VOLKSBANK AG

INTERIM REPORT
3RD QUARTER

2011

KEY FIGURES OF VOLKSBANK AG

Euro million	30 Sep 2011	31 Dec 2010	31 Dec 2009
Statement of financial position [1]			
Total assets	**43,620**	**52,035**	**55,364**
Loans and advances to customers	13,078	16,929	17,796
Amounts owed to customers	2,563	3,042	3,472
Debts evidenced by certificates	14,386	15,886	17,097
Subordinated liabilities	1,779	1,851	1,969
Own funds			
Core capital (tier I) after deductions	2,274	2,613	2,715
Supplementary capital (tier II, tier III) after deductions	928	950	968
Eligible qualifying capital	3,202	3,563	3,682
Assessment base credit risk	23,890	25,454	27,255
Capital requirement market risk	48	54	55
Capital requirement operational risk	139	141	125
Surplus capital	1,104	1,333	1,321
Core capital ratio [2]	**9.5%**	**10.3%**	**10.0%**
Equity ratio [3]	**12.2%**	**12.8%**	**12.5%**
Income statement [1]	**1-9/2011**	**1-9/2010**	**1-9/2009**
Net interest income	341.7	378.1	269.7
Risk provisions	–90.2	–221.7	–472.2
Net fee and commission income	74.9	80.1	59.3
Net trading income	12.9	29.7	98.4
General administrative expenses	–270.0	–266.5	–256.3
Other operating result	–357.0	17.8	24.4
Income from financial investments	–346.0	–29.2	–172.2
Income from the disposal group	–62.6	53.6	–72.2
Result before taxes	**–696.3**	**41.9**	**–521.0**
Income taxes	0.0	–14.2	119.4
Result after taxes	**–696.2**	**27.7**	**–401.6**
Non-controlling interest	7.1	–27.4	14.3
Consolidated net income	**–689.1**	**0.3**	**–387.4**
Key ratios [4]			
Operating cost-income-ratio	62.9%	54.6%	60.0%
ROE before taxes	–68.7%	–1.0%	–27.7%
ROE after taxes	–67.8%	–1.1%	–21.2%
ROE consolidated net income	–99.9%	–2.1%	–27.4%
ROE before taxes (regulatory)	–58.5%	–1.0%	–33.1%
Resources [1]			
Staff average	3,476	3,622	3,723
of which domestic	1,331	1,366	1,410
of which foreign	2,145	2,256	2,313
	30 Sep 2011	**31 Dec 2010**	**31 Dec 2009**
Staff at end of period	2,081	3,540	3,666
of which domestic	1,291	1,353	1,370
of which foreign	790	2,187	2,296
Number of sales outlets	2	238	258
of which domestic	1	1	11
of which foreign	1	237	247

1) The comparative figures of 2009 and 2010 were restated by disposal group in line with IFRS 5 and according to IAS 8 (see Notes chapter 1).

2) In relation to credit risk

3) In relation to total risk

4) The operating cost-income-ratio is the ratio between net interest income, net fee and commission income and general administrative expenses. All ratios were displayed without including the disposal group.

CONTENT

Interim Financial Report

Any role descriptions in this interim report that are used only in the masculine form apply analogously to the feminine form.

MANAGEMENT REPORT

Report on business development and the economic situation

Economic environment

Growth momentum in the euro area began to slow in the second quarter of the year. The gross domestic product grew by only 0.2% as against the first quarter. Compared to the second quarter of the previous year, the annual growth rate was 1.6%. Private consumer spending was particularly weak, declining by 0.2% on the previous quarter. While economic growth in countries such as Germany and France was considerably less dynamic, Greece and Portugal were characterized by recessive trends. Austria's economy performed significantly better than the euro area as a whole in the second quarter with an annual growth rate of 3.4%, but also started to show signs of a slowdown.

One of the reasons for the restraint in private consumer spending was the ongoing tension on the labour market. The unemployment rate in the euro area stagnated at 10% in the second quarter before climbing to 10.2% by September – the highest level since 1998. The unemployment rate in Austria declined slightly and has been below 4% since June.

Sentiment indicators have shown growing uncertainty, mainly as a result of the direct and indirect effects of the debt crisis. In the euro area, retail sales declined year-on-year for the fourth time in a row in August. The trend in industrial production was considerably more positive. It showed a clear acceleration compared to the second quarter with monthly rates of 1% in July and August. Incoming orders also developed positively in August.

The inflation rate in the euro area averaged at around 2.7% in the second quarter and then rose to 3% by September. The high inflation rate is mainly due to the high price of energy. Up to and including October, the price of oil – which had risen sharply in the first third of the year not least on account of the Libyan crisis – showed only a slight downward movement.

The economic development in Central and Eastern Europe has been mixed. In the second quarter, growth in the Czech Republic and Hungary came to a virtual standstill quarter-on-quarter. However, annual growth rates were still respectable and similar to those in the euro area. Measured against the standards of mature economies, Poland and Slovakia have been booming recently. Their annual growth rates were over 3% with considerable quarterly growth. These countries are small, open economies whose most important export market is the euro area. A downturn is therefore also anticipated for Central and Eastern Europe. Economic development in the southeast of Europe was also mixed and overall weaker than in Central Europe. A further downswing is expected here as well, with only very moderate growth forecast for Croatia and Slovenia in particular.

The inflation rates in CEE and SEE were in decline in general, even in Serbia single-digit annual inflation rates were posted again after a relatively long period of higher rates.

Financial markets

On the financial markets of the region that proved resilient for a long time in the midst of the debt crisis, yield spreads have widened considerably as against Germany in some cases. The rise in spreads was moderate in the Czech Republic, in Hungary and Poland, however, spreads increased dramatically at times and the currencies of both countries were very weak. The Romanian leu similarly tended to weakness. However, the Croatian kuna and Serbian dinar were extraordinarily stable. The euro remained below a level of USD 1.40 per euro throughout the second quarter. It fell to just over USD 1.31 during the third quarter on account of the lingering doubts over the situation in Greece before starting to move back towards USD 1.40 in the fourth quarter. This uncertainty was also reflected in the ten-year German benchmark yield, which declined over the second and third quarters from previously over 3% to a level below 2%. The at times plummeting stock exchange prices – the DAX lost almost 31% of its value within seven weeks – were a further sign of high risk aversion. Attempts were made to rein in the Greek debt crisis in July with a second bailout package involving private creditors in the amount of 21% of their Greek exposure. However, this did not help to calm the markets, which meant that the EU summit at the end of October had to develop a new "comprehensive package".

Business development

The result in the first three quarters of 2011 was affected by the difficult economic environment. The economic development in Romania and Hungary as well as the measures adopted by the European Union to stabilise the situation in Greece had a negative impact on the result. The result before taxes was euro –696 million for the reporting period and the consolidated result totalled euro –689 million.

On 8 September 2011, Volksbank International AG, VBI, was sold to Russian Sberbank. From this date, VBI Group is shown as a disposal group. Volksbank Romania S.A., VB RO, which was not included in the transaction, was deconsolidated as at 30 September 2011 and is measured at equity starting from this date, as the company is now managed together with the other owners (DZ Bank AG/WGZ Bank AG and Banque Populaire Caisse d'Epargne, BPCE, with 24.5% each).

As a result of the losses in the current financial year, capital ratios also decreased as against 31 December 2010. As of 30 September 2011, the tier I ratio (in relation to credit risk) was 9.5% (31 December 2010: 10.3%) and the equity ratio (in relation to total risk) stood at 12.2% (31 December 2010: 12.8%).

Results in detail

Due to the presentation of the CEE banks in the disposal group, all figures relate to continued operations not including CEE banks. VB RO is included with its result for 1-9/2011.

Net interest income amounted to euro 342 million in the first three quarters of 2011, down euro 36 million or 10% year-on-year. While net interest income in the Financial Markets segment increased, the Retail segment reported a decline as against the same period of the previous year due to a drop of interest margins in Central and Eastern European countries.

Compared with the same period of the previous year, net fee and commission income decreased slightly by euro 5 million or 6% to euro 75 million. Net trading income stood at euro 13 million, reflecting a euro 17 million decline as against the figure reported for the first three quarters of the previous year. This decline is attributable to the debt crisis, the flight to German government bonds and the associated widening of the Bund swap spread.

General administrative expenses for the first three quarters of 2011 amounted to euro 270 million, a slight rise of euro 4 million or 1% against the comparative period.

Adjusted for the disposal group and the deconsolidated VB RO, the number of employees in the Group fell by 87 since the end of 2010 to 2,081. The deconsolidation of VB RO resulted in a decrease of 1,371 employees outside Austria. In the CEE banks disposal group, the number of employees increased slightly against 31 December 2010 and reached 4,087 employees as at 30 September 2011.

The other operating result includes the VB RO deconsolidation result of euro –294 million. Since the calculation of VB RO's enterprise value as at 30 September 2011 resulted in a value of nil, the derecognised proportional equity is not offset by a revaluation from the at equity consolidation. This item also includes an impairment on goodwill of Investkredit Bank AG in the amount of euro –32 million and an impairment on the Investkredit brand in the amount of euro –25 million. In the first three quarters, the other operating result was negatively impacted in an amount of euro 27 million by bank taxes incurred in Austria from the 2011 financial year onwards. The successful sale of the "North Gate" real estate project was reported under other operating result, with positive deconsolidation proceeds of euro 9 million.

Despite the persisting difficult economic environment in some regions of Central and Eastern Europe, risk provisions declined by euro 132 million compared with the same period of 2010 and stood at euro 90 million. The greatest decrease was recorded in the Retail segment, where provisions fell by euro 35 million in the Leasing business area and by euro 52 million at VB RO. All other segments also recorded decreasing risk provisions with the exception of the Corporates segment where they grew slightly.

The income from financial investments amounts to euro –346 million for the first three quarters of 2011. As a result of the measures resolved by the European Union, all Greek bonds were impaired. For bonds held in the available for sale category, a negative market value of euro –84 million was transferred from the available for sales reserve to profit and loss representing an impairment to market values as at 30 September 2011. Securities in the held to maturity category were impaired by euro 18 million to a present value of 50%. Due to the fact that impairments are required for Greek bonds with long terms as well, an interest rate derivative that had previously been used to hedge a Greek bond had a negative market value impact of euro –33 million through profit and loss. In view of the increased volatility on the financial markets and the continuing economic crisis, the management decided that instruments previously recognised as financial guarantees were now to be valued at fair value through profit and loss. The change in accounting took place retroactively in accordance with IAS 8 and had a negative impact of euro –58 million on the result for 1-9/2011 (1-9/2010: euro –23 million). Since the negative developments on the financial markets also affect Kommunalkredit's results considerably, the participation capital assumed in the context of the disposal of Kommunalkredit was impaired by euro 108 million. Due to increasing sovereign risk, the result from financial investments was also adversely affected by market value declines of financial instruments and interest rate derivatives in an amount of euro 45 million.

Europolis Group was deconsolidated as at 1 January 2011, which led to a deconsolidation loss of euro 4 million, recognised in the income from the disposal group.

On the basis of the contract signed on 8 September 2011 regarding the sale of VBI AG, VBI Group is shown in the income from the disposal group from this date. The result of the CEE banks is negatively impacted primarily by the uncertain economic policy situation in Hungary. This results in a need for increased risks provisions, firstly due to the forced conversion of foreign currency loans at non-market rates into forint-denominated loans, and secondly due to the weaker economic prospects. In addition, impairment tests were carried out on goodwill, leading to impairments totalling euro 9 million for the goodwill in Hungary, Ukraine, Banja Luka and Serbia.

Income taxes for the reporting period in 2011 amounted to euro 8 million. No deferred tax assets were recognised for the rise in tax losses carried forward due to the increased impairments of financial instruments in the local financial statements. The goodwill impairments and the deconsolidation result are not offset by income taxes.

The result for non-controlling interest dropped by euro 35 million compared to the first three quarters of 2010 and was euro –7 million. On the one hand, this reduction is due to lower results reported by the CEE banks business area and on the other to the deconsolidation of Europolis Group, which accounted for euro 6 million in non-controlling interest in the first three quarters of 2010.

Statement of financial position and own funds

As at 30 September 2011, total assets amounted to euro 43.6 billion, which represents a decrease of euro 8.4 billion or 16.2% against the previous year. Of this amount, euro 1.7 billion relates to the sale of Europolis Group and euro 4.8 billion to the deconsolidation of VB RO. VBI Group is shown in the disposal group, whose assets amount to euro 9.3 billion as of the end of the third quarter 2011.

Loans and advances to customers amount to euro 13.1 billion as at the reporting date and decreased by euro 3.9 billion year-on-year, euro 3.2 billion of which is attributable to the deconsolidation of VB RO. In all other segments, there were also reductions in loans and advances to customers due to realignment of the business areas.

Amounts owed to customers fell by euro 0.5 billion to euro 2.6 billion, of which euro 0.6 billion relates to the deconsolidation of VB RO.

