VOLKSBANK AG

# INTERIM REPORT

1ST QUARTER

2011

# KEY FIGURES OF VOLKSBANK AG

| In euro million | 31 Mar 2011 | 31 Dec 2010 | 31 Dec 2009 |
|---|---|---|---|
| **Statement of financial position** [1] | | | |
| **Total assets** | **44,072** | **46,465** | **49,146** |
| Loans and advances to customers | 23,777 | 23,615 | 24,134 |
| Amounts owed to customers | 7,439 | 7,312 | 7,467 |
| Debts evidenced by certificates | 15,240 | 16,122 | 17,329 |
| Subordinated liabilities | 1,851 | 1,864 | 1,983 |
| **Own funds** | | | |
| Core capital (tier I) after deductions | 2,645 | 2,613 | 2,715 |
| Supplementary capital (tier II, tier III) after deductions | 929 | 950 | 968 |
| Eligible qualifying capital | 3,574 | 3,563 | 3,682 |
| Assessment base credit risk | 24,937 | 25,454 | 27,255 |
| Capital requirement market risk | 48 | 54 | 55 |
| Capital requirement operational risk | 139 | 141 | 125 |
| Surplus capital | 1,391 | 1,333 | 1,321 |
| **Core capital ratio in %** [2] | **10.6** | **10.3** | **10.0** |
| **Equity ratio in %** [3] | **13.1** | **12.8** | **12.5** |
| | | | |
| **Income statement** [1] | **1-3/2011** | **1-3/2010** | **1-3/2009** |
| Net interest income | 186.5 | 192.5 | 138.8 |
| Risk provisions | –66.4 | –106.6 | –106.2 |
| Net fee and commission income | 41.6 | 43.1 | 34.2 |
| Net trading income | 7.3 | 2.0 | 30.3 |
| General administrative expenses | –140.9 | –135.8 | –140.8 |
| Other operating result | 4.0 | 8.2 | 6.3 |
| Income from financial investments | 8.5 | 10.5 | –51.0 |
| Income from the disposal group | 0.0 | 7.8 | –4.9 |
| **Result before taxes** | **40.6** | **21.6** | **–93.4** |
| Income taxes | –5.1 | –1.6 | 15.5 |
| **Result after taxes** | **35.5** | **20.0** | **–77.8** |
| Non-controlling interest | –3.9 | –12.6 | –8.0 |
| **Consolidated net income** | **31.6** | **7.4** | **–85.8** |
| **Key ratios** [4] | | | |
| Operative cost-income-ratio | 59.9 % | 57.2 % | –48.9 % |
| ROE before taxes | 8.1 % | 2.7 % | –18.4 % |
| ROE after taxes | 7.1 % | 2.1 % | –13.5 % |
| ROE consolidated net income | 10.0 % | 1.0 % | –25.5 % |
| ROE before taxes (regulatory) | 8.1 % | 2.6 % | –15.3 % |
| **Resources** [1] | | | |
| Staff average | 7,472 | 7,695 | 8,156 |
| of which domestic | 1,406 | 1,422 | 1,495 |
| of which foreign | 6,066 | 6,273 | 6,661 |
| | **31 Mar 2011** | **31 Dec 2010** | **31 Dec 2009** |
| Staff at end of period | 7,458 | 7,531 | 7,740 |
| of which domestic | 1,404 | 1,416 | 1,433 |
| of which foreign | 6,054 | 6,115 | 6,307 |
| Number of sales outlets | 487 | 549 | 584 |
| of which domestic | 1 | 1 | 1 |
| of which foreign | 486 | 548 | 583 |

1) The comparative figures of 2009 and 2010 were restated by disposal group in line with IFRS 5.
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.

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## Interim 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

In the first quarter of 2011, the economy in the euro zone was characterised overall by ongoing positive GDP growth with stark disparities between the different countries. Growth in industrial production was 7.3% in February compared with the same month of the previous year. Outstanding growth rates were observed in Estonia (+31.3%) and Germany (+13.4%), whereas crisis-riddled Ireland and Greece were the only countries to post negative year-on-year growth rates with –0.4% and –4.6% respectively. In Austria, growth of the industrial sector continued, although production in the construction industry still lagged far behind the previous year's figure at the beginning of the quarter. Consumer spending remained restrained across large parts of Europe. In February, retail sales in the euro zone were far below the previous year's level. Even countries with good industrial sectors, such as Austria, Germany and Slovakia, experienced a decline.

The unemployment rate was driven down from 10% to 9.9% in the first quarter of 2011. In Austria, despite starting at an already low level, the drop in the unemployment rate was even more pronounced. According to an EU estimate, the Austrian unemployment rate was 4.6% in January, 4.7% in February and dropped to just 4.3% in the last month of the quarter. Therefore Austria has the second lowest unemployment rate after the Netherlands. The highest unemployment rate was once again posted by Spain, where it increased slightly against the previous year.

The annual inflation rate rose noticeably in the first quarter of 2011. After having exceeded the 2% threshold at the end of last year, it jumped from 2.3% to 2.7% over the course of the first quarter. Commodity and energy prices were the main driving factors for this rise. Energy prices were hiked up even further in the first quarter as a result of the civil war in Libya. The European Central Bank responded to the rising prices in the first quarter with the rather cryptic announcement of a rise in interest rates, which then followed in early April.

The economic situation in Central and, increasingly, in South-Eastern European countries remained closely related to the economy in the "core euro zone" in the first quarter of the year. The Czech Republic and Slovakia both posted double-digit growth rates in industrial production year-on-year in the first two months of 2011 and Hungary also started the year with a growth rate of more than 10% in the first quarter. Even in Romania, slightly positive GDP growth rates indicate an economic upswing. Improvement in industrial growth in Romania was encouraging overall, with year-on-year growth rates of 11.2% in January and 12.7% in February. Retail sales also picked up slightly. According to the first estimate by the Statistical Office, the real annual GDP growth rate in Serbia was 3% in the first quarter of 2011. However, industrial production was still 6.4% above the previous year's level and growth came to a standstill in March. In Croatia, economic growth remained weak by contrast. Industrial production declined further and came in at 4.1% below the previous year's level in March. With the exception of the Czech Republic, which posted an inflation rate of less than 2% in March, the Central and South-Eastern European countries experienced sharp price rises in the first quarter of the year, which some countries have been trying to counteract for some time by tightening their monetary policy.

### Financial markets

Dominant factors affecting sentiment on the financial markets were fears over the ability of peripheral euro zone countries to finance their national budgets, spiralling inflation and the associated prospect of a higher base rate for Europe. The natural disaster in Japan and the ensuing nuclear accident kindled risk aversion for a brief period and brought the yen under strong upward pressure with the repatriation of Japanese assets. The 3-month Euribor rose by almost a quarter of a percentage point in the first quarter and ten-year German benchmark bond yields went up by almost 40 basis points. With premiums on Spanish and Italian government bonds remaining at around the same level, government bonds for Greece, Ireland and Portugal widened even further, unabated by the agreement on a post-2013 European stabilisation mechanism reached in March. Despite a good corporate earnings situation, the stock markets only saw neutral (ATX) to moderately positive (DAX, Dow Jones Industrial) stock price gains in this environment. Due to the increasing, positive interest rate gaps combined with the stabilising economic situation, currencies in Central and South-Eastern European countries appreciated against the euro. The Croatian Kuna was the only currency not to gain terrain against the euro, remaining virtually unchanged.

### Business development

VBAG Group continued the positive business development reported in the 2010 financial year in the first quarter of 2011. The result before taxes was euro 41 million and the consolidated result after taxes and non-controlling interest amounted to euro 32 million for the first quarter of 2011.

Capital ratios also improved as against 31 December 2010. On 31 March 2011, the tier I ratio (in relation to credit risk) was 10.6% (31 December 2010: 10.3%) and the equity ratio (in relation to total risk) stood at 13.1% (31 December 2010: 12.8%).

### Results in detail

Net interest income was euro 187 million for the first quarter of 2011, which represents a euro 6 million or 3% decline compared with the first quarter of 2010. Although net interest income was stable in most segments, small decreases were reported in the Leasing business and in the Financial Markets segment. This is due on the one hand to a reduction in interest margins in Central and Eastern-European countries and on the other to a very good net interest income in the first quarter of 2010.

Compared with the first quarter of the previous year, net fee and commission income decreased slightly by euro 2 million or 3% to euro 42 million. Net trading income stood at euro 7 million, reflecting a euro 5 million gain on the figure reported for the same period of the previous year. The euro 11 million drop in net trading income in the CEE banks business area is attributable to an unfavourable currency development in Romania in the first quarter.

General administrative expenses for the first quarter of 2011 amounted to euro 141 million, a rise of euro 5 million or 4% against the comparative period.

Personnel costs and administrative expenses went up in the CEE banks and Real Estate segments. Costs either remained stable or fell slightly in the other segments.

Since the end of 2010, the number of employees in the Group fell by 73, with 7,458 members of staff now employed. This reduction mainly took place abroad, where the number of employees went down from 6,115 to 6,054. At the same time, the number of international sales outlets has decreased by 62 since the end of 2010 to 486. The number of employees in Austria dropped by 12 to 1,404.

### Operating result

| Euro million | 1-3/2011 | 1-3/2010 | Change | |
|---|---|---|---|---|
| Net interest income | 187 | 193 | –6 | –3.1% |
| Net fee and commission income | 42 | 43 | –2 | –3.5% |
| Net trading income | 7 | 2 | 5 | 272.2% |
| General administrative expenses | –141 | –136 | –5 | 3.8% |
| **Operating result** | **94** | **102** | **–7** | **–7.1%** |
| | | | | |
| **Operating cost-income-ratio** | **59.9%** | **57.2%** | **2.7** | **Percentage points** |

The slight decrease in net interest and net fee and commission income and the rise in general administrative expenses meant that the operating cost-income-ratio went up slightly.

The other operating result decreased by euro 4 million year-on-year to reach a total of euro 4 million. It was negatively impacted by bank taxes in an amount of euro 11 million. Bank taxes are incurred in Austria from the first quarter of 2011onwards. The successful sale of the „North Gate“ real estate project was reported under other operating result, with deconsolidation proceeds of euro 9 million.

The positive trend in risk provisions continued on from the 2010 financial year into 2011. Despite the persisting difficult economic environment in some regions of Central and Eastern Europe, risk provisions were driven down by euro 40 million compared with the first quarter of 2010 and stood at euro 66 million. The largest reductions were achieved in the Corporates segment and in the Leasing business area. Risk provisions were kept stable in the CEE banks business area.

Income from financial investments amounted to euro 8 million in the first quarter of 2011, slipping slightly by euro 2 million against the previous year. Europolis Group was deconsolidated on 1 January 2011. Since the assets and liabilities of Europolis Group were valued on 31 December 2010 on the basis of the provisional purchase price and the final purchase price had not yet been ascertained, there was no deconsolidation effect on the results in the first quarter of 2011 and therefore no result shown as a disposal group.

Income taxes for the first quarter of 2011 amounted to euro –5 million. Non-controlling interest dropped from euro 13 million to euro 4 million compared to the first quarter of 2010. On the one hand, this reduction is due to the lower results reported by the CEE banks business area and on the other to the deconsolidation of Europolis Group, which accounted for euro 5 million in non-controlling interest in the first quarter of 2010.

### Statement of financial position and own funds

As at 31 March 2011, total assets amounted to euro 44.1 billion, which signifies a decrease of euro 2.4 billion or 5.2% against the previous year. Of this amount, euro 1.7 billion relate to the disposal of Europolis Group. Adjusted for the disposal group, total assets sank by euro 0.7 billion, or 1.5%.

