**–28**	**–29**

Notes (CONTINUED)

Notes to the income statement (CONTINUED)

(17) Other net operating income

Other operating expenses	1 JAN.– 31 MARCH 2009	1 JAN.– 31 MARCH 2008
(€ m)		
Cost 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	–1
Writedowns on improvements of goods owned by third parties	–	–
Costs related to the specific service of financial leasing	–	–
Other	–13	–18
TOTAL OTHER OPERATING EXPENSES	**–14**	**–18**

Other operating income	1 JAN.– 31 MARCH 2009	1 JAN.– 31 MARCH 2008
(€ m)		
Recovery of costs	**–**	**–**
Other income	**45**	**52**
Revenue from administrative services	26	4
Reclassification of valuation reserve relating to cash-flow hedging of non-financial assets/liabilities	–	–
Revenues from rentals of real estate investments (net of operating costs)	4	2
Revenues from operating leases	–	–
Recovery of miscellaneous costs paid in previous years	1	1
Revenues from finance lease activities	–	–
Other	14	44
OTHER OPERATING INCOME	**45**	**52**
OTHER NET OPERATING INCOME	**32**	**34**

(18) Gains and losses on disposal of investments

(€ m)	1 JAN.– 31 MARCH 2009	1 JAN.– 31 MARCH 2008
Property		
Gains on disposal	5	1
Losses on disposal	–	–1
Other assets		
Gains on disposal	1	3
Losses on disposal	–1	–2
TOTAL	**5**	**1**

Notes (CONTINUED)

Notes to the balance sheet

(19) Financial assets held for trading

				(€ m)
	31 MARCH 2009			31 DEC. 2008
	LISTED	UNLISTED	TOTAL	TOTAL
Financial assets (non-derivatives)	**1,341**	**241**	**1,582**	**1,823**
Debt securities	1,329	9	1,338	1,569
Structured securities	*17*	*6*	*23*	*60*
Other debt securities	*1,312*	*4*	*1,316*	*1,509*
Equity instruments	5	231	237	246
Units in investment funds	7	–	8	8
Loans	–	–	–	–
Repos	–	–	–	–
Other	–	–	–	–
Impaired assets	–	–	–	–
Assets sold but not derecognised	–	–	–	–
Derivative instruments	**19**	**2,480**	**2,499**	**2,666**
Financial derivatives	19	2,478	2,496	2,666
Trading	*19*	*2,477*	*2,496*	*2,662*
Fair value hedges	–	–	–	–
Other	–	*1*	*1*	*4*
Credit derivatives	–	3	3	–
Trading	–	*3*	*3*	–
Fair value hedges	–	–	–	–
Other	–	–	–	–
TOTAL	**1,360**	**2,721**	**4,081**	**4,489**

Notes (CONTINUED)

Notes to the balance sheet (CONTINUED)

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

				(€ m)
	31 MARCH 2009			31 DEC. 2008
	LISTED	UNLISTED	TOTAL	TOTAL
Debt securities	233	15	248	381
Structured securities	*39*	*–*	*39*	*–*
Other debt securities	*194*	*15*	*208*	*381*
Equity instruments	3	17	21	21
Units in investment funds	–	48	48	149
Loans	–	8	8	17
Structured	*–*	*–*	*–*	*–*
Other	*–*	*8*	*8*	*17*
Impaired assets	–	–	–	–
Assets sold but not derecognised	–	–	–	–
TOTAL	**236**	**88**	**324**	**567**

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.

(21) Available-for-sale financial assets

				(€ m)
	31 MARCH 2009		31 DEC. 2008	
	LISTED	UNLISTED	LISTED	UNLISTED
Debt securities	6,469	2,468	6,585	2,660
Structured securities	*4*	*451*	*5*	*453*
Other	*6,465*	*2,018*	*6,580*	*2,207*
Equity instruments	123	700	34	656
Measured at fair value	*122*	*665*	*34*	*647*
Carried at cost	*–*	*25*	*–*	*8*
Units in investment funds	–	100	–	97
Loans	–	–	–	–
Impaired assets	–	2	1	3
Assets sold but not derecognised	–	–	–	–
TOTAL	**6,591**	**3,271**	**6,620**	**3,414**

Notes (CONTINUED)

Notes to the balance sheet (CONTINUED)

(22) Held-to-maturity investments

(€ m)	31 MARCH 2009		31 DEC. 2008	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Debt securities	5,598	5,664	5,754	5,760
Structured securities	–	–	–	*21*
Other securities	*5,598*	*5,664*	*5,754*	*5,739*
Loans	–	–	–	–
Impaired assets	–	–	–	–
Asset sold but not derecognised	–	–	–	–
TOTAL	**5,598**	**5,664**	**5,754**	**5,760**

