ONLY THOSE WHO ADJUST THEIR PERSPECTIVE WILL SEE OPPORTUNITY IN THE CRISES.

INTERIM REPORT 1ST QUARTER

VOLKSBANK AG

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Key figures of Volksbank AG

in euro million	31 Mar 2009	31 Dec 2008	31 Dec 2007
Statement of financial position [1]			
Total assets	**54,026**	**52,924**	**78,641**
Loans and advances to customers	28,613	28,818	24,764
Amounts owed to customers	11,387	11,829	10,191
Debts evidenced by certificates	17,211	15,213	13,436
Subordinated liabilities	1,974	2,014	1,457
Own funds			
Core capital (tier I) after deductions	2,304	2,515	2,767
Supplementary capital (tier II, tier III) after deductions	781	909	1,491
Eligible qualifying capital	3,085	3,424	4,258
Assessment base credit risk	31,365	33,263	38,502
Capital requirement market risk	38	42	58
Capital requirement operational risk	138	114	0
Surplus capital	400	606	1,120
Core capital ratio in % [2]	**7.4**	**7.6**	**7.2**
Equity ratio in % [3]	**9.3**	**9.8**	**10.9**

Income statement [1]	**1-3/2009**	**1-3/2008**	**1-3/2007**
Net interest income	166.4	200.1	155.2
Risk provisions	–114.6	–33.9	–18.6
Net fee and commission income	39.9	49.5	33.8
Net trading income	26.8	28.0	18.0
General administrative expenses	–162.0	–160.6	–124.9
Other operating result	3.8	1.0	7.4
Income from financial investments	–53.7	5.4	0.4
Income from the disposal group	0.0	19.5	27.2
Result before taxes	**–93.4**	**109.1**	**98.6**
Income taxes	15.5	–13.3	–8.1
Result after taxes	**–77.8**	**95.9**	**90.5**
Minority interest	–8.0	–32.8	–33.5
Consolidated net income	**–85.8**	**63.1**	**57.0**
Key ratios [4]			
Cost-income-ratio	73.8 %	56.5 %	58.0 %
ROE before taxes	–17.6 %	14.2 %	12.2 %
ROE after taxes	–14.7 %	12.7 %	11.2 %
ROE consolidated net income	–30.0 %	14.6 %	12.7 %
ROE before taxes (regulatory)	–14.4 %	13.9 %	14.2 %
Ressources [1]			
Staff average	8,827	8,242	6,231
of which domestic	2,075	1,968	1,780
of which foreign	6,752	6,274	4,451

	31 Mar 2009	**31 Dec 2008**	**31 Dec 2007**
Staff at end of period	8,775	8,926	8,055
of which domestic	2,073	2,080	1,938
of which foreign	6,702	6,846	6,117
Number of sales outlets	650	660	595
of which domestic	49	50	49
of which foreign	601	610	546

[1] The comparative figures of 2007 und 2008 were restated by disposal group in line with IFRS 5.
[2] In relation to credit risk.
[3] In relation to credit risk after deduction of capital requirement for market and operational risk.
[4] The cost-income-ratio was calculated without taking into account impairment of financial investments.
All ROE were displayed without including the disposal group

MANAGEMENT REPORT

Economic development in the first quarter of 2009

The first months of the current year were characterised by weak industrial activity, rising unemployment and falling rates of inflation around the world. According to an estimate by the Bureau of Economic Analysis (BEA), in the first quarter of 2009 the US economy shrank quarter-on-quarter at an annualised rate of –6.1 %, following a revised rate of –6.3 % in the last quarter of 2008. According to the BEA, the decline in economic performance was chiefly attributable to falls in exports, reductions in inventories and decreasing investments in machinery and equipment and housing construction. By contrast, private consumption made a positive contribution to economic output.

In the euro zone and in Austria, the slump in GDP accelerated in the first quarter. Eurostat's estimate of –2.5 % (Austria: –2.8 %) for a single quarter corresponds to a double-digit rate of decline when projected for the year as a whole. Compared to the first quarter of 2008, economic output in the euro zone contracted by 4.6 %, while that of Austria shrank by 2.9 %. In Austria, the number of insolvency proceedings initiated in the first three months of 2009 was by 22 % higher than in the same period of 2008. The reverse trend was observed in industrial production, which, despite undergoing a somewhat slower decline than in the euro zone, was very weak at an annual rate of –15 %. The rate of inflation in both Austria and the euro zone fell to 0.6 % in the course of the first quarter and remained at a low level at the beginning of the second quarter. The savings ratio of private households increased from 14.1 % to 15.1 % of disposable income in the fourth quarter of 2008. Accordingly, retail revenues were weak in both the last quarter of 2008 and the first quarter of 2009.

Economic development in the Central and Southeast European states was affected by the downturn in international industrial activity at the end of last year. In this region, too, industrial production in the first quarter of 2009 was around 20 % lower than in the comparable quarter of 2008.

On the financial markets, the first quarter was initially characterised by further share price losses and increased risk premiums on bond yields and most recently by currencies depreciation in Central and Southeast Europe. At the end of February, the ATX was below 1,500 points. According to the JP Morgan Bond Spread Index, the premiums on long-term non-government bonds with investment grade ratings increased to well over 300 basis points against German government bonds. For a short time at mid-quarter, the Czech crown stood at CZK 30 to the euro. Towards the end of the quarter the European Central Bank cut its main refinancing rate by 100 basis points to 1.5 %, subsequently cutting it by a further 50 basis points. Following in the footsteps of Ukraine, Hungary and Serbia, which had already received international support in 2008 in order to meet their funding requirements, Poland also received support from the International Monetary Fund in the first quarter. Romania began discussions with the IMF which were concluded in the second quarter. Towards the end of the first quarter and during the first weeks of the second quarter, a sharp correction occurred in the financial markets – share prices staged a strong recovery, risk premiums fell slightly and the Central and Eastern European currencies partially made up for the depreciation at the beginning of the year. The difference in yields between Austrian and German government bonds also decreased again, although it remained higher than usual.

Business development in the first quarter of 2009

Results in detail

The underlying macroeconomic conditions and developments on the financial markets in the past few months were reflected in VBAG Group's results to some extent. In the first quarter, VBAG placed significant emphasis on the provision of liquidity. In addition to its usual funding activities, it signed agreements with the Republic of Austria concerning government-guaranteed issues. In order to strengthen the equity ratio, it agreed to issue participation capital to the Republic of Austria and thus succeeded in securing VBAG Group's capital and liquidity position for the long term.

However, the recent bad news about Austria's financial standing has led to a substantial increase in the cost of issues. The measures outlined for securing liquidity are therefore to the detriment of net interest income. Net interest income amounted to euro 166 million and is thus euro 34 million below the figure of the same period of the previous year. In the Corporate business within Austria, we are currently noting a slowdown in the demand for loans, as many companies are endeavouring to revise their liquidity and investment planning in light of the unsettled conditions in the fourth quarter of 2008 and deteriorating economic forecasts. Investment loans that have already been granted are being delayed or are no longer being fully utilised. For this reason, net interest income in the Corporates and Real Estate segments was euro 20 million below that of the comparable quarter of the previous year. The Retail business is proving to be a stabilising factor in this environment. The Retail segment reported growth of euro 31 million – euro 24 million of which was attributable to the banks in CEE – compared to the previous year, offsetting the decline in corporate and real estate finance.

Net fee and commission income and net trading income held stable compared to the preceding months. However, it declined by euro 11 million compared to the previous year, amounting to euro 67 million in the period under review. The excellent results achieved by the securities business in the first quarter of 2008 were not repeated. In this area, we recorded a decrease of euro 6 million compared to the previous year.