At the reporting date, loans and advances to customers were euro 23.8 billion, euro 0.2 billion or 0.7% above the level of the previous year. The slight decline in the Corporates segment was compensated by the other segments.

Debts evidenced by certificates declined by euro 0.9 million or 5% compared with the end of 2010 and amounted to euro 15.2 billion at 31 March 2011. This reduction can be attributed to scheduled redemptions and repayments within the Group, which were only partly compensated by new issues.

Amounts owed to customers increased slightly by euro 0.1 billion to euro 7.4 billion.

VBAG Group's own funds amounted to euro 3.6 billion as at 31 March 2011. The tier I ratio (ratio of core capital to the assessment base for credit risk) reached 10.6% (31 December 2010: 10.3%). The tier I ratio in relation to total risk was 9.7% (31 December 2010: 9.4%). The equity ratio in relation to total risk stood at 13.1% (31 December 2010: 12.8%). Eligible own funds exceeded the regulatory requirement by nearly euro 1.4 billion or 63.8%.

## Outlook

### Economic environment

We expect that rapidly increasing inflation will bring about a continuing trend for short-term interest rates and will have a dampening effect on consumer demand. For the current year positive GDP growth is expected for most countries, however, with slightly slowing momentum.

### Business performance

As set out in the VBAG "Strategy 2015", the process of evaluating the sale of Volksbank International AG and VB-Leasing International Holding GmbH has been initiated. The data rooms were opened at the start of February for this purpose. The first negotiations are currently taking place.

The combination of Österreichische Volksbanken-Aktiengesellschaft and Investkredit Bank AG is in progress and is set to be completed by the second half of 2011. The necessary resolutions were voted upon on 19 May 2011 at the annual general meetings of VBAG and Investkredit. As a result – subject to approval by the Financial Market Authority – in the second half of 2011, the banking operations of Österreichische Volksbanken-Aktiengesellschaft will be transferred to Investkredit Bank AG as the assuming company by way of an universal succession through de-merger. The name of the combined bank will then be changed to Österreichische Volksbanken-AG. It is expected that VBAG's core shareholders will redeem euro 300 million of participation capital held by the Republic of Austria before the de-merger of VBAG and Investkredit.

From the current perspective, VBAG as a single entity will achieve the turnaround in the 2011 financial year and return to profitability. We anticipate that we will be able to distribute dividend payments on the participation capital held by the Republic of Austria and on all other profit-related instruments in 2012.

# 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.

Due to the combination of Österreichische Volksbanken-AG and Investkredit Bank AG, which is to be formally implemented in the second half of the year, the Corporates segment of Investkredit Bank AG has been operating on the market under the brand name of Volksbank AG – Investkredit.

The aim of Volksbank AG – Investkredit is to work in partnership with its corporate customers, providing them with loans and other solutions-driven financial services. Short- to long-term financing is supplemented by treasury instruments (interest rate, exchange rate and commodity hedges), corporate subsidies and cash management. Volksbank AG – Investkredit increasingly supports its customers in their capital market activities, especially in the issue and sale of corporate bonds. Export and trade financing, leasing and factoring round off the range of products. Understanding customers' business models and the characteristics of the respective branches as well as the constructive dialogue between the bank and its customers form the basis for sustainable and profitable customer relations.

Within the Commercial Business division, the Medium-Sized Companies department focuses on SMEs and on risk sharing with the regional Volksbanks in the syndicated loan business. The Corporate Banking department concentrates its activities on direct business with larger medium-sized companies, many of them family businesses.

Companies and financial investors in Austria, Germany, Poland, the Czech Republic and Slovakia are offered specialised corporate finance services. The focus of these activities is on project financing (infrastructure and above all renewable energy), acquisition finance, mergers and acquisition consulting, private equity and loan financing in Central and Eastern Europe.

The stabilising economic situation in the second half of last year led to a revival of corporate customer demand for financing. In order to strengthen the bank's profitability, it revolves its market activities around customers with a satisfactory risk and return profile or with sufficient potential to intensify their business relations.

### Segment results

The Corporates segment continued the positive business development reported in the 2010 financial year in the first quarter of 2011. The result before taxes was euro 7 million, which represents a euro 22 million gain on the Q1 2010 result. This is chiefly attributable to decreasing risk provisions and slight increases in both net interest income and net fee and commission income.

### Lending business

The recovery in the lending business, which first became apparent at the end of 2010, continued in the first quarter of 2011. Volksbank AG – Investkredit, bolstered by a good result in 2010, reported satisfactory demand for working capital loans and investment financing in Austria and abroad in the period under review.

For companies with good credit rating, that used the crisis as an opportunity to develop new strategies the whole range of financing instruments is available. With longer maturities in particular, there is pressure on credit margins, which can be partly offset by tailored financing solutions for corporate customers.

#### Syndicated Finance

In the Syndicated Finance business area, increased efforts to implement joint financing projects with the Volksbanks proved successful in the first quarter of 2011. The volume of new lending was increased against the same period in 2010.

#### Corporate subsidies

The key product focus in 2011 will be "subsidies for Austrian businesses". The bank's aim is to demonstrate its expertise in finding the best possible mix of financing and subsidies to suit all of Volksbank AG – Investkredit's corporate customers' financial needs, as well as those of customers in the Volksbank sector.

Customers of the regional Volksbanks were offered workshops on the topic of corporate subsidies as part of a seminar series called "Fit for Business". The four specially designed modules were put together by experts at the competence centre for subsidies and export finance together with representatives of major Austrian support agencies and the in-house technical team at Volksbank AG – Investkredit. The aim is to provide an update on current subsidies programmes and facilitate personal contact with subsidies experts.

## Corporate/Leveraged Finance

The Leveraged Finance Austria/CEE division reported a revived deal flow in acquisition financing in the first quarter of the year. Whereas the number of transactions in Austria is still falling far short of expectations, the Central European markets are showing a flurry of activity in Mergers & Acquisitions (M&A). Poland and the Czech Republic are particularly dynamic, although pressure to invest and purchase prices offered remain high. Several transactions were successfully completed in Central European markets over the course of the reporting period.

After already demonstrating a marked improvement in deal flow in the second half of 2010, the German market experienced further revival in the first quarter of 2011. In the Frankfurt Branch, the customer focus in the first quarter of 2011 was once again on small and medium-sized companies as well as on professional financial investors.

### Project finance

The dramatic events in Fukushima throw the issue of renewable energies into even sharper focus. Volksbank AG – Investkredit's aim as regards project finance is to strike the right balance between this positive mega trend on the one hand and countries' stretched government budgets on the other, governments usually resorting to tariffs to finance renewable energy.

In the first quarter, the bank financed projects in Spain, Austria, the Czech Republic and Poland. Poland is seen as a particularly attractive future market on account of its size and relatively good economic situation.

### Financing of international schools

In the first quarter, interest hedge agreements were concluded for existing customers and a financing contract was concluded for building an American school in Warsaw, among other things.

Talks took place with a number of German schools abroad, especially long established schools, regarding financing for renovation and expansion projects, which are expected to show results soon.

## Investkredit Investmentbank AG (IKIB)

As a 100% subsidiary of Volksbank AG – Investkredit, IKIB is responsible for M&A consulting and manages the private equity activities of the Group. The Private Equity business encompasses private equity investments, private equity fund investments and direct investments. In terms of M&A, IKIB – in accordance with the overall strategy of the Group – concentrates on advising medium-sized companies on their transactions in Austria and selected countries in Central and Eastern Europe.

In the first quarter of the year, emphasis was placed on the acquisition of new consulting mandates. In terms of private equity investments, a new co-investment was entered into, the contract for which is currently being drawn up. The better exit environment led to the sale of portfolio companies of fund investments in the first quarter, which included an IPO for an indirect portfolio company.

## Debt capital markets

In the first quarter, the bank gained a lead management mandate for the issue and placement of an SME bond for a Styrian company. In addition, the bank continued the policy of increased involvement in issuing syndicates, which it began last year. For the two largest issues of Austrian companies since the beginning of 2011, Volksbank AG – Investkredit acted as senior co-lead manager and thereby confirmed its market position in issuing corporate bonds.

## Corporate treasury

The phase of extremely low money and capital market interest rates is drawing to a close and long-term derivative hedges of favourable interest rates have become noticeably more expensive. However, absolute interest rate levels in all major currencies are still very low. As a result, intelligent interest rate hedging instruments are in demand, to retain interest rate hedging costs for corporate and real estate customers at a low level.

In the Commodity division, consulting mandates could be acquired and expanded. The product portfolio for hedging various commodities, such as diesel, biodiesel, lead, copper and crude oil, consists – just like the interest rate portfolio – of swaps, caps, floors and collars.

The bank renewed cooperation with Austrian and international capital market customers. The aim is to provide this customer group with comprehensive support and position VBAG as a strong and reliable partner for capital market transactions.

### VB Factoring Bank AG

The Factoring business is continuing to show dynamic growth. VB Factoring Bank AG reported a 24.6% increase in its business volume in the first quarter compared with the same period of 2010.

## Outlook for the Corporates segment

Volksbank AG – Investkredit is continuing to revolve its activities around its core customers, as it started to do successfully in the 2010 financial year. In order to implement this policy, the bank will pursue its strategy of discontinuing non-profitable customer relations with no potential for profitable business from cross-selling in 2011. The bank will then use the funds freed up to provide its core customers with the liquidity they require.

On the basis of analyses of potential in their business models, customers are provided with an extensive range of product combinations to suit their needs. The aim is to function as a stable bank partner, providing companies with financial solutions to help drive growth. In addition to loans and capital market financing, financial services such as treasury instruments to hedge interest, currency and commodity risks and cash management are offered.

# RETAIL SEGMENT

Österreichische Volksbanken-AG operates in the Retail segment both in Austria and in Central and Eastern Europe. The Austrian retail subsidiary is VB Leasing Finanzierungsgesellschaft m.b.H. Two subsidiaries are active in CEE countries, Volksbank International Group and VB-Leasing International Holding GmbH.

## Retail in Austria

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

Growth rates in the Austrian leasing market as a whole were positive at the beginning of 2010, in the area of equipment leasing the recovery began later and became evident in the middle of the year. VB Leasing Finanzierungsgesellschaft continued the positive trend of the 2010 business year when a record result was achieved, the interim result for the first quarter of 2011 clearly exceeds expectations. VBLF generated new business of euro 70 million in the period under review, which corresponds to some 3,900 contracts. A 7% increase in new business volume was achieved compared with the first quarter of 2010. With this quarterly result, VB Leasing defended its current position of 6th in the ranking of Austrian equipment and vehicle leasing providers.

#### Primary focus on the vehicle leasing business

In light of the market environment that has been rapidly changing in Austria since the outbreak of the financial and economic crisis, key factors for success have been a carefully crafted balance between risk and return and customer relations based on efficiency and mutual trust.

Recovery in the economy and also in the Austrian leasing market lead to increased competition, which results in growing margin pressure on the one hand and a reduction in the need for impairment of the other. VB Leasing consistently strives to optimise collateralisation levels in order to reduce loss rates. Strict compliance with these guidelines is reflected in the stagnation of new contracts for objects other than standard bulk business.

Growth was particularly strong in the first quarter in the vehicle leasing market segment. Correspondingly, the Vehicle Leasing & Services division developed positively and increased the volume of new business by 10% year-on-year.