Debts evidenced by certificates declined by euro 1.5 billion or 9.4% compared with the end of 2010 and amounted to euro 14.4 billion as at 30 September 2011. This is due to scheduled redemptions which were only partly replaced by new issues.

VBAG Group's own funds amounted to euro 3.2 billion as at 30 September 2011. Because CEE banks are still under the control of VBAG and VBAG also has an indirect majority shareholding in VB RO, both the CEE banks and VB RO are still included in the calculation of the Group's own funds under banking law. The tier I ratio (ratio of core capital to the assessment base for credit risk) reached 9.5% (31 December 2010: 10.3%). The tier I ratio in relation to total risk was 8.7% (31 December 2010: 9.4%). The equity ratio in relation to total risk stood at 12.2% (31 December 2010: 12.8%). Eligible own funds exceeded the regulatory requirement by nearly euro 1.1 billion or 53%.

Based on the European Council's decision to set the minimum core capital ratio for banks at 9% starting from June 2012, the European Banking Authority (EBA) has quantified the capital buffer required at VBAG as euro 972 million. This is a provisional and merely indicative figure that will be reviewed again and possibly adjusted by the bank together with the regulatory authorities based on the figures as at the end of September. The result of this review will be the basis for any potential recapitalisation measures up to June 2012. The EBA also takes into account VBAG's current restructuring and the bank's withdrawal from the CEE region that has already been initiated with the sale of VBI.

Outlook

Economic environment

In spite of the comprehensive package resolved in October, the situation in Greece is still a key risk factor for the markets. In light of the generally poor economic indicators of recent months, economic momentum is expected to flatten even more. Together with the basis effect of stagnating oil prices, this means that inflationary pressure on consumer prices should gradually start to ease. However, this development appears to have already been priced in on the markets. As far as Central and Eastern Europe are concerned, the fundamental data are pointing to yield spreads declining again in the medium term. The region's currencies should now at least have bottomed out.

Business performance

On 13 October 2011, the Board of Management of VBAG published an ad hoc report on the expected annual result. Since last year, VBAG has been working intensively on the reorientation of its business model and has evaluated strategic options. The considerably deteriorated market environment for banks, the intensifying crisis on the international financial markets, impairments on sovereign risks, participations and sales of participations have significantly affected VBAG, its results and the implementation of planned measures. Furthermore, the combination of VBAG's banking operations to Investkredit will not take place in the planned form and the planned redemption of participation capital in an amount of euro 300 million to the Republic of Austria will not be implemented.

Despite the anticipated negative result, capital ratios in accordance with Basel II, Pillar 1 will be clearly above legal requirements. In addition, the sale of VBI to Sberbank strengthens VBAG's capitalisation, the core capital ratio and the equity ratio are expected to reach approximately 10.4% and 13.7% respectively by the end of the year.

The Board of Management of VBAG is currently holding intensive discussions with the core shareholders regarding measures to strengthen capitalisation. The subject of these discussions is a modification of the Schulze-Delitzsch Genossenschaftsverbund (mutual support scheme of Volksbank sector) based on a cooperation in accordance with Art. 3 of Directive 2006/48/EC (part of the European implementation of Basel II) and Art. 9 of the draft CRR I (Capital Requirements Regulation I, the directly applicable regulatory part of the European implementation of Basel III). A corresponding policy resolution was adopted by the core shareholders.

A distribution on profit-related instruments (shares, participation capital, hybrid capital, supplementary capital) in 2012 for the 2011 financial year is unlikely.

CORPORATES SEGMENT

Corporate customers of VBAG Group are offered a comprehensive range of products and services through Investkredit Bank AG, Investkredit Investmentbank AG, Invest Mezzanine Capital Management GmbH, Investkredit International Bank p.l.c. and VB Factoring Bank AG.

Since September 2010, the Corporates segment of Investkredit Bank AG has operated under the Volksbank AG – Investkredit brand.

Volksbank AG – Investkredit strives for sustainable and profitable relations with its SME customers. Its focus is on the structuring of tailored financing as well as on supporting customers in subsidy management and in their capital market activities such as the issue of corporate bonds or promissory note loans. Its range of services also includes treasury products such as interest rate, currency and commodity hedges. Volksbank AG – Investkredit offers individual export and trade financing solutions for companies involved in international business. Companies can also arrange leasing and factoring through Volksbank AG – Investkredit.

The commercial business division is geared firstly towards the requirements of SMEs and syndicated financing with the regional Volksbanks – through the small- and medium-sized enterprises department. Secondly, larger SMEs, including many family-owned companies, are served by the corporate banking department.

The leveraged/corporate finance division offers special corporate finance services for companies and financial investors in Austria, Germany, Poland, the Czech Republic and Slovakia: it offers acquisition finance, Mergers & Acquisition consulting, private equity transactions, lending in Central and Eastern Europe and project financing. The focus in project financing is on renewable energy projects throughout Europe.

Segment result

The segment result before taxes for the first three quarters of 2011 amounts to euro 13 million, down euro 5 million on the result of the same period in 2010. The main driver is an increase in risk provisions and in administrative expenses, which was compensated only partially by the growth of net fee and commission income.

Commercial business

Lending business

Demand for loans, which had stabilised in the first half of the year, lost momentum over the summer months. The developments on the international financial markets led to insecurity among companies. In the dialogue with customers, the priority topics were safeguarding liquidity and securing the historically low interest level with interest rate hedging instruments.

Syndicate business

The path taken in the first half of 2011 of supporting the regional Volksbanks in their business with SMEs was systematically continued in the third quarter. The rising demand for syndicated loans confirms this strategy, which is consistent with VBAG's orientation as the central institution of the Austrian Volksbanks.

Company subsidies and trade finance

As at the end of September 2011, a total ERP loan volume of around euro 200 million was achieved, approximately euro 30 million less than in the third quarter of the previous year. However, the number of individual loans rose significantly by roughly 100 to just under 340. This clearly shows that while investing continues in the Austrian economy, the projects have become smaller overall. The majority of the subsidised loans of Volksbank AG – Investkredit comes from the Volksbank sector.

With respect to long-term equity financing by Österreichische Kontrollbank AG (OeKB), a volume of around euro 50 million was processes in the third quarter, meaning that new business remained flat. Soft loan exposure climbed from euro 19 million as at the end of the third quarter of 2010 to euro 39 million as at 30 September 2011.

At around euro 51 million or 151 transactions, the volume of financing under the Austrian Export Fund – mainly for SME customers of the Volksbank sector – remained constant year-on-year as at 30 September 2011.

Leveraged finance

Leveraged finance Austria/CEE

The marked decline in overall economic momentum and the resulting significant deterioration in industry sentiment had a negative impact on the leveraged finance Austria/CEE segment. While the acquisition financing for a leading Polish telecommunications company was successfully concluded as at the end of the last quarter, the market has since taken a clear downturn.

Leveraged finance Germany/Western Europe

With three projects concluded in leveraged finance and two in the corporate business field, the success of the first half of 2011 was continued in the third quarter. Volksbank AG – Investkredit was therefore able to defend its position in the leading mid-range of German banks in this segment, it was one of the most successful foreign banks in structured financing for SMEs.

Project finance

The market for project financing was dominated by uncertainty in recent months. Customers are fearful that the public debt crisis, combined with the rising equity requirements of banks, could lead to a decline in financing propensity. In contrast to this, the market for renewable energy projects continued to develop positively. One factor driving this appears to be a growing "institutional commitment" among administrative bodies and utilities to taking this issue more seriously, especially in Germany.

Looking at the – indisputably – high investment requirements for grids and infrastructure facilities for an integrated European energy supply system, the financing of these assets, particularly in the CEE region, appears to be increasingly coming under pressure due to the the strict regulatory requirements for banks.

Regardless of this, there are still attractive projects for loan financing in the fields of wind power and photovoltaics. The financing for a major German photovoltaics project, in which Volksbank AG – Investkredit has a share of euro 20 million, was finalised in August. The refinancing is provided by way of an environmental loan from KfW Group.

Marketing activities continued: A speech was held on the requirements with respect to energy financing at the European Biomass and Bioenergy Forum and, at the Austrian Innovation Forum in Klosterneuburg, a presentation was given together with a customer on its innovative project. In addition to participating at the annual Alpbach Financial Symposium, Volksbank AG – Investkredit was also present at a major Austrian Wind Energy Symposium, AWES, thereby strengthening its positioning as a partner in the financing of energy projects.

Financing of international schools

The focus was on the further utilisation of a global loan concluded with KfW in September of last year to finance German schools abroad. Against this backdrop, contact was established with a number of international German schools. Financing of CAD 3 million was finalised for the German School in Toronto for the acquisition and expansion of a new school building.

At the German School in Washington, DC, the new science building financed by an investment loan of USD 6 million provided by Investkredit was officially inaugurated in the presence of a number of political representatives from the Federal Republic of Germany and representatives of the school's patrons.

Investkredit Investmentbank AG (IKIB)

Investkredit Investmentbank AG is responsible for Mergers & Acquisition consulting and private equity (fund and direct investments) within VBAG Group.

In the third quarter, there was a successful exit of a German portfolio company within the co-investment portfolio, as a result of which the original capital contribution was increased more than fourfold.

The greater level of investment activity as against the previous years continued in fund investments.

Debt capital markets

While the corporate bond market had been characterised by lively investor demand in the first half of the year, demand decreased significantly in the third quarter on account of the crisis on the periphery of the euro area. Volksbank AG – Investkredit took part in a total of six Austrian corporate bond issues in the first three quarters: once as the lead arranger, three times as the senior co-lead manager and twice as a co-lead manager, which demonstrates the Bank's solid positioning in this market segment.

Corporate treasury sales

The debt crisis in the euro area brought an abrupt end to the phase of slight increases in money and capital market interest rates. The extremely low interest rate levels formed the framework for interest rate hedging transactions for corporate clients which became significantly more favourable again during the third quarter. Long-term interest rate hedging therefore continued to be a central issue in corporate treasury sales.

Commodity hedging has been systematically extended and the product portfolio in this area is being expanded on an ongoing basis. Hedging strategies centred on instruments such as commodity swaps, caps and floors, focussing on the commodities of diesel, biodiesel and copper.

In the area of FX, the extreme fluctuations in the euro/USD and euro/CHF currency pairs again confirmed how important currency hedging is for companies. Volatile FX markets can erode large portions of a company's profit margin in just a very short time. Hedging strategies were increasingly used in this regard to cushion the severe fluctuations on the currency markets.

VB Factoring Bank AG

VB Factoring Bank continued the positive performance of the first half of the year in the third quarter. As at the end of the third quarter of 2011, VB Factoring AG posted an increase in its business volume of 40% as against the same period of the previous year.

In cooperation with Atradius Kreditversicherung AG, one of the world's biggest credit insurers, a special SME package with favourable premiums and lower retentions was arranged that was recently made available to customers.

Furthermore, a model was developed for large customers that allows a true sale. In addition to safeguarding liquidity, the balance sheet contraction that can be achieved through factoring is highly interesting for this customer group.

Outlook for the Corporates segment

Corporate clients are expected to focus even more on shoring up liquidity in the fourth quarter.

The syndicate business department is anticipating that demand from the Volksbank sector will persist and expects a moderate increase in business volume in 2011 as a whole.

The subsidies and export finance competence centre is expecting approval of roughly twelve new ERP loans with a volume of around euro 25 million by the end of the year. Given the current high demand from the Volksbank sector, it is assumed that the number of subsidy applications received will continue to rise in the 2012 financial year as well. Three further OeKB equity finance deals should be concluded by the end of the year.

Together with the audit and tax consulting firm Leitner+Leitner, the leveraged finance Austria/CEE segment is designing a podium discussion and a series of lectures entitled "Hot Autumn – Update for SMEs" to take place in the middle of November, at which the subject of "Corporate Finance in the Crisis" will be discussed among other topics.

Given the general uncertainty on the market, there has been a significant decline in new project inquiries at the Frankfurt branch, which means that no new deals or only very low numbers are expected for the final quarter. Participation at the "7th Structured FINANCE Germany" event in Karlsruhe and a presentation on "Best Practice in Acquisition Finance" at a workshop organised by a renowned international law firm are also planned for November. Both should contribute to the Bank's long-term positioning.

The director of the American School in Warsaw has agreed to take part in a joint keynote lecture on the financing of international schools at "7th Structured FINANCE Germany". Thus, the activities of Volksbank AG – Investkredit in the field of financing private educational facilities will be presented to a broad public.

Given the growing efforts to position renewable energy as an alternative to fossil fuels, project financing is expecting increasing investments not just in power plants but also in distribution grids and the necessary infrastructure in particular.

IKIB is anticipating restraint in fund investments for the remainder of the year on account of the rising uncertainty as regards economic development.

Debt capital markets anticipates that the restraint in new corporate bond issues will remain until the end of the year.