At euro 162 million, general administrative expenses remained at almost the same level as in the previous year, although, compared to the individual quarters of the previous year, the trend towards cost reduction continued, primarily in the area of operating expenditure. The number of employees in Austria remained stable at just over 2,070. Outside Austria, the branch network was optimised, in particular in Ukraine. The decline in employee numbers outside Austria from 6,850 to 6,700 is chiefly attributable to Ukraine. Overall, 8,775 employees now serve VBAG Group's customers in 650 sales outlets in and outside Austria.

The impact of the financial crisis on the real economy is reflected in risk provisions for the lending business. Risk provisions were increased to euro 115 million, after totalling euro 34 million in the same period of the previous year. The most significant rise was in the Corporates segment, where risk provisions amounted to euro 39 million, and at the CEE banks, which had provisions of euro 37 million.

Income from financial investments fell to euro –54 million, with write-downs of euro 34 million recognised in the structured credit portfolio. This was attributable to the sharp rise in the probability of default and the increasing number of non-performing loans in many securitisation portfolios.

This led to a result for the period before taxes of euro –93 million in the first quarter of 2009.

Balance sheet and own funds

As at 31 March 2009, total assets amounted to euro 54 billion, representing a rise of 2.1 % (euro 1.1 billion) compared with 31 December 2008.

In the first quarter, a fall in demand for loans was recorded in virtually all the countries in which VBAG Group is represented. This relates both to demand for corporate loans and demand for consumer and mortgage loans. Two measures for reducing risk were initiated within VBAG Group itself in the last few months. Firstly, VBAG Group strongly restricted the granting of new loans in foreign currencies in order to counteract the risk of depreciation in the local currencies concerned. Secondly, with respect to project finance, real estate financing was reduced to counter the risk of negative changes in value on the real estate market. Loans and advances to customers have thus fallen by euro 200 million since the end of the previous year due to scheduled repayments and a low level of new business and amounted to euro 28.6 billion.

Despite the difficult market conditions, total primary deposits (amounts owed to customers, debts evidenced by certificates and subordinated liabilities) was up by euro 1.5 billion in the first quarter. Government-guaranteed issues amounting to euro 2 billion were implemented in order to safeguard liquidity, raising debts evidenced by certificates to euro 17.2 billion.

At 31 March 2009, VBAG Group had eligible own funds of euro 3.1 billion. The decrease since the end of the previous year largely results from negative currency effects in the CEE countries. The Tier I ratio (ratio of core capital to the assessment base for credit risk) was nevertheless 7.4 %. After deductions of capital requirement for market and operational risk, the equity ratio stood at 9.3 %. The issue of euro 1 billion of participation capital subscribed by the government (the issue took place on 7 April 2009) will cause the ratios (tier I ratio and equity ratio) to increase by over 3 % points respectively.

Expected developments

Economic leading indicators recently showed a certain amount of stabilisation. Combined with reduced inventories and the government investment programmes that are underway, this indicates that quarterly growth rates in the relevant national economies will improve as the year progresses. Slightly positive growth rates are expected for next year. Taking the 2009 financial year as a whole, GDP in all countries is expected to decline compared to the previous year. In some countries – particularly in Southeast Europe – it could be possible that the downturn is some extent counterbalanced by improving current account balances. While links with the Central and Southeast European countries and their substantial potential for recovery should become a driver of growth again in Austria over the long term, in the current year Austria's domestic economy should perform approximately in line with the monetary union average.

Inflation rates have fallen sharply in the last few months. Based solely on basis effects from the substantial price increases of the previous year, which were driven in particular by the price of oil and commodities, this trend should continue into the autumn. A gradual rise in inflation rates is subsequently to be expected. While long-term interest rates tend to climb, short-term interest rates should hardly change during the course of the year. Depending on economic developments, default rates and risk premiums should remain high, while overall conditions remain strained.

The Managing Board expects the financial crisis to have further repercussions on the real economy in 2009. However, thanks to its solid capital base and sufficient liquid funds, VBAG has the means for positive business development.

SEGMENT CORPORATES

The segment Corporates consists of Investkredit Bank AG, Investkredit Investmentbank AG, Investkredit International Bank p.l.c., Invest Mezzanine Capital Management GmbH and other fully consolidated companies.

In the first quarter, the focus of the Corporates segment was on a strategic realignment: traditional relationship management and reduced corporate finance activities in the German-speaking countries are the basis of the business model. Both the cooperation with the Volksbanks in syndicated business and the focus on medium-sized Austrian companies were strengthened further. The main product areas are the lending business, debt capital markets and special finance, structured international and export finance, subsidised lending, cash management, treasury sales, corporate finance (private equity, M&A consulting in Austria and Germany) and project finance. In Frankfurt, the Bank concentrates on niches in the corporate finance business.

Net interest income from the Corporates segment fell – in line with aggregate income – due to the reduction in new business. In the first quarter of 2009 credit risk provisions in an amount of euro –38.8 million were recognised – in contrast to the net release of provisions in the first quarter of 2008. General administrative expenses declined by euro 1.2 million to euro –18 million as a result of the cost saving measures introduced. Income from financial investments was affected by lower market values in the securities portfolio. This had a significant negative impact on the result before taxes, which amounted to euro –36 million.

In the first quarter of 2009, the lending business was affected by the financial and economic crisis. The impact of the crisis on the real economy became evident through the decline in orders and sales experienced by many corporate customers in different sectors. The economic situation is strained and forecasts are difficult. Therefore, companies are currently focusing on liquidity management and planning their working capital requirements. Investkredit supports its corporate customers in coping with those challenges while continuing to concentrate on the quality of its loan portfolio. High liquidity costs and dramatically increasing risk costs are putting additional pressure on margins. Companies' increasing reluctance to invest is taking its toll on new business.

The international financial crisis poses new challenges to the trade finance business. Rapid adjustments of the business model are necessary in order to cope with the new business environment. The result is a stronger focus on Austrian customers. At present, Investkredit's primary objective is to advise corporate customers on subsidised funding opportunities and on possible risk reduction via receivables insurance or export guarantees. As a trustee of the development agencies, Investkredit is registering an increased work load in the administration of existing subsidised loans due to changes in investment plans and payment schedules. The country strategies for Turkey and Russia and for the countries in which the Group is present have been adapted to the current developments in the financial markets. In the area of export finance a new settlement system has been installed which is also suitable for the domestic guarantee business.

Despite the difficult market environment, the cash management business concluded the first quarter with a positive result. Terms and conditions for payment transactions were revised and the cash pooling system was expanded to incorporate additional product features.

In the area of corporate finance in Austria and Germany, the market was characterised by the cautious investment behaviour of private equity funds, although it is expected that the number of transactions will increase again in the second half of the year.

Outlook

In the future, corporate lending will put a focus on advising customers on the possibilities of hedging risk through government agencies and on funding investment projects by means of subsidised loans. Financing advice will emphasise two areas: with regard to liquidity, the focus is on optimising the use of funding opportunities for corporate customers provided by OeKB (Oesterreichische Kontrollbank AG), the EIB (European Investment Bank) and KfW (KfW Bankengruppe). The second area of focus is on supporting corporate customers in the management of existing subsidy programmes and new programmes developed as a result of the financial crisis. This will enable corporate customers to calculate their financing costs reliably and to secure subsidised medium to long-term financing.

Overall, it is expected that in the segment Corporates growth in the loan portfolio will decrease and the requirement for risk provisions will rise substantially in the final year of 2009. Activities will concentrate primarily on managing the quality of lending in terms of risk, return and structure.

SEGMENT RETAIL

Volksbank AG serves its customers in the Retail segment through an extensive banking network, both within and outside Austria. Volksbank Wien, Volksbank Linz+Mühlviertel, Bank für Ärzte und freie Berufe and IMMO-BANK operate in Austria. VBAG Group is represented in nine CEE countries by both Volksbank International and VB LEASING International.