#### The Volksbank sector as a sales channel

For the 2011 financial year, VB Leasing Finanzierungsgesellschaft is placing emphasis on the Volksbank sector in its sales activities. As part of a “Volksbank campaign”, VB Leasing is positioning its car leasing business in the regional Volksbanks across Austria. The aim is to increase the amount of new business through incentives, like offering customers extras such as a vignette and petrol vouchers with their leasing contract.

## Retail abroad

### Volksbank International Group (VBI)

The Volksbank International Group network consists of ten banks in nine Central and Eastern European countries (Slovakia, the Czech Republic, Hungary, Slovenia, Croatia, Romania, Bosnia-Herzegovina, Serbia and Ukraine) as well as Vienna-based Volksbank International AG.

Since founding its first subsidiary in 1991, VBI has centred its business around a conservative risk policy and focus on retail customers and small- and medium-sized companies. Another core segment at VBI is its referral business for corporate custsomers of its Austrian, German, French and Italian partner banks.

Österreichische Volksbanken-AG is the majority shareholder in Volksbank International AG with a 51% interest. Since 2004, the German cooperative banks DZ BANK AG and WGZ BANK AG and French bank Banque Populaire Caisse d’Epargne (BPCE) have each held a 24.5% interest in Volksbank International AG.

#### Total assets stay level

Total assets of the Volksbank International Group were euro 13.9 billion as at 31 March 2011. The largest shares came from the Volksbanks in Romania (euro 4.7 billion), the Czech Republic (euro 2 billion), Hungary (euro 2 billion) and Slovakia (euro 1.4 billion).

### Lending volume stable

The lending volume compared with 31 December 2010 was kept stable with euro 9.9 billion. Primary deposits of VBI Group rose to euro 5.2 billion.

### Net interest income stable at high level

Net interest income remained at a consistently high level at euro 102.5 million. Increases in net interest income were achieved by the VBI banks in Slovakia, the Czech Republic, Hungary, Slovenia and Serbia. Decreases in net interest income were reported by the VBI banks in Romania and the Ukraine.

### Risk provisions decline

VBI Group posted a decline in risk provisions to euro 39 million, with an exemplary 17.9% decline being recorded at the Volksbank in Romania. At euro 73.2 million, VBI Group's general administrative expenses went up marginally in the first quarter of 2011 against the same period for the previous year (euro 70.4 million). The number of employees was 5,299 in the first quarter of 2011 (31 December 2010: 5,362) and the number of branches was reduced from 547 to 485.

## VB-Leasing International Holding GmbH (VBLI)

VB-Leasing International was able to continue seamlessly from the successful results achieved in the 2010 financial year in the first quarter of 2011. VBLI generated new business of euro 230 million in the period under review, which corresponds to some 9,000 contracts. In comparison with the first quarter of 2010, VB Leasing International reported a rise in business volume of almost 18%, whereas the number of contracts remained stable.

### Seize opportunities, be visionary.

VB Leasing International aims to be not only as a strong and reliable company, but also as a visionary and future-orientated actor on the Central and Eastern Europe leasing markets. As part of its strategic reorganisation, the company is focusing on its core business and on customer support through efficient and automated processes, in order to remain more up-to-date with current product developments and in its communication with partners and customers.

VB Leasing International concentrates its business activities on standard bulk business, which not only allows for quick and efficient handling, but also ensures a high level of object and product expertise. Standardised handling of the lion's share of the business leaves more time and energy to be devoted to providing partners and customers with individualised service regarding special financing issues. VB Leasing's product range consists exclusively of equipment leasing, rounded off by diverse service packages and additional products (i.e. insurance). Sales activities are concentrated on international and local vendors.

At the same time, the strong network of local Volksbanks are important sales channels for VB Leasing International. As regards individualised customer service, direct selling remains a decisive profit driver. In line with its carefully crafted risk policy, VBLI will continue to offer its products and services to SMEs, large companies and private customers. Geographically, the focus of the company will remain on its existing eight core markets.

With the onset of the economic crisis, extensive expertise in realisation became a unique selling proposition to distinguish a company from its competitors. VB Leasing recognised the significance of this early on and implemented an online realisation platform at the end of 2008. What has been a hub for rapid and permanent reduction in inventories for the past two years is now being established on the market. With the Group-wide implementation of the "VB Leasing Store" brand, utilisation of the platform will be intensified. Targeted online campaigns will aim at raising the number of registered users, which will not only increase the number of realisation processes but also optimise the realisation proceeds and drive the average inventory time down even further.

## Outlook for the Retail segment

The Austrian leasing market has bounced back from the turbulent last few years and is now demonstrating a marked increase in new business. For 2011, VB Leasing has set itself the task of maximising its results within the framework of its rigorous risk policy with regard to credit rating, object quality and risk diversification. A risk-adequate pricing policy will remain a particular area of focus.

2010 was undoubtedly the most difficult year in the 20-year history of VBI Group to date. A significant economic recovery is predicted for the Central and Eastern-European markets in 2011. Volksbank International Group expects a positive development in 2011 in line with the economic outlook.

Markets in VBLI countries are showing all the signs of a return to recovery and restrained growth, which explains why, amongst other things, company planning has projected a rise in the volume of new business with risk-adjusted prices for the 2011 financial year. With further expansion of international and local vendor relations, VB Leasing International will continue to strengthen and expand its position on the local leasing markets and is looking to the future with optimism.

# REAL ESTATE SEGMENT

The Real Estate segment encompasses the real estate loan financing operations of Investkredit Bank AG, the lease financing operations and real estate development activities of VB Real Estate Services GmbH and the activities of Immo Kapitalanlage AG. In addition to customers in Austria, the segment also serves real estate partners in CEE and SEE countries. Under the slogan "Passion for Quality", VBAG Group offers a range of commercial real estate services founded on professional expertise.

Due to the combination of Investkredit Bank AG and Österreichische Volksbanken AG (VBAG), the real estate financing activities of Investkredit Bank AG are now operating under the Volksbank AG – Investkredit brand.

Within the context of the restructuring of VBAG's Real Estate segment, the new real estate brand, VB Real Estate Services, was launched on 1 March. At the same time, as part of the systematic resizing process, the companies Immoconsult Leasinggesellschaft m.b.H. and PREMIUMRED Real Estate Development GmbH were merged into VB Real Estate Services GmbH. VB Real Estate Services GmbH is thus being developed into a central service platform. In addition to its existing activities, it will also take on additional real estate asset management tasks in future.

One of VB Real Estate Services' key activities is real estate leasing, which is offered through a total of six branches in Central and Eastern Europe, with regional offices in Poland, the Czech Republic, Slovakia, Hungary, Romania and Croatia. One of its niche products, aimed at the shipping industry, is container leasing. VB Real Estate Services is also the competence centre for international real estate project development, covering the entire product cycle of a property. This extends from project acquisition and development via planning, construction, letting and property management all the way to the sale to investors. VB Real Estate Services is also responsible for workout processes.

In terms of real estate loan financing, Volksbank AG – Investkredit has been involved in the long-term financing of commercial real estate projects in Austria and CEE countries for many years.

Immo Kapitalanlage AG (Immo KAG) manages an open-ended real estate fund with a current fund volume of euro 230 million. The fund's investment profile is oriented towards maximum risk diversification for private investors. The fund invests exclusively in Austria and Germany – in office buildings, medical centres and to a limited extent hotels.

### Segment result

The result before taxes in the Real Estate segment amounted to euro 15 million in the first quarter of 2011. Despite higher risk provisions, results remained stable in comparison with the previous period. This is primarily due to an increase in net interest income and to the successful sale of the „North Gate" project, which was reflected in deconsolidation proceeds of euro 9 million, reported under other operating result. In the first quarter of 2010, the segment result included euro 7 million from the disposal group (Europolis). Since Europolis Group was deconsolidated on 1 January 2011 and the assets and liabilities of the Europolis Group were valued on 31 December 2010 on the basis of the provisional purchase price, there was no deconsolidation effect on the results in the first quarter of 2011.

### Real estate loan financing at Volksbank AG – Investkredit

Volksbank AG – Investkredit's real estate financing focuses on both financing for property development and the refinancing of existing properties in the office, retail, logistics and hotel sectors. The bank benefits from a high level of expertise and many years of experience in Central and Eastern Europe. It enjoys long-term customer relations with some of Austria and Europe's best-known property companies.

The economic situation in the bank's geographical markets remained varied and in part difficult. The crisis has affected the Czech Republic and Poland to a far less extent than the countries of South-Eastern Europe. Although investment activity declined noticeably, it did not come to a standstill as, for example, in Romania.

In response to this situation, Volksbank AG – Investkredit renewed its efforts to acquire new business on a selective basis during the first quarter.

### Leasing

As a specialist in real estate leasing, VB Real Estate Services focuses mainly on business in Austria. A key aspect is its cooperation with the Austrian Volksbanks. In the Central and Eastern European core markets, the focus is on major international customers. These are serviced out of Vienna and by the local subsidiaries. In addition to real estate leasing, VB Real Estate Services successfully offers large-volume equipment leasing (of containers in particular) as niche product.

Due to the expiry of leasing contracts, terminations of contracts before their maturity and the resulting sale of objects, the volume of the portfolio did not expand - despite the closing of new contracts in the first quarter of 2011.

### Real estate project development

VB Real Estate Services is VBAG Group's competence centre for international real estate project development and its portfolio comprises office buildings in Warsaw, Budapest and Bucharest. Due to the continuing tense situation in the target markets, no new projects were initiated.

In March 2011 the project "North Gate", a fully let office block in Warsaw with usable floor space of around 30,000 m$^2$ was sold to German real estate fund Deka for euro 103 million.

"Premium Plaza" and "Premium Point" in Bucharest, completed in 2008 and 2009 are now mostly let, will be retained in the portfolio for the time being. The two office buildings offer a total rental space of around 15,000 m$^2$.

In addition, construction is now ready to start on the projects "Horizon Offices" in Prague (lettable space approximately 23,000 m$^2$) and "Salomea Business Park" in Warsaw (lettable space approximately 28,000 m$^2$). The acquisition of new sites for future development in Warsaw and Poland's secondary cities is in progress.

### Immo Kapitalanlage AG

Immo Kapitalanlage AG (Immo KAG) is a fully owned subsidiary of Volksbank Kapitalanlage Gesellschaft mbH. Founded in 2004, it structures open-ended fund products and special funds in accordance with the Real Estate Investment Fund Act. <immofonds1> was set up as a retail fund on this basis the same year. <immofonds1> attracts mainly small retail investors. It offers them a broadly diversified real estate portfolio, focusing on commercial property in Austria and Germany. The stability of these two countries has been clearly demonstrated over the last few years and has led to stable rental income.

Fund assets were around euro 230 million during the first quarter of 2011, with substantial inflows of euro 14 million received during the period.

The investment market continued to gain momentum, although still only at a low level. This facilitated the selling, as planned, of a property in the Wiener Neustadt area and also of one in Munich. Thanks to active asset management, the occupancy rate remained stable.

Focus of Immo Kapitalanlage AG during the first quarter of 2011 was the continued strengthening of its sales and marketing activities.

## Outlook for the Real Estate segment

From a geographical perspective, the real estate financing loan portfolio will be oriented more strongly towards Volksbank AG – Investkredit's future growth markets during the course of 2011. The number of countries in which financing is offered will be reduced and the bank's historic core markets weighted more strongly. The main aim of this portfolio optimisation is to increase profitability.