The fourth quarter is still dominated by highly volatile interest, FX and commodity markets. However, the historically extremely low interest rates will provide an ideal environment in the coming months for long-term interest hedges. Corporate treasury sales will therefore continue to focus on this topic.

In light of the current developments in new business, the planned sales with existing customers in the fourth quarter and the new, attractive products for SMEs and large companies, VB Factoring Bank AG is forecasting that the positive trend will continue until the end of the year.

RETAIL SEGMENT

Österreichische Volksbanken-AG operates in the Retail segment both in Austria and in Central and Eastern Europe. The Retail segment includes Austrian VB Leasing Finanzierungsgesellschaft m.b.H., VB-Leasing International Holding GmbH, which operates in the CEE region, and Volksbank Romania. Volksbank International Group (not including Volksbank Romania) was sold at the start of September and is now recognised in the disposal group.

Segment result

The segment's result is marked by the restructuring of Volksbank Romania and by the sale of the VBI Group. The result before taxes for the first three quarters of 2011 is euro –315 million, euro –294 million of which is attributable to the deconsolidation of VB Romania as at 30 September 2011. VBI Group (excluding VB Romania) reports a loss before taxes of euro 59 million for the first three quarters of 2011, which is mainly driven by increased risk provisions in Volksbank Hungary. The unstable situation in Hungary led to significantly higher risk provisioning resulting from the forced conversion of foreign currency loans at non-market rates into loans in forint on the one hand, and from the weak economic outlook on the other hand. Decreasing interest margins in CEE countries led to a decline of net interest income. Despite the difficult economic environment in Central and Eastern Europe, risk provisions could be reduced in the leasing business field and in Volksbank Romania.

Retail in Austria

VB Leasing Finanzierungsgesellschaft m.b.H. (VBLF)

The Austrian leasing market is currently moving sideways. In the third quarter of 2011, VB Leasing generated a new business volume of euro 225 million which corresponds to around 13,200 contracts representing a total increase of around 3%. Despite the difficult economic environment all divisions achieved increases, which slight increase in all divisions – in a consistently bleak economic environment – can be attributed primarily to professional market development, continuity in sales activities and to the service range of VB Leasing.

With the third quarter result, VB Leasing successfully defended its sixth-place ranking among Austrian equipment leasing providers.

Retail abroad

Volksbank International Group (VBI)

On 8 September 2011, the previous owners of VBI AG (VBAG at 51%, the German cooperative banks DZ Bank AG/WGZ Bank AG and French Banque Populaire Caisse d'Epargne at 24.5% each) signed a contract to sell 100% of their shares – not including Volksbank Romania – to Russian Sberbank. The banking network acquired by Sberbank comprises the Volksbanks in Slovakia, the Czech Republic, Hungary, Slovenia, Croatia, Bosnia-Herzegovina, Serbia and Ukraine. Closing should take place until the end of December 2011.

Volksbank Romania has been transferred to a new entity, the ownership structure remained unchanged. The new entity will be managed by the owners jointly and directly – not through VBI in Vienna as was previously the case. Volksbank Romania was therefore deconsolidated as at 30 September 2011 and has been measured at equity since that date.

VB-Leasing International Holding GmbH (VBLI)

VB-Leasing International immediately reacted to the financial and economic crisis. As a result of the rapidly implemented reorientation measures and process adjustments, VB Leasing International is now expected to generate its best result since it was founded in 1994 in the 2011 financial year. With a new business volume of euro 742 million representing around 27,800 contracts in the third quarter of 2011, it achieved a year-on-year increase of 10.6% in the reporting period. This gratifying result also reflects the individual results of the eight national VB Leasing International companies: All these companies concluded the third quarter of 2011 with a positive result.

Outlook for the Retail segment

The Austrian leasing market has recovered from the turbulence of recent years and is now seeing slight growth again in new business. VB Leasing is therefore aiming to maximise its revenues sustainably while maintaining risk awareness. It is striving for a healthy balance between a systematic risk policy in terms of creditworthiness of customers, asset security and risk diversification on the one hand and a pricing policy commensurate with risk on the other. As a result, customers appreciate VB Leasing not just for its comprehensive service, but also for the security provided by a reliable and stable partner.

In spite of the excellent results of VB-Leasing International, the continuing volatility on the leasing markets in CEE still requires a high level of commitment and future-oriented activities. The sustainable, stable development of VB-Leasing International is based on two key pillars: a strategy adapted to new market requirements and fast, target group-oriented communication to enable ongoing improvement in service for partners, customers and employees. The core project for 2011 – redesigning all the Group's web portals and creating a Group-wide intranet platform – will be completed in the first half of 2012 with the support of VBAG. VB-Leasing International is focusing on customer acquisition and customer loyalty with a spotlight on new media in communications. Thus, VB Leasing International is excellently positioned on the local leasing markets of Central and Eastern Europe in terms of service, target group orientation and communication.

REAL ESTATE SEGMENT

Under the slogan “Passion for Quality”, VBAG Group’s real estate segment offers its customers and partners a broad range of commercial real estate services: long-term real estate loan financing at Investkredit Bank AG as well as lease financing, real estate development and asset management at VB Real Estate Services GmbH. Immo Kapitalanlage AG offers retail investors attractive fund investments through <immofonds 1>. The real estate specialists of VBAG Group provide a high level of expertise and service quality for their customers in Austria and selected countries in CEE and SEE.

Investkredit Bank AG’s real estate loan financing has been operating under the Volksbank AG – Investkredit brand since September 2010. The VB Real Estate Services brand comprises all areas of real estate business at VBAG Group; VB Real Estate Services GmbH is the central service platform.

Segment result

The segment result before taxes for the first three quarters of 2011 amounts to euro 26 million. Due to the considerable decrease of risk provisions, the result could be kept stable in comparison to the previous year. The successful sale of the "North Gate" real estate project results in a profit from deconsolidation of euro 9 million reported in the other operating result. Europolis Group was deconsolidated on 1 January 2011, which led to a deconsolidation loss of euro 4 million, in the first three quarters 2011. In the previous year the result of the disposal group Europolis amounted to euro 19 million.

Real estate loan financing at Volksbank AG – Investkredit

After an optimistic start to the third quarter of 2011, dominated by advanced negotiations on the conclusion of several financing transactions on the target markets of Germany, Poland and the Czech Republic, all projects were stopped for the time being on account of the deterioration of general conditions since the end of August.

The recovery on Central and Eastern European real estate markets that had still been tangible in the first half of 2011 slowed – not least due to the uncertainty on the international financial markets – resulting in a marked restraint in real estate lending.

Leasing

Within the restructuring project in real estate leasing, the focus was on the restructuring of units at foreign branches and the first specific measures were initiated. Parallel to this, work continued systematically on the ongoing optimisation of the domestic and international leasing portfolio with particular attention paid to actively reducing less profitable lease financing.

VB Real Estate Services will continue to serve the Volksbank sector in future as an expert service provider for commercial real estate leasing.

In the reporting period, a sale and leaseback transaction was successfully implemented for an OBI store (a DIY superstore) in the Czech Republic with a total investment volume of around euro 7 million. Also in the Czech Republic, the financing of solar facilities was arranged for a long-standing customer in an amount of around euro 10 million.

A specialist department of VB Real Estate Services GmbH offers large-volume equipment leasing – container leasing – as a niche product. Thanks to the ongoing servicing of the target group segment of the top 50 shipping lines, the division was again successful in concluding substantial follow-up agreements with existing customers in the 2011 financial year. Given the favourable general conditions for container lessors, it is expected that a very good result will be achieved in 2011.

Real estate project development

VB Real Estate Services, the centre of competence for international project development within VBAG Group, currently owns office buildings in Vienna, Warsaw, Budapest, Bucharest, Bratislava and Ljubljana.

Work is currently underway to begin construction on the projects “Horizon Offices” in Prague (rentable space of around 23,000 m^2) and “Salomea Business Park” in Warsaw (rentable space of around 28,000 m^2). In the Zoliborz district of Warsaw, a property of around 19,000 m^2 is available for the development of a further office building.

Immo Kapitalanlage AG

Immo Kapitalanlage AG manages an open-ended real estate fund, <immofonds1>. In particular, small private investors invest in this fund, which has a broadly diversified real estate portfolio focusing mainly on commercial properties in Austria and Germany. Even in the crisis years, investing in these countries proved highly viable with economically sustainable rental income. The fund volume remained constant at euro 243 million.

Outlook for the Real Estate segment

Real estate loan financing is continuing to focus mainly on the optimisation of the credit portfolio and increasing profitability. Given the difficult economic environment, new business will be modest; active sales have been scaled back considerably even on the core markets.

New business will not be actively pursued in real estate leasing for the time being as the restructuring of the current portfolio takes precedence. In leasing as well, the strict refocusing of the entire VBAG real estate business on the core markets will mean that, in the medium term, offices will only be maintained on these core markets.

The implementation of project developments is dependent on further market trends and the attainment of planned letting rates.

The trend towards tangible assets is still highly pronounced among investors and Immo Kapitalanlage AG is therefore anticipating a positive sales performance in the coming months. The conservative focus of <immofonds 1> on Austria and Germany adds to the fund’s attraction. A non-distributing tranche of the existing product will be launched in December to optimally comply with customer wishes. Owing to the currently difficult international environment, the launch of a special fund for institutional investors will depend on the development of market conditions.

FINANCIAL MARKETS SEGMENT

In addition to strategically important staff departments, the Financial Markets segment consists of two customer-oriented organisational units: Group Treasury and Volksbank Investments.

Segment result

Net interest income increased as against the same period of the previous year to euro 32.7 million. However, the difficult market environment affected net trading income in the third quarter; compared to the first three quarters of 2010, net trading income declined by euro 21 million. In total, Financial Markets reached a result before taxes of euro 34.9 million in the first three quarters of 2011.

Group Treasury

In the euro area, the third quarter was overshadowed by the debt crisis of the peripheral states, the focus remained on Greece in particular. The bond, interest and currency markets were characterised by high volatility. Regardless of this, the ECB raised its key rate by a further 25 basis points in July to 1.5% as inflationary pressure had eased to only a minor degree. This raise was reversed again at the start of November. The upward trend in short-end euro money market rates continued until the end of July when the 3-months Euribor reached a high of 1.615%. The Swiss franc posted immense gains and came close to parity as against the euro; as a consequence, the Swiss National Bank announced that it would defend the cap of CHF 1.20 to the euro with all available means.

The bond market was dominated by a rise in Bund futures to 139 in the third quarter. At the beginning of August, the Bund swap spread widened significantly. Volatility was very high in this environment while sales were rather low. Generally, increasing sales pressure was observed in sovereigns and financials.

Trading

The difficult market conditions resulted in a strong widening of the Bund swap spread. As a result of the rise in volatility that this entailed, trading book positions were reduced and thereby earnings fluctuations scaled back. In terms of products, the focus in the third quarter was on mortgage bonds and inflation-linked bonds; there was also an increase in the placement of bonds in foreign currency, such as the Norwegian krone (NOK).

The ongoing trend toward investing in gold on the one hand and volatility on the currency markets on the other drove up sales in the areas of precious metals and currencies. The relevant processes in these divisions were optimised by an improvement in the electronic trading platform VB ONE.

As in the previous months, the short- and medium-term liquidity situation was managed in a precise way using targeted measures (such as tenders, repos and money market borrowing). Despite the severe market turbulence, VBAG Group was in a comfortable situation with respect to balancing short-term liquidity peaks due to its strategically well chosen liquidity buffer.

Consulting

In the third quarter the focus remained on providing the regional Volksbanks with interest rate hedging products for their customers. The flattening of the yield curve led to a rising number of interest rate swaps in commercial and syndicated customer business of the Volksbank sector.

A new product, "Konvertierung+", was developed and rolled out in the area of foreign currency hedges. The new product makes it easier for customers to exit foreign currencies and thereby eliminates foreign currency risk.

Sales support activities in the investment segment focused on issuer diversification in customer securities accounts. Specifically, customers were guided to selected third-party products and advised to add small amounts of gold.

In order management, high volatility on the financial markets and the resulting customer trading activity helped keep net fee and commission income in line with planning for the year.

The new equity and liquidity standards of Basel III are already taken into consideration in the management of the regional Volksbank's own accounts.

Sales

Long-term interest rate hedging for corporate clients remained a central topic in corporate treasury sales in the third quarter. The turnaround in the trend from rising interest rates to a lower level created positive conditions for hedging management in corporate client business; interest rate hedging strategies became significantly more favourable during the third quarter.

In the area of FX operations, the extreme fluctuations in the euro/USD and euro/CHF currency pairs showed how important currency hedging is for corporate clients. Hedging strategies were increasingly used to cushion the severe fluctuations on the currency markets.

Commodity hedging has been systematically extended and the product portfolio in this area is being expanded on an ongoing basis. Hedging strategies centred on instruments such as commodity swaps, caps and floors, focussing on the commodities of diesel, biodiesel and copper.