Volksbank Wien AG

Despite the difficult economic conditions, Volksbank Wien had a successful first quarter in 2009. The volume of savings deposits could be increased and loans and advances to customers remained stable. However, the operating result did not meet expectations due to interest rate changes.

There was very strong demand for the Kombisparen and Sprungsparbuch savings products in the first quarter of 2009. These two products generated a volume of euro 53.4 million.

Sales of medium-term notes issued in February with interest fixed at 3 % p.a. for two years totalled euro 5 million.

With a focus on the target group of small and medium-sized enterprises, Volksbank Wien implemented specific activities aimed at maintaining a high level of customer satisfaction. In addition to providing individual service and regularly sending out information, these activities centred on participation in the bank action week for SMEs and invitations to subject-specific events.

A cooperation with Teambank (a subsidiary of DZ Bank) in the area of consumer loans of up to euro 50,000 was agreed in March. Implementation of the initial marketing activities commenced in April.

Families are an important target group. For this reason, Volksbank Wien has set itself the task of addressing children through a wide variety of activities.

For example, its cooperation with the Natural History Museum involving the "poisonous animals and animal poison" exhibition in the Schottentor branch will continue in 2009.

The presence of Volksbank Wien at the Bauen & Energie trade fair met with great approval among the visitors thanks to the housing construction experts on the stand. Information and advisory evenings at the branches rounded off the programme of events.

Volksbank Linz+Mühlviertel reg. GenmbH

Volksbank Linz+Mühlviertel was also affected by the economic crisis. The impact of the crisis was evident in the areas of lending and asset management. Certain industry developments relevant to risk were also identified. In the area of savings, interest rate developments on the money market led to higher interest expenses than planned. In the securities business, targets were reached thanks to a number of large transactions.

Customer deposits amounted to around euro 304 million and total assets increased to around euro 400 million.

It was necessary to adjust existing terms due to the economic situation. The price adjustments focused on the area of loans, where margins underwent critical monitoring taking into consideration risk costs. Services (payment transactions, commissions) were also placed under close scrutiny.

A project aimed at reducing costs was initiated in the first quarter. The objective is now to implement measures for realising the savings potential identified.

With regard to customer service, the emphasis was on addressing customers on an individual basis to meet the large requirement for information.

Bank für Ärzte und Freie Berufe AG

The first quarter of 2009 was very successful for Bank für Ärzte und Freie Berufe AG. Total assets amounted to euro 908 million as at the reporting date of 31 March 2009. The result for the period after taxes also developed positively, amounting to euro 1.3 million. The encouraging growth in the number of new customers continued successfully in the first quarter. Once again, the main driver of growth was the rise in customer deposits.

Various organisational measures aimed at further increasing customer satisfaction and enhancing the quality of services and advice were implemented in the reporting period.

Further progress was made in this respect with the establishment of a service division at the Vienna headquarters. The customer events that we host on various topics (e.g. the crisis on the financial markets or preparation for audits) and our practice management seminars are enjoying growing popularity and demand.

IMMO-BANK AG

Following its success in the 2008 financial year, IMMO-BANK AG's business continued to progress positively in the first quarter of 2009.

As the housing construction bank of the Volksbank-Sector, the specialist bank further consolidated its market position despite the difficult market environment, posting pleasing results.

IMMO-BANK AG's result for the period before taxes was in line with expectations, totalling euro 2.5 million in the period under review. Loans and advances to customers showed a positive development, amounting to euro 933 million at the end of the first quarter of 2009.

IMMO-BANK AG has been issuing tax-exempt mortgage bonds in the form of convertible bonds since 1993. In the period under review, the issue volume reached euro 20 million. The issue of such convertible bonds is of importance to the housing market. The capital invested in this way, mostly by private individuals, forms a substantial basis for the attractive range of IMMO-BANK loan products.

IMMO-BANK AG's success in the market is due firstly to the subject-specific expertise of its employees. Specialised knowledge on banking or subsidised lending is as much a precondition as knowledge of the law governing tenancy and home ownership and experience in project- or construction-specific matters.

In addition, the flat organisational structure of the bank is an important success factor, making speedy decisions and thus prompt availability of capital for borrowers possible.

The current sales campaign targeting at building management companies as well as private and institutional investors is set to provide additional impetus. Special payment transaction systems and customised service and financing products will create the ideal conditions for intensifying business with existing business contacts and recruiting new partners.

IMMO-BANK AG also looks forward to additional business from the joint marketing campaign with associations in the area of residential property.

Volksbank International AG

The Austrian Volksbanks commenced operations in Central and Eastern Europe 18 years ago by founding a subsidiary bank in Slovakia.

Today, Volksbank International AG (VBI), domiciled in Vienna, manages a network of 10 VBI banks in the following nine CEE countries: Slovakia, the Czech Republic, Hungary, Slovenia, Croatia, Romania, Bosnia and Herzegovina, Serbia and Ukraine. The Group has around 600 sales outlets and employed a total of 5,724 staff in the first quarter of 2009.

VBAG is the majority shareholder in VBI with a 51 % interest. Since 2004, the German cooperative banks DZ BANK AG and WGZ BANK AG and the French Banque Fédérale des Banques Populaires have each held a 24.5 % interest in VBI as well.

VBI key data

Despite the impact of the economic crisis and the significant increase in risk provisions, VBI Group generated a pleasing result before taxes in the first quarter of 2009.

Total assets of the VBI Group remained stable and amounted to euro 14.3 billion. The lending volume (euro 9.7 billion) and the volume of primary deposits (euro 4.9 billion) were also constant compared to 31 December 2008.

Retail business

The Retail business made a successful start in 2009. Interest, fee and commission income of the VBI banks soared by 25.6 % to euro 68.6 million.

This encouraging development is chiefly attributable to a qualitative management of the loan portfolio, which led to substantial margin increases, a reduction in the foreign currency share and further expansion of the existing collateralisation ratio.

With regard to the deposit business, VBI is expanding its internet operations. Volksbank Slovenia acquired over 2,000 new customers with a deposit volume of euro 50 million – in the Retail and Corporate business – with a deposit product marketed exclusively via the internet. Volksbank Romania was voted the country's best online bank.

Corporate business

Income from the Corporate business developed well in the first quarter of 2009, although the difficult economic environment was reflected in a significant increase of impairments.

Gross earnings from the lending and commission business climbed by 10.3 % year-on-year to euro 34.8 million. This rise is chiefly attributable to higher margins in the lending business, while income from cross-selling remained stable.

The introduction of the euro in Slovakia at the start of the year caused income from foreign payment transactions and currency conversion to decline.

VB-Leasing International Holding GmbH

VB LEASING International is one of the most successful equipment leasing providers in Central and Eastern Europe. VB-Leasing International Holding GmbH, headquartered in Vienna, currently has its own subsidiaries in Poland, the Czech Republic, Slovakia, Slovenia, Croatia, Bosnia and Herzegovina, Serbia and Romania, as well as an investment in the Hungarian market leader Lombard Lizing.

VB LEASING offers financing solutions in three fields of business: Car Lease and Services, Construction and Transport as well as Machinery. Its professional equipment expertise and presence in the local markets of Central and Eastern Europe enable VB LEASING to meet customers' requirements for both finance leases and operating leases.

In the first quarter of 2009, VB LEASING continued on its path of long-term growth. Although there was a decline in new business due to the global economic crisis, the effects of this were mitigated by profitable business units and low administrative expenses. In the first three months of the year, the volume of new business at VB LEASING totalled around euro 203 million, the largest shares of which were attributable to the Polish company at over euro 55 million and the Czech company at around euro 51 million.