The real estate leasing business will continue to focus on portfolio management and the servicing of its core customer base during 2011. Due to strong price competition, new business will only be actively promoted when an appropriate level of profitability is assured.

VB Real Estate Services will also continue to focus on its role as VBAG Group's workout unit for impaired real estate financing during the financial year 2011. Given the appropriate market development and attainment of target occupancy rates, project development can nevertheless be expected to resume in the defined core markets.

VB Real Estate Services will continue working on the optimisation of the organisational structure and the corresponding project will be completed during the course of 2011. Not only will this improve the quality of the relevant processes, it will also bring about an improvement in the way the wide range of products and services is presented and communicated to the customer.

Immo KAG is anticipating a further increase in the demand for real estate investment products and will continue to pursue all measures aimed at optimising its asset management and expanding its sales initiatives.

# 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

The Financial Markets segment posted a very good result in the first quarter, profits increased against the same period of the previous year. The result before taxes generated by the Financial Markets segment amounted to euro 28 million in the first quarter 2011.

### Group Treasury

The first few months of the year were characterised by continuing high commodity prices. Due to the economic upturn, above all in Asia, the demand for commodities such as copper and nickel grew strongly. Oil products and precious metals increased significantly in value in relation to the US dollar. Following the yen's record high, the Japanese Central Bank intervened in a coordinated measure with the USA, the UK, Canada and the European Union and succeeded in alleviating the situation. The devastating earthquake in Japan triggered massive price fluctuations and volatility.

At the beginning of the year the bond market saw strong issue activity in both the financial and government sectors. Stable economic indicators and growing fears of inflation led to a 40 bp increase in 10-year yields to nearly 3.5%. In the corporate and financial sector there was a slight reduction in risk premiums during the first quarter. However, uncertainty over rising deficits and the ensuing increase in the cost of funding national debt in certain Western European countries led to a rise in risk premiums (Portugal and Ireland, for example).

Group Treasury had a very successful first quarter. Net trading income clearly increased year-on-year, the main drivers were transactions and structures based on interest rate derivatives.

#### Trading

##### Fixed Income & Derivatives

The Fixed Income & Derivatives department achieved stable returns in the first quarter through optimal management of its trading books. In the area of structured bonds, the main focus was on products such as bonus floaters, yield curve performers and inflation bonds. The bank's presence in the primary bond market was further expanded during the first quarter, six international co-lead mandates and two national senior co-lead mandates were achieved.

##### Foreign Exchange & Money Markets

The ECB prepared the money market carefully for a possible rise in the base rate to 1.25%. The upward trend in short-term money market rates continued during the first quarter and the representative 3-month Euribor closed March at 1.239%.

The foreign exchange market was dominated by an appreciation of the euro relative to the US dollar and Swiss franc. The interest rate rise signalled by the ECB and the boosting of the European rescue fund improved prospects for the euro. For customers with foreign currency exposure this provided some respite, at least in the short term.

#### Consulting

##### VB Treasury Services

Where the provision of services to the regional Volksbanks is concerned, the hedging of interest rates for the customers (small and medium-sized companies and private customers) continued to be a priority. Satisfactory sales were achieved in this area. Strategic support with the planning of commission income, offered since the beginning of the year, has been well received by the Volksbank sector. Increased support of the sector through customer events, accompanied by the appropriate sales training, is planned.

Furthermore the "Preferred Partner Days" were held in March. More than 70 customer advisors took advantage of the annual information event to learn about new developments and trends in the world of funds.

##### VB Consulting

With regard to the Volksbanks' own account business, the first quarter was marked by an increasing demand for VBAG issues with fixed interest rates at the start of the term followed by variable interest rates throughout the remainder of the term. These products enable investors to benefit from an anticipated rise in interest rates while limiting risk. There was also a good demand for products such as interest rate curve performers. Advantage was taken of high forward rates in the money market segment to increase sales of FRAs.

Moreover, offers were drawn up to perform customer portfolio analyses for client banks during the first quarter. In addition, brochures were produced on the subject of "General Financial Education" under the "Fit for Banking" slogan.

### Sales

#### Corporate Treasury Sales

The phase of extremely low money and capital market interest rates is drawing to a close and the long-term derivative hedging of favourable interest levels has become more expensive. However, absolute interest rates are still low in all major currencies and by using the appropriate instruments, interest-hedging costs can still be held down for corporate customers.

In the commodity area, the consulting business has been expanded as planned. The product portfolio for commodity hedging comprises swaps, caps, floors and collars. The first quarter saw a stepping up of cooperation with Austrian and international capital market customers. The aim here is to provide these customer groups with comprehensive services and also to position VBAG as a strong partner for capital market transactions. The central themes for 2011 are flow business on the one hand and risk-free income from services on the other.

#### Fixed Income Sales

The new financial year started with a large number of new issues which were taken up well by the market. This issue activity subsequently eased off as the ECB interest rate rise and the difficulties on the periphery of Europe brought about a mood of restraint. The demand for retail issues remains strong. In the institutional sector, the sales and earnings situation remains difficult as a result of Basel III and Solvency II.

### Volksbank Investments

Volksbank Investments contributed to the positive performance of VBAG Group in the first quarter. Despite uncertainty on the equity and bond markets and the concomitant weakening in fund performance, assets under management were held at the level of the previous quarter, at around euro 8.2 billion. The management ratios were also highly satisfactory.

Pension products include the state-subsidised Life Cycle Förderpension (ZVE) on the one hand and guaranteed savings products offered in an insurance and an funds format on the other. This clearly structured product range was taken up extremely well by the market during the first three months of 2011. Guaranteed savings products and ZVE both increased in terms of premium volumes and number of units relative to the end of 2010.

Efforts on the part of Volksbank Investments to further expand its bond expertise are also showing signs of success. Relatively high bond sales and a resulting increase in fixed-income volumes countered a slight decline in the retail bond fund. In this area a new building block concept with alpha modules has been developed for institutional customers. This is expected to be launched during the second quarter of 2011. The first product will address the European interest rate market exclusively, in view of the expected rise in interest rates, timing of the new product should be favourable.

For more than a decade now, the certificate business has delivered an extremely positive and stable performance. During the first three months of the current business year, certificate volumes showed another slight increase, to euro 2.5 billion as at 31 March 2011. Volksbank Investments' share of the highly competitive Austrian market is now over 40%.

Asset management, which is currently in the process of being expanded, initiated an acquisition programme during the first quarter aimed at widening its customer base. At euro 2.2 billion, the investment volume remains unchanged from the end of 2010.

In line with the general market trend, the volume of funds was reduced slightly to euro 3.4 billion. Net outflows occurred above all in the retail funds, affected not least by uncertainty in the Asian markets as a result of the disaster in Japan. Volksbank Investments nevertheless coped well with these difficult conditions.

Volksbank Investments is the only provider on the Austrian market that combines the traditional world of funds with certificate technology. In addition to its core market of Austria, Volksbank Investments also offers its products in many CEE countries (Slovakia, Czech Republic, Hungary, Slovenia, Croatia, Bosnia-Herzegovina, Serbia and Romania) and has built up a dedicated sales team for this purpose.

As in previous years, Volksbank Investments received numerous awards in the first quarter of 2011. Particularly positive is the fact that a number of these awards are in the five-year category. This corroborates the achievement of successful long-term development in keeping with the performance promise.

## Outlook for the Financial Markets segment

Group Treasury anticipates a continuation of the current difficult environment, dominated by the debt crisis in the peripheral countries and the restructuring debate. Further downgrading of banks and nations is to be expected. This will also lead to a reduction in issue activity in the international financial markets.

The uncertainties outlined above – triggered by the debt crisis – have a significant impact on the business opportunities available to Group Treasury. However, new transactions currently in the preparatory phase give rise to expectations that Group Treasury will achieve its targets over the coming quarters.

Volksbank Investments also anticipates that the markets will continue to be dominated by uncertainty over the next few months. In addition to the problematic development of government bonds of a number of European countries, the focus is also on Japan and the spreading crisis in the Arab countries. Nevertheless, due to its positioning, Volksbank Investments sees itself as ideally equipped to meet these additional challenges successfully.

Despite the turbulence that has been forecast for the coming quarters, a continuing positive performance is anticipated at segment level.

# 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. This segment comprises VBAG's Capital Markets and Asset Liability Management divisions and Volksbank AG – Investkredit's Debt Capital Markets department (described in the Corporates segment). The activities of Back Office Service für Banken GmbH and of various holding companies are also included in the segment.

### Capital Markets

Within VBAG Group, the Capital Markets division is responsible for the management of the strategic investment book. The portfolio contains the entire securities portfolio of around euro 5.7 billion that is required for regulatory purposes and banking operations, along with other capital market investments amounting to around euro 1.5 billion (excluding Volksbank International Group).

Following an initially positive capital market environment, risk premiums of the peripheral countries increased in March, driven by the ongoing debate over a possible restructuring of Greek debt. Corporate spreads remained stable in the first quarter. Strong demand accompanied by declining margins is anticipated for covered bonds due to the fact that they are among the instruments most preferred by banks for the fulfilment of Basel III liquidity requirement.

Once again, no impairments were necessary in the strategic investment book during the period under review.

### Group ALM and Liquidity Management

Asset Liability Management (ALM) is responsible for managing VBAG Group's long-term interest rate risk and foreign currency risk.

#### Interest rate risk

Transfer prices are used to assume market risks from front office units. The aim of interest rate risk management is to record all material interest rate risks from assets, liabilities and off-balance sheet positions in the investment book. In order to achieve this aim it is necessary to analyse both the income effect and the present value effect of interest rate changes and to take these into account when making decisions.

The Market Risk Controlling department measures and monitors interest rate risk through the imposition of variable limits. The overall limit is determined by the Managing Board, taking into account the regulatory limits and the risk-bearing ability of the bank. All material forms of interest rate risk are recorded and VBAG's entire interest rate-sensitive positions are reflected in a monthly report.

#### Foreign currency risk

Foreign currency risk is defined as the risk of losses arising from open foreign currency positions. VBAG Group has material participations outside the euro zone whereby equity is held in the respective local currency. Exchange rate fluctuations can therefore produce fluctuations in VBAG's consolidated equity.

There are various different ways of hedging against foreign currency risk. VBAG's hedging strategy aims to immunise the capital held in local currency by taking up corresponding counterpositions on a consolidated basis.

ALM is also responsible for managing the Asset Liability Committee (ALCO). ALCO is the coordinating body for the managing of ALM processes and convenes quarterly. For these sessions ALM prepares the relevant data and evaluations as a basis for decision-making.

## Outlook for the Investment Book/Other Operations segment

As a result of the anticipated moderate rise in interest rates in 2011, above all at the short end of the interest rate curve, a lower mismatch contribution is expected compared to 2010. Liquidity costs will fall due to redemptions of issues. Overall, a moderate improvement in interest income is expected in 2011.

