STANDARD & POOR'S

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Bank Austria Creditanstalt AG

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Bank Austria Creditanstalt AG

Major Rating Factors

Counterparty Credit Rating
A+/Stable/A-1

Strengths:

- Core member of the UniCredit group
- Leading institution and sound franchise in Austria
- Diversified network in Central and Eastern Europe (CEE)
- Steadily improving financial profile

Weaknesses:

- Highly competitive and saturated Austrian home market, with moderate profit margins below the UniCredit group average
- Increased economic risk from market turbulence and current account and/or budget deficits in some CEE countries
- Latent credit risk from domestic concentration and rapid credit growth in untested CEE markets
- Growing margin pressure in CEE countries

Rationale

The counterparty credit ratings on Bank Austria Creditanstalt AG (BA) reflect its group status as a core subsidiary of its 99.99% owner, UniCredit SpA (A+/Stable/A-1), due to the strategically important role it plays to further develop business in the fast-growing CEE region and, to a lesser degree, its role in Austria. Furthermore, BA's business and financial profile has improved substantially, mainly as a result of domestic restructuring measures and profitable growth in CEE. BA's domestic business has improved, mainly on the back of cost containment and a favorable credit trend. However, the bank's performance (like that of its major Austrian peers) has become increasingly reliant on the continuation of the robust growth trend in CEE. Although BA's CEE network is geographically well diversified, the proportion of lower-rated countries has increased and exposes the bank to higher economic risk.

In 2007, BA's acquisition of UniCredit's CEE subsidiaries and organic growth in the region boosted its operating profitability. To a lesser extent, profitability was supported by the bank's domestic business, where it has been able to increase earnings, due to lower costs and risk provisioning needs. The transfer of UniCredit's six subsidiaries in CEE in exchange for newly issued shares and the forced sale of the Poland subsidiaries became effective in 2007. Standard & Poor's Ratings Services expects BA's positive earnings trend to continue, although at a lower pace, boosted by its strengthened network in CEE and efficiency improvements stemming from UniCredit's recently announced groupwide program to further streamline processes and reduce staff in the developed markets. This is based on our assumption that the implications of a global economic slowdown for the CEE region as a whole will be mild, although diverging trends within the region have become more likely. The contribution of CEE to BA's operating profit increased to about 57% in 2007 and is expected to continue rising because the growth potential in the Austrian market remains very limited.

The introduction of more stringent risk management and pricing guidelines, combined with a benign credit environment, has improved BA's asset quality. BA has aggressively cleaned up its legacy problems and, in 2006, aligned its provisioning policy with that of its parent. Although we consider BA's track record and well-diversified CEE network to be key strengths, rapid credit growth, particularly in the least developed countries, and margin pressure are primary risk factors. These factors are exacerbated by the financial market turbulence and potential adverse real economy effects in Western Europe, which might amplify domestic weaknesses in some CEE countries.

In 2007 and the first quarter of 2008, intragroup transfers and the acquisitions of Ukrsotsbank (Ukraine) and ATF Bank (Kazakhstan) for about €1.6 billion each affected capital levels. On March 31, 2008, BA's adjusted total equity (ATE) ratio under Basel I fell to the previous year's level of about 6.7% (Basel II including operational risk, 6.6%), which we consider to be adequate. BA's flexibility to make further acquisitions outside the group appears limited because of UniCredit's group capital target, even if it divests nonstrategic holdings such as 3-Banken Gruppe (not rated). Future capital ratios will depend on the capital allocation within the UniCredit group, following completion of the squeezeout of minority shareholders. However, Standard & Poor's expects that, as a core group member, BA will maintain its prudent capitalization relative to its business risk in its potentially more volatile market.

Following extensive and successful restructuring from 2000 to date, BA is now a regional bank with an exclusive focus on its core markets, Austria and CEE. It will continue to carry out this role within the UniCredit group, which strengthened BA's status by combining all of the group's CEE subsidiaries (except Poland) under the BA umbrella.

Outlook

The outlook on BA solely reflects that on UniCredit and any rating changes on UniCredit would also affect the counterparty credit ratings on BA.

Profile

BA is the largest bank in Austria, with consolidated assets of €209 billion and domestic retail market shares of about 18% on Dec. 31, 2007. In the Austrian market, BA serves about 1.8 million domestic customers and enjoys high market shares, for example, about 21% of small-business clients and 29% of affluent customers. Following the transfer of UniCredit's subsidiaries in the first quarter of 2007, BA became the largest foreign bank in CEE. It operates in 21 countries, with risk assets of about €47 billion, 44,000 staff, and about 2,000 branches. In CEE, it serves about 19 million customers and ranks among the five largest banks in 10 countries. The enlarged CEE network achieved a pretax profit of more than €1.3 billion in 2007.

In Austria, BA has adopted UniCredit's divisionalized management structure. BA's five business segments are: Retail, Private Banking & Asset management, Corporates, Markets & Investment Banking, and Central and Eastern Europe.

Agreement with UniCredit

In March 2006, UniCredit and BA agreed on BA's role as a subholding for the enlarged group's CEE business, with the exception of Poland and Ukraine, which are now owned directly by UniCredit, following the resolution of a dispute with the Polish government. BA acquired UniCredit's CEE subsidiaries in exchange for newly issued shares in 2007, but had to sell its own subsidiaries in Poland (to UniCredit) and Croatia (to third parties) in 2006. BA might also dispose of its asset-management and trading businesses, but UniCredit has agreed not to spin off BA's Austrian business into a separate subsidiary until 2012.

