



A word of thanks to our employees

The commitment and professionalism of our employees helped achieve the good results for 2004 and will be decisive for the implementation of our plans. The Managing Board thanks all the employees of the Bank Austria Creditanstalt Group for their dedication and their readiness to support and further promote the changes in the bank's business. Let us set to work with confidence and enthusiasm in order to take advantage of the great potential that still lies ahead of us!

To our shareholders,
customers and business partners



Erich Hampel, Chairman of the Managing Board of Bank Austria Creditanstalt AG

Ladies and Gentlemen,

At Bank Austria Creditanstalt we can look back on a year in which we took a big step forward – in all our core markets. Net income before taxes exceeded the forecast made at the beginning of the year and increased by 29 % to € 836 m.

The improvement was generated by operating business. Our CEE banking subsidiaries contributed about 75 % to the increase in operating profit. They thus lived up to expectations placed in them as generators of growth. But considerable progress was also made in Austria in 2004, where we achieved an increase in operating profit. The most important factor is that the bank is expanding in customer business, primarily in CEE but also in private customer business in Austria. In 2004 business expansion was accompanied by a further reduction in the provisioning charge, and costs remained unchanged in absolute terms.

2004 was the year in which part of our vision became reality: through EU enlargement, Central and Eastern Europe experienced strong economic growth. The courageous, far-reaching reforms are beginning to pay off. Anyone who has travelled around the new EU member countries, the candidate countries or South-East Europe, cannot fail to be impressed by the will to succeed and the professionalism in those countries. This also applies to our local banking subsidiaries.

Performance transparency, pleasure in achievement and using the pool of ideas in our extensive market will determine the further development of the entire bank. We want to create value in two ways: we aim to increase the value of the company through targeted growth in our core markets. The new value management approach which we will introduce at all levels of the bank in 2005 will produce transparency and sharpen our focus. Simultaneously, we want to create value – together with our customers – by catering to concrete needs, both in the life cycle of private individuals, families or medium-sized companies, and in the development of large companies or multinational corporates. Our employees want to make things happen. For this reason we have modernised our internal service regulations in Austria and have selected a path to more performance-oriented remuneration and flexibility.

External requirements and our internal goals go hand in hand. The price of Bank Austria Creditanstalt shares has risen by over 150 % since the shares were first listed. We see this as an obligation for us. We have set ourselves ambitious targets, on the basis of performance levels achieved by the best competitors in Europe. In the medium term, we aim to increase the return on equity to 15 % and improve the cost/income ratio to below 60 %. In 2005 we want to achieve net income before taxes of over € 1 bn.

We have carried the strong momentum from 2004 over into the current year and are tackling our targets for 2005 with energy and confidence.

With best wishes for the rest of 2005.

Yours sincerely,



Erich Hampel



Letter from the Chairman of the Supervisory Board



Gerhard Randa, Chairman of the Supervisory Board of Bank Austria Creditanstalt AG

Ladies and Gentlemen,

With the establishment of an investment bank concentrating on international business 150 years ago, the foundation stone was laid for Bank Austria Creditanstalt. The strategy at that time was to open up Central and Eastern Europe from Vienna – the targets were ambitious. In Europe it was necessary to develop infrastructure, build railway lines, finance expansion of industry, and support flourishing trade and commerce.

Today, a century and a half later, we can see that Bank Austria Creditanstalt has implemented the idea of its founding fathers to their complete satisfaction. This idea found much favour with investors at that time – in November 1855 the police had to cordon off several streets because the run of shareholders was so great on the occasion of the first issue of shares.

Our bank's development has been very eventful during this long period. This is equally true for the development of our company – Bank Austria Creditanstalt has, after all, evolved from the step-by-step integration of three heterogeneous banking institutions – and for the development of our country. I think that we can really be proud of what has been achieved:

- With Bank Austria Creditanstalt, Austria now has a bank of European stature which stands for modernisation and progress in its market of origin;
- With its extensive network in Central and Eastern Europe, Bank Austria Creditanstalt is one of the top institutions, thus fulfilling an important economic function for Austria as well as for EU accession countries and accession candidates;
- Bank Austria Creditanstalt partners Austrian companies throughout the world and has a product competence matching that of any other major international bank;
- Bank Austria Creditanstalt is a company with a combined staff of 29,000 in Western Europe and Central and Eastern Europe
- and it is a listed company which is competitive on the internal market and well equipped for the future, with shareholders' equity of € 6.6 bn.

2004 therefore proved that Bank Austria Creditanstalt can successfully implement its vision as the Bank of the Regions, as one of the major players in CEE. What happens next?

You can only take major steps forward if you set yourself ambitious targets. In concrete terms: Bank Austria Creditanstalt will continue to grow. The bank wants to become the market leader in CEE and close the gap between the profitability of Austrian business and the benchmarks, thus increasing the return on equity after taxes to 15% by 2007. The fact that this is expected by the market is seen in the steep rise in the share price, which has increased the bank's market capitalisation to about € 11 bn.

The prospects are good that the bank will fulfil the high expectations placed in it.

I wish Bank Austria Creditanstalt continued successful development and also the necessary good luck!

Yours sincerely,

Gerhard Randa