(23) Loans and receivables with banks

(€ m)	31 MARCH 2009	31 DEC. 2008
Loans to central banks	**4,298**	**6,397**
Time deposits	281	250
Compulsory reserves	3,289	4,337
Repos	679	1,765
Other	49	46
Loans to banks	**15,207**	**13,626**
Current accounts and demand deposits	2,296	1,548
Time deposits	4,065	3,412
Other loans	8,802	8,628
Repos	*1,453*	*1,486*
Finance leases	–	–
Other	*7,348*	*7,141*
Debt securities	–	–
Structured	–	–
Other	–	–
Impaired assets	43	38
Assets sold but not derecognised	–	–
TOTAL (CARRYING AMOUNT)	**19,504**	**20,023**
TOTAL (FAIR VALUE)	**19,678**	**20,137**
Loan loss provisions deducted from loans and receivables	64	62

Notes (CONTINUED)

Notes to the balance sheet (CONTINUED)

(24) Loans and receivables with customers

(€ m)	31 MARCH 2009	31 DEC. 2008
Current accounts	14,858	15,232
Repos	61	141
Mortgages	20,725	20,070
Credit cards and personal loans, incl. loans guaranteed by salary	9,206	9,814
Finance leases	693	748
Factoring	435	507
Other transactions	79,423	81,963
Debt securities	209	219
Structured securities	–	–
Other debt securities	*209*	*219*
Impaired assets	3,690	3,280
Assets sold but not derecognised	–	–
TOTAL (CARRYING AMOUNT)	**129,300**	**131,973**
TOTAL (FAIR VALUE)	**130,843**	**133,322**
Loan loss provisions deducted from loans and receivables	4,223	3,876

(25) Property, plant and equipment

(€ m)	31 MARCH 2009	31 DEC. 2008
Assets for operational use	**2,034**	**2,036**
Owned	**1,988**	**1,979**
Land	201	205
Buildings	1,327	1,296
Office furniture and fittings	158	164
Electronic systems	175	178
Others	126	135
Leased	**47**	**56**
Land	–	–
Buildings	43	50
Office furniture and fittings	–	–
Electronic systems	3	6
Others	–	–
Leasehold improvements and upgrade expenditure capitalised (group properties excluded)	**–**	**–**
Held-for-investment assets	**322**	**310**
Owned	**321**	**310**
Land	208	255
Buildings	113	55
Other	–	–
Leased	**–**	**–**
Land	–	–
Buildings	–	–
Other	–	–
TOTAL	**2,356**	**2,346**

Notes (CONTINUED)

Notes to the balance sheet (CONTINUED)

(26) Intangible assets

(€ m)	31 MARCH 2009	31 DEC. 2008
Goodwill	**3,366**	**3,595**
Attributable to the Group	3,366	3,595
Attributable to minorities	–	–
Other intangible assets	**533**	**575**
Intangible assets generated internally	149	164
Other assets	384	411
Assets valued at fair value:	–	–
Intangible assets generated internally	–	–
Other assets	–	–
Intangible assets – leased	–	–
TOTAL	**3,900**	**4,170**

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

(€ m)	31 MARCH 2009	31 DEC. 2008
Individual assets		
Equity investments	–	–
Property, plant and equipment	1	1
Intangible assets	–	–
Other non-current assets	–	–
Total	**2**	**2**
Asset groups classified as held for sale		
Financial assets held for trading	16,129	17,796
Financial assets at fair value through profit or loss	29	77
Available-for-sale financial assets	892	982
Held-to-maturity investments	1	16
Loans and receivables with banks	9,710	11,401
Loans and receivables with customers	2,741	2,833
Equity investments	1	1
Property, plant and equipment	16	16
Intangible assets	132	132
Other assets	1,898	811
Total	**31,549**	**34,066**
ASSETS	**31,551**	**34,068**

This item includes the investment bank UniCredit CAIB AG and its subsidiaries in Poland, Russia and the United Kingdom. In autumn 2008, in connection with the intended concentration of Markets & Investment Banking activities of UniCredit Group, the sale process for the sale of UniCredit CAIB AG to Bayerische Hypo- und Vereinsbank AG, Munich, was initiated. Appropriate measures aimed at a reorientation of the subsidiaries have also been taken.

Notes (CONTINUED)

Notes to the balance sheet (CONTINUED)

Also included is card complete Service Bank AG. With a view to streamlining its interests in the Austrian card business, UniCredit Bank Austria AG together with the other shareholders set up a selling process for card complete Service Bank AG. Completion is scheduled for 2009.