Support And Ownership

The ratings on BA mirror those on its majority owner UniCredit, but do not include any uplift for extraordinary external support. In January 2007, UniCredit decided to squeeze out BA's minority shareholders. Although entered into the Austrian commercial register in May 2008, the squeezout process is pending agreement of the final share-purchase price. Agreement is likely to be reached during the third quarter of 2008.

Standard & Poor's considers BA to be a systemically important bank to Austria. However, in line with our rating approach in "supportive" countries, where the government relies on prudent policies to maintain a sound banking sector, we do not factor the probability of government support into the ratings on private sector banks in Austria.

Strategy

Standard & Poor's expects BA to maintain its strategy of acting as a regional bank. After UniCredit's full acquisition of the bank, we expect BA to concentrate on further streamlining and restructuring its Austrian business, expanding its CEE network, and on improving its business and financial risk profiles.

Considering the limited growth potential in the overbanked and very competitive Austrian market, BA can only achieve substantial revenue growth in CEE markets, where it has the densest network of all international banking groups active in that region. Therefore, we expect BA to continue to reallocate capital to CEE to support its strong growth, particularly in Russia and the Commonwealth of Independent States, Turkey, and Southeastern Europe. Following a string of acquisitions and group-internal transfers, we expect BA to focus on completing the integration of its own subsidiaries and on organic growth. This would include harmonizing risk-management, processing, and information technology (IT) systems as it plans to open 1,200 new branches by 2010. BA's target is to achieve market shares of at least 10% in each country, particularly through further expansion into retail and small and midsize enterprises (SME) segments. At the same time, we expect BA to further develop its own integration into the UniCredit group to exploit synergies from groupwide services (such as IT, back-office, and procurement) and product lines (including asset management, leasing, and transaction banking).

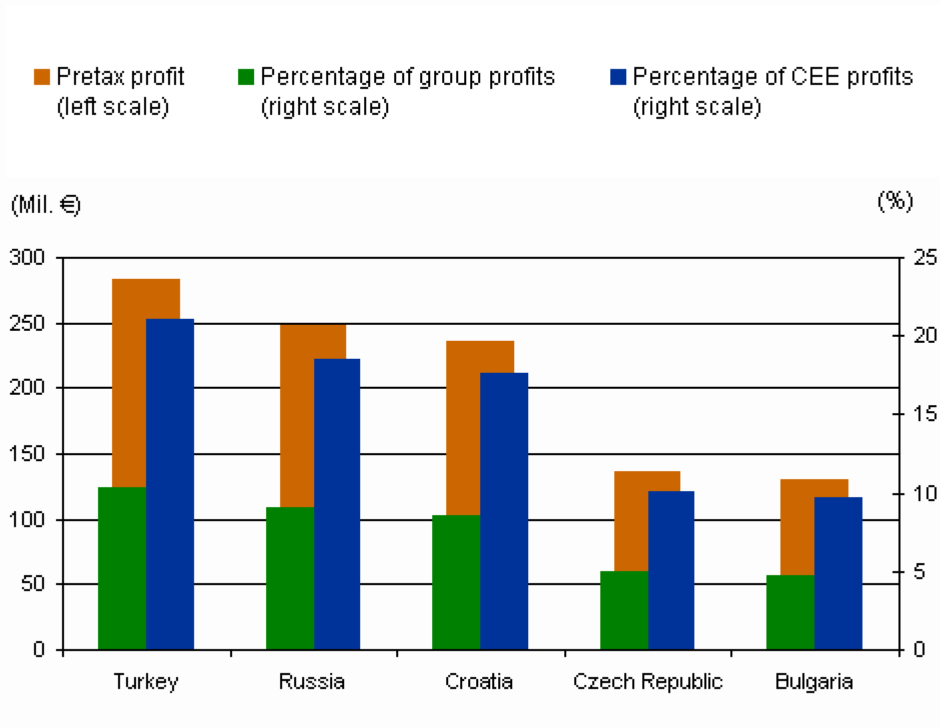
Adverse changes in the economic and political environment in CEE present major risks, which would also have repercussions for Austria as one of the main beneficiaries of the EU enlargement. These risks have increased indirectly as a result of the financial market turbulence, owing to subsequent adverse real economy effects in the U.S. and Western Europe and the ongoing reassessment of risk that may potentially hamper capital inflows into CEE. Although the regions are not homogeneous, some countries suffering from large budget and/or current account deficits represent pockets of weakness, which could be aggravated by foreign currency lending to domestic customers, a high proportion of short-term foreign indebtedness, or political tensions. While such an adverse scenario could significantly weaken BA's financial profile, we consider positive the diversification benefits from its network.

Risk Management

BA's risk profile is increasingly dominated by the potentially higher risk inherent in its CEE subsidiaries. This is due to rapid credit growth in an untested market environment, the bank's credit exposures to higher-risk Austrian SME customers, and remaining single-name concentration exposure to large domestic corporates and equity stakes. The proportion of BA's risk assets in the CEE segment accounted for 50% on March 31, 2008, which underpins its increasing reliance on CEE. This is partly mitigated by BA's broad geographic diversification. However, the share of business generated outside EU member states, specifically, in Russia and Turkey, is increasing (see chart 1). BA's exposure to structured credit investments is limited and includes a tiny portion of U.S. subprime-related assets.

Chart 1

Bank Austria Creditanstalt AG--Pretax Profit Of CEE Businesses 2007*



*As of Dec. 31, 2007. CEE--Central and Eastern Europe.