Outlook

Volksbank Wien's primary objective continues to be strengthening its market position. For this reason, the campaign relating to advisory services will be pursued further in order to offer customers the best possible service. Internal and external training takes place on an ongoing basis to enhance the subject-specific and social competencies of the employees, thus ensuring the quality of advisory services in the future.

Volksbank Wien looks forward to opening a new representative branch at Operngasse 8, 1010 Vienna, in autumn 2009.

Current economic developments make long-term planning difficult. Optimising cost structures and ensuring the necessary sensitivity in the area of credit risk take priority. Volksbank Linz+Mühlviertel plans to continue to meet customers' requirements and to make the necessary liquidity available.

In 2009, the sales activities of Ärztebank will centre on expanding asset management services and on launching new products for founders of new businesses and established medical practitioners. Marketing activities will continue to concentrate on the perception of Ärztebank as a financial planner and partner in challenging times.

Based on its degree of specialisation, its clear positioning as the housing construction bank in the Volksbank-Sector as well as its high level of commitment to efficiency, IMMO-BANK AG is confident that it will be able to implement the business objectives planned for 2009.

In 2009, VBI Group will further consolidate its existing network and is optimistic for the future despite the impact of the economic crisis.

From a strategic perspective, VB LEASING will concentrate on expanding existing solid vendor relationships and will continue to pursue its operating expenditure management policy rigorously.

SEGMENT REAL ESTATE

This segment encompasses the real estate loan financing operations of Investkredit, the leasing financing operations of Immoconsult, the development activities of Premiumred and the activities of Europolis. New business in the real estate segment remains at a significantly reduced level and is limited to Austrian customers.

At euro 24.2 million, net interest income is in decline. However, at euro –10 million, expenses for credit risk provisions showed an improvement compared to the previous year. All in all, the result before taxes for the segment is euro –13 million.

The focus in the real estate finance field of business continues to be on concluding transactions that have already been agreed and on managing the existing portfolio, which has become more complex due to increasing risk factors. New business is still limited. Developments in the individual asset classes in commercial real estate differ: In the hotel and logistics segment the effects of the difficult economic situation can already be noticed. This is reflected in decreasing rental levels and longer vacancy periods. Office properties tend to lag behind the development of other real estate sectors. Regarding the real estate portfolio, it is to be expected that the impact of the difficult economic climate will only become evident in the course of the second to fourth quarter.

By contrast, difficulties in the form of longer lead times have already been identified with regard to the leasing of properties that are close to completion or have already been completed. At present, it is not possible to assess whether the stable development currently observed in the area of retail will continue.

The business activities of Immoconsult are characterised by a strategic focus on real estate leasing activities in Austria and by the support for Austrian key customers active in the CEE and SEE states. In addition, Immoconsult Asset GmbH operates in the container leasing business working with the largest shipping lines and container leasing companies with the best credit ratings. Due to the current financial and economic crisis, in the first quarter of 2009 the focus was placed on improving profitability and risk levels in the current portfolio. New business was limited.

The project development company Premiumred has now succeeded in leasing 93 % of the North Gate office building in Warsaw, completed in autumn 2008, mainly to international companies. With usable floor space of 30,000 m^2, this is Premiumred's largest project development to date. The construction work on Premium Point, an office building in Bucharest with usable floor space of 6,400 m^2, is due to be completed in June 2009. A preliminary lease agreement for half of the building has already been concluded with Aviva, the UK's largest insurance group. The purchase of the real estate in Karlin (Prague) that has been secured by way of an outline agreement is due to be concluded in July. Premiumred is set to develop its first "green building", with usable floor space of around 20,000 m^2, on this site.

In the area of real estate investments, Europolis has taken over the fully leased 43,350 m^2 River Place project (formerly Sema Park) in Bucharest, Romania. In the Czech Republic, the Amazon Court project – the third office building in the successful River City Prague complex – will be completed in the second quarter of 2009. Furthermore, Europolis Park Blonie in Poland and Europolis Park Bucharest in Romania will be expanded. Logistics now accounts for 28 % of the portfolios. In the area of asset management, the main focus is on extending leases and concluding new leases in order to keep the vacancy rate low. In general, the priorities in the present climate are securing cash flow, concentrating on the area of asset management and implementing real estate developments that are already underway.

Outlook

Owing to the poor economic data, an increase in the vacancy rates of some rental properties is to be expected. New real estate developments are only being implemented where significant preliminary leases are in place. As a rule, a very restrained approach will be taken as regards new business in the areas of real estate finance and leasing. This will lead to a significant decrease in interest income. An improvement in the situation is dependent on a revival of the refinancing markets and the development of the economy in Austria and in Central and Eastern Europe. However, in view of the sharp reduction in development projects, the structural demand backlog for high-quality real estate in the CEE region should remain in place. Forecasts for the year 2009 show that reaching the targets in full might not be possible for the segment Real Estate.

SEGMENT FINANCIAL MARKETS

The first quarter of 2009 was affected by the global financial crisis and a sharp decline in the economic development. Nevertheless, within the Financial Markets segment the Group Treasury and Volksbank Investments divisions achieved outstanding results. In the division Capital Markets provisions for international capital market risks were increased in the first quarter due to persistent negative market trends.

Group Treasury generated a positive result despite the dislocations in the bond market. Thanks to a high turnover, strong issuing activity and successful proprietary trading, operating income rose by 100 % year-on-year.

Senior unsecured VBAG bonds with a volume of over euro 1 billion were placed in the first quarter. This is firstly attributable to investors' confidence in VBAG, which is undiminished despite the financial crisis, and is secondly an indication of the excellent cooperation with the Volksbanks as sales partners for our products.

In addition, two government-guaranteed issues took place in the first quarter, each with a volume of euro 1 billion. This issuing activity – combined with a particularly broad range of other refinancing activities – enabled VBAG to achieve a more than comfortable liquidity position. VBAG is thus almost fully financed for 2009 and has begun to build up long-term liquidity for the coming years.

Issuing activity for third-party banks in the primary market (syndication activities) was developed further, with a focus on government-guaranteed issues. In the first quarter of 2009 VBAG was co-lead manager in ten international benchmark issues . The steady development of international sales activities involving institutional customers is a significant success factor in this context.

As regards classic treasury activities, trading in precious metals was particularly strong due to increased customer demand. Currency trading remained stable despite the reduced volume of transactions resulting from the financial crisis. Sales of interest rate derivative products (caps, IRS) rose sharply.

Treasury services for the Volksbank-Sector and subsidiary banks were further enhanced. The functionality of VB ONE (internet trading tool) was successfully extended in the VBI banks, minimising operational risk in VBI's FX trading with VBAG and making business processes faster and more secure.

The use of CLS with international trading partners was successively expanded. This system significantly reduces the settlement risk.

Intensive efforts continued on the Treasury 4 You project, which is aimed at optimising sales support for the primary banks.

Since December 2008, the operations of VB Structured Investments and VB Invest have been combined under the VB Investments brand. The aim of this joint focus is to provide an optimum product range independent of product form and packaging.

As part of these measures, a new, innovative product line of pension and annuity products has been developed and is marketed under the name of Leben³. The flexible product range includes the well-established Austro-Garant product (state-subsidised pension fund), the Garantie-Sparen product (insurance option) and the Garantie-Spar-Fonds (fund option).

The Europa-Bonus-Fonds1, the first derivatives fund, was launched in February. The fund combines the successful bonus strategy with the advantages of an investment fund.

The Euro Corporates 2012 fund was launched as the first maturity fund in the SI bonds product group. This fund invests in a portfolio of around 50 European corporate bonds with a maximum remaining term of 3 years.

The Structured Investments product line generated record sales volume of euro 190 million in the first quarter of 2009. The sales volume in the area of investment funds was held stable.