## Income Statement

| | 1-3/2011 in Euro thousand | 1-3/2010 restated in Euro thousand | Changes in Euro thousand | Changes % | 1-3/2010 published in Euro thousand |
|---|---|---|---|---|---|
| Interest and similar income and expenses | 184,569 | 192,070 | –7,501 | –3.91 % | 207,805 |
| Income from companies measured at equity | 1,938 | 447 | 1,490 | >200.00 % | 447 |
| Net interest income | 186,507 | 192,517 | –6,010 | –3.12 % | 208,252 |
| Risk provisions | –66,372 | –106,583 | 40,211 | –37.73 % | –106,856 |
| Net fee and commission income | 41,550 | 43,054 | –1,504 | –3.49 % | 43,924 |
| Net trading income | 7,347 | 1,974 | 5,373 | >200.00 % | 3,157 |
| General administrative expenses | –140,918 | –135,830 | –5,088 | 3.75 % | –140,159 |
| Other operating result | 4,002 | 8,207 | –4,205 | –51.23 % | 4,322 |
| Income from financial investments | 8,465 | 10,461 | –1,996 | –19.08 % | 8,593 |
| Income from the disposal group | 0 | 7,785 | –7,785 | –100.00 % | 353 |
| **Result for the period before taxes** | **40,582** | **21,586** | **18,997** | **88.00 %** | **21,586** |
| Income taxes | –5,121 | –3,311 | –1,810 | 54.67 % | –1,533 |
| Income taxes of the disposal group | 0 | 1,690 | –1,690 | –100.00 % | –88 |
| **Result for the period after taxes** | **35,461** | **19,965** | **15,497** | **77.62 %** | **19,965** |
| **Result attributable to shareholders of the parent company (Consolidated net result)** | **31,579** | **7,371** | **24,208** | **>200.00 %** | **7,371** |
| Result attributable to non-controlling interest | 3,882 | 12,594 | –8,711 | –69.17 % | 12,594 |

| Comprehensive income | 1-3/2011 in Euro thousand | 1-3/2010 restated in Euro thousand | Changes in Euro thousand | Changes % | 1-3/2010 published in Euro thousand |
|---|---|---|---|---|---|
| **Result for the period after taxes** | **35,461** | **19,965** | **15,497** | **77.62 %** | **19,965** |
| **Other comprehensive income** | | | | | |
| Currency reserve | 34,566 | 27,362 | 7,204 | 26.33 % | 27,362 |
| Available for sale reserve (including deferred taxes) | | | | | |
| Change in fair value | 39,702 | –13,475 | 53,177 | <–200.00 % | –13,475 |
| Net amount transferred to profit or loss | 536 | 3,601 | –3,065 | –85.11 % | 3,601 |
| Hedging reserve (including deferred taxes) | | | | | |
| Change in fair value (effektive hedge) | 19,800 | 2,004 | 17,796 | >200.00 % | 2,004 |
| Net amount transferred to profit or loss | –4,599 | –3,518 | –1,082 | 30.75 % | –3,518 |
| **Other comprehensive income total** | **90,004** | **15,975** | **74,030** | **>200.00 %** | **15,975** |
| **Comprehensive income** | **125,466** | **35,939** | **89,527** | **>200.00 %** | **35,939** |
| **Comprehensive income attributable to shareholders of the parent company** | **101,644** | **6,968** | **94,676** | **>200.00 %** | **6,968** |
| Comprehensive income attributable to non-controlling interest | 27,946 | 28,971 | –1,024 | –3.54 % | 28,971 |

# Statement of financial position

| | 31 Mar 2011 | 31 Dec 2010 | Changes | |
|---|---|---|---|---|
| | Euro thousand | Euro thousand | Euro thousand | % |
| **Assets** | | | | |
| Liquid funds | 2,221,741 | 1,982,446 | 239,294 | 12.07 % |
| Loans and advances to credit institutions (gross) | 5,378,014 | 6,431,879 | –1,053,865 | –16.39 % |
| Loans and advances to customers (gross) | 23,777,324 | 23,614,938 | 162,386 | 0.69 % |
| Risk provisions (–) | –1,530,832 | –1,522,532 | –8,300 | 0.55 % |
| Trading assets | 2,181,897 | 2,163,480 | 18,417 | 0.85 % |
| Financial investments | 8,946,680 | 8,993,767 | –47,087 | –0.52 % |
| Assets for operating lease | 228,229 | 334,771 | –106,542 | –31.83 % |
| Companies measured at equity | 71,141 | 72,619 | –1,477 | –2.03 % |
| Participations | 718,092 | 717,920 | 172 | 0.02 % |
| Intangible assets | 124,182 | 125,340 | –1,157 | –0.92 % |
| Tangible fixed assets | 245,033 | 248,090 | –3,057 | –1.23 % |
| Tax assets | 204,528 | 210,144 | –5,616 | –2.67 % |
| Other assets | 1,505,755 | 1,372,512 | 133,243 | 9.71 % |
| Assets of the disposal group | 0 | 1,719,470 | –1,719,470 | –100.00 % |
| TOTAL ASSETS | **44,071,783** | **46,464,844** | **–2,393,060** | **–5.15 %** |
| **Liabilities and Equity** | | | | |
| Amounts owed to credit institutions | 14,424,929 | 14,377,129 | 47,800 | 0.33 % |
| Amounts owed to customers | 7,439,317 | 7,311,931 | 127,386 | 1.74 % |
| Debts evidenced by certificates | 15,240,017 | 16,121,510 | –881,494 | –5.47 % |
| Trading liabilities | 1,145,707 | 1,457,430 | –311,723 | –21.39 % |
| Provisions | 177,333 | 186,147 | –8,814 | –4.73 % |
| Tax liabilities | 88,891 | 92,373 | –3,482 | –3.77 % |
| Other liabilities | 1,669,084 | 1,729,266 | –60,183 | –3.48 % |
| Liabilities of the disposal group | 0 | 1,267,024 | –1,267,024 | –100.00 % |
| Subordinated liabilities | 1,851,156 | 1,863,924 | –12,769 | –0.69 % |
| Equity | 2,035,350 | 2,058,109 | –22,758 | –1.11 % |
| Shareholder's equity | 1,290,287 | 1,192,694 | 97,593 | 8.18 % |
| Non-controlling interest | 745,063 | 865,415 | –120,352 | –13.91 % |
| TOTAL LIABILITIES AND EQUITY | **44,071,783** | **46,464,844** | **–2,393,060** | **–5.15 %** |

## Changes in the Group’s equity

| Euro thousand | Subscribed capital [1] | Capital reserve | Retained earnings | Currency reserve | IAS 39 [2] valuation reserves: Available for sale reserve | IAS 39 [2] valuation reserves: Hedging reserve | Shareholders' equity | Non-controlling interest | Equity |
|---|---|---|---|---|---|---|---|---|---|
| As at 1 Jan 2010 | 1,339,346 | 0 | 32,861 | –41,771 | –149,393 | –2,970 | 1,178,072 | 943,243 | 2,121,315 |
| Comprehensive income * | | | 7,371 | 13,892 | –13,111 | –1,184 | 6,968 | 28,971 | 35,939 |
| Change in treasury stocks | –65 | | –48 | | | | –113 | | –113 |
| Change due to reclassifications shown under non-controlling interest and capital increases | | | –131 | | | | –131 | –944 | –1,075 |
| As at 31 Mar 2010 [3] | 1,339,281 | 0 | 40,052 | –27,879 | –162,504 | –4,155 | 1,184,796 | 971,270 | 2,156,066 |
| **As at 1 Jan 2011** | **1,339,193** | **0** | **79,507** | **–45,219** | **–183,572** | **2,785** | **1,192,694** | **865,415** | **2,058,109** |
| Comprehensive income * | | | 31,579 | 17,844 | 40,448 | 7,648 | 97,519 | 27,946 | 125,466 |
| Change in treasury stocks | –49 | | –39 | | | | –88 | | –88 |
| Change due to reclassifications shown under non-controlling interest and capital increases | | | 162 | | | | 162 | –148,298 | –148,136 |
| **As at 31 Mar 2011 [3]** | **1,339,143** | **0** | **111,209** | **–27,375** | **–143,124** | **10,433** | **1,290,287** | **745,063** | **2,035,350** |

| * Comprehensive income (Income and changes in reserves) | 1-3/2011 Shareholders' equity | 1-3/2011 Non-controlling interest | 1-3/2011 Equity | 1-3/2010 Shareholders' equity | 1-3/2010 Non-controlling interest | 1-3/2010 Equity |
|---|---|---|---|---|---|---|
| Consolidated net income | 31,579 | 3,882 | 35,461 | 7,371 | 12,594 | 19,965 |
| Currency reserve | 17,844 | 16,721 | 34,566 | 13,892 | 13,469 | 27,362 |
| thereof from application of the average rates of exchange in income statement | –87 | –86 | –173 | 45 | 39 | 84 |
| Available for sale reserve (including deferred taxes) | 40,448 | –209 | 40,238 | –13,111 | 3,238 | –9,873 |
| Hedging reserve (including deferred taxes) | 7,648 | 7,552 | 15,200 | –1,184 | –330 | –1,514 |
| Comprehensive income | 97,519 | 27,946 | 125,466 | 6,968 | 28,971 | 35,939 |

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

[2] As at 31 March 2011, the available for sale reserve included deferred taxes of euro 47,402 thousand (31 March 2010: euro 53,694 thousand). The hedging reserve contains deferred taxes in the amount of euro –3,697 thousand at the balance sheet date (31 March 2010: euro 970 thousand).

[3] In the figures as at 31 March 2010 the disposal group accounted for an amount of euro –6,030 thousand in the currency reserve (disposal group Real Estate) and for an amount of euro –17 thousand in the available for sale reserve (disposal group VB Linz).

# Cash flow statement

from continued operations

| Euro thousand | 1-3/2011 | 1-3/2010 |
|---|---|---|
| Cash and cash equivalents at the end of previous period (= liquid funds) | 1,982,446 | 3,008,042 |
| Cash flow from operating activities | 202,712 | –680,930 |
| Cash flow from investing activities | 51,173 | 72,320 |
| Cash flow from financing activities | –14,590 | –61,318 |
| Cash and cash equivalents at the end of period (= liquid funds) | 2,221,741 | 2,338,115 |

# NOTES

Interim Financial Statement as at 31 March 2011

## 1) General

The interim report as at 31 March 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. They 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.

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

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.

There were no events or changes in circumstances for goodwill that would indicate an impairment, therefore no impairment tests were carried out for these goodwill.

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 quarter 2011, capital increases took place in two subsidiaries at which in one company the share in the company changed insignificantly. Furthermore shares of little account were acquired from free float of one subsidiary. 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.

In a contract dated 29 June 2010, the shares in Europolis AG were sold to CA Immo CEE Beteiliguns 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. 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. Presently the variable component is calculated and reconciled with the purchaser. As the assets and liabilities were measured with the estimated purchase price and the final purchase price is not assessed yet no result from deconsilidation was recognised in income statement in the first quarter 2011.

The comparative figures in the income statement were restated accordingly. In this process, intragroup income and expenses have no longer been eliminated, so as to present correctly any business relationships with the Europolis group remaining within the Group in the future.

### Profit and loss of disposal group segment Real Estate

| Euro thousand | 1-3/2010 |
|---|---|
| Net interest income | 14,856 |
| Risk provisions | –273 |
| Net fee and commission income | 887 |
| Net trading income | 1,183 |
| General administrative expenses | –4,558 |
| Other operating result | –3,674 |
| thereof impairment of goodwill | –461 |
| Income from financial investments | –990 |
| **Result for the period before taxes** | 7,432 |
| Income taxes | 1,778 |
| **Result for the period after taxes** | 9,210 |
| **Profit attributable to shareholders of the parent company** | 4,018 |
| Profit attributable to non-controlling interest | 5,192 |

### 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 |
| **Total 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 |

In the result of disposal group 1-3/2010 is also the sell of VB Linz+Mühlviertel with the contract date 25 June 2010, included. The deconsolidation took place on 6 August 2010.