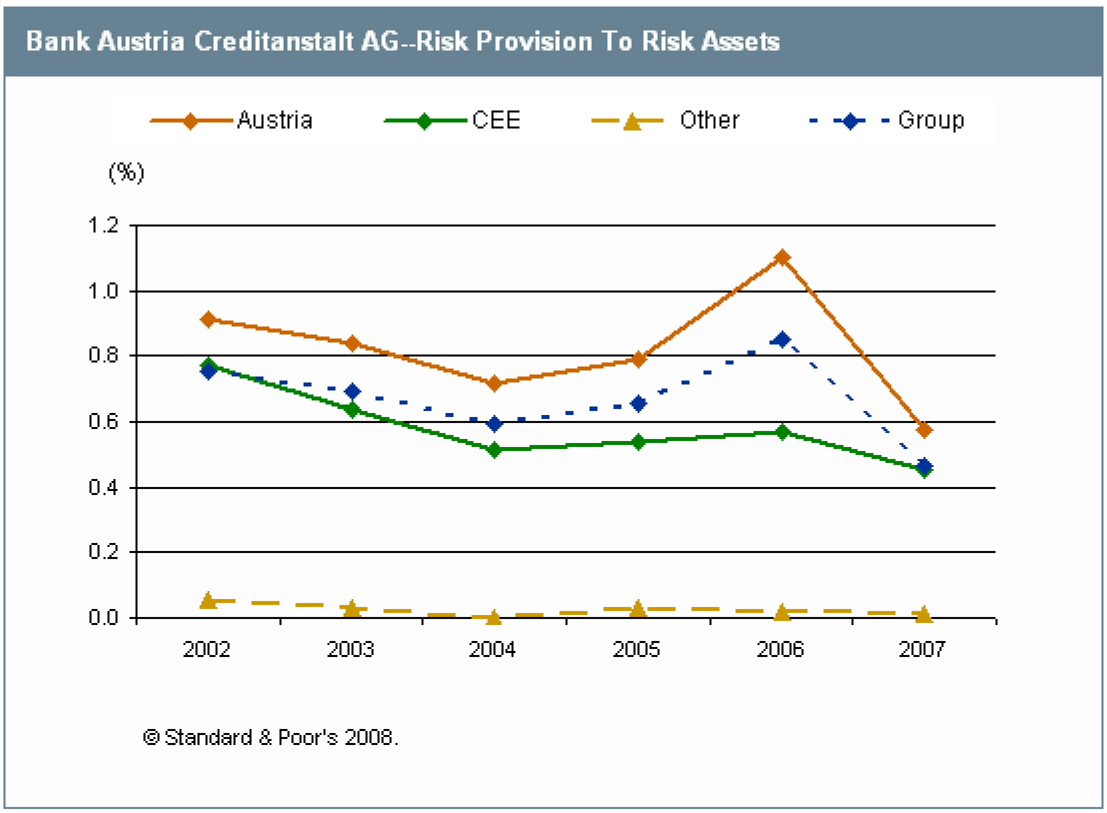
Enterprise risk management

Enterprise risk management is adequate for the bank's risk profile. This reflects its steadily improved risk-management systems, which capture the whole range of risk categories to comply with the advanced approaches under Basel II guidelines. Initially, BA's CEE subsidiaries will adopt the standard approach and are expected to apply the advanced approaches at a later stage. In addition, the BA group uses value-at-risk (VAR) methodologies to calculate or plan economic capital for all specified types of risk, except liquidity risk. We believe that robust stress testing is required to complement model-based risk measurement because of the limited availability of historical data and the higher economic and industry risk in CEE. BA is included in UniCredit's risk-monitoring and risk-management systems, as well as in initiatives that were launched in 2005 to standardize the methods and tools used to measure and manage risk.

Credit risk

More stringent risk-management and pricing guidelines and a benign economic environment in its core markets have steadily improved BA's asset quality. The group-internal transactions and acquisitions have not yet had a negative impact on asset quality indicators, although some additional credit charges were necessary for the newly acquired banks in the Ukraine and Kazakhstan in the first quarter of 2008. However, the weight of exposures in CEE and, in particular, in lower-rated non-EU member states has substantially increased, with CEE accounting for 50% of the group's risk-weighted assets (see chart 2).

Chart 2



Provisioning needs declined to a record low of 50 basis points (bps) of risk-weighted assets in 2007. This was due to robust economic growth in CEE, the very high provisioning needs of BA's Austrian loan book in 2006 following the high number of private and SME insolvencies, and a previous misguided lending strategy. Standard & Poor's believes that such low levels are unsustainable, partly owing to a structural shift to higher-risk, higher-margin SME and retail lending and because of higher economic risk. Growth prospects for the region are projected to continue to be favorable, a view underpinned by the entry of many CEE countries into the EU in 2004 and 2007 and the prospective entry of other countries in the medium term. This partly reduces our concerns about BA's credit growth in the developing, yet untested, retail and SME lending business. However, like its peers, we expect BA to increasingly shift growth to higher-margin, but less-developed markets of non-EU member states, which could increase its risk profile. Furthermore, fiercer competition and the race to capture market share in CEE could lead to imprudent pricing and credit policies (for example, a rising proportion of loans denominated in foreign currency), which could ultimately have negative rating implications. Moreover, contagion risk from financial market turbulence has increased.