Volksbank Investments

In the third quarter, the severe turbulence on the capital markets – continuing on from earlier, massive declines in stock prices – was a tough test for investment products. Many investors were disappointed by their heavy losses in just a relatively short space of time, holdings of shares and other securities were reduced and reallocated to real estate or cash positions. Volksbank Investments did not entirely escape this market trend. However, the difficult market environment shows that the structural reorientation implemented over the last few years was the right choice and ultimately constitutes a competitive advantage for the entire Volksbank sector.

Volksbank Investments is positioned as a specialist for capital protection and preservation concepts. The selective combination of a wide range of asset classes – not just bonds and shares – and the right weighting of the individual asset classes form the core of the new asset management funds, which above all keep risk down. While the investment sector as a whole has strayed little from its traditional path to date, Volksbank Investments and thereby the Volksbank sector have laid the foundations to benefit from the particular quality of the products and solutions developed in recent years.

Encouragingly, all assets under management remained virtually stable in the extremely trying third quarter. Despite pronounced losses on the Austrian market as a whole (investment funds and certificates), Volksbank Investments posted a decline of less than 1%.

There were drops on the Austrian certificate market in August and September in specific, which were mainly due to negative price effects on account of falling prices. Volksbank Investments was able to outperform the market as a whole, its volume decreased by a little over 4% as against the first half of 2011 to euro 2.35 billion.

Volksbank Investments is still the clear market leader in guarantee certificates with a share of more than 43% and also increased its market share in bonus certificates to 31% in the third quarter. In the field of bonus certificates, a growing number of products were developed and issued that allow investors to profit from prices that rise, fall or move sideways – tailor-made for today's volatile market trends.

The Austrian investment fund market also again suffered losses in the third quarter of 2011. The total fund volume in Austria was down by euro 6 billion or more than 4%. Volksbank Investments performed significantly better than the market as a whole in funds as well; the fund volume was practically unchanged as against the previous quarter at just over euro 3 billion as at the end of September.

In the third quarter, Volksbank Investments concentrated on the new key topic that, given the current debt crisis problems, is dedicated to "earnings prospects despite the crisis of confidence". Suitable products that offer "high security to earnings opportunities despite weak euro and US dollar markets" have been bundled for this. In conjunction with this new topic, a new fund, "VB Währungsfonds 2014" is also being developed that will invest solely in non-euro, non-US dollar bonds.

The VB Asset Navigator ended its first year – a highly successful one – in the third quarter. With the VB Asset Navigator – which represents the philosophy of Volksbank Investments and is based on a systematic investment process – a risk-controlled form of investment has been created that adapts flexibly to changing market conditions. The system reacted promptly and indicated the scenario change at the start of August – it is precisely the turbulent market development of recent months that shows the Asset Navigator's advantages.

Continuing positively and contrary the market trend, asset management at Volksbank Investments developed well in the third quarter. The volume of asset management mandates rose to euro 2.3 billion.

Given the current market situation, "VB 1" is well positioned as an attractive investment component for institutional customers. This fund, which has been on the market for years, invests exclusively in European government bonds from prime issuers. A core euro area country concept ensures that the fund only contains bonds that meet the highest security criteria. Furthermore, interest risk is systematically hedged in the event of rising interest rates.

Building on the extremely successful asset management mandate of Victoria-Volksbanken Pensionskassen AG (VVP), asset management at Volksbank Investments has intensified its acquisition activities among institutional investors.

Outlook for the Financial Markets segment

Group Treasury is anticipating that interest, FX and commodity markets will remain highly volatile in the fourth quarter. However, as the very low interest level will provide ideal conditions for long-term interest hedges in the coming months, this topic will continue to be focused on in the commercial customer business of VBAG Group and of the regional Volksbanks.

Depending on the measures taken in the euro area, a certain level of confidence might return on the markets. This could mean positive signals for the interest and bond markets and be supportive in some business areas. However, after the volatile third quarter, Group Treasury is anticipating average customer business until the end of the year.

Volksbank Investments also expects that the debt crisis will continue to affect the markets; in addition to Greece investors are now also focusing on Italy. The tension on the equity markets will remain as economic research institutes greatly scaled back forecasts for economic growth. Corporate earnings forecast have been reduced considerably as a result, though the anticipated development of the real economy has been priced in already to a large extent on account of the slump on the stock markets.

INVESTMENT BOOK/OTHER OPERATIONS SEGMENT

All activities relating to VBAG Group's investment book are organised centrally and reported in the Investment Book/Other Operations segment. The segment consists of VBAG's capital markets and asset liability management departments as well as the debt capital markets department at Volksbank AG – Investkredit (shown in the Corporate segment). Furthermore, the Investment Book/Other Operations segment also includes Back Office Service für Banken GmbH and various holding companies.

Capital Markets

Within VBAG Group, the capital markets division is responsible for the management of the strategic investment book. The portfolio includes all securities positions required for regulatory purposes and banking operations of around euro 5.6 billion and other capital market investments of around euro 1.2 billion (not including Volksbank International).

As a result of the intensifying problems in the states on the periphery of the euro area, capital markets saw significant widening in credit risk premiums in practically all segments in the third quarter.

As a result of the measures adopted by the European Union, all Greek bonds were impaired by VBAG: for bonds held in the available for sale category, a negative market value of euro –84 million was transferred from the available for sales reserve to profit and loss representing an impairment to market values as at 30 September 2011. Securities in the held to maturity category were impaired by euro –18 million to a present value of 50%.

Group ALM and Liquidity Management

Group ALM is in charge of the management of long-term interest rate risk and foreign currency risk and of liquidity management.

Interest rate risk

Asset liability management is responsible for the result of the long-term interest rate risk of VBAG Group. Transfer prices are used to assume market risks from front office units.

The market risk controlling department measures and monitors interest rate risk by using different limits. The total limit is determined by the Managing Board, taking into account regulatory limits and the Bank's risk-bearing capacity. All of VBAG's interest-sensitive items are presented in a monthly report.

In the third quarter, opportunities for generating mismatch contributions were reduced further by the very flat yield curve.

Currency risk

VBAG Group has participations outside the euro area, with equity held in the respective local currency. Exchange rate changes therefore affect consolidated capital. However, VBAG's participations outside the euro area will be greatly reduced by the sale of Volksbank International AG. Fluctuations in the currency reserve in VBAG's consolidated financial statements will decrease significantly.

Liquidity management

Operative and strategic liquidity management is proceeding in line with planning, with VBAG's liquidity buffer amounting to around euro 3 billion at the end of September.

On 1 October 2011, VBAG acquired Volksbank Kufstein's online bank, LiveBANK, which has more than 35,000 customers. This has increased the diversification of the Group's refinancing sources.

Income statement

	1-9/2011 Euro thousand	1-9/2010 restated Euro thousand	Changes Euro thousand	Changes %	1-9/2010 published Euro thousand
Interest and similar income and expenses	337,082	373,922	–36,840	–9.85%	580,013
Income from companies measured at equity	4,640	4,176	464	11.12%	4,176
Net interest income	341,722	378,098	–36,375	–9.62%	584,189
Risk provisions	–90,206	–221,742	131,536	–59.32%	–285,812
Net fee and commission income	74,949	80,101	–5,151	–6.43%	126,159
Net trading income	12,901	29,738	–16,837	–56.62%	32,737
General administrative expenses	–270,028	–266,492	–3,536	1.33%	–414,530
Other operating result	–357,020	17,819	–374,839	<–200.00%	4,710
Income from financial investments	–346,012	–29,223	–316,789	> 200.00%	10,588
Income from the disposal group	–62,563	53,556	–116,119	<–200.00%	14,880
Result for the period before taxes	**–696,256**	**41,853**	**–738,109**	**<–200.00%**	**72,921**
Income taxes	8,175	–1,753	9,928	<–200.00%	–11,506
Income taxes of the disposal group	–8,128	–12,407	4,279	–34.49%	–4,784
Result for the period after taxes	**–696,209**	**27,693**	**–723,902**	**<–200.00%**	**56,631**
Result attributable to shareholders of the parent company (Consolidated net result)	**–689,060**	**266**	**–689,325**	**<–200.00%**	**29,204**
Result attributable to non-controlling interest	–7,149	27,427	–34,576	–126.07%	27,427

Comprehensive income	**1-9/2011 Euro thousand**	1-9/2010 restated Euro thousand	Changes Euro thousand	Changes %	1-9/2010 published Euro thousand
Result for the period after taxes	**–696,209**	**27,693**	**–723,902**	**<–200.00%**	**56,631**
Other comprehensive income					
Currency reserve	38,125	2,936	35,190	> 200.00%	2,936
Available for sale reserve (including deferred taxes)					
Change in fair value	–21,053	–81,234	60,181	–74.08%	–87,625
Net amount transferred to profit or loss	–1,220	–981	–239	24.35%	–981
Hedging reserve (including deferred taxes)					
Change in fair value (effective hedge)	–2,244	6,345	–8,589	–135.36%	6,345
Net amount transferred to profit or loss	–2,786	–13,282	10,496	–79.02%	–13,282
Change in deferred taxes arising from untaxed reserve	0	27	–27	–100.00%	27
Other comprehensive income total	**10,822**	**–86,190**	**97,012**	**–112.56%**	**–92,580**
Comprehensive income	**–685,387**	**–58,497**	**–626,890**	**> 200.00%**	**–35,949**
Comprehensive income attributable to shareholders of the parent company	**–674,038**	**–88,699**	**–585,339**	**> 200.00%**	**–66,152**
Comprehensive income attributable to non-controlling interest	–11,349	30,203	–41,551	–137.57%	30,203

Statement of financial position

	30 Sep 2011 Euro thousand	31 Dec 2010 restated Euro thousand	Changes Euro thousand	Changes %	31 Dec 2010 published Euro thousand
Assets					
Liquid funds	389,536	1,232,787	–843,251	–68.40%	1,982,446
Loans and advances to credit institutions (gross)	8,767,052	8,304,706	462,346	5.57%	6,431,879
Loans and advances to customers (gross)	13,078,032	16,929,181	–3,851,149	–22.75%	23,614,938
Risk provisions (–)	–976,737	–1,262,502	285,766	–22.63%	–1,522,532
Trading assets	2,461,406	2,160,285	301,121	13.94%	2,163,480
Financial investments	7,288,175	8,448,662	–1,160,487	–13.74%	8,993,767
Assets for operating lease	197,413	313,423	–116,010	–37.01%	334,771
Companies measured at equity	74,842	72,619	2,224	3.06%	72,619
Participations	705,245	711,136	–5,890	–0.83%	717,920
Intangible assets	9,896	71,755	–61,859	–86.21%	125,340
Tangible fixed assets	129,050	150,914	–21,864	–14.49%	248,090
Tax assets	215,861	196,079	19,782	10.09%	210,144
Other assets	1,972,854	1,405,034	567,820	40.41%	1,372,512
Assets of the disposal group	9,307,737	13,300,983	–3,993,246	–30.02%	1,719,470
TOTAL ASSETS	**43,620,364**	**52,035,063**	**–8,414,699**	**–16.17%**	**46,464,844**
Liabilities and equity					
Amounts owed to credit institutions	11,437,384	13,459,845	–2,022,461	–15.03%	14,377,129
Amounts owed to customers	2,563,039	3,042,393	–479,354	–15.76%	7,311,931
Debts evidenced by certificates	14,386,294	15,885,571	–1,499,277	–9.44%	16,121,510
Trading liabilities	1,658,459	1,460,542	197,917	13.55%	1,457,430
Provisions	202,766	145,694	57,072	39.17%	186,147
Tax liabilities	72,194	87,596	–15,402	–17.58%	92,373
Other liabilities	1,581,143	1,841,952	–260,809	–14.16%	1,729,266
Liabilities of the disposal group	8,812,034	12,286,379	–3,474,344	–28.28%	1,267,024
Subordinated liabilities	1,778,728	1,850,916	–72,188	–3.90%	1,863,924
Equity	1,128,324	1,974,175	–845,851	–42.85%	2,058,109
Shareholders' equity	431,155	1,108,761	–677,606	–61.11%	1,192,694
Non-controlling interest	697,169	865,415	–168,246	–19.44%	865,415
TOTAL LIABILITIES AND EQUITY	**43,620,364**	**52,035,063**	**–8,414,699**	**–16.17%**	**46,464,844**

In order to provide a better comparability, the figures of the statement of financial position as at 31 December 2010 were restated for the disposal group, although this is not required in accordance with IFRS 5.40. In doing so intragroup transactions between the disposal group and other Group members were not eliminated. Furthermore the comparative figures were restated according to IAS 8 (see Notes chapter 1).