(28) Deposits from banks

		(€ m)
	31 MARCH 2009	31 DEC. 2008
Deposits from central banks	**4,571**	**9,777**
Deposits from banks	**27,994**	**25,733**
Current accounts and demand deposits	2,202	965
Time deposits	7,103	6,002
Loans	17,562	17,525
Finance leases	–	–
Other	*17,562*	*17,525*
Liabilities in respect of commitments to repurchase treasury shares	–	–
Liabilities relating to assets sold but not derecognised	–	–
Reverse repos	–	–
Other	–	–
Other liabilities	1,126	1,242
TOTAL	**32,565**	**35,511**
FAIR VALUE	**32,782**	**35,627**

(29) Deposits from customers

		(€ m)
	31 MARCH 2009	31 DEC. 2008
Current accounts and demand deposits	37,175	39,266
Time deposits	50,430	51,515
Deposits received in administration	–	–
Loans	1,359	952
Finance leases	*3*	*2*
Other	*1,357*	*951*
Liabilities in respect of commitments to repurchase treasury shares	–	–
Liabilities relating to assets sold but not derecognised	–	–
Reverse repos	–	–
Other	–	–
Other liabilities	4,220	3,431
TOTAL	**93,185**	**95,164**
FAIR VALUE	**94,061**	**95,575**

Notes (CONTINUED)

Notes to the balance sheet (CONTINUED)

(30) Debt securities in issue

(€ m)

	31 MARCH 2009		31 DEC. 2008	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Listed securities	**12,842**	**12,621**	**13,178**	**12,955**
Bonds	12,417	12,196	12,769	12,546
structured	–	–	–	–
other	*12,417*	*12,196*	*12,769*	*12,546*
Other securities	425	425	409	409
structured	*5*	*5*	*5*	*5*
other	*420*	*420*	*404*	*404*
Unlisted securities	**19,533**	**19,449**	**19,419**	**19,386**
Bonds	18,531	18,444	18,253	18,213
structured	*149*	*149*	*159*	*159*
other	*18,382*	*18,295*	*18,094*	*18,054*
Other securities	1,001	1,005	1,166	1,173
structured	*450*	*450*	*447*	*447*
other	*552*	*556*	*719*	*726*
TOTAL	**32,374**	**32,070**	**32,597**	**32,341**

Notes to the balance sheet (CONTINUED)

(31) Financial liabilities held for trading

(€ m)

	31 MARCH 2009			31 DEC. 2008
	LISTED	UNLISTED	TOTAL	TOTAL
Financial liabilities	**10**	**3**	**14**	**19**
Deposits from banks	**–**	**–**	**–**	**–**
Deposits from customers	**10**	**–**	**10**	**15**
Reverse repos	–	–	–	–
Others	10	–	10	15
Structured	–	–	–	–
Other	–	–	–	–
Short position	*10*	–	*10*	*15*
Debt securities	**–**	**3**	**3**	**3**
Bonds	–	3	3	3
Structured	–	–	–	–
Other	–	*3*	*3*	*3*
Other securities	–	–	–	–
Structured	–	–	–	–
Other	–	–	–	–
Derivative instruments	**17**	**1,851**	**1,867**	**2,136**
Financial derivatives	**17**	**1,850**	**1,867**	**2,136**
Trading	17	1,850	1,867	2,135
Relating to Fair Value option	–	–	–	–
Other	–	–	–	1
Credit derivatives	**–**	**1**	**1**	**–**
Trading	–	1	1	–
Relating to Fair Value option	–	–	–	–
Other	–	–	–	–
TOTAL	**27**	**1,854**	**1,881**	**2,155**

Notes (CONTINUED)

Notes to the balance sheet (CONTINUED)

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

(€ m)	31 MARCH 2009		31 DEC. 2008	
	LISTED	UNLISTED	LISTED	UNLISTED
Deposits from banks	–	14	–	12
Deposits from customers	–	–	–	–
Debt securities	174	1,841	174	1,814
TOTAL	**174**	**1,855**	**174**	**1,826**

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 2009, changes in fair values resulting from changes in our own funding costs were € 49.7 m (same period of the previous year: € 36.3 m).