Funding and liquidity risk

BA's customer deposits continue to be a strong and increasing source of funding, accounting for 45% (36% in 2006) of the balance-sheet total in 2007. Customer loans are predominantly funded by deposits in each individual country. BA's issuance of less-sensitive covered bonds is very small, but could be used to a larger extent if necessary. BA has prudently implemented liquidity limits and warning levels to manage the cash flows of the group and each subsidiary beyond one year and five years, and applies scenario analysis for crisis events.

Market risk

BA uses a VAR model to measure and control its trading portfolio and the overall market risk of its groupwide banking book. It also applies other methods, such as basis-point value calculations and other sensitivity measures. The bank conducts regular back testing and stress scenarios. VAR is used to limit risk, but BA also applies volume limits and regularly computes simulations and tail risk. BA's market risk is dominated by credit-spread and interest rate risk, which account for more than 60% (gross) of VAR. VAR numbers continued to be moderate relative to earnings and capital in 2007, but increased in line with the higher market volatility, particularly in the second half of 2007. At a confidence level of 99%, one-day VAR of the trading book was €59 million compared with €25 million in 2006; a 200 bps interest rate shock absorbed 4% of regulatory capital, which is far below the 20% level, seen critical by the regulator.

Accounting

BA has reported consolidated results under International Accounting Standards and International Financial Reporting Standards since 1999. Recent accounting changes have had no material impact.

Profitability

The BA group

On a pro forma basis and adjusted by one-time items, mainly the €2.3 billion gain on the sale of CEE banks to UniCredit in 2006, operating profit rose by about 27% in 2007.

Table 1

Bank Austria Creditanstalt AG--Operating Profit 2006-2007

(Mil. €)	2006
Operating profit after risk provisions	1,213
Change in perimeter CEE	355
Extraordinary risk provisions	278
Adjusted operating profit after risk provisions	1,846
Increase CEE	332
Increase Austrian business	72
Of which operating expenses	126
Increase Markets & Investment Banking	10
Increase Corporates	87
Of which operating expenses	103

Table 1

Bank Austria Creditanstalt AG--Operating Profit 2006-2007(cont.)	
	2007
Operating profit after risk provisions	2,347

Although improvements largely stemmed from growth in CEE, BA has continued to make progress in streamlining its domestic operations and, increasingly, group synergies seem to be filtering through.

Operating profit in the first quarter of 2008 declined by €211 million or 33% year on year, which was mainly attributable to ongoing trading losses at BA's Markets & Investment Banking (MIB) division and due to credit-spread widening and lower transaction volumes. On the other hand, CEE business continued to expand strongly (up 11%) and the Austrian businesses declined 11%.

We expect BA's earnings to further benefit from the projected growth in CEE, although at a lower pace. This is because the bank is finding it more difficult to achieve higher profits in Austria and we do not expect MIB's earnings to revert to the levels seen until mid-year 2007 any time soon. Macroeconomic risks and the related contagion risk for CEE has increased and could weaken BA's earnings. We consider it less likely that such a negative scenario would affect all CEE countries simultaneously, however.

Segment reporting

Table 2

Bank Austria Creditanstalt AG--Operating Profit After Risk By Segment

(Mil. €)	2007	2006	Change
Retail Austria	121	(115)	236
Private Banking and Asset Management	98	65	33
Corporates Austria	581	500	81
Austrian business	800	450	350
Markets & Investment Banking	239	229	10
Corporate Center	(40)	(127)	87
Total ex-CEE	999	552	447
Of which extraordinary risk provisions in 2006	--	--	278
Of which operating expenses	--	--	229
CEE	1.348	661	687
Of which change in perimeter	--	--	355
Total	2.347	1.213	1.134

Capital

The decline in BA's ATE to risk-weighted assets to 6.7% on March 31, 2008, (according to Basel I) resulted mainly from intragroup transfers and additional acquisitions that increased the level of goodwill. This compares with UniCredit's ATE ratio of 5.7% at year-end 2007. Standard & Poor's believes that BA's capitalization needs to be above the group average because of the bank's large loan exposures; its higher economic and operational risks, due to increasing exposures in promising, but more volatile, markets in Eastern Europe; and owing to its sizable equity stakes and real estate holdings through private foundations. Capital generation should be sufficient to support the expected growth in risk assets in 2008 and 2009, but future capital ratios will depend on the capital allocation within the UniCredit group, following completion of the squeezeout of minority shareholders.

BA's flexibility to make further acquisitions outside the group appears limited, considering UniCredit's capital target. The indicated divestment of its nonstrategic holding in the Austrian 3-Banken Gruppe would still not create material room to maneuver. Although UniCredit's target core Tier 1 ratio for 2008 is 6.8% (Basel I metrics), the group reported only 5.8% by year-end 2007.

Grandfathered debt obligations

The 'AA+' ratings on BA's outstanding obligations as of Dec. 31, 2001, reflect the benefit they will continue to derive until their maturities from the deficiency guarantee provided by the City of Vienna (Vienna; AAA/Stable/A-1+) through the city's shell holding company Anteilsverwaltung Zentralsparkasse (AVZ). Under the Austrian Banking Act, AVZ (as Vienna's savings bank) remains liable as deficiency guarantor for all of BA's liabilities incurred until year-end 2001. Vienna, by law, becomes the deficiency guarantor for the bank if AVZ cannot fully repay note and bondholders. Vienna's excellent financial position underpins the assessment of the city's credit quality and its grandfathered debt obligations. The outlook on these obligations reflects that on Vienna.