Changes in the Group's equity

Euro thousand	Subscribed capital [1)]	Capital reserve	Retained earnings	Currency reserve	IAS 39 valuation reserves [2)] Available for sale reserve	Hedging reserve	Shareholders' equity	Non-controlling interest	Equity
As at 1 January 2010	1,339,346	0	32,861	–41,771	–149,393	–2,970	1,178,072	943,243	2,121,315
Restatement			–63,111		7,102		–56,009		–56,009
As at 1 January 2010 restated	1,339,346	0	–30,250	–41,771	–142,291	–2,970	1,122,063	943,243	2,065,306
Comprehensive income *			279	–1,095	–82,912	–4,971	–88,699	30,203	–58,497
Dividends paid							0	–10,554	–10,554
Change in treasury stocks	–129		–108				–236		–236
Change due to reclassifications shown under non-controlling interest and capital increases			–398				–398	–66,738	–67,135
As at 30 September 2010 [3)]	1,339,217	0	–30,476	–42,866	–225,203	–7,942	1,032,729	896,154	1,928,883
As at 1 January 2011	**1,339,193**	**0**	**79,507**	**–45,219**	**–183,572**	**2,785**	**1,192,694**	**865,415**	**2,058,109**
Restatement			–108,613		24,680		–83,933		–83,933
As at 1 January 2011 restated	**1,339,193**	**0**	**–29,106**	**–45,219**	**–158,893**	**2,785**	**1,108,761**	**865,415**	**1,974,175**
Comprehensive income *			–689,060	38,797	–21,151	–2,624	–674,038	–11,349	–685,387
Dividends paid							0	–5,483	–5,483
Change in treasury stocks	–254		–194				–448		–448
Change due to reclassifications shown under non-controlling interest and capital increases			–3,120				–3,120	–151,414	–154,534
As at 30 September 2011 [3)]	**1,338,939**	**0**	**–721,479**	**–6,422**	**–180,044**	**161**	**431,155**	**697,169**	**1,128,324**

* Comprehensive income (Income and changes in reserves)	1–9/2011 Shareholders' equity	1–9/2011 Non-controlling interest	1–9/2011 Equity	1-9/2010 Shareholders' equity	1-9/2010 Non-controlling interest	1-9/2010 Equity
Consolidated net income	–689,060	–7,149	–696,209	266	27,427	27,693
Change in deferred taxes arising from untaxed reserve	0	0	0	14	14	27
Retained earnings	–689,060	–7,149	–696,209	279	27,441	27,720
Currency reserve	38,797	–671	38,125	–1,095	4,031	2,936
thereof from application of the average rates of exchange in income statement	2,165	2,276	4,441	–88	–99	–187
Available for sale reserve (including deferred taxes)	–21,151	–1,122	–22,273	–82,912	697	–82,215
Hedging reserve (including deferred taxes)	–2,624	–2,406	–5,030	–4,971	–1,966	–6,937
Comprehensive income	–674,038	–11,349	–685,387	–88,699	30,203	–58,497

1) Subscribed capital corresponds to the figures reported in the financial statements of Österreichische Volksbanken-Aktiengesellschaft.

2) As at 30 September 2011, the available for sale reserve included deferred taxes of euro 57,865 thousand (30 September 2010: euro 74,560 thousand). The hedging reserve contains deferred taxes in the amount of euro –846 thousand at the balance sheet date (30 September 2010: euro 2,389 thousand).

3) In the figures as at 30 September 2011 the disposal group Banks CEE accounted for an amount of euro –7,609 thousand in the currency reserve, for an amount of euro –1,500 thousand in the available for sale reserve and for an amount of euro –1,404 thousand in hedging reserve.
In the figures as at 30 September 2010 the disposal group Banks CEE accounted for an amount of euro –5,548 thousand in the currency reserve, for an amount of euro 676 thousand in the available for sale reserve and for an amount of euro –4,606 thousand in the hedging reserve. At the same time the disposal group Real Estate accounted for an amount of euro –6,565 thousand in the currency reserve.

The restatement was done according to IAS 8 (see Notes chapter 1).

Cash flow statement

from continued operations

Euro thousand	1-9/2011	1-9/2010
Cash and cash equivalents at the end of previous period (= liquid funds)	1,232,787	2,163,113
Cash flow from operating activities	–966,689	–952,534
Cash flow from investing activities	208,289	216,180
Cash flow from financing activities	–84,851	–145,919
Cash and cash equivalents at the end of period (= liquid funds)	389,536	1,280,840

NOTES

Interim Financial Statements as at 30 September 2011

1) General

The interim report as at 30 September 2011 of Österreichische Volksbanken-Aktiengesellschaft (VBAG) has been prepared in accordance with all IFRS/IAS published by the International Accounting Standards Board (IASB) as well as all interpretations (IFRIC/SIC) issued by the International Financial Reporting Interpretations Committee and the Standing Interpretations Committee respectively as adopted for use in the European Union. These interim financial statements comply with IAS 34 Interim financial reporting.

The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at 31 December 2010. In preparing this interim report the estimates and assumptions were the same as those applied to the consolidated financial statements as at 31 December 2010. Thereby the beneath explained restatements have to be taken into consideration.

Due to the actual development of interpretations of accounting standards and the volatility on capital and financial markets the management of VBAG decided to recognise instruments which where so far classified as financial guarantees with their market value through profit or loss. These instruments are now recognised as derivatives in the investment book in other assets (31.12.2010: euro 84.866 thousand) and other liabilities (31.12.2010: euro 168.800 thousand). In income statement the change in market value is recognised in income from financial investments (1-9/2010: euro –22.548 thousand). Furthermore the disclosure of credit linked notes whose market values are linked to baskets of various country risks was changed. These instruments which were so far classified as available for sale financial instruments are now recognised as financial instruments at fair value through profit or loss (31.12.2010: euro 55.586 thousand). Accordingly changes in fair value are recognised in income statement in the position income from financial investments (1-9/2010: euro –8.521 thousand) and no any longer in the available for sale reserve. Deferred taxes were also reclassified from the available for sale reserve to income statement (1-9/2010: euro 2.130 thousand). According to IAS 8 comparative figures have been restated due to the changes in accounting policy.

There were no events or changes in circumstance for one goodwill that would indicate an impairment, therefore no impairment test was carried out for this goodwill. As at 30 September 2011, impairment tests were carried out for all other goodwill and lead to impairments in five companies. Details of impairment of goodwill can be found in chapter 4) Notes to the income statement other operating result.

These condensed consolidated interim financial statements have not been audited or reviewed.

The interim consolidated financial statements have been drawn up in euro as this is the Group's functional currency. All figures are indicated in thousands of euros, unless specified otherwise. The following tables may contain rounding differences.

2) Changes in the Group structure

In the first three quarters of 2011, capital increases took place in eight subsidiaries at which in one company the share in the company changed insignificantly. Furthermore shares of little account were acquired from free float of two subsidiaries. In the course of the preparation of the sale of VB International AG (VBI) shares of companies of the VB Leasing International group (VBLI) were sold from VBI group to VB-Leasing International Holding GmbH. Thereby the shares of the Group in these companies changed insignificantly. The takeover of these non-controlling interests was recognised directly in equity.

Backdated with 1 January 2011 Immoconsult Leasing GmbH was merged with PREMIUMRED Real Estate Development GmbH. The merged companies are trading under the name VB Real Estate Services GmbH. This change in legal form has not affected the consolidated financial statements.

A company belonging to segment real estate was newly included into the scope of consolidation, as the company is no longer immaterial for the presentation of the consolidated financial statements. The results from previous years of this company amounting to euro 122 thousand were recognised directly in equity.

In September 2011, Volksbank Hungary founded one subsidiary to purchase real estate collateral.

In a contract dated 29 June 2010, the shares in Europolis AG were sold to CA Immo CEE Beteiligungs GmbH and CA Immobilien Anlagen AG. The deal was closed on 31 December 2010; the right of disposal over the shares was transferred to the buyers at the end of 31 December 2010. Therefore the deconsolidation took place as at 1 January 2011. The purchase price consists of a fixed amount of euro 272 million and a variable component based on the development of the net asset value (NAV) in 2010 as well as based on a tax adjustment of the dissolution of the tax group. In the calculation of the NAV, some assets and liabilities have been specified at their amounts as at 31 December 2009. This includes, among other things, investment property assets and fixed assets. Result of deconsolidation to the amount of euro –3,924 thousand is presented in income of the disposal group.

Calculation of deconsolidation result of Europolis

Euro thousand	
Assets proportional	1,719,470
Liabilities proportional	1,412,324
Currency reserve proportional	–2,001
Disposal of net assets proportional	**–309,148**
Revenues	305,224
Deconsolidation result	**–3,924**

Profit and loss of disposal group segment Real Estate

Euro thousand	1-9/2011	1-9/2010
Net interest income	0	47,380
Risk provisions	0	–2,782
Net fee and commission income	0	1,901
Net trading income	0	944
General administrative expenses	0	–14,258
Other operating result	–3,924	–12,424
thereof impairment of goodwill	0	–461
Income from financial investments	0	–1,804
Result for the period before taxes	**–3,924**	**18,957**
Income taxes	0	–4,533
Result for the period after taxes	**–3,924**	**14,425**
Profit attributable to shareholders of the parent company	**–3,924**	**8,060**
Profit attributable to non-controlling interest	0	6,365

Assets of disposal group segment Real Estate

Euro thousand	31 Dec 2010
Liquid funds	239
Loans and advances to credit institutions (gross)	141,033
Loans and advances to customers (gross)	26,999
Risk provisions (–)	–5,623
Financial investments	5
Assets for operating lease (including investment property)	1,501,743
Participations	20,127
Intangible assets	4,292
Tangible fixed assets	15,053
Tax assets	11,100
Other assets	4,502
Assets	**1,719,470**

Liabilities of disposal group Real Estate

Euro thousand	31 Dec 2010
Amounts owed to credit institutions	1,003,561
Amounts owed to customers	28,765
Provisions	10,596
Tax liabilities	79,547
Other liabilities	23,821
Subordinated liabilities	120,734
Liabilities	**1,267,024**

As at 15 March 2011, a contract concerning the sale of the shares of Bonifraterska Development Sp.zoo (project "North Gate") was concluded. The result of deconsolidation in the amount of euro 9,032 thousand is shown in other operating result. The result of the period 1 January to 15 March 2011 is shown in the respective positions in income statement.

Calculation of deconsolidation result of Bonifraterska

Euro thousand	
Assets proportional	106,665
Liabilities proportional	71,508
Disposal of net assets proportional	**–35,157**
Revenues	44,189
Deconsolidation result	**9,032**

In the course of the sale of VBI the shares of Volksbank Romania S.A. (VB RO) were demerged from VBI to VBI Beteiligungs GmbH (VBI Bet). Shares in VBI Bet are hold by VBAG with 51%, DZ Bank AG/WGZ Bank AG and Banque Populaire Caisse d'Epargne each with 24.5%. In a shareholder agreement the shareholders stipulated a joint control of VB RO. Therefore VB RO and its subsidiary VBRO Services SRL were deconsolidated as at 30 September 2011 and VB RO is measured at equity starting on this date. As at 30 September 2011, the fair value of the company was assessed with nil therefore no income is offsetting the disposal of the proportional net assets. The result of deconsolidation which reflects the disposal of the proportional net assets is recognised in other operting result. The result of the period 1 January to 30 September 2011 is shown in the respective positions in income statement.

Calculation of deconsolidation result of Volksbank Romania und VBRO Services

Euro thousand	
Assets proportional	2,370,607
Liabilities proportional	2,119,516
Currency reserve proportional	–42,579
Available for sale reserve proportional	–454
Disposal of net assets proportional	**–294,124**

As at 8 September 2011 the contract of sale of VBI to the Russian Sberbank was signed. The sale was concluded with various conditions precedent, which must be fulfilled by the time the deal is closed. Closing should take place until the end of December 2011. The purchase price consists of a fixed amount of euro 585 million and a variable component based on the changes of equity of VBI group for the first three quarters of 2011 and the result of the fourth quarter 2011. VB RO is not included in this transaction. Starting with 8 September 2011, VBI group is shown as a disposal group. The comparative figures in the income statement were restated accordingly. The balance sheet figures as at 31 December 2010 were also restated in order to ensure improved comparability. In this process, intragroup income and expenses as well as loans and advances and liabilities have no longer been eliminated. Both the restated and published amounts of balance sheet items are disclosed in the notes. Amounts included in the continuous text are without disposal group unless otherwise noted.

