VOLKSBANK AG

INTERIM-REPORT

1ST QUARTER

2010

KEY FIGURES OF VOLKSBANK AG

in Euro million	31 Mar 2010	31 Dec 2009	31 Dec 2008
Statement of financial position [1]			
Total assets	**49,680**	**48,116**	**55,815**
Loans and advances to customers	**24,224**	24,169	26,028
Amounts owed to customers	**7,533**	7,315	8,628
Debts evidenced by certificates	**17,348**	17,329	14,954
Subordinated liabilities	**1,865**	1,923	1,957
Own funds			
Core capital (tier I) after deductions	**2,656**	2,715	2,515
Supplementary capital (tier II, tier III) after deductions	**899**	968	909
Eligible qualifying capital	**3,556**	3,682	3,424
Assessment base credit risk	**28,097**	27,255	33,263
Capital requirement market risk	**62**	55	42
Capital requirement operational risk	**135**	125	114
Surplus capital	**1,111**	1,321	606
Core capital ratio in % [2]	**9.5**	**10.0**	**7.6**
Equity ratio in % [3]	**11.6**	**12.5**	**9.7**

	1-3/2010	1-3/2009	1-3/2008
Income statement [1]			
Net interest income	**207.4**	147.7	181.5
Risk provisions	**–106.9**	–111.7	–31.3
Net fee and commission income	**35.7**	35.2	44.2
Net trading income	**11.4**	26.7	28.0
General administrative expenses	**–140.2**	–146.6	–144.3
Other operating result	**4.3**	4.6	1.1
Income from financial investments	**9.5**	–54.1	5.4
Income from the disposal group	**0.4**	4.8	24.4
Result before taxes	**21.6**	**–93.4**	**109.1**
Income taxes	**–1.6**	15.5	–13.3
Result after taxes	**20.0**	**–77.8**	**95.9**
Non-controlling interest	**–12.6**	–8.0	–32.8
Consolidated net income	**7.4**	**–85.8**	**63.1**
Key ratios [4]			
Cost-income-ratio	**50.6 %**	76.9 %	55.4 %
ROE before taxes	**4.0 %**	–18.4 %	13.7 %
ROE after taxes	**3.7 %**	–15.3 %	12.2 %
ROE consolidated net income	**2.4 %**	–30.3 %	13.5 %
ROE before taxes (regulatory)	**3.9 %**	–16.2 %	13.9 %
Ressources [1]			
Staff average	**7,809**	8,279	7,713
of which domestic	**1,455**	1,527	1,439
of which foreign	**6,354**	6,752	6,274

	31 Mar 2010	31 Dec 2009	31 Dec 2008
Staff at end of period	**7,793**	7,857	8,381
of which domestic	**1,453**	1,467	1,535
of which foreign	**6,340**	6,390	6,846
Number of sales outlets	**581**	584	611
of which domestic	**1**	1	1
of which foreign	**580**	583	610

[1] The comparative figures of 2008 and 2009 were restated by disposal group in line with IFRS 5 .
[2] In relation to credit risk
[3] In relation to total risk
[4] The cost-income-ratio was calculated without taking into account impairment of financial investments and of goodwill but including revaluation of investment properties. All ROEs were displayed without including the disposal group.

Any role descriptions in this consolidated annual 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 2009, the year of global recession, economic output in the USA fell by 2.4 %. An upturn set in by mid-2009, which continued in the first quarter of 2010. According to an initial estimate, the annualised growth rate in the first three months reached 3.2 % and it was driven above all by renewed consumer spending. Following disappointing figures at the beginning of the year, the residential real estate market showed signs of a revival towards the end of the quarter. The number of new residential units sold in March was up 26.9 % on the previous month, after the first increase in house prices for over three years was recorded in February.

The economic output in the euro zone declined by –4.1 % in 2009, the contraction was considerably more dramatic than in the USA. At the middle of the year, however, it came to a stop. As in the United States, there was a recovery in the European currency area in the first quarter of 2010, albeit a moderate one. The unemployment rate of 10 % has placed a considerable burden on private consumption. Accordingly, retail sales have declined or stagnated since the beginning of the year, while industrial production has increased again. In Austria, the situation of private households was more robust than in the euro zone as a whole. Austria had an unemployment rate of 4.9 % according to the EU definition in March 2010; within the euro zone, only the Netherlands had a lower rate. Retail sales were 2 % to 3 % higher than in the first quarter of the previous year, while consumer price inflation was slightly higher than in the euro zone as a whole. Industrial production stood at the average euro zone level, although incoming orders saw an above-average recovery at the end of 2009/beginning of 2010.