In the Capital Markets division, risk provisions increased. The provisions relate to corporate risks and securitised risks in the structured securities portfolio.

Outlook

In the first quarter of 2009, the market environment was difficult and it was characterised by the recession and negative economic forecasts. The beginning of the second quarter brought an improvement in the market environment, particularly in stock markets. However, we consider this recovery to be temporary and are expecting a high level of volatility and recurring negative market conditions in the coming quarters. For this reason, we consider it an even greater challenge to benefit from the opportunities that arise in every crisis.

Income statement

	1-3/2009 in euro thousand	1-3/2008 restated in euro thousand	Changes in euro thousand	Changes %	1-3/2008 published in euro thousand
Interest and similar income and expenses	172,205	199,833	–27,628	–13.83 %	228,031
Income from companies measured at equity	–5,801	263	–6,064	<–200.00 %	214
Net interest income	166,404	200,096	–33,692	–16.84 %	228,245
Risk provisions	–114,605	–33,907	–80,698	>200.00 %	–33,684
Net fee and commission income	39,942	49,540	–9,599	–19.38 %	53,264
Net trading income	26,782	28,030	–1,248	–4.45 %	27,911
General administrative expenses	–161,983	–160,624	–1,359	0.85 %	–171,012
Other operating result	3,806	1,039	2,767	>200.00 %	–89
Income from financial investments	–53,704	5,447	–59,151	<–200.00 %	4,505
Income from the disposal group	0	19,520	–19,520	–100.00 %	0
Result for the period before taxes	**–93,358**	**109,141**	**–202,499**	**–185.54 %**	**109,141**
Income taxes	15,541	–9,522	25,063	<–200.00 %	–13,286
Income taxes of the disposal group	0	–3,765	3,765	–100.00 %	0
Result for the period after taxes	**–77,817**	**95,854**	**–173,671**	**–181.18 %**	**95,854**
Profit/loss attributable to shareholders of the parent company (Consolidated net income/loss)	**–85,784**	**63,082**	**–148,866**	**<–200.00 %**	**63,082**
Profit/loss attributable to minority interest (Minority interest)	7,967	32,773	–24,805	–75.69 %	32,773

Statement of financial position

	31 Mar 2009 in euro thousand	31 Dec 2008 in euro thousand	Changes in euro thousand	%
Assets				
Liquid funds	2,930,188	3,897,897	–967,709	–24.83 %
Loans and advances to credit institutions (gross)	6,746,576	5,574,957	1,171,620	21.02 %
Loans and advances to customers (gross)	28,613,178	28,818,341	–205,164	–0.71 %
Risk provisions (–)	–693,698	–606,297	–87,401	14.42 %
Trading assets	1,408,521	1,085,598	322,923	29.75 %
Financial investments	9,661,581	8,961,634	699,947	7.81 %
Assets for operating lease	1,865,395	1,852,592	12,803	0.69 %
Companies measured at equity	108,557	126,306	–17,749	–14.05 %
Participations	758,826	769,814	–10,988	–1.43 %
Intangible assets	128,161	129,822	–1,661	–1.28 %
Tangible fixed assets	279,204	290,070	–10,866	–3.75 %
Tax assets	452,006	418,341	33,665	8.05 %
Other assets	1,767,008	1,604,690	162,318	10.12 %
TOTAL ASSETS	**54,025,502**	52,923,765	1,101,737	2.08 %

	31 Mar 2009 in euro thousand	31 Dec 2008 in euro thousand	Changes in euro thousand	%
Liabilities and equity				
Amounts owed to credit institutions	17,897,010	18,686,846	–789,836	–4.23 %
Amounts owed to customers	11,387,387	11,829,455	–442,068	–3.74 %
Debts evidenced by certificates	17,211,058	15,212,758	1,998,301	13.14 %
Trading liabilities	836,492	787,618	48,874	6.21 %
Provisions	192,177	181,535	10,641	5.86 %
Tax liabilities	174,505	173,142	1,363	0.79 %
Other liabilities	2,340,925	1,814,264	526,661	29.03 %
Subordinated liabilities	1,974,427	2,014,314	–39,886	–1.98 %
Equity	2,011,521	2,223,833	–212,312	–9.55 %
Shareholders' equity	1,058,046	1,230,604	–172,558	–14.02 %
Minority interest	953,475	993,229	–39,754	–4.00 %
TOTAL LIABILITIES AND EQUITY	**54,025,502**	52,923,765	1,101,737	2.08 %

Changes in the Group´s equity

Euro thousand	Subscribed capital [1]	Capital reserves	Retained earnings	Currency reserve	IAS 39 valuation reserves [2]: Available for sale reserve	IAS 39 valuation reserves [2]: Hedging reserve	Shareholders´ equity	Minority interest	Equity
As at 1 Jan 2008	339,960	493,709	800,705	19,577	–59,898	6,330	1,600,384	1,346,996	2,947,380
Comprehensive income *			63,082	63	–130,812	865	–66,802	–20,947	–87,749
Dividends paid							0	–3,614	–3,614
Change in treasury stocks	–58	–203					–261	0	–261
Change due to reclassifications shown under minority interest and capital increases			–22				–22	76,685	76,663
As at 31 Mar 2008 [3]	339,902	493,506	863,765	19,641	–190,710	7,195	1,533,299	1,399,120	2,932,419
As at 1 Jan 2009	339,524	493,343	613,006	–21,230	–204,200	10,162	1,230,604	993,229	2,223,833
Comprehensive income *			–85,784	–31,954	–55,958	1,330	–172,367	–24,709	–197,076
Dividends paid							0	–1,912	–1,912
Change in treasury stocks	–64	–100					–165		–165
Change due to reclassifications shown under minority interest and capital increases			–27				–27	–13,133	–13,160
As at 31 Mar 2009	**339,459**	**493,242**	**527,195**	**–53,185**	**–260,158**	**11,492**	**1,058,046**	**953,475**	**2,011,521**

* Comprehensive income (Income and changes in reserves)

Euro thousand	1-3/2009 Shareholders´ equity	1-3/2009 Minority interest	1-3/2009 Equity	1-3/2008 Shareholders´ equity	1-3/2008 Minority interest	1-3/2008 Equity
Consolidated net income	–85,784	7,967	–77,817	63,082	32,773	95,854
Currency reserve	–31,954	–33,127	–65,081	63	673	736
thereof from application of the average rates of exchange in income statement	73	79	152	29	33	62
thereof from a hedge of a net investment	0	0	0	0	0	0
Available for sale reserve (incl. deffered taxes) [4]	–55,958	633	–55,325	–130,812	–54,154	–184,966
Hedging reserve (incl. deffered taxes)	1,330	–183	1,147	865	–238	626
Comprehensive income	**–172,367**	**–24,709**	**–197,076**	**–66,802**	**–20,947**	**–87,749**

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

[2] As at 31 March 2009 the available for sale reserve included deferred taxes of euro 81,596 thousand (31 March 2008: euro 54,349 thousand). The hedging reserve contained deferred taxes in the amount of euro –4,285 thousand at the balance sheet date (31 March 2008: euro –2,370 thousand).

[3] In the figures as at 31 March 2008, the Kommunalkredit disposal group accounted for an amount of euro 3,113 thousand in the currency reserve, euro –86,924 thousand in the available for sale reserve and euro –15 thousand in the hedging reserve.

[4] In the first quarter 2009, an amount of euro 5,570 thousand (1-3/2008: euro 66 thousand) previously recognised in the available for sale reserve was reclassified and shown in the income statement.