### Profit and loss of disposal group segment Retail

| Euro thousand | 1-3/2010 |
|---|---|
| Net interest income | 1,537 |
| Risk provisions | 193 |
| Net fee and commission income | 609 |
| General administrative expenses | –1,991 |
| Other operating result | 5 |
| **Result for the period before taxes** | 353 |
| Income taxes | –88 |
| **Result for the period after taxes** | 265 |
| Profit attributable to shareholders of the parent company | 258 |
| Profit attributable to non-controlling interest | 7 |

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

### 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 |

## 3) Subsequent events

As set out in the VBAG "Strategy 2015", the process has been initiated for evaluating the disposals of Volksbank International AG and VB-Leasing International Holding GmbH. The data rooms were opened at the start of February for this purpose. Currently negotiations about the sale have been started.

The combination of Österreichische Volksbanken-Aktiengesellschaft and Investkredit Bank AG is in progress and is set to be completed by the second half of 2011. The necessary resolutions were voted upon on 19 May 2011 at the annual general meetings of VBAG and Investkredit. As a result – subject to approval by the Financial Market Authority – in the second half of 2011, the banking operations of Österreichische Volksbanken-Aktiengesellschaft will be transferred to Investkredit Bank AG as the assuming company by way of an universal succession through de-merger. The name of the combined bank will then be changed to Österreichische Volksbanken-AG. It is expected that VBAG's core shareholders will redeem euro 300 million of participation capital held by the Republic of Austria before the de-merger of VBAG and Investkredit.

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

No other events took place during the period of the interim report that had any significant effect on the interim financial statements as at 31 March 2011.

## 4) Notes to the income statement

### Net interest income

| Euro thousand | 1-3/2011 | 1-3/2010 |
|---|---|---|
| Interest and similar income | 490,593 | 504,037 |
| Interest and similar income from | 477,481 | 489,343 |
| liquid funds | 4,332 | 5,979 |
| credit and money market transactions with credit institutions | 19,928 | 22,095 |
| credit and money market transactions with customers | 279,784 | 275,048 |
| debt securities | 76,170 | 72,851 |
| derivates in the investment book | 97,267 | 113,369 |
| Current income from | 7,668 | 9,271 |
| equities and other variable-yield securities | 1,772 | 869 |
| other affiliates | 708 | 574 |
| companies measured at equity | 1,938 | 447 |
| investments in other companies | 3,250 | 7,380 |
| Income from operating lease and investment property | 5,444 | 5,423 |
| rental income investment property | 3,878 | 2,758 |
| income from operating lease contracts | 1,566 | 2,665 |
| rental income | 9,745 | 10,882 |
| depreciations | –8,179 | –8,216 |
| Interest and similar expenses of | –304,086 | –311,520 |
| deposits from credit institutions (including central banks) | –69,274 | –74,649 |
| deposits from customers | –45,708 | –45,698 |
| debts evidenced by certificates | –147,599 | –154,751 |
| subordinated liabilities | –13,023 | –13,107 |
| derivatives in the investment book | –28,482 | –23,315 |
| **Net interest income** | 186,507 | **192,517** |

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 | 1-3/2011 | 1-3/2010 |
|---|---|---|
| Interest and similar income | 490,593 | 504,037 |
| Interest receivable and similar income from | 477,481 | 489,343 |
| financial investments at fair value through profit or loss | 5,600 | 9,548 |
| derivatives in the investment book | 97,267 | 113,369 |
| financial investments not at fair value through profit or loss | 374,614 | 366,426 |
| financial investments available for sale | 40,243 | 37,822 |
| financial investments at amortised cost | 313,713 | 312,698 |
| of which financial lease | 49,569 | 52,915 |
| of which unwinding | 3,096 | 2,389 |
| financial investments held to maturity | 20,658 | 15,905 |
| Current income from | 7,668 | 9,271 |
| financial investments at fair value through profit or loss | 512 | 0 |
| financial investments available for sale | 5,217 | 8,824 |
| companies measured at equity | 1,938 | 447 |
| Operating lease operations (including investment property) | 5,444 | 5,423 |
| Interest and similar expenses of | –304,086 | –311,520 |
| financial investments at fair value through profit or loss | –98 | –94 |
| derivatives in the investment book | –28,482 | –23,315 |
| financial investments at amortised cost | –275,506 | –288,112 |
| **Net interest income** | 186,507 | **192,517** |

## Risk provisions

| Euro thousand | 1-3/2011 | 1-3/2010 |
|---|---|---|
| Allocation to risk provisions | –137,095 | –195,615 |
| Release of risk provisions | 71,966 | 86,977 |
| Allocation to provisions for risk | –1,766 | –1,798 |
| Release of provisions for risks | 1,760 | 4,023 |
| Direct write-offs of loans and advances | –1,517 | –339 |
| Income from loans and advances previously written off | 280 | 170 |
| **Risk provisions** | **–66,372** | **–106,583** |

## Net fee and commission income

| Euro thousand | 1-3/2011 | 1-3/2010 |
|---|---|---|
| Fee and commission income from | 59,626 | 56,734 |
| lending operations | 15,457 | 13,560 |
| securities businesses | 15,546 | 16,816 |
| payment transactions | 14,163 | 13,160 |
| foreign exchange, foreign notes and coins transactions | 7,199 | 6,404 |
| other banking services | 7,261 | 6,794 |
| Fee and commission expenses from | –18,075 | –13,680 |
| lending operations | –7,980 | –4,876 |
| securities businesses | –3,334 | –3,219 |
| payment transactions | –1,801 | –1,395 |
| foreign exchange, foreign notes and coins transactions | –3,652 | –3,080 |
| other banking services | –1,308 | –1,109 |
| **Net fee and commission income** | **41,550** | **43,054** |

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 | 1-3/2011 | 1-3/2010 |
|---|---|---|
| Equity related transactions | 1,249 | –6,225 |
| Exchange rate related transactions | –10,625 | –1,167 |
| Interest rate related transactions | 16,723 | 9,366 |
| **Net trading income** | **7,347** | **1,974** |

## General administrative expenses

| Euro thousand | 1-3/2011 | 1-3/2010 |
|---|---|---|
| Staff expenses | –73,277 | –70,536 |
| Other administrative expenses | –58,790 | –56,699 |
| Depreciation of fixed tangible and intangible assets | –8,852 | –8,595 |
| **General administrative expenses** | **–140,918** | **–135,830** |

## Income from financial investments

| Euro thousand | 1-3/2011 | 1-3/2010 |
|---|---|---|
| **Result from financial investments at fair value through profit or loss / macro hedges** | **1,568** | **13,510** |
| Result from financial investments at fair value through profit or loss and from underlying instruments for macro hedges | 1,392 | 13,198 |
| Result from revaluation of derivatives | 175 | 313 |
| **Result from fair value hedges** | **0** | **0** |
| Result from revaluation of underlying instruments | 185,974 | –176,456 |
| Result from revaluation of derivatives | –185,974 | 176,456 |
| **Result from valuation of other derivatives in the investment book** | **2,822** | **–2,828** |
| Equity related transactions | 0 | 300 |
| Exchange rate related transactions | –285 | 115 |
| Interest rate related transactions | 10,687 | –3,562 |
| Credit related transactions | –8,679 | 365 |
| Other transactions | 1,099 | –47 |
| **Result from available for sale financial investments (including participations)** | **345** | **4,305** |
| Realised gains/losses | 531 | 4,505 |
| Impairments | –186 | –200 |
| **Result from loans & receivables financial investments** | **837** | **–3,152** |
| Realised gains/losses | 865 | 626 |
| Income from revaluation | 0 | 222 |
| Impairments | –28 | –4,000 |
| **Result from held to maturity financial investments** | **2,585** | **–1,898** |
| Realised gains/losses | 2,588 | 2,104 |
| Income from revaluation | 0 | 1 |
| Impairments | –3 | –4,003 |
| **Result from assets for operating lease and investment property assets as well as other financial investments** | **308** | **524** |
| Realised gains/losses | 314 | 524 |
| Change in value investment properties | –6 | 0 |
| **Income from financial investments** | **8,465** | **10,461** |

Since December 2010, changes in value of investment property assets were 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.

In first quarter 2010, an amount of euro 536 thousand (1-3/2010: euro 3,601 thousand) previously recognised in the available for sale reserve was reclassified and shown in the income statement.

| Euro thousand | 1-3/2011 | 1-3/2010 |
| --- | --- | --- |
| **Result from financial investments, which are measured at fair value through profit and loss** | **4,384** | **10,682** |
| Financial instruments at fair value through profit or loss | **1,392** | 13,198 |
| Other derivatives in investment book | **2,997** | –2,515 |
| Investment property assets | **–6** | 0 |
| **Result from financial investments, which are not measured at fair value through profit and loss** | **4,082** | **–221** |
| Realised gains/losses | **4,299** | 7,760 |
| Available for sale financial investments | **531** | 4,505 |
| Loans & receivables financial investments | **865** | 626 |
| Held to maturity financial investments | **2,588** | 2,104 |
| Operating lease assets and other financial investments | **314** | 524 |
| Income from revaluation | **0** | 223 |
| Loans & receivables financial investments | **0** | 222 |
| Held to maturity financial investments | **0** | 1 |
| Impairments | **–217** | –8,203 |
| Available for sale financial investments | **–186** | –200 |
| Loans & receivables financial investments | **–28** | –4,000 |
| Held to maturity financial investments | **–3** | –4,003 |
| **Income from financial investments** | **8,465** | **10,461** |

## 5) Notes to the consolidated statement of financial position

### Loans and advances to credit institutions and customers

| Euro thousand | 31 Mar 2011 | 31 Dec 2010 |
| --- | --- | --- |
| Loans and advances to credit institutions | **5,378,014** | 6,431,879 |
| Loans and advances to customers | **23,777,324** | 23,614,938 |
| **Loans and advances to credit institutions and customers** | **29,155,337** | **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 | 23,355 |
| Currency translation | 0 | 14,910 | 216 | 15,125 | 116 |
| Reclassification | 0 | 7,001 | –49 | 6,951 | 0 |
| Unwinding | 0 | –2,389 | 0 | –2,389 | 0 |
| Utilisation | 0 | –26,202 | 0 | –26,202 | –121 |
| Release | 0 | –65,594 | –21,763 | –87,357 | –381 |
| Addition | 0 | 171,873 | 24,228 | 196,102 | 486 |
| As at 31 Mar 2010 | 539 | 1,276,870 | 81,869 | 1,359,278 | 23,456 |
| | | | | | |
| **As at 1 Jan 2011** | **872** | **1,470,404** | **56,880** | **1,528,155** | **5,623** |
| Changes in the scope of consolidation | 0 | –5,623 | 0 | –5,623 | –5,623 |
| Currency translation | 0 | –7,124 | –149 | –7,273 | 0 |
| Reclassification | 0 | 2,214 | –51 | 2,163 | 0 |
| Unwinding | 0 | –3,096 | 0 | –3,096 | 0 |
| Utilisation | 0 | –48,623 | 0 | –48,623 | 0 |
| Release | 0 | –69,166 | –2,800 | –71,966 | 0 |
| Addition | 0 | 134,903 | 2,193 | 137,095 | 0 |
| **As at 31 Mar 2011** | **872** | **1,473,888** | **56,072** | **1,530,832** | 0 |

The additions include an amount of euro 14,755 thousand (1-3/2010: euro 6,447 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 658,696 thousand (31 December 2010: euro 660,866 thousand). The reclassification item reflects the regrouping of provisions.