Profit and loss of disposal group Banks CEE

Euro thousand	1-9/2011	1-9/2010
Net interest income	209,830	206,099
Risk provisions	–142,753	–64,070
Net fee and commission income	55,521	50,688
Net trading income	4,679	2,999
General administrative expenses	–166,439	–152,911
Other operating result	–19,917	–12,874
thereof impairment of goodwill	–8,772	0
Income from financial investments	439	8,743
Result for the period before taxes	**–58,640**	**38,675**
Income taxes	–8,128	–7,623
Result for the period after taxes	**–66,767**	**31,052**
Profit attributable to shareholders of the parent company	**–36,799**	**15,427**
Profit attributable to non-controlling interest	–29,968	15,626

Assets of disposal group Banks CEE

Euro thousand	30 Sep 2011	31 Dec 2010
Liquid funds	617,431	749,659
Loans and advances to credit institutions (gross)	909,201	3,478,752
Loans and advances to customers (gross)	6,973,153	6,767,856
Risk provisions (–)	–349,184	–260,030
Trading assets	10,454	7,195
Financial investments	871,106	561,227
Assets for operating lease (including investment property)	21,290	21,348
Participations	5,052	6,785
Intangible assets	42,882	53,585
Tangible fixed assets	91,936	97,176
Tax assets	13,387	14,065
Other assets	101,030	83,895
Assets	9,307,737	**11,581,513**

Liabilities of disposal group Banks CEE

Euro thousand	30 Sep 2011	31 Dec 2010
Amounts owed to credit institutions	3,739,692	6,254,425
Amounts owed to customers	4,564,842	4,288,046
Debts evidenced by certificates	254,665	252,061
Trading liabilities	1,410	241
Provisions	7,246	40,452
Tax liabilities	5,291	4,777
Other liabilities	147,915	88,180
Subordinated liabilities	90,975	91,172
Liabilities	8,812,034	**11,019,355**

The sale of VB Linz+Mühlviertel concluded as at 25 June 2010 is included in the income of the disposal group 1-9/2010. The deconsolidation took place on 6 August 2010.

Profit and loss of disposal group segment Retail

Euro thousand	1.1.– 6.8.2010
Net interest income	3,513
Risk provisions	678
Net fee and commission income	1,344
Net trading income	28
General administrative expenses	–4,632
Other operating result	51
Income from financial investments	25
Result for the period before taxes	**1,007**
Income taxes	–252
Result for the period after taxes	**755**
Profit attributable to shareholders of the parent company	**736**
Profit attributable to non-controlling interest	19

3) Subsequent events

On 13 October 2011, the Board of Management of VBAG published an ad hoc report on the expected annual result. Since last year, VBAG has been working intensively on the reorientation of its business model and has evaluated strategic options. The considerably deteriorated market environment for banks, the intensifying crisis on the international financial markets, impairments on sovereign risks, participations and sales of participations have significantly affected VBAG, its results and the implementation of planned measures. Furthermore, the combination of VBAG's banking operations to Investkredit will not take place in the planned form and the planned redemption of participation capital in an amount of euro 300 million to the Republic of Austria will not be implemented.

Despite the anticipated negative result, capital ratios in accordance with Basel II, Pillar 1 will be clearly above legal requirements. In addition, the sale of VBI to Sberbank strengthens VBAG's capitalisation, the core capital ratio and the equity ratio are expected to reach approximately 10.4% and 13.7% respectively by the end of the year.

The Board of Management of VBAG is currently holding intensive discussions with the core shareholders regarding measures to strengthen capitalisation. The subject of these discussions is a modification of the Schulze-Delitzsch Genossenschaftsverbund (mutual support scheme of Volksbank sector) based on a cooperation in accordance with Art. 3 of Directive 2006/48/EC (part of the European implementation of Basel II) and Art. 9 of the draft CRR I (Capital Requirements Regulation I, the directly applicable regulatory part of the European implementation of Basel III). A corresponding policy resolution was adopted by the core shareholders.

A distribution on profit-related instruments (shares, participation capital, hybrid capital, supplementary capital) in 2012 for the 2011 financial year is unlikely.

No other events took place during the period of the interim report that had any significant effect on the interim financial statements as at 30 September 2011.

4) Notes to the income statement

Net interest income

Euro thousand	1-9/2011	1-9/2010
Interest and similar income	1,159,277	1,223,381
Interest and similar income from	1,116,092	1,185,516
liquid funds	11,155	14,836
credit and money market transactions with credit institutions	101,150	67,546
credit and money market transactions with customers	572,782	579,080
debt securities	196,436	199,037
derivatives - investment book	234,569	325,017
Current income from	29,460	20,457
equities and other variable-yield securities	5,883	2,696
other affiliates	849	2,556
companies measured at equity	4,640	4,176
investments in other companies	18,088	11,029
Income from operating lease and investment property	13,725	17,408
rental income investment property	8,245	8,776
income from operating lease contracts	5,481	8,632
rental income	27,774	32,608
depreciations	–22,294	–23,976
Interest and similar expenses of	–817,554	–845,283
deposits from credit institutions (including central banks)	–215,457	–197,797
deposits from customers	–79,527	–91,684
debts evidenced by certificates	–429,473	–457,344
subordinated liabilities	–43,126	–38,507
derivatives - investment book	–49,971	–59,952
Net interest income	341,722	**378,098**

Starting December 2010, changes in value of investment property assets are reported in position financial investments. The comparative figures have been restated accordingly.

Net interest income according to IAS 39 categories

Euro thousand	1-9/2011	1-9/2010
Interest and similar income	1,159,277	1,223,381
Interest receivable and similar income from	1,116,092	1,185,516
financial investments at fair value through profit or loss	11,576	12,453
derivatives - investment book	234,569	325,017
financial investments not at fair value through profit or loss	869,947	848,046
financial investments available for sale	111,160	107,091
financial investments at amortised cost	712,220	689,554
of which financial lease	151,550	158,550
financial investments held to maturity	46,567	51,400
Current income from	29,460	20,457
financial investments at fair value through profit or loss	2,255	65
financial investments available for sale	22,565	16,216
companies measured at equity	4,640	4,176
Operating lease operations (including investment property)	13,725	17,408
Interest and similar expenses of	–817,554	–845,283
derivatives - investment book	–49,971	–59,952
financial investments at amortised cost	–767,583	–785,332
Net interest income	**341,722**	**378,098**

Risk provisions

Euro thousand	1-9/2011	1-9/2010
Allocation to risk provisions	–289,687	–315,555
Release of risk provisions	217,541	100,297
Allocation to provisions for risks	–7,879	–9,024
Release of provision for risks	546	6,364
Direct write-offs of loans and advances	–12,581	–4,038
Income from loans and advances previously written off	1,854	215
Risk provisions	**–90,206**	**–221,742**

Net fee and commission income

Euro thousand	1-9/2011	1-9/2010
Fee and commission income from	116,073	112,305
lending operations	33,259	28,458
securities businesses	44,999	48,237
payment transactions	5,884	5,067
foreign exchange, foreign notes and coins transactions	16,090	13,296
other banking services	15,840	17,247
Fee and commission expenses from	–41,123	–32,205
lending operations	–18,595	–13,541
securities businesses	–9,621	–9,150
payment transactions	–1,011	–763
foreign exchange, foreign notes and coins transactions	–10,626	–7,800
other banking services	–1,269	–951
Net fee and commission income	**74,949**	**80,101**

Net fee and commission income does not include any income or expenses from financial investments designated at fair value through profit or loss.

Starting in December 2010, the result of the sales activities of the trading department is allocated to net fee and commission income and not in net trading income as before. The comparative figures have been restated accordingly.

Net trading income

Euro thousand	1-9/2011	1-9/2010
Equity related transactions	–648	–8,330
Exchange rate related transactions	10,728	17,648
Interest rate related transactions	2,822	20,420
Net trading income	**12,901**	**29,738**

General administrative expenses

Euro thousand	1-9/2011	1-9/2010
Staff expenses	–146,968	–139,177
Other administrative expenses	–109,595	–116,401
Depreciaton of fixed tangible and intangible assets	–13,466	–10,915
General administrative expenses	**–270,028**	**–266,492**

Other operating result

In addition to impairment of goodwill and brand rights as well as the deconsolidation result from the disposal of subsidiaries and banking tax, this item contains all results from the Group's other operating activities.

The deconsolidation result for the first three quarters 2011 contains the disposal of VB RO and its subsidiary in the amount of euro –294,124 thousand as well as Bonifraterska in the amount of euro 9,032 thousand. The result of deconsolidation of Europolis group in 2011 and of VB Linz+Mühlviertel in the previous year is included in the income from the disposal group.

The impairment test concerning Investkredit Bank AG (Investkredit) lead to an impairment of goodwill amounting to euro –31,563 thousand and to an impairment of the brand Investkredit amounting to euro –24,860 thousand. As at 30 September 2011, the carrying amount of both goodwill and brand right Investkredit is nil. These impairments are recognised in other operating result.

In VBI group the impairment tests lead to impairments of goodwill in Volksbank Banja Luka (euro –3,227 thousand), Volksbank Ukraine (euro –3,158 thousand), Volksbank Hungary (euro –1,929 thousand) as well as Volksbank Serbia (euro –457 thousand). All other goodwill in the VBI group were not impaired. These impairments are included in the income from the disposal group.

Income from financial investments

Euro thousand	1-9/2011	1-9/2010
Result from financial investments at fair value through profit or loss	**–14,350**	**19,064**
Result from fair value hedges	**–58**	**0**
Result from revaluation of underlying instruments	–135,385	–240,980
Result from revaluation of derivatives	135,327	240,980
Result from valuation of other derivatives in the investment book	**–102,437**	**–45,748**
Exchange rate related transactions	–4,322	–636
Interest rate related transactions	–37,702	–22,874
Credit related transactions	–55,274	–22,238
Other transactions	–5,139	0
Result from available for sale financial investments (including participations)	**–222,031**	**1,225**
Realised gains / losses	3,578	–932
Income from revaluation	450	2,831
Impairments	–226,059	–674
Result from loans & receivables financial investments	**3,545**	**–1,316**
Realised gains / losses	3,578	3,995
Income from revaluation	0	4,630
Impairments	–33	–9,941
Result from held to maturity financial investments	**–12,240**	**–3,321**
Realised gains / losses	5,340	4,562
Income from revaluation	0	263
Impairments	–17,580	–8,146
Result from assets for operating lease and investment property assets as well as other financial investments	**1,559**	**874**
Realised gains / losses	1,559	1,174
Change in value investment properties	0	–300
Income from financial investments	**–346,012**	**–29,223**

Since December 2010, changes in value of investment property assets are reported in this position. The results of participations are part of available for sale financial investments beginning with December 2010. The comparative figures have been restated accordingly.

Impairments of available for sale and of held to maturity financial investments also include impairments of bonds of Greek to the amount of euro 84,103 thousand respectively euro 17,580 thousand. Concerning available for sale securities, the available for sale reserve was reclassified to profit or loss. Held to maturity securities were impaired to 50% of net present value.

In the first three quarters of 2011, an amount of euro 1,220 thousand (1-9/2010: euro 981 thousand) previously recognised in the available for sale reserve was reclassified and shown in the income statement.

Euro thousand	1-9/2011	1-9/2010
Result from financial investments, which are measured at fair value through profit and loss	**–116,845**	**–26,984**
Financial instruments at fair value through profit or loss	–14,350	19,064
Fair value hedges	–58	0
Other derivatives in investment book	–102,437	–45,748
Investment property assets	0	–300
Result from financial investments, which are not measured at fair value through profit and loss	**–229,167**	**–2,239**
Realised gains / losses	14,055	8,798
Available for sale financial investments	3,578	–932
Loans & receivables financial investments	3,578	3,995
Held to maturity financial investments	5,340	4,562
Operating lease assets and other financial investments	1,559	1,174
Income from revaluation	450	7,724
Available for sale financial investments	450	2,831
Loans & receivables financial investments	0	4,630
Held to maturity financial investments	0	263
Impairments	–243,672	–18,760
Available for sale financial investments	–226,059	–674
Loans & receivables financial investments	–33	–9,941
Held to maturity financial investments	–17,580	–8,146
Income from financial investments	**–346,012**	**–29,223**

5) Notes to the consolidated statement of financial position

Loans and advances to credit institutions and customers

Euro thousand	30 Sep 2011	31 Dec 2010 restated	31 Dec 2010 published
Loans and advances to credit institutions	8,767,052	8,304,706	6,431,879
Loans and advances to customers	13,078,032	16,929,181	23,614,938
Loans and advances to credit institutions and customers	**21,845,084**	**25,233,887**	**30,046,816**

Loans and advances to credit institutions and customers are measured at amortised cost.