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

(€ m)	31 MARCH 2009	31 DEC. 2008
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	15,117	17,909
Deposits from customers	645	306
Debt securities in issue	–	–
Financial liabilities held for trading	12,547	13,315
Financial liabilities at fair value through profit or loss	30	37
Provisions	15	16
Other liabilities	2,122	1,555
Total	**30,477**	**33,137**
LIABILITIES	**30,477**	**33,137**

(34) Provisions for risks and charges

(€ m)	31 MARCH 2009	31 DEC. 2008
Pensions and other post-retirement benefit obligations	**3,542**	**3,537**
Other provisions for risks and charges	**459**	**477**
Legal disputes	131	136
Staff expenses	9	10
Other	319	331
TOTAL	**4,001**	**4,015**

Notes (CONTINUED)

Additional IFRS disclosures

(35) Guarantees given and commitments

(€ m)	31 MARCH 2009	31 DEC. 2008
Financial guarantees given to:	**8,296**	**9,449**
Banks	444	546
Customers	7,852	8,903
Commercial guarantees given to:	**9,748**	**12,996**
Banks	2,196	2,632
Customers	7,552	10,364
Other irrevocable commitments to disburse funds	**14,488**	**14,880**
Banks:	238	465
Usage certain	*56*	*7*
Usage uncertain	*182*	*458*
Customers:	14,250	14,415
Usage certain	*8,533*	*8,889*
Usage uncertain	*5,717*	*5,526*
Underlying obligations for credit derivatives: sales of protection	**955**	**954**
Other commitments	**3,657**	**5,426**
TOTAL	**37,144**	**43,705**

(36) 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 2009 is € 1 m.

Employees	Q1 2009	2008
Salaried staff	64,318	67,069
Other employees	141	90
TOTAL	**64,459**	**67,159**
of which: in Austria	*8,570*	*10,441*
of which: abroad	*55,889*	*56,718*

Average full-time equivalents of staff employed in the Bank Austria Group (consolidated companies), excluding employees on unpaid sabbatical or maternity/paternity leave.
Apprentices are included as from 1 January 2009 (average for Q1 2009: 113)

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

As part of the bundling of IT services within UniCredit Group, WAVE Solutions Information Technology GmbH was transferred to UniCredit Global Information Service S.p.A. (UGIS) with effect from 1 May 2009. In return, 23,804,361 new UGIS shares corresponding to a 10.02% shareholding interest were transferred to Bank Austria.

Notes (CONTINUED)

Additional IFRS disclosures (CONTINUED)

(38) Reconciliation of reclassified accounts to mandatory reporting schedule

(€ m)	1 JAN.– 31 MARCH 2009	1 JAN.– 31 MARCH 2008
Net interest	1,312	1,075
Dividends and other income from equity investments	23	50
Dividend income and similar revenue	11	12
less: dividends from equity instruments held for trading	–	–
Profit (loss) of associates – of which: income (loss) from equity investments valued at net equity	13	39
Net interest margin	**1,335**	**1,125**
Net fees and commissions	457	519
Net trading, hedging and fair value income	190	–143
Gains (losses) on financial assets and liabilities held for trading	199	–120
plus: dividends from equity instruments held for trading	–	–
Fair value adjustments in hedge accounting	*–1*	–
Gains (losses) on disposal and repurchase of available-for-sale financial assets – private equity	–	*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	*–9*	*–24*
Net other expenses/income	36	42
Gains (losses) on disposals/repurchases of loans and receivables – not impaired	–	–
Premiums earned (net)	23	30
Other income (net) from insurance activities	–19	–22
Other net operating income	32	34
minus: other operating income – of which: recovery of expenses	–	–
Net non-interest income	**683**	**418**
OPERATING INCOME	**2,018**	**1,543**
Payroll costs	–488	–551
Administrative costs – staff expenses	–488	–551
Other administrative expenses	–324	–316
Administrative costs – other administrative expenses	–325	–321
minus: integration costs	*1*	*5*
Recovery of expenses	–	–
Amortisation, depreciation and impairment losses on intangible and tangible assets	–81	–78
Impairment/Write-backs on property, plant and equipment	–53	–49
minus: impairment losses/write-backs on property owned for investment	–	–
Impairment/Write-backs on intangible assets	–28	–29
minus: integration costs	–	–
OPERATING COSTS	**–892**	**–946**
OPERATING PROFIT	**1,126**	**597**

Notes (CONTINUED)

Additional IFRS disclosures (CONTINUED)

	1 JAN.– 31 MARCH 2009	1 JAN.– 31 MARCH 2008
Impairment of goodwill	–	–
Provisions for risks and charges	–4	–7
Integration costs	–1	–5
Net impairment losses on loans and provisions for guarantees and commitments	–446	–173
Gains (losses) on disposal and repurchase of loans	–	–
minus: gains (losses) on disposals/repurchases of loans and receivables – not impaired	–	–
Impairment losses on loans	–441	–173
Impairment losses on other financial assets	–5	–
Net income from investments	47	101
Gains (losses) on disposal and repurchase of available-for-sale financial assets	42	74
minus: gains (losses) on disposal and repurchase of available-for-sale financial assets – private equity	–	*–1*
Gains (losses) on disposal and repurchase of held-to-maturity investments	–3	–
Impairment losses on: available-for-sale financial assets	–	–
Impairment losses on: held-to-maturity investments	–	–
Impairment losses/write-backs on property owned for investment	–	–
Profit (loss) of associates	16	67
less: Profit (loss) of associates – income (loss) from equity investments valued at net equity	*–13*	*–39*
Gains (losses) on disposal of investments	5	1
PROFIT BEFORE TAX	**722**	**514**
Income tax for the period	–150	–84
NET PROFIT	**572**	**430**
Minorities	–25	–24
NET PROFIT ATTRIBUTABLE TO THE GROUP	**547**	**406**