### Trading assets

| Euro thousand | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Debt securities | 723,342 | 349,050 |
| Equity and other variable-yield securities | 61,020 | 151,655 |
| Positive fair value from derivatives | 1,397,535 | 1,662,775 |
| exchange rate related transactions | 54,525 | 44,274 |
| interest rate related transactions | 1,134,599 | 1,410,090 |
| other transactions | 208,411 | 208,411 |
| **Trading assets** | **2,181,897** | **2,163,480** |

### Financial investments

| Euro thousand | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Financial investments at fair value through profit or loss | 745,987 | 763,764 |
| Debt securities | 675,256 | 699,625 |
| Equity and other variable-yield securities | 70,731 | 64,140 |
| Financial investments available for sale | 4,741,001 | 4,655,391 |
| Debt securities | 4,480,954 | 4,391,013 |
| Equity and other variable-yield securities | 260,047 | 264,377 |
| Financial investments loans & receivables | 1,776,373 | 1,837,891 |
| Financial investments held to maturity | 1,683,319 | 1,736,721 |
| **Financial investments** | **8,946,680** | **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 | 31 Mar 2011 | 31 Dec 2010 | 1 Jul 2008 |
|---|---|---|---|
| Carrying amount | 729,074 | 773,727 | 1,140,363 |
| Fair value | 704,253 | 733,487 | 1,140,363 |
| Available for sale reserve with reclassification | –44,127 | –47,416 | –79,177 |
| Available for sale reserve without reclassification | –68,110 | –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 | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Investments in unconsolidated affiliates | 569,756 | 569,758 |
| Participating interests | 73,230 | 73,175 |
| Investments in other companies | 75,107 | 74,987 |
| **Participations** | **718,092** | **717,920** |

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

### Other assets

| Euro thousand | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Deferred items | 34,830 | 24,524 |
| Other receivables and assets | 538,547 | 202,451 |
| Positive fair value from derivatives in the investment book | 932,377 | 1,145,537 |
| **Other assets** | **1,505,755** | **1,372,512** |

### Amounts owed to credit institutions

| Euro thousand | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Central banks | 175,101 | 570,042 |
| Other credit institutions | 14,249,828 | 13,807,088 |
| **Amounts owed to credit institutions** | **14,424,929** | **14,377,129** |

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

### Amounts owed to customers

| Euro thousand | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Measured at fair value through profit or loss | 22,836 | 21,934 |
| Measured at amortised cost | 7,416,481 | 7,289,998 |
| Savings deposits | 183,048 | 125,718 |
| Other deposits | 7,233,433 | 7,164,280 |
| **Amounts owed to customers** | **7,439,317** | **7,311,931** |

Amounts owed to customers have been designated at fair value through profit or loss as the Group manages these financial liabilities on a fair value basis in accordance with its investment strategy. Internal reporting and performance measurement for these liabilities are conducted on a fair value basis.

The carrying amount of the amounts owed to customers designated at fair value through profit or loss exceeded the redemption amount at maturity by euro 619 thousand (31 December 2010: euro 84 thousand).

### Debts evidenced by certificates

| Euro thousand | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Mortgage and local authority bonds | 240,537 | 233,244 |
| Bonds | 14,999,480 | 15,888,266 |
| **Debts evidenced by certificates** | **15,240,017** | **16,121,510** |

Debts evidenced by certificates are measured at amortised cost.

### Trading liabilities

| Euro thousand | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Negative fair value from derivatives | | |
| exchange rate related transactions | 24,589 | 41,095 |
| interest rate related transactions | 908,195 | 1,203,412 |
| other transactions | 212,923 | 212,923 |
| **Trading liabilities** | **1,145,707** | **1,457,430** |

### Other liabilities

| Euro thousand | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Deferred items | 36,798 | 39,154 |
| Other liabilities | 840,651 | 495,650 |
| Negative fair value from derivatives in the investment book | 791,635 | 1,194,463 |
| **Other liabilities** | **1,669,084** | **1,729,266** |

### Subordinated liabilities

| Euro thousand | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Subordinated liabilities | 924,331 | 936,458 |
| Supplementary capital | 926,824 | 927,466 |
| **Subordinated liabilities** | **1,851,156** | **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: euro 300,000 thousand).

## 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

| Euro thousand | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Subscribed capital (less treasury stocks) | 1,839,142 | 1,839,193 |
| Open reserves (including differential amounts and non-controlling interests) | 912,696 | 983,086 |
| Funds for general banking risks | 11,188 | 10,821 |
| Intangible assets | –39,935 | –39,379 |
| Net loss | –17,201 | –101,975 |
| Core capital (tier I capital) before deductions | 2,705,890 | 2,691,746 |
| Deductions from core capital (50 % deduction pursuant to section 23 (13) Austrian Banking Act) | –61,118 | –79,112 |
| Core capital (tier I capital) after deductions | 2,644,772 | 2,612,634 |
| Supplementary capital | 382,042 | 382,080 |
| Eligible subordinated liabilities | 478,898 | 564,841 |
| Hidden reserves pursuant to section 57 (1) Austrian Banking Act | 64,006 | 64,092 |
| IRB risk provision surplus | 40,465 | 0 |
| Supplementary capital (tier II capital) before deductions | 965,411 | 1,011,013 |
| Deductions from supplementary capital (50 % deduction pursuant to section 23 (13) Austrian Banking Act) | –61,118 | –79,112 |
| Supplementary capital (tier II capital) after deductions | 904,293 | 931,901 |
| Deductions from own funds pursuant to section 103e (13) Austrian Banking Act | –23,436 | –23,385 |
| Short-term subordinated liabilities (tier III capital) | 47,975 | 41,844 |
| **Eligible qualifying capital** | **3,573,604** | **3,562,994** |
| Capital requirement | 2,182,129 | 2,230,461 |
| Surplus capital | 1,391,475 | 1,332,533 |

| | | |
|---|---|---|
| Core capital ratio (tier I) (in relation to the assessment base pursuant to section 22 Austrian Banking Act – credit risk) | 10.61 % | 10.26 % |
| Equity ratio (solvency ratio) (in relation to credit risk after deduction of capital requirements for market and operational risk) | 13.58 % | 13.24 % |
| Core capital ratio (in relation to the risks pursuant to section 22 (1) no. 1-5 Austrian Banking Act ) | 9.70 % | 9.37 % |
| Equity ratio (in relation to the risks pursuant to section 22 (1) no. 1-5 Austrian Banking Act) | 13.10 % | 12.78 % |

Open reserves include the hybrid tier I capital totalling euro 300,000 thousand (31 December 2010: 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 | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Risk-weighted assessment base pursuant to section 22 Austrian Banking Act – credit risk | **24,937,325** | 25,453,573 |
| Of which 8% minimum capital requirement for credit risk | **1,994,986** | 2,036,286 |
| Capital requirement for position risk in debt instruments, equities, foreign exchange and commodities – market risk | **47,975** | 53,595 |
| Capital requirement for operational risk | **139,168** | 140,580 |
| **Total capital requirement** | **2,182,129** | **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 are fully consolidated. 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 are considered in the scope of consolidation according to the Austrian Banking Act.

In the first quarter 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 |
|---|---|---|---|---|---|---|---|
| 31 Mar 2011 | | | | | | | |
| Liquid funds | 0 | 0 | 0 | 0 | 2,221,741 | 2,221,741 | 2,221,741 |
| Loans and advances to credit institutions | 0 | 0 | 0 | 0 | 5,378,014 | 5,378,014 | 5,377,988 |
| Loans and advances to customers | 0 | 0 | 0 | 0 | 23,777,324 | 23,777,324 | 22,126,269 |
| Trading assets | 2,181,897 | 0 | 0 | 0 | 0 | 2,181,897 | 2,181,897 |
| Financial investments | 0 | 745,987 | 1,683,319 | 4,741,001 | 1,776,373 | 8,946,680 | 8,801,986 |
| Participations | 0 | 0 | 0 | 718,092 | 0 | 718,092 | 718,092 |
| Derivatives – investment book | 932,377 | 0 | 0 | 0 | 0 | 932,377 | 932,377 |
| **Financial assets – total** | **3,114,274** | **745,987** | **1,683,319** | **5,459,093** | **33,153,452** | **44,156,124** | **42,360,350** |
| | | | | | | | |
| Amounts owed to credit institutions | 0 | 0 | 0 | 0 | 14,424,929 | 14,424,929 | 14,418,213 |
| Amounts owed to customers | 0 | 22,836 | 0 | 0 | 7,416,481 | 7,439,317 | 7,437,164 |
| Debts evidenced by certificates | 0 | 0 | 0 | 0 | 15,240,017 | 15,240,017 | 15,082,830 |
| Trading liabilities | 1,145,707 | 0 | 0 | 0 | 0 | 1,145,707 | 1,145,707 |
| Derivatives – investment book | 791,635 | 0 | 0 | 0 | 0 | 791,635 | 791,635 |
| Subordinated liabilities | 0 | 0 | 0 | 0 | 1,851,156 | 1,851,156 | 1,309,953 |
| **Financial liabilities – total** | **1,937,342** | **22,836** | **0** | **0** | **38,932,583** | **40,892,761** | **40,185,502** |

| 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 | 1,982,446 | 1,982,446 | 1,982,446 |
| Loans and advances to credit institutions | 0 | 0 | 0 | 0 | 6,431,879 | 6,431,879 | 6,431,877 |
| Loans and advances to customers | 0 | 0 | 0 | 0 | 23,614,938 | 23,614,938 | 21,984,658 |
| Trading assets | 2,163,480 | 0 | 0 | 0 | 0 | 2,163,480 | 2,163,480 |
| Financial investments | 0 | 763,764 | 1,736,721 | 4,655,391 | 1,837,891 | 8,993,767 | 8,805,721 |
| Participations | 0 | 0 | 0 | 717,920 | 0 | 717,920 | 717,920 |
| Derivatives – investment book | 1,145,537 | 0 | 0 | 0 | 0 | 1,145,537 | 1,145,537 |
| **Financial assets – total** | **3,309,017** | **763,764** | **1,736,721** | **5,373,311** | **33,867,154** | **45,049,967** | **43,231,639** |
| Financial assets of the disposal group | 1,285 | 5 | 0 | 20,127 | 168,271 | 189,689 | 184,066 |
| | | | | | | | |
| Amounts owed to credit institutions | 0 | 0 | 0 | 0 | 14,377,129 | 14,377,129 | 14,372,766 |
| Amounts owed to customers | 0 | 21,934 | 0 | 0 | 7,289,998 | 7,311,931 | 7,310,305 |
| Debts evidenced by certificates | 0 | 0 | 0 | 0 | 16,121,510 | 16,121,510 | 15,782,581 |
| Trading liabilities | 1,457,430 | 0 | 0 | 0 | 0 | 1,457,430 | 1,457,430 |
| Derivatives – investment book | 1,194,463 | 0 | 0 | 0 | 0 | 1,194,463 | 1,194,463 |
| Subordinated liabilities | 0 | 0 | 0 | 0 | 1,863,924 | 1,863,924 | 1,325,627 |
| **Financial liabilities – total** | **2,651,893** | **21,934** | **0** | **0** | **39,652,562** | **42,326,388** | **41,443,172** |
| Financial liabilities of the disposal group | 1,607 | 0 | 0 | 0 | 1,153,060 | 1,154,667 | 1,154,667 |