Cash flow statement

from continued operations

Euro thousand	1-3/2009	1-3/2008
Cash and cash equivalents at the end of previous period (= liquid funds)	3,897,897	3,172,239
Cash flow from operating activities	–1,007,208	–501,792
Cash flow from investing activities	96,602	24,916
Cash flow from financing activities	–57,103	–20,302
Cash and cash equivalents at the end of period (= liquid funds)	2,930,188	2,675,061

INTERIM FINANCIAL STATEMENTS

as at 31 March 2009

1) General

The interim report as at 31 March 2009 of the Österreichische Volksbanken-AG (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 Comittee 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 2008.

These condensed consolidated interim financial statements have not been audited.

The Group's consolidated interim financial statements have taken into account all requirements specified by IFRS 8 Operating Segments and the amendments of IAS 1 Presentation of Financial Statements. Therefore the presentation of the figures of the previous period was adjusted. These measures will improve transparency and comparability for the following periods without affecting the results. No further changes occurred in the reporting period with respect to the accounting or valuation methods used.

In preparing this interim report the estimates and assumptions were the same as those applied to the consolidated financial statements as at 31 December 2008.

In the first quarter of 2009 there were no events or changes in circumstances that would indicate an impairment of goodwill, therefore no impairment tests were carried out for goodwill.

VBAG's 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 2009, Europolis sub-group sold 2 companies. The deconsolidation result in the amount of euro 517 thousand is recognised in other operating result.

Due to the deconsolidation of Kommunalkredit as at 3 November 2008 the comparative figures were restated in accordance with IFRS 5.

Income statement of the Kommunalkredit disposal group

Euro thousand	1-3/2008
Net interest income	28,149
Risk provision	223
Net fee and commission income	3,724
Net trading income	–119
General administrative expense	–10,387
Other operating result	–1,128
Income from financial investments	–942
Result before taxes	**19,520**
Income taxes	–3,765
Result after taxes	**15,755**
Profit attributable to shareholders of the parent company	**6,368**
Profit attributable to minority interest	9,387

3) Subsequent events

At it's meeting on 26 March 2009 the Supervisory Board of VBAG unanimously approved the motion put forward by the Managing Board to carry out recapitalisation by means of a combination model consisting of government participation capital and co-operative self-help. At the beginning of April 2009 the Managing Board signed a contract with the Republic of Austria about the issue of participation capital in the amount of euro 1 billion in tranches of euro 50 million. The duration has been set to a maximum of ten years and the interest rate agreed with the Federal Government is 9.3 %. The participation capital can be recovered and converted into ordinary share capital at any time by means of a flexible call option. The participation capital was issued on 7 April 2009.

In the same Supervisory Board meeting Franz Pinkl step down from his position as Chairman of the Managing Board of VBAG as at 30 April 2009.

The Supervisory Board appointed Gerald Wenzel as the new Chairman of the Managing Board and Chief Executive Officer as at 1 May 2009 at it's meeting on 16 April 2009. Michael Mendel will become Deputy Chairman of the Managing Board and Deputy Chief Executive Officer.

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 2009.

4) Notes to the income statement

Net interest income

Euro thousand	1-3/2009	1-3/2008
Interest and similar income	673,125	675,093
Interest and similar income from	643,064	639,609
liquid funds	19,223	14,666
credit and money market transactions with credit institutions	52,636	60,503
credit and money market transactions with customers	402,419	427,014
debt securities	97,463	101,179
derivatives in the investment book	71,324	36,248
Current income from	6,442	4,794
equities and other variable-yield securities	1,505	847
other affiliates	285	206
companies measured at equity	–5,801	263
investments in other companies	10,453	3,478
Operating lease operations (including investment property)	23,619	30,689
rental income	31,127	19,624
unrealised income / expenses from investment property	800	12,716
depreciation of operating lease assets	–8,308	–1,651
Interest and similar expenses of	–506,721	–474,997
deposits from credit institutions (including central banks)	–153,967	–149,258
deposits from customers	–100,780	–97,162
debts evidenced by certificates	–156,026	–150,895
subordinated liabilities	–37,557	–29,224
derivatives in the investment book	–58,391	–48,458
Net interest income	166,404	200,096

Risk provisions

Euro thousand	1-3/2009	1-3/2008
Allocation to risk provisions	–170,305	–73,618
Release of risk provisions	59,313	41,186
Allocation to provisions for risks	–3,320	–3,392
Release of provisions for risks	272	1,102
Direct write-offs of loans and advances	–1,486	–1,107
Income from loans and advances previously written off	921	1,922
Risk provisions	–114,605	–33,907

Net fee and commission income

Euro thousand	1-3/2009	1-3/2008
Fee and commission income from	58,667	80,956
lending operations	15,915	9,353
securities businesses	9,900	14,348
payment transactions	13,279	15,374
foreign exchange, foreign notes and coins transactions	11,732	29,629
other banking services	7,841	12,252
Fee and commission expenses from	–18,726	–31,416
lending operations	–4,119	–6,562
securities businesses	–5,983	–3,952
payment transactions	–1,213	–1,172
foreign exchange, foreign notes and coins transactions	–5,732	–18,784
other banking services	–1,680	–946
Net fee and commission income	39,942	49,540

Net trading income

Euro thousand	1-3/2009	1-3/2008
Equity related transactions	28,487	19,111
Exchange rate related transactions	–1,051	10,384
Interest rate related transactions	–655	–1,409
Other transactions	0	–55
Net trading income	26,782	28,030

General administrative expenses

Euro thousand	1-3/2009	1-3/2008
Staff expenses	–83,437	–83,136
Other administrative expenses	–68,395	–67,750
Depreciation of fixed tangible and intangible assets	–10,151	–9,738
General administrative expenses	–161,983	–160,624

Income from financial investments

Euro thousand	1-3/2009	1-3/2008
Result from financial investments at fair value through profit or loss / macro hedges	**–15,010**	**3,841**
Result from financial investments at fair value through profit or loss and from underlying instruments for macro hedges	-15,010	3,888
Result from revaluation of derivatives	0	–47
Result from fair value hedges	**30**	**–220**
Result from revaluation of underlying instruments	74,074	2,421
Result from revaluation of derivatives	–74,044	–2,641
Result from valuation of other derivatives in the investment book	**–12,466**	**–1,367**
Exchange rate related transactions	–1,672	305
Interest rate related transactions	–10,711	–1,675
Credit related transactions	2	0
Other transactions	–85	3
Result from available for sale financial investments	**–460**	**–276**
Realised gains / losses	5,570	–269
Impairments	–6,031	–7
Result from loans & receivables financial instruments	**–18,077**	**0**
Realised gains / losses	704	0
Impairments	–18,781	0
Result from held to maturity financial investments	**–7,569**	**0**
Realised gains / losses	3,891	0
Impairments	–11,461	0
Result from participations, assets for operating lease and other financial investments	**–152**	**3,469**
Realised gains / losses	8	3,581
Impairments	–160	–113
Income from financial investments	**–53,704**	**5,447**

5) Notes to the consolidated statement of financial position

Loans and advances to credit institutions and customers

Euro thousand	31 Mar 2009	31 Dec 2008
Loans and advances to credit institutions	6,746,576	5,574,957
Loans and advances to customers	28,613,178	28,818,341
Loans and advances to credit institutions and customers	**35,359,754**	**34,393,298**

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 2008	766	434,785	66,863	502,414	1,652
Currency translation	–1	686	219	905	0
Reclassification	0	–11	0	–11	0
Utilisation	–246	–9,056	0	–9,303	0
Release	–571	–23,491	–17,347	–41,409	–223
Addition	1,426	57,569	14,623	73,618	0
As at 31 Mar 2008	1,374	460,482	64,359	526,214	1,430
As at 1 Jan 2009	**491**	**571,843**	**33,963**	**606,297**	**0**
Curreny translation	0	–8,491	–1,058	–9,550	0
Reclassification	0	2,293	919	3,212	0
Utilisation	0	–17,253	0	–17,253	0
Release	0	–35,450	–23,864	–59,313	0
Addition	0	135,669	34,635	170,305	0
As at 31 Mar 2009	**491**	**648,612**	**44,595**	**693,698**	0

The amount of utilised risk provisions also includes the unwinding effect of euro –806 thousand (1-3/2008: euro –689 thousand) which is reported in net interest income. Loans and advances to credit institutions and customers comprise non-interest bearing receivables amounting to euro 263,908 thousand (31 December 2008: euro 244,452 thousand).The reclassification item reflects the regrouping of other assets.