Notes (CONTINUED)

Additional IFRS disclosures (CONTINUED)

(39) Segment reporting

As in previous periods, the primary segment reporting format is based on the internal reporting structure of business segments, which reflects management responsibilities in the Bank Austria Group in 2009. 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 and small businesses and the credit card business.

Private Banking & Asset Management
The Private Banking & Asset Management Division comprises the subsidiaries Bank Privat, Schoellerbank AG and Asset Management Gesellschaft AMG. Following the sale of Pioneer Investments Austria as at year-end 2008, this business segment only includes private banking activities with effect from 1 January 2009.

Corporates
The Corporates Division covers the sub-segment Large Corporates (multinational corporates, financial institutions, public sector) and Real Estate, business with medium-sized companies and customers using specific products (e.g. derivatives) as well as the activities of BA-CA Wohnbaubank AG and the BA-CA Real Invest Group. With effect from 1 January 2009, the contribution from leasing business, in which Bank Austria has a shareholding interest of 32.59% accounted for under the equity method, has been allocated to the Corporate Center (in the previous year it was included in the Corporates Division).

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).

Markets & Investment Banking
The Markets & Investment Banking Division essentially comprises the treasury activities of the Bank Austria Group; the trading activities were hived down by Bank Austria to UniCredit CAIB AG in 2008. The equity interests in Aton International Limited and Aton Broker are also included in the group of consolidated companies in this business segment.

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

Methods

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

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

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

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

Capital allocated to the business segments in Bank Austria is based on the Tier 1 capital ratio on the basis of planned risk-weighted assets under the Basel I rules. In 2008, the bank used differentiated percentage rates according to the individual business segments:

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

From 2009, capital allocation is based on planned risk-weighted assets under the Basel II rules, the Tier 1 ratio is a uniform 6.4% for all business segments.

Capital allocation to subsidiaries reflects actual IFRS capital. In the CEE Division and in the MIB Division, the IFRS capital of subsidiaries exceeds the capital calculated on the basis of risk-weighted assets. This effect is reflected in the Corporate Center.

Notes (CONTINUED)

Additional IFRS disclosures (CONTINUED)

Segment reporting Q1–Q4 2008, Q1 2009 (€ m)