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 |
|---|---|---|---|
| **31 Mar 2011** | | | |
| **Financial assets** | | | |
| Trading assets | 590,473 | 1,591,423 | 2,181,897 |
| Financial investments | 4,162,146 | 1,324,842 | 5,486,988 |
| at fair value through profit or loss | 543,002 | 202,984 | 745,987 |
| available for sale | 3,619,143 | 1,121,858 | 4,741,001 |
| Derivatives – investment book | 0 | 932,377 | 932,377 |
| **Total** | **4,752,619** | **3,848,643** | **8,601,262** |
| | | | |
| **Financial liabilities** | | | |
| Amounts owed to customers | 0 | 21,930 | 21,930 |
| Trading liabilities | 0 | 1,145,707 | 1,145,707 |
| Derivatives – investment book | 0 | 791,635 | 791,635 |
| **Total** | **0** | **1,959,271** | **1,959,271** |
| | | | |
| **31 Dec 2010** | | | |
| **Financial assets** | | | |
| Trading assets | 366,793 | 1,796,687 | 2,163,480 |
| Financial investments | 4,554,242 | 864,913 | 5,419,155 |
| at fair value through profit or loss | 635,594 | 128,170 | 763,764 |
| available for sale | 3,918,648 | 736,743 | 4,655,391 |
| Derivatives – investment book | 0 | 1,145,537 | 1,145,537 |
| **Total** | **4,921,035** | **3,807,136** | **8,728,171** |
| Financial assets of the disposal group | 5 | 1,285 | 1,290 |
| | | | |
| **Financial liabilities** | | | |
| Amounts owed to customers | 0 | 21,934 | 21,934 |
| Trading liabilities | 0 | 1,457,430 | 1,457,430 |
| Derivatives – investment book | 0 | 1,194,463 | 1,194,463 |
| **Total** | **0** | **2,673,826** | **2,673,826** |
| Financial liabilities of the disposal group | 0 | 1,607 | 1,607 |

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 | |
|---|---|---|---|---|
| | 1-3/2011 | 1-3/2010 | 31 Mar 2011 | 31 Dec 2010 |
| Domestic | 1,406 | 1,529 | 1,404 | 1,443 |
| Foreign | 6,066 | 6,354 | 6,054 | 6,185 |
| Number of staff – total | 7,472 | 7,883 | 7,458 | 7,628 |

The number of staff employed in disposal groups is as follows

| | Average number of staff | | Number of staff at end of period | |
|---|---|---|---|---|
| | 1-3/2011 | 1-3/2010 | 31 Mar 2011 | 31 Dec 2010 |
| Real Estate disposal group | | | | |
| Domestic | 0 | 33 | 0 | 27 |
| Foreign | 0 | 81 | 0 | 70 |
| Number of staff Real Estate disposal group | 0 | 114 | 0 | 97 |
| | | | | |
| Retail disposal group | | | | |
| Domestic | 0 | 74 | 0 | 0 |
| Number of staff disposal group – total | 0 | 188 | 0 | 97 |

## 9) Sales outlets

| | 31 Mar 2011 | 31 Dec 2010 |
|---|---|---|
| Domestic | 1 | 1 |
| Foreign | 486 | 548 |
| Total | 487 | 549 |

## 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 | | | | | | | |
| **1-3/2011** | **31,109** | **134,245** | **20,201** | **8,363** | **–6,564** | **–846** | **186,507** |
| 1-3/2010 | 29,673 | 136,977 | 17,811 | 11,933 | –7,863 | 3,986 | 192,517 |
| Risk provisions | | | | | | | |
| **1-3/2011** | **–10,768** | **–49,529** | **–8,017** | **0** | **1,942** | **0** | **–66,372** |
| 1-3/2010 | –31,372 | –66,774 | –3,915 | 359 | –4,881 | 0 | –106,583 |
| Net fee and commission income | | | | | | | |
| **1-3/2011** | **3,988** | **20,662** | **1,702** | **14,711** | **4,719** | **–4,231** | **41,550** |
| 1-3/2010 | 2,048 | 20,246 | 563 | 15,435 | 7,812 | –3,050 | 43,054 |
| Net trading income | | | | | | | |
| **1-3/2011** | **444** | **–10,683** | **3,859** | **17,340** | **–3,611** | **0** | **7,347** |
| 1-3/2010 | 457 | –1,170 | –2,176 | 6,840 | 2,639 | –4,616 | 1,974 |
| General administrative expenses | | | | | | | |
| **1-3/2011** | **–17,945** | **–89,980** | **–10,325** | **–12,884** | **–15,980** | **6,195** | **–140,918** |
| 1-3/2010 | –17,549 | –86,384 | –8,219 | –11,527 | –17,060 | 4,907 | –135,830 |
| Other operating result | | | | | | | |
| **1-3/2011** | **51** | **164** | **7,855** | **18** | **–2,968** | **–1,118** | **4,002** |
| 1-3/2010 | 144 | 4,793 | 882 | –58 | 3,675 | –1,229 | 8,207 |
| *Of which impairment of goodwill* | | | | | | | |
| ***1-3/2011*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |
| *1-3/2010* | *0* | *0* | *–461* | *0* | *0* | *0* | *–461* |
| Income from financial investments | | | | | | | |
| **1-3/2011** | **339** | **988** | **–8** | **17** | **7,129** | **0** | **8,465** |
| 1-3/2010 | 1,817 | 1,858 | 904 | –190 | 6,073 | 0 | 10,461 |
| Income from the disposal group | | | | | | | |
| **1-3/2011** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| 1-3/2010 | 0 | 0 | 7,432 | 0 | 353 | 0 | 7,785 |
| **Result for the period before taxes** | | | | | | | |
| **1-3/2011** | **7,217** | **5,867** | **15,267** | **27,565** | **–15,333** | **0** | **40,582** |
| **1-3/2010** | **–14,783** | **9,546** | **13,282** | **22,792** | **–9,251** | **0** | **21,586** |
| Income taxes including taxes of disposal group | | | | | | | |
| **1-3/2011** | **–370** | **–2,139** | **71** | **–6,891** | **4,208** | **0** | **–5,121** |
| 1-3/2010 | 4,761 | –2,198 | –772 | –5,698 | 2,286 | 0 | –1,621 |
| **Result for the period after taxes** | | | | | | | |
| **1-3/2011** | **6,847** | **3,728** | **15,338** | **20,673** | **–11,125** | **0** | **35,461** |
| **1-3/2010** | **–10,022** | **7,348** | **12,510** | **17,094** | **–6,965** | **0** | **19,965** |
| Total assets | | | | | | | |
| **31 Mar 2011** | **7,225,311** | **16,652,159** | **4,638,853** | **2,739,400** | **30,306,349** | **–17,490,289** | **44,071,783** |
| 31 Dec 2010 | 7,393,338 | 16,511,555 | 6,558,529 | 2,881,483 | 31,055,871 | –17,935,932 | 46,464,844 |
| Loans and advances to customers | | | | | | | |
| **31 Mar 2011** | **6,369,047** | **12,584,229** | **4,216,607** | **0** | **2,266,722** | **–1,659,282** | **23,777,324** |
| 31 Dec 2010 | 6,524,877 | 12,661,008 | 4,265,806 | 0 | 2,081,484 | –1,918,238 | 23,614,938 |
| Amounts owed to customers | | | | | | | |
| **31 Mar 2011** | **559,506** | **4,946,091** | **192,604** | **1,340,980** | **523,560** | **–123,424** | **7,439,317** |
| 31 Dec 2010 | 828,408 | 4,890,608 | 125,025 | 1,329,611 | 384,061 | –245,781 | 7,311,931 |
| Debts evidenced by certificates including subordinated liabilities | | | | | | | |
| **31 Mar 2011** | **1,810,785** | **424,107** | **1,175,300** | **0** | **17,212,992** | **–3,532,012** | **17,091,172** |
| 31 Dec 2010 | 848,846 | 416,225 | 245,964 | 0 | 19,898,689 | –3,424,289 | 17,985,435 |

### Segment reporting by regional markets

| Euro thousand | Austria | Central and Eastern Europe | Other Markets | Total |
|---|---|---|---|---|
| Net interest income | | | | |
| **1-3/2011** | **35,009** | **132,431** | **19,067** | **186,507** |
| 1-3/2010 | 39,405 | 133,489 | 19,623 | 192,517 |
| Risk provisions | | | | |
| **1-3/2011** | **–13,492** | **–48,367** | **–4,513** | **–66,372** |
| 1-3/2010 | –40,899 | –64,939 | –745 | –106,583 |
| Net fee and commission income | | | | |
| **1-3/2011** | **20,179** | **20,576** | **796** | **41,550** |
| 1-3/2010 | 21,857 | 20,274 | 923 | 43,054 |
| Net trading income | | | | |
| **1-3/2011** | **15,660** | **–8,540** | **227** | **7,347** |
| 1-3/2010 | 5,873 | –3,720 | –179 | 1,974 |
| General administrative expenses | | | | |
| **1-3/2011** | **–47,148** | **–87,210** | **–6,560** | **–140,918** |
| 1-3/2010 | –46,089 | –83,289 | –6,452 | –135,830 |
| Other operating result | | | | |
| **1-3/2011** | **–3,481** | **7,416** | **67** | **4,002** |
| 1-3/2010 | 4,171 | 3,982 | 54 | 8,207 |
| Income from financial investments | | | | |
| **1-3/2011** | **7,915** | **1,576** | **–1,025** | **8,465** |
| 1-3/2010 | 4,594 | 3,308 | 2,559 | 10,461 |
| Income from the disposal group | | | | |
| **1-3/2011** | **0** | **0** | **0** | **0** |
| 1-3/2010 | –791 | 7,754 | 822 | 7,785 |
| **Result for the period before taxes** | | | | |
| **1-3/2011** | **14,642** | **17,881** | **8,059** | **40,582** |
| **1-3/2010** | **–11,879** | **16,860** | **16,605** | **21,586** |

## 11) Quarterly financial data

| Euro thousand | 1-3/2011 | 10-12/2010 | 7-9/2010 | 4-6/2010 | 1-3/2010 |
|---|---|---|---|---|---|
| Net interest income | 186,507 | 192,070 | 186,948 | 204,723 | 192,517 |
| Risk provision | –66,372 | –78,496 | –92,054 | –87,174 | –106,583 |
| Net fee and commission income | 41,550 | 40,747 | 38,721 | 44,384 | 43,054 |
| Net trading income | 7,347 | 6,918 | 1,713 | 29,050 | 1,974 |
| General administrative expenses | –140,918 | –136,596 | –132,952 | –145,748 | –135,830 |
| Other operating result | 4,002 | –26,302 | –1,036 | –2,461 | 8,207 |
| Income from financial investments | 8,465 | 32,200 | 16,721 | –16,594 | 10,461 |
| Income from the disposal group | 0 | –12,637 | 9,848 | –2,753 | 7,785 |
| **Result for the period before taxes** | **40,582** | **17,903** | **27,909** | **23,427** | **21,586** |
| Income taxes | –5,121 | –19,502 | –2,096 | –6,100 | –3,311 |
| Income taxes of the disposal group | 0 | 1,452 | –3,577 | –2,897 | 1,690 |
| **Result for the period after taxes** | **35,461** | **–147** | **22,236** | **14,430** | **19,965** |
| | | | | | |
| **Result attributable to shareholders of the parent company** | **31,579** | **26,217** | **14,605** | **7,228** | **7,371** |
| Result attributable to non-controlling interest | 3,882 | –26,364 | 7,631 | 7,202 | 12,594 |

# 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 three months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining nine months of the financial year.

Vienna, 26 May 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