Trading assets

Euro thousand	31 Mar 2009	31 Dec 2008
Debt securities	**398,445**	243,998
Equity and other variable-yield securities	**23,603**	18,541
Positive fair value from derivatives	**986,472**	823,058
equity related transactions	**3,018**	0
foreign exchange transactions	**54,157**	30,461
interest rate related transactions	**903,600**	766,900
other transactions	**25,697**	25,697
Trading assets	1,408,521	**1,085,598**

Financial investments

Euro thousand	31 Mar 2009	31 Dec 2008
Financial investments at fair value through profit or loss	**1,305,948**	1,357,211
Debt securities	**1,057,574**	1,251,044
Equity and other variable-yield securities	**248,374**	106,166
Financial investments available for sale	**3,935,320**	3,087,528
Debt securities	**3,505,752**	2,917,185
Equity and other variable-yield securities	**429,568**	170,344
Financial investments loans & receivables	**2,132,051**	2,137,667
Financial investments held to maturity	**2,288,262**	2,379,228
Financial investments	**9,661,581**	**8,961,634**

Financial investments measured at fair value through profit or loss

Financial investments have been designated to the category at fair value through profit or loss as the Group manages these receivables on a fair value basis in accordance with its investment strategy. Internal reporting and performance measurement for these investments are conducted on a fair value basis.

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.

Carrying amount, fair value and available for sale reserve (taking into account deferred taxes) of reclassified securities are shown below.

Euro thousand	31 Mar 2009	31 Dec 2008	1 Jul 2008
Carrying amount	1,060,824	1,073,806	1,140,363
Fair value	820,109	851,641	1,140,363
Available for sale reserve with reclassification	–68,214	–71,816	–79,177
Available for sale reserve without reclassification	–262,406	–248,245	–79,177

The reclassification did not have any effect on the income statement.

Participations

Euro thousand	31 Mar 2009	31 Dec 2008
Investments in unconsolidated affiliates	603,475	602,057
Participating interests	86,638	99,298
Investments in other companies	68,713	68,460
Participations	**758,826**	**769,814**

All participations are measured at amortised cost. None of the Group's participations are listed on a stock exchange.

Other assets

Euro thousand	31 Mar 2009	31 Dec 2008
Deferred items	49,705	32,569
Other receivables and assets	138,228	180,410
Positive fair value from derivatives in the investment book	1,579,076	1,391,710
Other assets	**1,767,008**	**1,604,690**

Amounts owed to credit institutions

Euro thousand	31 Mar 2009	31 Dec 2008
Central banks	1,174,154	141
Other credit institutions	16,722,857	18,686,706
Amounts owed to credit institutions	**17,897,010**	**18,686,846**

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

Amounts owed to customers

Euro thousand	31 Mar 2009	31 Dec 2008
Measured at fair value through profit or loss	**7,529**	7,453
Measured at amortised cost	**11,379,858**	11,822,002
Savings deposits	**1,677,270**	1,676,756
Other deposits	**9,702,587**	10,145,246
Amounts owed to customers	**11,387,387**	**11,829,455**

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 341 thousand (31 December 2008: euro 228 thousand).

Debts evidenced by certificates

Euro thousand	31 Mar 2009	31 Dec 2008
Mortgage and local authority bonds	**219,410**	219,647
Bonds	**16,958,840**	14,964,783
Medium-term notes	**26,409**	21,900
Others	**6,400**	6,427
Debts evidenced by certificates	**17,211,058**	**15,212,758**

Debts evidenced by certificates are all measured at amortised cost.

Trading liabilities

Euro thousand	31 Mar 2009	31 Dec 2008
Negative fair value from derivatives		
Equity related transactions	**3,018**	0
Exchange rate related transactions	**64,742**	54,994
Interest rate related transactions	**747,368**	711,261
Other transactions	**21,364**	21,364
Trading liabilities	**836,492**	**787,618**

Other liabilities

Euro thousand	31 Mar 2009	31 Dec 2008
Deferred items	**58,247**	56,241
Other liabilities	**553,632**	410,084
Negative fair value from derivatives in the investment book	**1,729,046**	1,347,940
Other liabilities	**2,340,925**	**1,814,264**

Subordinated liabilities

Euro thousand	31 Mar 2009	31 Dec 2008
Subordinated liabilities	1,070,816	1,098,928
Supplementary capital	903,611	915,386
Subordinated liabilities	1,974,427	**2,014,314**

Subordinated liabilities are all measured at amortised cost.

Subordinated liabilities comprises hybrid tier I capital in the amount of euro 353,370 thousand (31 December 2008: euro 355,494 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 2009	31 Dec 2008
Subscribed capital (less treasury stocks)	838,181	837,902
Open reserves (including differential amounts and minority interests)	1,762,990	1,957,632
Funds for general banking risks	17,443	18,028
Intangible assets	–29,075	–32,574
Net loss	–46,036	–125,647
Core capital (tier I capital) before deductions	2,543,503	2,655,341
Deductions from core capital (50 % deduction pursuant to section 23 (13), and section 29 (1) and (2) Austrian Banking Act)	–239,502	–140,667
Core capital (tier I capital) after deductions	2,304,001	2,514,674
Supplemetary capital	404,482	409,845
Eligible subordinated liabilities	590,880	622,127
Hidden reserves pursuant to section 57 (1) Austrian Banking Act	4,122	3,382
Supplementary capital (tier II capital) before deductions	999,484	1,035,354
Deductions from supplementary capital (50 % deduction pursuant to section 23 (13), and section 29 (1) and (2) Austrian Banking Act)	–239,502	–140,667
Supplementary capital (tier II capital) after deductions	759,982	894,688
Short term subordinated liabilities (tier III capital)	21,286	14,284
Eligible qualifying capital	3,085,269	**3,423,646**
Capital requirement	2,685,048	2,817,183
Surplus capital	400,221	606,463
Core capital ratio (tier I) (in relation to the assessment base pursuant to section 22 Austrian Banking Act – credit risk)	7.35 %	7.56 %
Equity ratio (solvency ratio) (in relation to credit risk after deduction of capital requirements for market and operational risk)	9.28 %	9.82 %
Core capital ratio (in relation to the risks pursuant to section 22 (1) no. 1-5 Austrian Banking Act)	6.86 %	7.14 %
Equity ratio (in relation to the risks pursuant to section 22 (1) no. 1-5 Austrian Banking Act)	9.19 %	9.72 %

The item open reserves includes the hybrid tier I capital totalling euro 353,370 thousand (31 December 2008: euro 355,494 thousand).