Risk provisions

Euro thousand	Individual impairment credit institutions	Individual impairment customers	Portfolio based allowance	Total	of which disposal group
As at 1 Jan 2010	539	1,177,271	79,237	1,257,047	226,752
Changes in the scope of consolidation	0	–10,568	–495	–11,063	–11,063
Currency translation	0	15,956	752	16,708	4,698
Reclassification	0	7,314	–148	7,166	–1,464
Unwinding	0	–8,217	0	–8,217	–8,217
Utilisation	0	–64,913	0	–64,913	–13,734
Release	0	–114,787	–23,163	–137,951	–37,654
Addition	0	386,167	32,227	418,394	102,839
As at 30 Sep 2010	539	1,388,223	88,410	1,477,172	262,156
As at 1 Jan 2011	**872**	**1,470,404**	**56,880**	**1,528,155**	**265,653**
Changes in the scope of consolidation	0	–304,093	–10,862	–314,954	–5,623
Currency translation	0	–14,716	–570	–15,286	–8,499
Reclassification	0	6,015	–103	5,912	0
Unwinding	0	–8,355	0	–8,355	–8,355
Utilisation	–169	–84,516	0	–84,685	–36,980
Release	0	–251,046	–4,635	–255,681	–38,140
Addition	0	460,604	10,211	470,815	181,128
As at 30 Sep 2011	**703**	**1,274,297**	**50,921**	**1,325,921**	**349,184**

The additions include an amount of euro 2,103 thousand (1-9/2010: euro 7,986 thousand), which is caused by allocation due to interest past-due. Loans and advances to credit institutions and customers include non-interest-bearing receivables amounting to euro 350,479 thousand (31 December 2010: euro 357,737 thousand). The reclassification item reflects the regrouping of provisions and other assets.

From the disposal group arise allocation due to interest past due amounting to euro 3,647 thousand (1-9/2010: euro 2,782 thousand) and non-interest-bearing receivables amounting to euro 380,263 thousand (31 December 2010: euro 303,129 thousand).

Trading assets

Euro thousand	30 Sep 2011	31 Dec 2010 restated	31 Dec 2010 published
Debt securities	598,338	343,131	349,050
Equity and other variable-yield securities	36,881	150,678	151,655
Positive fair value from derivatives	1,826,187	1,666,477	1,662,775
exchange rate related transactions	49,582	45,470	44,274
interest rate related transactions	1,568,194	1,412,596	1,410,090
other transactions	208,411	208,411	208,411
Trading assets	**2,461,406**	**2,160,285**	**2,163,480**

Financial investments

Euro thousand	30 Sep 2011	31 Dec 2010 restated	31 Dec 2010 published
Financial investments at fair value through profit or loss	532,209	818,834	763,764
Debt securities	457,900	754,694	699,625
Equity and other variable-yield securities	74,308	64,140	64,140
Financial investments available for sale	3,676,081	4,287,595	4,655,391
Debt securities	3,527,655	4,023,948	4,391,013
Equity and other variable-yield securities	148,426	263,648	264,377
Financial investments loans & receivables	1,648,236	1,713,847	1,837,891
Financial investments held to maturity	1,431,649	1,628,387	1,736,721
Financial investments	**7,288,175**	**8,448,662**	**8,993,767**

Reclassification from available for sale to loans & receivables

In accordance with the amendments to IAS 39 and IFRS 7, available for sale financial investments were reclassified to the loans & receivables category in 2008. On initial recognition, these securities met the definition for the loans & receivables category but were instead designated as available for sale. The reclassification to the loans & receivables category was performed with retrospective effect from 1 July 2008. The fair value at the reclassification date was applied as the new carrying amount of these securities.

Euro thousand	30 Sep 2011	31 Dec 2010	1 Jul 2008
Carrying amount	652,748	773,727	1,140,363
Fair value	614,895	733,487	1,140,363
Available for sale reserve with reclassification	–42,118	–47,416	–79,177
Available for sale reserve without reclassification	–77,722	–84,884	–79,177

Amounts of available for sale reserves are shown under consideration of deferred taxes. The reclassification did not have any effect on the income statement.

Participations

Euro thousand	30 Sep 2011	31 Dec 2010 restated	31 Dec 2010 published
Investments in unconsolidated affiliates	556,053	568,201	569,758
Participating interests	71,371	69,799	73,175
Investments in other companies	77,821	73,136	74,987
Participations	**705,245**	**711,136**	**717,920**

All participations are measured at amortised cost as their fair value cannot be determined without an unreasonable amount of effort. None of the Group's participations are listed on a stock exchange.

Other assets

Euro thousand	30 Sep 2011	31 Dec 2010 restated	31 Dec 2010 published
Deferred items	18,073	11,314	24,524
Other receivables and assets	671,292	174,746	202,451
Positive fair value from derivatives in the investment book	1,283,490	1,218,974	1,145,537
Other assets	**1,972,854**	**1,405,034**	**1,372,512**

Amounts owed to credit institutions

Euro thousand	30 Sep 2011	31 Dec 2010 restated	31 Dec 2010 published
Central banks	30,004	570,036	570,042
Other credit institutions	11,407,379	12,889,809	13,807,088
Amounts owed to credit institutions	**11,437,384**	**13,459,845**	**14,377,129**

The amounts owed to credit institutions are measured at amortised cost.

Amounts owed to customers

Euro thousand	30 Sep 2011	31 Dec 2010 restated	31 Dec 2010 published
Measured at fair value through profit or loss	0	0	21,934
Measured at amortised cost	2,563,039	3,042,393	7,289,998
Savings deposits	196	196	125,718
Other deposits	2,562,843	3,042,197	7,164,280
Amounts owed to customers	**2,563,039**	**3,042,393**	**7,311,931**

In the disposal group amounts owed to customers have been designated at fair value through profit or loss as the companies of the disposal group manage these financial liabilities on a fair value basis in accordance with their investment strategy. Internal reporting and performance measurement for these liabilities are conducted on a fair value basis.

In the disposal group the carrying amount of the amounts owed to customers designated at fair value through profit or loss declines the redemption amount at maturity by euro 234 thousand (31 December 2010: the carrying amount exceeded the redemption amount by euro 84 thousand).

Debts evidenced by certificates

Euro thousand	30 Sep 2011	31 Dec 2010 restated	31 Dec 2010 published
Mortgage and local authority bonds	0	0	233,244
Bonds	14,386,294	15,885,571	15,888,266
Debts evidenced by certificates	**14,386,294**	**15,885,571**	**16,121,510**

Debts evidenced by certificates are measured at amortised cost.

Trading liabilities

Euro thousand	30 Sep 2011	31 Dec 2010 restated	31 Dec 2010 published
Negative fair value from derivatives			
exchange rate related transactions	11,052	40,975	41,095
interest rate related transactions	1,434,484	1,206,644	1,203,412
other transactions	212,923	212,923	212,923
Trading liabilities	**1,658,459**	**1,460,542**	**1,457,430**

Other liabilities

Euro thousand	30 Sep 2011	31 Dec 2010 restated	31 Dec 2010 published
Deferred items	56,787	30,293	39,154
Other liabilities	362,534	458,545	495,650
Negative fair value from derivatives in the investment book	1,161,822	1,353,114	1,194,463
Other liabilities	**1,581,143**	**1,841,952**	**1,729,266**

Subordinated liabilities

Euro thousand	30 Sep 2011	31 Dec 2010 restated	31 Dec 2010 published
Subordinated liabilities	846,794	923,453	936,458
Supplementary capital	931,934	927,462	927,466
Subordinated liabilities	**1,778,728**	**1,850,916**	**1,863,924**

Subordinated liabilities are measured at amortised cost.

Subordinated liabilities comprise hybrid tier I capital in the amount of euro 300,000 thousand (31 December 2010 restated and published: euro 300,000 thousand).

Equity

In April 2011, Volksbanken Holding e.Gen. cancelled the waiver declaration towards DZ PB-Beteiligungsgesellschaft mbH concerning the use of their voting rights from the preferred bearer shares. Starting with 20 May 2011 Volksbanken Holding e.Gen. exercises its voting rights from the preferred bearer shares and therefore from this day forward the voting rights of the shareholders correspond to their capital share.

6) Own funds

The own funds of the VBAG Group of credit institutions which were calculated pursuant to the Austrian Banking Act can be broken down as follows (the amounts include the disposal group):

Euro thousand	30 Sep 2011	31 Dec 2010
Subscribed capital (less treasury stocks)	1,838,938	1,839,193
Open reserves (including differential amounts and non-controlling interests)	847,764	983,086
Funds for general banking risks	10,583	10,821
Intangible assets	–38,646	–39,379
Net loss	–310,674	–101,975
Core capital (tier I capital) before deductions	2,347,965	2,691,746
Deductions from core capital (50% deduction pursuant to section 23 (13) Austrian Banking Act)	–73,748	–79,112
Core capital (tier I capital) after deductions	2,274,217	2,612,634
Supplementary capital	355,635	382,080
Eligible subordinated liabilities	558,553	564,841
Hidden reserves pursuant to section 57 (1) Austrian Banking Act	64,025	64,092
Supplementary capital (tier II capital) before deductions	978,213	1,011,013
Deductions from supplementary capital (50% deduction pursuant to section 23 (13) Austrian Banking Act)	–73,748	–79,112
Supplementary capital (tier II capital) after deductions	904,465	931,901
Deductions from own funds pursuant to section 103e (13) Austrian Banking Act	–24,240	–23,385
Short-term subordinated liabilities (tier III capital)	47,718	41,844
Eligible qualifying capital	**3,202,160**	**3,562,994**
Capital requirement	2,098,118	2,230,461
Surplus capital	1,104,042	1,332,533

Tier I ratio (in relation to the assessment base pursuant to section 22 Austrian Banking Act - credit risk)	9.52%	10.26%
Equity ratio (solvency ratio) (in relation to credit risk after deduction of capital requirements for market and operational risk)	12.62%	13.24%
Tier I ratio (in relation to the risks pursuant to section 22 (1)no. 1-5 Austrian Banking Act)	8.67%	9.37%
Equity ratio (in relation to the risks pursuant to section 22 (1) no. 1-5 Austrian Banking Act)	12.21%	12.78%

Open reserves include the hybrid tier I capital totalling euro 300,000 thousand (31 December 2010 restated and published: euro 300,000 thousand).

The risk-weighted assessment base as defined in the Austrian Banking Act and the ensuing equity requirement show the following changes:

Euro thousand	30 Sep 2011	31 Dec 2010
Risk-weighted assessment base pursuant to section 22 Austrian Banking Act - credit risk	**23,890,400**	25,453,573
Of which 8% minimum capital requirement for credit risk	**1,911,232**	2,036,286
Capital requirement for position risk in debt instruments, equities, foreign exchange and commodities - market risk	**47,718**	53,595
Capital requirement for operational risk	**139,168**	140,580
Total capital requirement	**2,098,118**	**2,230,461**

In accordance with IFRS reporting, the scope of consolidation differs from the group of consolidated companies under the Austrian Banking Act as the IFRS provides for the inclusion of other entities not belonging to the banking sector. According to the Austrian Banking Act, credit institutions, financial institutions and subsidiaries providing banking-related auxiliary services that are under the control of the parent or were the Group helds a majority of shares either direct or indirect, are fully consolidated. Therefore VB RO is still included in the group of credit institutions and is fully consolidated for the purpose of calculation of own resources and capital requirements. The carrying amount of financial institutions that are controlled by the parent but that are not significant for the presentation of the group of credit institutions according to section 24 (3a) of the Austrian Banking Act is deducted from own funds. Subsidiaries providing banking-related auxiliary services that are controlled by the parent but that are not consolidated in accordance with section 24 (3a) of the Austrian Banking Act are included in the assessment base at their carrying amounts. Subsidiaries which are managed jointly with non-Group companies are proportionately consolidated. Investments in credit and financial institutions with a share of between 10% and 50% that are not jointly managed are also deducted from own funds unless they are voluntarily consolidated on a pro rata basis. Investments in credit and financial institutions of less than 10% are deducted from own funds only if the exemption threshold is exceeded. All other participating interests are included in the assessment base at their carrying amounts. All credit institutions under control or were the Group helds a majority of shares either direct or indirect are considered in the scope of consolidation according to the Austrian Banking Act.

In the first three quarters of 2011, no substantial, practical or legal obstacles existed which would have prevented the transfer of equity or the repayment of liabilities between the parent institution and institutions subordinated to the former.

7) Financial assets and liabilities

The table below shows financial assets and liabilities in accordance with their individual categories and their fair values.

