Income Statement for the Third Quarter of 2007

VBAG-Group	1-9/2007	1-9/2007 restated	Change as against 30 Sept. 2006	
	in € million	in € million	in € million	in %
	adapted			
Net interest income after risk provisions	519.2	429.9	89.4	20.78 %
Net interest income	555.5	475.5	80.0	16.83 %
Risk provisions	-36.3	-45.7	9.3	-20.44 %
Net commission income	130.9	91.3	39.6	43.31 %
Trading income	43.5	53.0	-9.6	-18.08 %
General administrative expanses	-441.3	-359.4	-81.9	22.79 %
Other operating result	14.7	1.4	13.3	>200.00 %
Income from financial investments	15.5	-3.0	18.5	<-200.00 %
Income of the disposal group	19.1	14.5	4.6	31.61 %
Pre-tax profit	301.4	227.6	73.7	32.39 %
Income taxes	-33.3	-42.8	9.5	-22.15 %
Net profit before minority interests	268.0	184.8	83.2	45.02 %
Minority interests	-90.5	-84.1	-6.4	7.55 %
Consolidated net income	177.6	100.7	76.9	76.33 %

Balance Sheet as at September 30, 2007

	Sept. 30, 2007 in € million	Dec. 31, 2007 in in € million	Change as against Dec. 31, 2007 in € million	in %
ASSETS				
Liquid Funds	2,877.6	1,199.9	1,677.7	139.83 %
Loans and advances to credit institutions (gross)	10,906.1	6,019.7	4,886.5	81.18 %
Loans and advances to customers (gross)	35,382.9	31,109.6	4,273.3	13.74 %
Risk Provisions (-)	-452.2	-442.8	-9.5	2.14 %
Assets held for trading	1,110.6	1,109.9	0.7	0.06 %
Financial investments	20,967.9	18,461.0	2,506.9	13.58 %
Intangible fixed assets	443.5	410.4	33.1	8.07 %
Tangible fixed assets	290.6	262.2	28.4	10.83 %
Income taxes	135.6	122.4	13.2	10.74 %
Other assets	2,957.6	3,077.6	-120.0	-3.90 %
Assets of the disposal group	0	6,099.5	-6,099.5	-100.00 %
TOTAL ASSETS	**74,620.0**	**67,429.3**	**7,190.7**	**10.66 %**
LIABILITIES				
Amounts owed to credit institutions	23,937.3	13,383.0	10,554.4	78.86 %
Amounts owed to customers	9,775.2	8,087.1	1,688.1	20.87 %
Debts evidenced by certificates	31,367.8	30,845.7	522.1	1.69 %
Trading liabilities	250.5	243.2	7.3	3.00 %
Provisions	191.3	165.9	25.3	15.27 %
Income tax liabilities	75.3	101.3	-26.0	-25.70 %
Other liabilities	4,185.6	4,071.5	114.1	2.80 %
Liabilities of the disposal group	0	5,868.3	-5,868.3	-100.00 %
Subordinated capital	1,968.0	1,817.5	150.5	8.28 %
Equity	2,869.0	2,845.8	23.2	0.82 %
Minority interests	1,286.1	1,329.0	-43.0	-3.23 %
Shareholders equity	1,583.0	1,516.8	66.2	4.36 %
TOTAL LIABILITIES AND EQUITY	**74,620.0**	**67,429.3**	**7,190.7**	**10.66 %**

Key Financial Indicators / Moody´s-BFSR-Methodology

Broken by segments

The VBAG-Group	Actual figures 1-9/2007	Actual figures 2006
Profitability		
Result before risk provisions in relation to the average RWA	1.24 %	1.23 %
Profit for the period in relation to the average RWA	0.98 %	0.87 %
Liquidity		
(Market liquidity-liquid funds) in relation to the total assets	27.54 %	27.51 %
Capital		
Tier I capital in relation to the RWA	6.22 %	7.86 %
Equity in relation to the RWA	4.07 %	4.48 %

Note: RWA (= risk weighted assets) relating to the investment book
Equity does not include minority interests.

Result

In the third quarter of 2007, the Group was able to raise its pre-tax profit by more than 30 % to Euro 301 million as compared to the previous year.

Accordingly, the consolidated net income for the reported period (after taxes and minority interests) amounts to Euro 178 million, which exceeds the figure recorded for the third quarter of 2006 by Euro 77 million.

Net interest income constituted the major source of growth. Standing at Euro 556 million, net interest income grew by Euro 80 million or 17 % above the previous year's mark. The Group's subsidiaries in Central and Eastern Europe reported with Euro 59 million the major part of this growth.

