

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N.Y. 10045-0001

AREA CODE 212-720-5000

October 31, 1996

Mr. James O'Neill
First Vice President
Bank Austria AG
565 Fifth Avenue
New York, New York 10017

Dear Mr. O'Neill:

We are pleased to inform you that the Federal Reserve Bank of New York, acting under authority delegated by the Board of Governors of the Federal Reserve System (the "Board") at Section 265.11(c)(11) of its Rules Regarding Delegation of Authority, today has approved the notice by Bank Austria AG, Vienna, Austria ("Notificant"), for prior approval, pursuant to Section 4(c)(8) of the Bank Holding Company Act of 1956, as amended (the "BHC Act"), to engage through Bank Austria Mortgage Corp., New York, New York ("Company"), a proposed de novo subsidiary, in certain activities related to making and servicing loans, pursuant to Section 225.25(b)(1) of Regulation Y.

The proposed activities are described in the Federal Register notice as "mortgage banking activities, pursuant to Section 225.25(b)(1) of the Board's Regulation Y." The proposed activities would be conducted on a nationwide basis.

The proposed activities appear to be of the kinds determined by the Board, in Section 225.25(b)(1) of Regulation Y, to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

Based on the foregoing and other considerations reflected in the record, this Bank has determined that the public interest factors the Board is required to consider under Section 4(c)(8) of the BHC Act outweigh possible adverse effects. In taking this action, the Reserve Bank has relied upon all of the commitments and representations made by Notificant in the record of the notice.

This determination is subject to the Board's authority to require reports by, and make examinations of, foreign banking organizations subject to the BHC Act and their subsidiaries, and to require such modification or termination of the activities of a foreign banking organization or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the BHC Act.

Mr. James O'Neill
October 31, 1996

Please advise us in writing promptly when the activities have been commenced, which should be within three months from the date of this letter, unless such period is extended by the Board or by this Bank under delegated authority.

Very truly yours,

Jay B. Bernstein
Bank Supervision Officer

cc: Board of Governors

George M. Williams, Esq.
LeBoeuf, Lamb, Greene & McRae