Euro thousand	Held for trading	At fair value through profit or loss	Held to maturity	Available for sale	Amortised cost	Carrying amount – total	Fair value
30 Sep 2011							
Liquid funds	0	0	0	0	389,536	389,536	389,536
Loans and advances to credit institutions	0	0	0	0	8,767,052	8,767,052	8,767,052
Loans and advances to customers	0	0	0	0	13,078,032	13,078,032	12,122,334
Trading assets	2,461,406	0	0	0	0	2,461,406	2,461,406
Financial investments	0	532,209	1,431,649	3,676,081	1,648,236	7,288,175	7,090,632
Participations	0	0	0	705,245	0	705,245	705,245
Derivatives – investment book	1,283,490	0	0	0	0	1,283,490	1,283,490
Financial assets total	**3,744,896**	**532,209**	**1,431,649**	**4,381,327**	**23,882,857**	**33,972,937**	**32,819,695**
Financial assets of the disposal group	53,956	10,814	60,685	655,744	8,648,700	9,429,899	8,899,664
Amounts owed to credit institutions	0	0	0	0	11,437,384	11,437,384	11,437,384
Amounts owed to customers	0	0	0	0	2,563,039	2,563,039	2,563,039
Debts evidenced by certificates	0	0	0	0	14,386,294	14,386,294	14,242,880
Trading liabilities	1,658,459	0	0	0	0	1,658,459	1,658,459
Derivatives – investment book	1,161,822	0	0	0	0	1,161,822	1,161,822
Subordinated liabilities	0	0	0	0	1,778,728	1,778,728	1,127,215
Financial liabilities – total	**2,820,281**	**0**	**0**	**0**	**30,165,444**	**32,985,725**	**32,190,798**
Financial liabilities of the disposal group	32,367	20,793	0	0	8,629,380	8,682,541	8,690,038

Euro thousand	Held for trading	At fair value through profit or loss	Held to maturity	Available for sale	Amortised cost	Carrying amount – total	Fair value
31 Dec 2010							
Liquid funds	0	0	0	0	1,232,787	1,232,787	1,232,787
Loans and advances to credit institutions	0	0	0	0	8,304,706	8,304,706	8,304,706
Loans and advances to customers	0	0	0	0	16,929,181	16,929,181	15,740,538
Trading assets	2,160,285	0	0	0	0	2,160,285	2,160,285
Financial investments	0	818,834	1,628,387	4,287,595	1,713,847	8,448,662	8,260,572
Participations	0	0	0	711,136	0	711,136	711,136
Derivatives – investment book	1,218,974	0	0	0	0	1,218,974	1,218,974
Financial assets – total	**3,379,260**	**818,834**	**1,628,387**	**4,998,731**	**28,180,521**	**39,005,732**	**37,628,998**
Financial assets of the disposal group	33,340	12,195	111,415	340,489	11,288,583	11,786,022	11,338,806
Amounts owed to credit institutions	0	0	0	0	13,459,845	13,459,845	13,459,845
Amounts owed to customers	0	0	0	0	3,042,393	3,042,393	3,042,393
Debts evidenced by certificates	0	0	0	0	15,885,571	15,885,571	15,544,167
Trading liabilities	1,460,542	0	0	0	0	1,460,542	1,460,542
Derivatives – investment book	1,353,114	0	0	0	0	1,353,114	1,353,114
Subordinated liabilities	0	0	0	0	1,850,916	1,850,916	1,313,510
Financial liabilities – total	**2,813,656**	**0**	**0**	**0**	**34,238,725**	**37,052,381**	**36,173,570**
Financial liabilities of the disposal group	26,075	21,934	0	0	12,016,830	12,064,839	12,060,433

The table below shows all assets and liabilities which are measured at fair value classified according to their fair value hierarchy.

Euro thousand	Level 1	Level 2	Total
30 Sep 2011			
Financial assets			
Trading assets	442,160	2,019,246	2,461,406
Financial investments	3,809,710	398,580	4,208,290
at fair value through profit or loss	387,290	144,919	532,209
available for sale	3,422,420	253,661	3,676,081
Derivatives – investment book	0	1,283,490	1,283,490
Total	**4,251,870**	**3,701,316**	**7,953,186**
Financial assets of the disposal group	606,891	108,571	715,462
Financial liabilities			
Trading liabilities	0	1,658,459	1,658,459
Derivatives – investment book	0	1,161,822	1,161,822
Total	**0**	**2,820,281**	**2,820,281**
Financial liabilities of the disposal group	0	32,367	32,367

Euro thousand	Level 1	Level 2	Total
31 Dec 2010			
Financial assets			
Trading assets	362,761	1,797,524	2,160,285
Financial investments	4,553,522	552,907	5,106,429
at fair value through profit or loss	635,594	183,239	818,834
available for sale	3,917,927	369,668	4,287,595
Derivatives – investment book	0	1,218,974	1,218,974
Total	**4,916,283**	**3,569,406**	**8,485,689**
Financial assets of the disposal group	4,757	354,355	359,112
Financial liabilities			
Trading liabilities	0	1,460,542	1,460,542
Derivatives – investment book	0	1,353,114	1,353,114
Total	**0**	**2,813,656**	**2,813,656**
Financial liabilities of the disposal group	0	48,009	48,009

In 2011 and 2010 there have not been any reclassifications between the levels.

VBAG only uses market data which are from observable markets. If the system delivers prices for inactive traded positions, these prices are checked with prices based on secondary available market data, like credit spreads or transactions which are done on active markets in similar products. If necessary, the prices of the system are adopted.

8) Number of staff

Number of staff employed during the business year, including disposal groups

	Average number of staff		Number of staff at end of period	
	1-9/2011	1-9/2010	30 Sep 2011	31 Dec 2010
Domestic	1,393	1,518	1,353	1,443
Foreign	6,082	6,269	4,815	4,814
Number of staff – total	**7,475**	**7,787**	**6,168**	**6,257**

The number of staff employed in disposal groups is as follows

	Average number of staff		Number of staff at end of period	
	1-9/2011	1-9/2010	30 Sep 2011	31 Dec 2010
Real Estate disposal group				
Domestic	0	30	0	27
Foreign	0	76	0	70
Number of staff Real Estate	0	106	0	97
Retail disposal group				
Domestic	0	58	0	0
Banks CEE disposal group				
Domestic	62	64	62	63
Foreign	3,937	3,937	4,025	3,928
Number of staff Banks CEE	3,999	4,001	4,087	3,991
Number of staff disposal groups – total	**3,999**	**4,165**	**4,087**	**4,088**

9) Sales outlets

	30 Sep 2011	31 Dec 2010
Domestic	1	1
Foreign	294	548
Total	**295**	**549**

As at 30 September 2011, 293 branches of the disposal group Banks CEE are included (31 December 2010: 311).

10) Segment reporting

Segment reporting by business segments

Euro thousand	Corporates	Retail	Real Estate	Financial Markets	Investment Book/Other Operations	Consolidation	Total
Net interest income							
1-9/2011	**90,564**	**185,536**	**67,802**	**32,759**	**–32,500**	**–2,438**	**341,722**
1-9/2010	91,819	217,048	66,890	20,750	–17,986	–422	378,098
Risk provisions							
1-9/2011	**–34,216**	**–63,874**	**–11,886**	**0**	**19,770**	**0**	**–90,206**
1-9/2010	–30,005	–151,058	–43,524	359	2,485	0	–221,742
Net fee and commission income							
1-9/2011	**11,223**	**11,347**	**4,228**	**36,975**	**21,364**	**–10,187**	**74,949**
1-9/2010	6,830	13,725	2,113	40,574	21,700	–4,841	80,101
Net trading income							
1-9/2011	**2,048**	**10,471**	**544**	**223**	**–385**	**0**	**12,901**
1-9/2010	1,405	7,867	–2,541	20,813	3,635	–1,440	29,738
General administrative expenses							
1-9/2011	**–56,032**	**–113,426**	**–33,344**	**–35,894**	**–47,409**	**16,077**	**–270,028**
1-9/2010	–53,726	–112,037	–26,361	–36,406	–47,995	10,032	–266,492
Other operating result							
1-9/2011	**198**	**–284,597**	**1,157**	**59**	**–70,385**	**–3,452**	**–357,020**
1-9/2010	203	9,307	3,244	16	8,376	–3,328	17,819
Of which impairment of goodwill							
1-9/2011	***0***	***0***	***0***	***0***	***–56,423***	***0***	***–56,423***
1-9/2010	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Income from financial investments							
1-9/2011	**–486**	**–2,292**	**1,426**	**754**	**–345,413**	**0**	**–346,012**
1-9/2010	1,441	652	4,618	2	–35,935	0	–29,223
Income from the disposal group							
1-9/2011	**0**	**–58,640**	**–3,924**	**0**	**0**	**0**	**–62,563**
1-9/2010	0	38,676	18,957	0	–4,078	0	53,556
Result for the period before taxes							
1-9/2011	**13,299**	**–315,475**	**26,002**	**34,877**	**–454,959**	**0**	**–696,256**
1-9/2010	**17,968**	**24,180**	**23,396**	**46,108**	**–69,798**	**0**	**41,853**
Income taxes including taxes of disposal group							
1-9/2011	**–749**	**–12,665**	**–4,467**	**–8,719**	**26,648**	**0**	**47**
1-9/2010	–3,005	–3,363	–3,108	–11,527	6,843	0	–14,160
Result for the period after taxes							
1-9/2011	**12,550**	**–328,140**	**21,535**	**26,158**	**–428,311**	**0**	**–696,209**
1-9/2010	**14,962**	**20,818**	**20,288**	**34,581**	**–62,956**	**0**	**27,693**
Total assets							
30 Sep 2011	**6,920,512**	**12,281,193**	**4,607,260**	**3,242,825**	**30,575,268**	**–14,006,694**	**43,620,364**
31 Dec 2010	7,374,687	16,511,555	6,558,529	2,881,483	31,159,388	–12,450,580	52,035,063
Loans and advances to customers							
30 Sep 2011	**6,215,061**	**2,592,229**	**4,032,532**	**8**	**1,786,168**	**–1,547,967**	**13,078,032**
31 Dec 2010	6,523,666	5,893,238	4,265,806	0	2,082,695	–1,836,223	16,929,181
Amounts owed to customers							
30 Sep 2011	**480,915**	**18,168**	**153,729**	**1,471,871**	**548,851**	**–110,496**	**2,563,039**
31 Dec 2010	828,408	602,563	125,025	1,329,611	384,061	–227,275	3,042,393
Debts evidenced by certificates including subordinated liabilities							
30 Sep 2011	**1,724,229**	**6,102**	**1,113,576**	**0**	**16,754,557**	**–3,433,442**	**16,165,022**
31 Dec 2010	848,846	137,995	245,964	0	19,898,689	–3,395,006	17,736,487

Segment reporting by regional markets

Euro thousand	Austria	Central and Eastern Europe	Other markets	Total
Net interest income				
1-9/2011	106,425	176,217	59,080	341,722
1-9/2010	99,555	209,004	69,539	378,098
Risk provisions				
1-9/2011	–11,931	–63,951	–14,324	–90,206
1-9/2010	–70,526	–146,366	–4,850	–221,742
Net fee and commission income				
1-9/2011	60,043	11,260	3,646	74,949
1-9/2010	64,896	12,569	2,636	80,101
Net trading income				
1-9/2011	1,391	11,567	–57	12,901
1-9/2010	23,628	6,240	–131	29,738
General administrative expenses				
1-9/2011	–145,414	–103,366	–21,248	–270,028
1-9/2010	–146,900	–102,250	–17,342	–266,492
Other operating result				
1-9/2011	–76,518	–280,691	189	–357,020
1-9/2010	11,253	6,396	170	17,819
Income from financial investments				
1-9/2011	–106,807	–1,429	–237,776	–346,012
1-9/2010	–37,305	3,149	4,933	–29,223
Income from the disposal group				
1-9/2011	–3,924	–58,640	0	–62,563
1-9/2010	–3,135	57,126	–436	53,556
Result for the period before taxes				
1-9/2011	**–176,735**	**–309,032**	**–210,489**	**–696,256**
1-9/2010	**–58,534**	**45,868**	**54,518**	**41,853**

11) Quarterly financial data

Euro thousand	7-9/2011	4-6/2011	1-3/2011	10-12/2010	7-9/2010
Net interest income	106,382	119,000	116,340	123,239	113,130
Risk provisions	–5,112	–39,728	–45,366	–53,813	–71,676
Net fee and commission income	23,522	25,971	25,456	20,814	22,827
Net trading income	–7,095	13,281	6,716	4,546	5,435
General administrative expenses	–89,804	–91,177	–89,048	–83,764	–83,455
Other operating result	–357,220	–8,100	8,300	–18,693	3,420
Income from financial investments	–303,795	–68,510	26,293	13,855	22,425
Income from the disposal group	–79,485	6,423	10,498	–8,575	26,228
Result for the period before taxes	**–712,605**	**–42,840**	**59,189**	**–2,390**	**38,334**
Income taxes	–3,615	13,810	–2,019	4,242	1,057
Income taxes of the disposal group	–2,086	–2,931	–3,111	–18,563	–6,823
Result for the period after taxes	**–718,307**	**–31,961**	**54,059**	**–16,711**	**32,568**
Result attributable to shareholders of the parent company	**–696,099**	**–43,138**	**50,177**	**9,653**	**24,937**
Result attributable to non-controlling interest	–22,208	11,176	3,882	–26,364	7,631

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed interim 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 gives a true and fair view of important events that have occurred during the first nine months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining three months of the financial year.

Vienna, 24 November 2011

Gerald Wenzel
Chairman of the Managing Board
Finance, Human Resources, Law, Organisation/IT, Marketing

Michael Mendel
Deputy Chairman of the Managing Board
Risk

Martin Fuchsbauer
Member of the Managing Board
Treasury

Wolfgang Perdich
Member of the Managing Board
Market/International Activities