Standard & Poor's will continue to monitor Vienna's ability and willingness to make payments in a timely fashion in the unlikely event of BA becoming unable to meet its obligations. To assess Vienna's commitment, we will consider, for example, the ongoing importance of BA for the local economy; the city's interest in preserving its own reputation as an issuer in the capital markets; BA's level of outstanding debt; and the fact that the deficiency guarantee ensures full payment of principal and interest, including postinsolvency interest. However, our assessment of the city's commitment and incentive to ensuring timely payment in times of financial stress could change over time, as could the ratings on BA's guaranteed obligations.

Table 3

Bank Austria Creditanstalt AG--Balance Sheet Statistics

		--Year ended Dec. 31--					Breakdown as a % of assets (adj.)				
(Mil. €)	**2007***	**2006**	**2005**	**2004**	**2003**	**-**	**2007***	**2006**	**2005**	**2004**	**2003**
Assets											
Cash and money market instruments	2,967	7,597	6,515	5,121	5,095		1.45	4.96	4.14	3.53	3.75
Securities	30,913	27,042	26,502	24,573	20,677		15.09	17.65	16.83	16.92	15.23
Trading securities (marked to market)	11,491	11,086	10,442	10,153	7,357		5.61	7.24	6.63	6.99	5.42
Nontrading securities	19,422	15,956	16,060	14,420	13,320		9.48	10.42	10.20	9.93	9.81
Loans to banks (net)	38,007	26,473	23,698	22,151	22,287		18.55	17.28	15.05	15.26	16.42
Customer loans (gross)	118,911	82,759	86,404	81,260	75,996		58.03	54.02	54.89	55.96	55.98
Public sector/government	N.A.	N.A.	3,482	3,893	4,252		N.A.	N.A.	2.21	2.68	3.13
Other consumer loans	8,559	5,464	N.A.	N.A.	N.A.		4.18	3.57	N.A.	N.A.	N.A.
Total real estate loans	N.A.	N.A.	9,809	8,265	6,652		N.A.	N.A.	6.23	5.69	4.90
All other loans	110,352	77,295	73,113	69,102	65,092		53.85	50.45	46.44	47.59	47.94
Loan loss reserves	3,570	2,655	3,206	3,190	3,456		1.74	1.73	2.04	2.20	2.55
Customer loans (net)	115,341	80,104	83,198	78,070	72,540		56.29	52.29	52.85	53.77	53.43
Earning assets	187,864	142,293	139,290	129,828	121,803		91.68	92.88	88.48	89.41	89.72
Equity interests/participations (nonfinancial)	769	937	910	907	1,490		0.38	0.61	0.58	0.62	1.10

Table 3

Bank Austria Creditanstalt AG--Balance Sheet Statistics (cont.)										
Inv. in unconsolidated subsidiaries (financial co.)	1,512	953	888	759	718	0.74	0.62	0.56	0.52	0.53
Intangibles (nonservicing)	4,258	1,053	1,456	1,316	1,288	2.08	0.69	0.92	0.91	0.95
Fixed assets	2,003	1,373	1,311	1,519	1,503	0.98	0.90	0.83	1.05	1.11
Derivatives credit amount	8,748	6,797	9,298	10,466	9,625	4.27	4.44	5.91	7.21	7.09
Accrued receivables	0	0	110	140	132	0.00	0.00	0.07	0.10	0.10
All other assets	4,652	1,929	4,993	1,491	1,699	2.27	1.26	3.17	1.03	1.25
Total reported assets	209,170	154,255	158,879	146,516	137,053	102.08	100.69	100.92	100.91	100.95
Less nonservicing intangibles+ I/O strips	(4,258)	(1,053)	(1,456)	(1,316)	(1,288)	(2.08)	(0.69)	(0.92)	(0.91)	(0.95)
Adjusted assets	204,912	153,202	157,423	145,200	135,765	100.00	100.00	100.00	100.00	100.00
						Breakdown as a % of liabilities + equity				
	2007*	**2006**	**2005**	**2004**	**2003**	**2007***	**2006**	**2005**	**2004**	**2003**
Liabilities										
Total deposits	145,660	103,278	106,143	97,783	92,957	69.64	66.95	66.81	66.74	67.83
Noncore deposits	52,457	48,309	44,279	39,927	39,133	25.08	31.32	27.87	27.25	28.55
Core/customer deposits	93,203	54,969	61,864	57,856	53,824	44.56	35.64	38.94	39.49	39.27
Public sector or total pfandbriefe	N.A.	0	2,690	2,296	2,390	N.A.	0.00	1.69	1.57	1.74
Other borrowings	28,470	26,678	25,009	22,364	20,429	13.61	17.29	15.74	15.26	14.91
Other liabilities	19,307	13,758	17,545	16,967	15,250	9.23	8.92	11.04	11.58	11.13
Total liabilities	193,437	143,714	151,387	139,410	131,026	92.48	93.17	95.28	95.15	95.60
Total shareholders' equity	15,334	10,540	7,495	7,109	6,028	7.33	6.83	4.72	4.85	4.40
Preferred stock and other capital	0	400	404	248	0	0.00	0.26	0.25	0.17	0.00
Minority interest-equity	658	213	650	439	362	0.31	0.14	0.41	0.30	0.26
Common shareholders' equity (reported)	14,676	9,927	6,441	6,422	5,666	7.02	6.44	4.05	4.38	4.13
Share capital and surplus	6,792	3,928	3,820	3,818	3,806	3.25	2.55	2.40	2.61	2.78
Revaluation reserve	397	347	125	36	(139)	0.19	0.22	0.08	0.02	(0.10)
Reserves (incl. inflation revaluations)	7,487	5,652	2,496	2,568	1,999	3.58	3.66	1.57	1.75	1.46
Memo: Dividends (not yet distributed)	(808)	(588)	N.A.	N.A.	N.A.					
Total liabilities and equity	208,771	154,254	158,882	146,518	137,054	99.81	100.00	100.00	100.00	100.00
Equity Reconciliation Table										
Common shareholders' equity (reported)	14,676	9,927	6,441	6,422	5,666					
+ Minority Interest (equity)	658	213	650	439	362					
- Dividends (not yet distributed)	(808)	(588)	0	0	0					
- Revaluation reserves	(397)	(347)	(125)	(36)	139					
- Nonservicing Intangibles	(4,258)	(1,053)	(1,456)	(1,316)	(1,288)					
Adjusted common equity	9,871	8,152	5,510	5,509	4,879					
+ Admissible Prefs and hybrids	0	400	404	248	0					
- Equity in Unconsolidated Subsidiaries	(1,512)	(953)	(888)	(759)	(718)					
Adjusted total equity	8,359	7,599	5,026	4,998	4,161					