		RETAIL DIVISION	PRIVATE BANKING & ASSET MANAGEMENT DIVISION	CORPORATES DIVISION	CENTRAL EASTERN EUROPE DIVISION	MARKETS & INVESTMENT BANKING DIVISION	CORPORATE CENTER	BANK AUSTRIA GROUP
Net interest income	**Q1/2009**	**187**	**5**	**156**	**759**	**313**	**–85**	**1,335**
	Q4/2008	**233**	**7**	**175**	**819**	**254**	**265**	**1,752**
	Q3/2008	**184**	**6**	**163**	**814**	**176**	**–37**	**1,306**
	Q2/2008	**184**	**5**	**166**	**731**	**173**	**–76**	**1,183**
	Q1/2008	**173**	**5**	**151**	**704**	**127**	**–34**	**1,125**
Net fees and commissions	Q1/2009	109	14	67	254	16	–3	457
	Q4/2008	116	22	58	306	21	–5	518
	Q3/2008	113	24	64	315	11	–4	522
	Q2/2008	119	26	74	282	23	–4	518
	Q1/2008	129	27	81	261	23	–2	519
Net trading, hedging and fair value income/loss	Q1/2009	10	–	–	176	–21	25	190
	Q4/2008	15	–	–	177	–283	–45	–136
	Q3/2008	–1	–	–	98	–98	–79	–80
	Q2/2008	–2	–	–	78	–86	–46	–55
	Q1/2008	–	–	–	31	–196	22	–143
Net other expenses/income	Q1/2009	–6	6	–	7	1	29	36
	Q4/2008	–5	9	–	22	–2	16	40
	Q3/2008	–8	8	–	40	–	25	65
	Q2/2008	–8	9	–1	34	–2	21	54
	Q1/2008	–7	8	–	24	–	16	42
Net non-interest income	**Q1/2009**	**113**	**20**	**68**	**436**	**–4**	**50**	**683**
	Q4/2008	**125**	**31**	**58**	**505**	**–264**	**–34**	**421**
	Q3/2008	**104**	**32**	**63**	**452**	**–87**	**–58**	**507**
	Q2/2008	**109**	**35**	**73**	**394**	**–65**	**–29**	**517**
	Q1/2008	**123**	**36**	**80**	**316**	**–172**	**36**	**418**
OPERATING INCOME	**Q1/2009**	**300**	**25**	**224**	**1,196**	**308**	**–35**	**2,018**
	Q4/2008	**358**	**38**	**233**	**1,324**	**–10**	**231**	**2,173**
	Q3/2008	**288**	**38**	**227**	**1,267**	**89**	**–95**	**1,814**
	Q2/2008	**293**	**40**	**239**	**1,125**	**108**	**–105**	**1,700**
	Q1/2008	**296**	**40**	**231**	**1,020**	**–45**	**2**	**1,543**
OPERATING EXPENSES	**Q1/2009**	**–203**	**–18**	**–66**	**–475**	**–47**	**–82**	**–892**
	Q4/2008	**–206**	**–29**	**–77**	**–613**	**–57**	**–47**	**–1,029**
	Q3/2008	**–214**	**–23**	**–64**	**–564**	**–48**	**–91**	**–1,003**
	Q2/2008	**–217**	**–24**	**–67**	**–544**	**–50**	**–54**	**–956**
	Q1/2008	**–215**	**–26**	**–63**	**–513**	**–50**	**–79**	**–946**
OPERATING PROFIT	**Q1/2009**	**97**	**6**	**158**	**720**	**261**	**–117**	**1,126**
	Q4/2008	**153**	**8**	**155**	**711**	**–67**	**184**	**1,144**
	Q3/2008	**74**	**15**	**163**	**703**	**42**	**–186**	**811**
	Q2/2008	**76**	**15**	**172**	**582**	**57**	**–159**	**744**
	Q1/2008	**81**	**15**	**168**	**506**	**–96**	**–77**	**597**
Goodwill impairment	Q1/2009	–	–	–	–	–	–	–
	Q4/2008	–	–	–	–	–	–1,027	–1,027
	Q3/2008	–	–	–	–	–	–	–
	Q2/2008	–	–	–	–	–	–	–
	Q1/2008	–	–	–	–	–	–	–

Notes (CONTINUED)

Additional IFRS disclosures (CONTINUED)

		RETAIL DIVISION	PRIVATE BANKING & ASSET MANAGEMENT DIVISION	CORPORATES DIVISION	CENTRAL EASTERN EUROPE DIVISION	MARKETS & INVESTMENT BANKING DIVISION	CORPORATE CENTER	BANK AUSTRIA GROUP
Provisions for risks and charges	Q1/2009	–	–	–	–3	–	–	–4
	Q4/2008	–10	–1	–8	–21	1	–9	–49
	Q3/2008	–3	–	–2	–22	–	–	–27
	Q2/2008	4	–	1	–15	–	5	–5
	Q1/2008	–	–	1	–7	–	–	–7
Restructuring costs	Q1/2009	–	–	–	–1	–	–	–1
	Q4/2008	–	–	–	–4	–	–1	–5
	Q3/2008	–	–	–	–2	–	–1	–2
	Q2/2008	–	–	–	7	–	–	6
	Q1/2008	–	–	–	–4	–	–1	–5
Net writedowns of loans and provisions for guarantees and commitments	Q1/2009	–55	–	–60	–332	–	–	–446
	Q4/2008	–49	–	–119	–215	–146	–	–528
	Q3/2008	–53	–	42	–124	–20	–	–155
	Q2/2008	–51	–	–9	–96	–	–	–156
	Q1/2008	–56	–	–15	–103	–	–	–173
Net income from investments	Q1/2009	2	–	–	2	–2	45	47
	Q4/2008	5	1	13	14	–25	–79	–71
	Q3/2008	–	2	–61	52	–	128	121
	Q2/2008	–	4	–9	29	1	164	190
	Q1/2008	1	2	–	28	–	70	101
PROFIT BEFORE TAX	**Q1/2009**	**44**	**6**	**99**	**386**	**259**	**–71**	**722**
	Q4/2008	**100**	**8**	**42**	**485**	**–238**	**–932**	**–536**
	Q3/2008	**17**	**17**	**141**	**608**	**22**	**–58**	**748**
	Q2/2008	**29**	**20**	**155**	**506**	**58**	**11**	**779**
	Q1/2008	**26**	**17**	**154**	**420**	**–96**	**–8**	**514**
Income tax	Q1/2009	–11	–2	–30	–77	–74	44	–150
	Q4/2008	–25	–	–2	–112	38	188	87
	Q3/2008	–4	–4	–29	–121	–6	39	–125
	Q2/2008	–6	–5	–34	–90	–14	49	–99
	Q1/2008	–6	–4	–33	–94	26	27	–84
NET PROFIT	**Q1/2009**	**32**	**5**	**69**	**309**	**185**	**–28**	**572**
	Q4/2008	**75**	**8**	**40**	**373**	**–200**	**–745**	**–449**
	Q3/2008	**14**	**13**	**112**	**486**	**16**	**–20**	**622**
	Q2/2008	**23**	**15**	**122**	**416**	**44**	**60**	**680**
	Q1/2008	**20**	**13**	**122**	**326**	**–70**	**20**	**430**
RWA credit and market risk (avg.) 1)	**Q1/2009**	**10,999**	**585**	**25,913**	**75,185**	**9,337**	**5,880**	**127,898**
	Q4/2008	**15,923**	**349**	**31,929**	**69,571**	**10,659**	**3,550**	**131,981**
	Q3/2008	**15,397**	**395**	**34,199**	**73,648**	**5,944**	**5,155**	**134,737**
	Q2/2008	**15,966**	**465**	**34,370**	**67,731**	**7,850**	**5,494**	**131,876**
	Q1/2008	**15,719**	**481**	**32,135**	**59,776**	**6,392**	**4,004**	**118,507**
Equity 2)	Q1/2009	880	152	2,000	9,525	5,542	–3,905	14,194
	Q4/2008	1,037	162	2,506	9,743	5,726	–3,932	15,242
	Q3/2008	968	189	2,526	10,580	6,043	–4,207	16,100
	Q2/2008	989	178	2,540	9,510	4,267	–2,081	15,403
	Q1/2008	975	199	2,335	8,100	4,415	–1,120	14,903