Risk provisions declined from Euro 46 million to Euro 36 million. In the third quarter of 2007, repayments for impaired loans were accounted for at the amount of Euro 20 million. Accordingly, risk provisions were released at the same amount. As a result, the risk - earnings ratio improved to 6.5 % which compares with 9.6 % a year earlier.

In the reporting period, net commission income rose by Euro 40 million above the previous year's mark, standing at Euro 131 million. The most important increases in net commission income came from the Group's Central and Eastern European subsidiaries which recorded a growth of Euro 26 million. The segment Retail accounts for an over 60 % share of net commission income. If income from funds business is added to this sum, net commission income from transactions with retail customers accounts for a total of 70 %.

In the period under review, the trading result amounted to Euro 43 million, which falls short of the previous year's figure by Euro 10 million.

The Group continued to consolidate its network of international branches by adding another 155 outlets since the beginning of the year, thus at present maintaining a total of 412 branches. In line with this expansion, the increase in staff numbers was also concentrated on the Group's subsidiaries in Central and Eastern Europe. As at September 30, 2007 the Group employed a total staff of 7,945. This figure no longer includes the 425 employees of NÖ Hypo which was deconsolidated on July 2, 2007. Hence, the Group's human resources increased by close to 1,600 persons as compared to December 2006. The figures reported for September 30, 2007 include the staff of the newly acquired banks – Elektron Bank (Ukraine) plus 560 employees – and Volksbank a.d. (Banja Luka) plus 220 employees. In accordance with this expansion, administrative expenses went up by 23 % to Euro 441 million.

The Group's other operating result exceeds the previous year's mark by Euro 13 million. In essence, this positive performance results from the implementation of a real estate project (partial sale of the office space of Europolis in Warsaw) and from the sale of a subsidiary engaged in public finance.

The result from financial investments standing at Euro 16 million surpasses the previous year's level by Euro 18 million. This can be attributed to the sale of an office building in Prague by PREMIUMRED at a price of more than Euro 20 million. The US sub-prime crisis had only a minor effect on the result of the VBAG Group, which was already taken into account fully in the third quarter results. From today's perspective it appears that the need to set aside further reserves for the fourth quarter will not arise.

Thanks to tax-privileged income, the Group succeeded in lowering its income tax rate to 11 % as compared to the reference period of 2006. The increase in minority interests above the previous year's level can primarily be attributed to the improved performance of the Group's subsidiaries in Central and Eastern Europe.

Balance-Sheet and own resources

As at September 30, 2007, the Group's total assets stood at Euro 75 billion, which corresponds to an increase of Euro 7.2 billion or 11 % as against December 31, 2006. Taking into account the disposal of NÖ Hypo (total assets Euro -6.1 billion), the Group's growth amounted to Euro 13.3 billion.

Loans and advances to customers went up by Euro 4.3 billion to Euro 35.4 billion, with the Group's subsidiaries in Central and Eastern Europe (+ Euro 2.1 billion) as well as the Investkredit subgroup (Euro 0.9 billion growth in the real estate segment) and the Kommunalkredit subgroup (+ Euro 0.3 billion) reporting the highest rates of growth.

Financial investments stood at Euro 21 billion as at September 30, 2007, which represents an increase by Euro 2.5 billion which stemmed primarily from VBAG's Financial Markets segment (+ Euro 1.3 billion) and from the Kommunalkredit subgroup (+ Euro 0.5 billion).

In the period under review, total primary deposits (customer deposits, debts evidenced by certificates and subordinated capital) also followed an upward trend. Customer deposits which grew by 21 % or Euro 1.7 billion, make an essential contribution to refinancing the expansion of loans and financial investments. The main generator of this growth are the Group's subsidiaries in Central and Eastern Europe (+ Euro 1.0 billion). Debts evidenced by certificates experienced moderate growth, by Euro 0.5 billion to Euro 31.4 billion. Whereas VBAG's issues totalled Euro 1.2 billion, redemptions reported by the Investkredit subgroup totalled Euro 0.9 billion.

The VBAG Group's own resources as required by the Austrian Banking Act stood at Euro 3.9 billion on September 30, 2007. As a result of the growth of the solvability assessment base to Euro 39 billion, the Group's equity ratio now stands at 10.0 %. Its tier one ratio (ratio of core capital to the assessment base of the investment book) amounts to 6.2 %. Thus the Group significantly exceeds the statutory equity requirement by Euro 0.7 billion.