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

Euro thousand	31 Mar 2009	31 Dec 2008
Risk-weighted assessment base pursuant to section 22 Austrian Banking Act – credit risk	31,365,238	33,262,990
Of which 8 % minimum capital requirement for credit risk	2,509,219	2,661,039
Capital requirement for position risk in debt instruments, equities, foreign exchange and commodities – market risk	38,022	42,140
Capital requirement for operational risk	137,807	114,004
Total capital requirement	2,685,048	**2,817,183**

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 enterprises not belonging to the banking sector, whereas the Austrian Banking Act stipulates that the group of consolidated companies should consist exclusively of credit and financial institutions as well as banking related auxiliary service providers. According to the Austrian Banking Act, credit institutions, financial institutions and subsidiaries providing banking related auxiliary services under control are fully consolidated. The carrying amount of financial institutions under control but not significant for the presentation of the group of credit institutions according to section 24 para. 3a of the Austrian Banking Act is deducted from own funds. Subsidiaries providing banking related auxiliary services which are under control but are not consolidated according to section 24 para. 3a of the Austrian Banking Act are taken into account in the assessment base at their carrying amounts. Subsidiaries which are managed jointly with non-Group companies are proportionate consolidated. Holdings in credit and financial institutions with a share between 10 % and 50 %, which are not under joint management, are also deducted from own funds, unless they are not voluntarily included on a pro-rata basis. Holdings of lower than 10 % in credit and financial institutions are deducted from own funds only if the exemption threshold is crossed. All other participating interests are taken into account in the assessment base at their carrying amounts.

In the first quarter of 2009, no substantial, practical or legal obstacles existed which would have prevented the transfer of equity or the repayment of liabilities between the senior institution and institutions subordinated to the former.

7) Number of staff

Number of staff employed during the first quarter of 2009

	Average number of staff		Number of staff at end of period	
	1-3/2009	1-3/2008	31 Mar 2009	31 Dec 2008
Domestic	2,075	1,968	2,073	2,080
Foreign	6,752	6,274	6,702	6,846
Total	8,827	**8,242**	8,775	**8,926**

In the first quarter of 2008, the Kommunalkredit disposal group employed 289 employees at average (Domestic: 256 employees; Foreign: 33 employees).

8) Sales outlets

	31 Mar 2009	31 Dec 2008
Domestic	49	50
Foreign	601	610
Total	650	**660**

9) Segment Report

Segment reporting by business segments

Euro thousand	Corporates	Retail	Real Estate	Financial Markets	Other Operations	Consoli-dation	Group result
Net interest income							
1-3/2009	**35,729**	**151,894**	**24,194**	**12,817**	**–13,689**	**–44,542**	**166,404**
1-3/2008	40,314	121,009	39,312	16,105	7,003	–23,646	200,096
Risk provisions							
1-3/2009	**–38,777**	**–59,517**	**–10,008**	**–6,308**	**5**	**0**	**–114,605**
1-3/2008	1,743	–24,040	–11,755	–1,202	1,347	0	–33,907
Net fee and commission income							
1-3/2009	**4,768**	**25,363**	**–305**	**8,188**	**5,164**	**–3,236**	**39,942**
1-3/2008	4,843	32,846	1,592	8,339	4,503	–2,582	49,540
Net trading income							
1-3/2009	**–29**	**2,376**	**–6,053**	**30,250**	**635**	**–398**	**26,782**
1-3/2008	1,244	3,728	2,777	19,998	1,882	–1,599	28,030
General administrative expenses							
1-3/2009	**–17,992**	**–103,935**	**–15,821**	**–13,870**	**–19,681**	**9,315**	**–161,983**
1-3/2008	–19,216	–105,569	–15,674	–14,003	–15,004	8,842	–160,624
Other operating result							
1-3/2009	**–980**	**4,086**	**–1,344**	**190**	**7,469**	**–5,615**	**3,806**
1-3/2008	–820	1,747	–380	59	6,735	–6,302	1,039
Of which impairment of goodwill							
1-3/2009	***0***	***0***	***0***	***0***	***0***	***0***	***0***
1-3/2008	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Income from financial investments							
1-3/2009	**–18,748**	**83**	**–3,633**	**–40,898**	**9,491**	**0**	**–53,704**
1-3/2008	–4,926	1,279	4,185	2,212	2,697	0	5,447
Income from the disposal group							
1-3/2009	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1-3/2008	0	0	0	0	19,520	0	19,520
Result for the period before taxes							
1-3/2009	**–36,029**	**20,351**	**–12,969**	**–9,630**	**–10,605**	**–44,476**	**–93,358**
1-3/2008	**23,181**	**31,000**	**20,057**	**31,508**	**28,683**	**–25,287**	**109,141**
Total assets							
31 Mar 2009	**10,108,709**	**24,318,552**	**7,553,442**	**5,434,639**	**32,148,852**	**–25,538,691**	**54,025,502**
31 Dec 2008	10,520,254	24,399,651	7,294,909	5,329,270	31,190,609	–25,810,927	52,923,765
Loans and advances to customers							
31 Mar 2009	**6,535,279**	**16,747,513**	**4,596,503**	**427,098**	**2,289,496**	**–1,982,712**	**28,613,178**
31 Dec 2008	6,657,537	17,071,313	4,502,838	422,499	2,182,075	–2,017,922	28,818,341
Amounts owed to customers							
31 Mar 2009	**990,494**	**7,858,022**	**644,961**	**2,092,000**	**598,333**	**–796,423**	**11,387,387**
31 Dec 2008	1,050,204	8,107,854	690,970	2,142,179	674,972	–836,725	11,829,455
Debts evidenced by certificates including subordinated liabilities							
31 Mar 2009	**2,883,764**	**1,208,742**	**907,815**	**0**	**16,951,505**	**–2,766,340**	**19,185,486**
31 Dec 2008	2,895,822	1,208,916	914,647	0	15,025,051	–2,817,365	17,227,071

Segment reporting by geographical markets

Euro thousand	Austria	Central and Eastern Europe	Other Markets	Group result
Net interest income				
1-3/2009	11,138	136,097	19,169	166,404
1-3/2008	65,371	112,653	22,072	200,096
Risk provisions				
1-3/2009	–32,031	–54,430	–28,144	–114,605
1-3/2008	–12,046	–20,320	–1,540	–33,907
Net fee and commission income				
1-3/2009	20,730	21,672	–2,461	39,942
1-3/2008	22,142	28,928	–1,530	49,540
Net trading income				
1-3/2009	28,906	1,627	–3,751	26,782
1-3/2008	22,540	2,128	3,362	28,030
General administrative expenses				
1-3/2009	–70,099	–86,354	–5,530	–161,983
1-3/2008	–64,799	–87,869	–7,956	–160,624
Other operating result				
1-3/2009	3,657	–560	710	3,806
1-3/2008	1,522	–372	–112	1,039
Income from financial investments				
1-3/2009	–18,359	–405	–34,940	–53,704
1-3/2008	3,042	1,277	1,128	5,447
Income from the disposal group				
1-3/2009	0	0	0	0
1-3/2008	19,520	0	0	19,520
Result for the period before taxes				
1-3/2009	**–56,058**	**17,648**	**–54,948**	**–93,358**
1-3/2008	**57,293**	**36,425**	**15,423**	**109,141**

10) Quarterly finacial data

Euro thousand	1-3/2009	1-3/2008
Net interest income	166,404	200,096
Risk provisions	–114,605	–33,907
Net fee and commission income	39,942	49,540
Net trading income	26,782	28,030
General administrative expenses	–161,983	–160,624
Other operating result	3,806	1,039
Income from financial investments	–53,704	5,447
Income from the disposal group	0	19,520
Result for the period before taxes	**–93,358**	**109,141**
Income taxes	15,541	–9,522
Income taxes of the disposal group	0	–3,765
Result for the period after taxes	**–77,817**	**95,854**
Profit attributable to shareholders of the parent company	**–85,784**	**63,082**
Profit attributable to minority interest	7,967	32,773

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, 27 May 2009

Gerald Wenzel
Chairman of the Managing Board

Michael Mendel
Deputy Chairman of the Managing Board

Manfred Kunert
Member of the Managing Board

Wolfgang Perdich
Member of the Managing Board

Wilfried Stadler
Member of the Managing Board

Dieter Tschach
Member of the Managing Board