1) Starting with 2009, RWA according to Basel II regulations; 2008 Basel I.
2) Total IFRS capital for the subsidiaries allocated to the respective Division together with standardised capital for the rest of the respective Division.

Notes (CONTINUED)

Additional IFRS disclosures (CONTINUED)

		RETAIL DIVISION	PRIVATE BANKING & ASSET MANAGEMENT DIVISION	CORPORATES DIVISION	CENTRAL EASTERN EUROPE DIVISION	MARKETS & INVESTMENT BANKING DIVISION	CORPORATE CENTER	BANK AUSTRIA GROUP
ROE before tax in %	*Q1/2009*	*19.8*	*16.3*	*19.7*	*16.2*	*18.7*	*n.m.*	*20.3*
	Q4/2008	*38.5*	*19.2*	*6.6*	*19.9*	*–16.6*	*n.m.*	*–14.1*
	Q3/2008	*7.2*	*36.9*	*22.3*	*23.0*	*1.5*	*n.m.*	*18.6*
	Q2/2008	*11.8*	*44.5*	*24.5*	*21.3*	*5.5*	*n.m.*	*20.2*
	Q1/2008	*10.6*	*33.7*	*26.5*	*20.8*	*–8.7*	*n.m.*	*13.8*
ROE after tax in %	*Q1/2009*	*14.7*	*12.4*	*13.8*	*13.0*	*13.4*	*n.m.*	*16.1*
	Q4/2008	*28.9*	*20.0*	*6.4*	*15.3*	*–14.0*	*n.m.*	*–11.8*
	Q3/2008	*5.6*	*28.2*	*17.8*	*18.4*	*1.1*	*n.m.*	*15.5*
	Q2/2008	*9.4*	*32.6*	*19.1*	*17.5*	*4.2*	*n.m.*	*17.7*
	Q1/2008	*8.0*	*25.4*	*20.9*	*16.1*	*–6.3*	*n.m.*	*11.5*
Cost/income ratio in %	*Q1/2009*	*67.8*	*74.2*	*29.4*	*39.8*	*15.2*	*n.m.*	*44.2*
	Q4/2008	*57.4*	*78.0*	*33.2*	*46.3*	*–549.1*	*n.m.*	*47.4*
	Q3/2008	*74.4*	*59.6*	*28.2*	*44.5*	*53.4*	*n.m.*	*55.3*
	Q2/2008	*74.0*	*61.0*	*28.1*	*48.3*	*46.8*	*n.m.*	*56.2*
	Q1/2008	*72.7*	*63.6*	*27.1*	*50.3*	*–111.5*	*n.m.*	*61.3*
Risk/earnings ratio in %	*Q1/2009*	*29.3*	*n.m.*	*38.1*	*43.7*	*n.m.*	*n.m.*	*33.4*
	Q4/2008	*20.8*	*n.m.*	*68.1*	*26.2*	*n.m.*	*n.m.*	*30.1*
	Q3/2008	*28.9*	*n.m.*	*25.7*	*15.2*	*n.m.*	*n.m.*	*11.8*
	Q2/2008	*27.6*	*n.m.*	*5.2*	*13.2*	*n.m.*	*n.m.*	*13.2*
	Q1/2008	*32.2*	*n.m.*	*9.7*	*14.6*	*n.m.*	*n.m.*	*15.4*

n.m. = not meaningful

Notes (CONTINUED)