Table 3

Bank Austria Creditanstalt AG--Balance Sheet Statistics (cont.)

*Data as of fiscal year end. N.A.--Not available.

Table 4

Bank Austria Creditanstalt AG--Profit And Loss Statement Statistics											
	--Year ended Dec. 31--						Adj. avg. assets (%)				
(Mil. €)	2007*	2006	2005	2004	2003	-	2007*	2006	2005	2004	2003
Profitability											
Interest income	10,406	6,751	4,993	4,695	4,520		5.81	4.35	3.30	3.34	3.20
Interest expense	6,629	4,165	2,584	2,387	2,462		3.70	2.68	1.71	1.70	1.74
Net interest income	3,777	2,586	2,409	2,308	2,058		2.11	1.67	1.59	1.64	1.46
Operating noninterest income	2,781	2,245	1,993	1,621	1,604		1.55	1.45	1.32	1.15	1.14
Fees and commissions	2,124	1,667	1,458	1,233	1,134		1.19	1.07	0.96	0.88	0.80
Equity in earnings of unconsolidated subsidiaries	160	96	203	127	118		0.09	0.06	0.13	0.09	0.08
Trading gains	141	348	237	223	220		0.08	0.22	0.16	0.16	0.16
Other market-sensitive income	N.A.	N.A.	N.A.	(41)	43		N.A.	N.A.	N.A.	(0.03)	0.03
Other noninterest income	356	134	95	79	89		0.20	0.09	0.06	0.06	0.06
Operating revenues	6,558	4,831	4,402	3,929	3,662		3.66	3.11	2.91	2.80	2.59
Noninterest expenses	3,726	2,936	2,666	2,529	2,539		2.08	1.89	1.76	1.80	1.80
Personnel expenses	1,836	1,606	1,491	1,421	1,416		1.03	1.03	0.99	1.01	1.00
Other general and administrative expense	1,620	1,082	1,047	986	995		0.90	0.70	0.69	0.70	0.70
Depreciation	270	248	128	122	128		0.15	0.16	0.08	0.09	0.09
Net operating income before loss provisions	2,832	1,895	1,736	1,400	1,123		1.58	1.22	1.15	1.00	0.79
Credit loss provisions (net new)	483	679	495	417	467		0.27	0.44	0.33	0.30	0.33
Net operating income after loss provisions	2,349	1,216	1,241	983	656		1.31	0.78	0.82	0.70	0.46
Nonrecurring/special income	432	2,313	282	44	163		0.24	1.49	0.19	0.03	0.12
Nonrecurring/special expense	33	248	108	0	8		0.02	0.16	0.07	0.00	0.01
Amortization of goodwill and intangibles	0	8	114	190	164		0.00	0.01	0.08	0.14	0.12
Pretax profit	2,748	3,273	1,301	837	647		1.53	2.11	0.86	0.60	0.46
Tax expense/credit	382	140	226	173	155		0.21	0.09	0.15	0.12	0.11
Net income before minority interest	2,366	3,133	1,075	664	492		1.32	2.02	0.71	0.47	0.35
Minority interest in consolidated subsidiaries	106	111	111	61	51		0.06	0.07	0.07	0.04	0.04
Net income before extraordinaries	2,258	3,022	964	602	442		1.26	1.95	0.64	0.43	0.31
Net income after extraordinaries	2,258	3,022	964	602	442		1.26	1.95	0.64	0.43	0.31
Core Earnings Reconciliation											
Net Income (before Minority Interest)	2,366	3,133	1,075	664	492						
- Nonrecurring/Special Income	(432)	(2,313)	(282)	(44)	(163)						
+ Nonrecurring/Special Expense	33	248	108	0	8						
+/- Tax Impact of Adjustments	55	88	30	9	37						
+ Amortization/ Impairment of Goodwill/ Intangibles	0	8	114	190	164						
Core earnings	2,022	1,164	1,045	819	538		1.13	0.75	0.69	0.58	0.38

Table 4

Bank Austria Creditanstalt AG--Profit And Loss Statement Statistics (cont.)