Information required under Austrian law

(40) Consolidated capital resources and regulatory capital requirements

Net capital resources of the Bank Austria group of credit institutions		(€ m)
	31 MARCH 2009	31 DEC. 2008
Paid-in capital (less own shares)	1,469	1,469
Reserves and minority interests	8,808	9,032
Intangible assets	–589	–718
Deductions from Tier 1 capital (in particular 50% deduction pursuant to Section 23 (13) 3 to 4d of the Austrian Banking Act) 1)	–802	–702
Core capital (Tier 1)	**8,886**	**9,081**
Net subordinated liabilities	3,275	3,439
Revaluation reserves and undisclosed reserves	136	128
Deductions from Tier 2 (50% deduction pursuant to Section 23 (13) 3 to 4d) 1)	–796	–697
Supplementary capital resources (Tier 2)	**2,615**	**2,870**
Deductions from Tier 1 and Tier 2 (deduction pursuant to Section 23 (13) 4a) 2)	–137	–139
Net capital resources (excl. Tier 3)	**11,364**	**11,812**
Tier 3 (re-assigned subordinated capital)	491	439
NET CAPITAL RESOURCES (INCL. TIER 3)	**11,855**	**12,251**

Capital requirements of the Bank Austria group of credit institutions		(€ m)
	31 MARCH 2009	31 DEC. 2008
Capital requirements of		
a) Credit risk pursuant to standardised approach	6,926	7,368
b) Credit risk pursuant to internal ratings-based (IRB) approach	1,978	2,072
Credit risk	8,904	9,440
Operational risk	834	773
Position risk – debt instruments, equities, foreign currencies and commodities	491	439
Settlement risk	3	7
CAPITAL REQUIREMENT	**10,232**	**10,659**
Total RWA	127,898	133,239

Capital ratios		
	31 MARCH 2009	31 DEC. 2008
Tier 1 capital ratio, based on all risks	6.95%	6.82%
Total capital ratio, based on all risks 3)	9.27%	9.19%
Tier 1 capital ratio, based on credit risk	7.98%	7.70%
Total capital ratio, based on credit risk 4)	9.46%	9.35%

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, 4 May 2009

The Management Board

Erich Hampel
(Chairman)

Helmut Bernkopf

Federico Ghizzoni

Ralph Müller

Carlo Vivaldi

Stephan Winkelmeier

Robert Zadrazil

Investor Relations

Investor Relations of UniCredit Bank Austria AG

Renngasse 2, 1010 Vienna, Austria	
Tel: (+43) (0) 5 05 05-872 30	Fax: (+43) (0) 5 05 05-876 22
e-mail: IR@unicreditgroup.at	Internet: http://ir.bankaustria.at
Günther Stromenger Tel.: (+ 43) (0) 5 05 05-872 30	
Thomas Kirin Tel.: (+ 43) (0) 5 05 05-527 74	

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 is rated Aa2, subordinated debt rating is Aa3.
2) Grandfathered debt and subordinated debt rating are rated AA+.

Financial calendar

5 August 2009	Results for the first six months of 2009
11 November 2009	Results for the first nine months of 2009
All information is available electronically at http://ir.bankaustria.at	

Published by
UniCredit Bank Austria AG
A-1010 Vienna, Schottengasse 6–8
Telephone within Austria: 05 05 05-0; from abroad: + 43 5 05 05-0
Fax within Austria: 05 05 05-56155; from abroad: + 43 5 05 05-56155
Internet: www.bankaustria.at
e-mail: info@unicreditgroup.at
BIC: BKAUATWW
Austrian routing code: 12000
Austrian Register of Firms: FN 150714p
VAT registration number: ATU 51507409

Editor: Identity & Communications,
Michael Trischler

Photograph: cover: Ferruccio Torboli, UniCredit Group

Basic design: Mercurio S.r.L., Milan

Graphics: www.horvath.co.at

Contact:
Bank Austria
Identity & Communications
P. O. Box 22.000
A-1011 Vienna, Austria
Telephone within Austria: 05 05 05-56148;
from abroad: + 43 5 05 05-56148 (telephone answering machine)
Fax within Austria: 05 05 05-56945; from abroad: + 43 5 05 05-56945
e-mail: pub@unicreditgroup.at
Switchboard: within Austria: 05 05 05-0; from abroad + 43 5 05 05-0

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 aspects.