	2007*	2006	2005	2004	2003
Asset Quality					
Nonperforming assets	5,640	4,100	5,600	5,700	6,100
Nonaccrual loans	5,640	4,100	5,600	5,700	6,100
Net charge-offs	N.A.	N.A.	643	705	520
Average balance sheet					
Average customer loans	97,723	81,651	80,634	75,305	72,683
Average earning assets	165,079	140,792	134,559	125,816	124,764
Average assets	181,713	156,567	152,698	141,785	142,511
Average total deposits	124,469	104,711	101,963	95,370	95,276
Average interest-bearing liabilities	152,043	131,899	128,143	119,110	119,909
Average common equity	12,302	8,184	6,431	6,044	5,080
Average adjusted assets	179,057	155,313	151,312	140,483	141,286
Other data					
Number of employees (end of period, actual)	54,387	21,087	31,792	29,191	30,377
Number of branches	2,343	1,070	1,570	1,300	1,311
Off-balance-sheet credit equivalents	41,920	23,259	23,749	19,037	18,341

*Data as of fiscal year end. N.A.--Not available.

Table 5

Bank Austria Creditanstalt AG--Ratio Analysis

		--Year ended Dec. 31--			
	2007*	2006	2005	2004	2003
ANNUAL GROWTH (%)					
Customer loans (gross)	43.68	(4.22)	6.33	6.93	(0.47)
Loss reserves	34.46	(17.19)	0.50	(7.70)	(2.04)
Adjusted assets	33.75	(2.68)	8.42	6.95	(7.52)
Customer deposits	69.56	(11.15)	6.93	7.49	(4.84)
Total equity	45.48	40.63	5.44	17.92	17.19
Operating revenues	35.75	9.75	12.03	7.30	(1.72)
Noninterest expense	26.91	10.13	5.42	(0.39)	(1.89)
Net operating income before provisions	49.45	9.16	23.97	24.69	(1.33)
Loan loss provisions	(28.87)	37.17	18.70	(10.71)	(13.04)
Net operating income after provisions	93.17	(2.01)	26.21	49.89	9.13
Pretax profit	(16.04)	151.58	55.44	29.37	28.12
Net income	(24.48)	191.44	61.90	34.96	24.87
	2007*	**2006**	**2005**	**2004**	**2003**
PROFITABILITY (%)					
Interest Margin Analysis					
Net interest income (taxable equiv.)/avg. earning assets	2.29	1.84	1.79	1.83	1.65
Net interest spread	1.94	1.64	1.69	1.73	1.57

Table 5

Bank Austria Creditanstalt AG--Ratio Analysis (cont.)					
Interest income (taxable equiv.)/avg. earning assets	6.30	4.80	3.71	3.73	3.62
Interest income on loans/avg. total loans	6.80	4.70	4.00	3.97	3.90
Interest expense/avg. interest-bearing liabilities	4.36	3.16	2.02	2.00	2.05
Revenue Analysis					
Net interest income/revenues	57.59	53.53	54.73	58.74	56.20
Fee income/revenues	32.39	34.51	33.12	31.38	30.97
Market-sensitive income/revenues	2.15	7.20	5.38	4.63	7.18
Noninterest income/revenues	42.41	46.47	45.27	41.26	43.80
Personnel expense/revenues	28.00	33.24	33.87	36.16	38.67
Noninterest expense/revenues	56.82	60.77	60.56	64.36	69.33
Noninterest expense/revenues less investment gains	56.82	60.77	60.56	63.70	70.16
Net operating income before provision/revenues	43.18	39.23	39.44	35.64	30.67
Net operating income after provisions/revenues	35.82	25.17	28.19	25.02	17.91
New loan loss provisions/revenues	7.37	14.06	11.24	10.61	12.75
Net nonrecurring/abnormal income/revenues	6.08	42.74	3.95	1.11	4.23
Pretax profit/revenues	41.90	67.75	29.55	21.30	17.67
Tax/pretax profit	13.90	4.28	17.37	20.67	23.96
Core Earnings/Revenues	30.84	24.10	23.74	20.85	14.70
	2007*	**2006**	**2005**	**2004**	**2003**
Other Returns					
Pretax profit/avg. risk assets (%)	2.83	4.23	1.70	1.15	0.91
Revenues/avg. risk assets (%)	6.75	6.25	5.74	5.42	5.14
Net operating income before LLP/LLP	586.34	279.09	350.71	335.80	240.47
Net operating income before loss provisions/avg. risk assets (%)	2.92	2.45	2.26	1.93	1.58
Net operating income after loss provisions/avg. risk assets (%)	2.42	1.57	1.62	1.36	0.92
Net income before minority interest/avg. adjusted assets	1.32	2.02	0.71	0.47	0.35
Net income/employee (currency unit)	53,002	101,087	35,438	22,366	16,024
Non-interest expenses/average adjusted assets	2.08	1.89	1.76	1.80	1.80
Personnel expense/employee (€)	41,129	51,818	49,151	47,864	46,118
Personnel expense/branch (mil. €)	1.08	1.22	1.04	1.09	1.07
Noninterest expense/branch (mil. €)	2.18	2.22	1.86	1.94	1.91
Cash earnings/avg. tang. common equity (ROE) (%)	27.15	47.56	23.91	18.79	17.18
Core earnings/average risk-weighted assets	2.08	1.51	1.36	1.13	0.75
Core earnings/average adjusted assets	1.13	0.75	0.69	0.58	0.38
Core earnings/ Average ACE (ROE)	22.44	17.04	18.97	15.78	11.79
	2007*	**2006**	**2005**	**2004**	**2003**
FUNDING AND LIQUIDITY (%)					
Customer deposits/funding base	53.53	42.30	46.22	47.25	46.49
Total loans/customer deposits	168.40	198.73	178.02	178.78	182.66
Total loans/customer deposits + long-term funds	114.56	121.58	120.32	120.88	123.19
Customer loans (net)/assets (adj.)	56.29	52.29	52.85	53.77	53.43

Table 5

Bank Austria Creditanstalt AG--Ratio Analysis (cont.)

Parent Only Analysis

	2007*	2006	2005	2004	2003
CAPITALIZATION (%)					
Adjusted common equity/risk assets	8.37	10.70	7.03	7.34	6.97
Internal capital generation/prior year's equity	14.61	37.79	9.28	6.73	6.50
Tier 1 capital ratio	8.20	11.16	7.95	7.42	7.32
Regulatory total capital ratio	11.40	14.73	12.20	12.04	12.78
Adjusted total equity/adjusted assets	4.08	4.96	3.19	3.44	3.06
Adjusted total equity/adjusted assets + securitizations	4.08	4.96	3.19	3.44	3.06
Adjusted total equity/risk assets	7.08	9.97	6.41	6.66	5.94
Adjusted total equity plus LLR (specific)/customer loans (gross)	10.03	12.39	9.53	10.08	10.02
Common dividend payout ratio	35.79	19.46	38.17	36.63	33.94
	2007*	**2006**	**2005**	**2004**	**2003**
ASSET QUALITY (%)					
New loan loss provisions/avg. customer loans (net)	0.49	0.83	0.61	0.55	0.64
Net charge-offs/avg. customer loans (net)	N.A.	N.A.	0.80	0.94	0.72
Loan loss reserves/customer loans (gross)	3.00	3.21	3.71	3.93	4.55
Credit-loss reserves/risk assets	3.05	3.49	4.12	4.29	4.99
Nonperforming assets (NPA)/customer loans + ORE	4.74	4.95	6.48	7.01	8.03
NPA (excl. delinquencies)/customer loans + ORE	4.74	4.95	6.48	7.01	8.03
Net NPA/customer loans (net) + ORE	1.79	1.80	2.88	3.22	3.64
NPA (net specifics)/customer loans (net specifics)	1.79	1.80	2.88	3.22	3.64
Loan loss reserves/NPA (gross)	63.30	64.76	57.25	55.96	56.66

*Data as of fiscal year end. N.A.--Not available.

Ratings Detail (As Of July 2, 2008)*

Bank Austria Creditanstalt AG	
Counterparty Credit Rating	A+/Stable/A-1
Certificate Of Deposit	A+/A-1
Commercial Paper	
Local Currency	A-1
Senior Unsecured	A+
Short-Term Debt	A-1
Subordinated	A
Counterparty Credit Ratings History	
12-Jan-2007	A+/Stable/A-1
10-Oct-2006	A/Positive/A-1
28-Oct-2005	A/Negative/A-1
31-May-2005	A-/Watch Pos/A-2
25-Feb-2005	A-/Negative/A-2
21-Jan-2005	A-/Watch Neg/A-2
26-Feb-2004	A-/Stable/A-2

Ratings Detail (As Of July 2, 2008)***(cont.)**	
Sovereign Rating	
Austria (Republic of)	AAA/Stable/A-1+
Related Entities	
ATF Bank	
Issuer Credit Rating	BB+/Stable/B
Certificate Of Deposit	BB+/B
Junior Subordinated	
Foreign Currency	B+
Senior Unsecured	
Foreign Currency	BB+
Bank Polska Kasa Opieki S.A.	
Issuer Credit Rating	A/Stable/A-1
Certificate Of Deposit	A/A-1
Bayerische Hypo- und Vereinsbank AG	
Issuer Credit Rating	A+/Stable/A-1
Certificate Of Deposit	A+/A-1
Commercial Paper	A-1
Junior Subordinated	
Foreign Currency	BBB+
Senior Secured	
Local Currency	AAA
Senior Unsecured	A+
Short-Term Debt	A-1
Subordinated	A
CJSC Unicredit Bank (Russia)	
Issuer Credit Rating	BBB/Positive/A-2
Certificate Of Deposit	BBB/A-2
HVB Banque Luxembourg S.A.	
Issuer Credit Rating	A+/Stable/A-1
Certificate Of Deposit	A+/A-1
Locat SpA	
Issuer Credit Rating	A/Stable/A-1
MCC SpA	
Issuer Credit Rating	A/Stable/A-1
Certificate Of Deposit	A/A-1
Unicredit Banca per la Casa SpA	
Issuer Credit Rating	A+/Stable/A-1
Certificate Of Deposit	A+/A-1
UniCredit Bulbank A.D.	
Issuer Credit Rating	BBB+/Stable/A-2
Certificate Of Deposit	BBB+/A-2
UniCredit CAIB AG	
Issuer Credit Rating	A+/Stable/A-1
Certificate Of Deposit	A+/A-1

Ratings Detail (As Of July 2, 2008)***(cont.)**	
UniCredit Corporate Banking SpA	
Issuer Credit Rating	A+/Stable/A-1
Certificate Of Deposit	A+/A-1
UniCredit SpA	
Issuer Credit Rating	A+/Stable/A-1
Certificate Of Deposit	A+/A-1
Commercial Paper	
Foreign Currency	A-1
Junior Subordinated	
Local Currency	A-
Preferred Stock	A-
Senior Unsecured	A+
Short-Term Debt	
Local Currency	A-1
Subordinated	A
Zagrebacka banka dd	
Issuer Credit Rating	BBB/Stable/--
Senior Unsecured	
Foreign Currency	BBB

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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