The euro zone has to overcome a major challenge in the form of the Greek debt crisis. Fears grew in the first quarter that Greece would not be able to refinance its existing debts or borrow more funds on the market, particularly as there was an unusually high refinancing volume to be dealt with in May of 2010. Risk premiums for Greek government bonds rose sharply. Although the other euro countries stated that they were willing in principle to provide support, and the International Monetary Fund consented to its involvement, no concrete measures were arranged in the first quarter. The shield for countries that are at risk and the conditions for budget consolidation associated with its use were not agreed on until the second quarter (on 9 May).

Owing to the financial problems in Greece, the euro depreciated by 6.3 % in the first quarter; up to the first week of May the depreciation exceeded 13 %. Nevertheless, the stock markets, including the Vienna stock exchange, closed the quarter with noticeable gains. Money market interest rates remained at a low level in the euro zone during the first quarter and even showed a slight downward trend. This is primarily due to ECB refinancing transactions with unusually long maturities. In the meantime, however, as in the USA, signs have emerged of a turnaround in interest rates, as extraordinary refinancing transactions expire and the long-term tenders carried out up to March fall due in the second half of the year.

In view of the overall economic situation of the leading industrialised nations, the situation appears mixed for the economies of Central and South-Eastern Europe (CEE and SEE). The comparatively lively recovery in the German economy had a fundamentally positive effect, owing to the close trading links. This trend is also confirmed in the most recent GDP data for the CEE/SEE countries in the fourth quarter of 2009 and the data available to date for the first quarter of 2010. Positive annual growth rates in industrial production were recorded in all core markets in the region in February and March, with the exception of Croatia. Growth rates in March ranged from almost 20 % in Slovakia to 10 % in the Czech Republic, 5 % in Romania and just under 3 % in Hungary and Serbia. Data relating to industrial production show among other things that the Czech Republic and Slovakia are developing almost in synchrony with the euro zone, while the South-Eastern European countries and Hungary are lagging behind economically. This is primarily due to lacking scope in terms of fiscal policy. Domestic demand was generally weak. The tense situation on the employment market and/or government cost-cutting programmes put pressure on private households. Apart from the Czech data for March, retail sales were lower than in the first quarter of 2009. The fact that the acceleration in prices was mitigated by weak consumer demand enabled many central banks in the region to lower their prime interest rates in the first few months of this year.

Business development

VBAG paid particular attention to the provision of liquidity and capital in 2009. Within the framework of contracts with the Republic of Austria government guaranteed bonds with a total volume of euro 3 billion were issued. To strengthen the equity ratio, euro 1 billion in participation capital was issued to the Republic of Austria. These measures helped to secure the capital and liquidity position of the VBAG Group in the long term. This means that customers can be provided with adequate liquidity on the one hand, and VBAG's capitalisation has been further strengthened on the other hand.

However, the economic downturn left its mark on the consolidated net result for 2009. High provisions had to be made for credit risks, in order to deal adequately with the increase in non-performing loans. The negative developments on the real estate markets was also reflected in the balance sheet, resulting in a significant decline in market valuations.

Results in detail

The VBAG Group can now deliver a positive summary of the first quarter 2010. A turnaround has been achieved, with a positive result before taxes of euro 22 million and a consolidated net result of euro 7 million.

Net interest income is the main driving force behind this result, it amounted to euro 207 million. This represented an increase of euro 60 million or 40 % compared with the same period of 2009.

While demand for loans slowed down considerably in 2009, a slight increase in the lending volume was seen for the first time in the first quarter of 2010. The policy of expanding in CEE, which has been implemented continuously with the exception of 2009, is now having a positive impact. The Retail segment showed growth in net interest income year-on-year. Net interest income rose from euro 131 million in the first quarter of 2009 to euro 137 million.

Adjusted net interest income (excluding the result from real estate valuations in accordance with IAS 40 and from equity valuations) reached euro 208 million which is the best result of the last five quarters. The turnaround that VBAG Group has now achieved is also reflected here.

Net fee and commission income was maintained at the same level as in the previous year, at euro 36 million. A detailed analysis shows that net fee and commission income from the lending business was down almost euro 2 million on the same period of 2009. Furthermore, the deliberate reduction in loans in foreign currencies as part of the adaptation of the risk strategy to current market conditions led to a drop in the net income from exchange rate transactions from euro 6 million to euro 3 million. However, VBAG Group recorded significant growth in the net fee and commission income from securities businesses. The rise in customer demand led to an improvement of the result of euro 2 million. Finally the results from payment transactions also increased by euro 2 million.

At euro 11 million, net trading income was down euro 15 million on the figure for the same period of the previous year. However, this is mainly a consequence of the excellent performance in 2009, when a record net trading income was achieved.

At euro 140 million, general administrative expenses decreased by euro 6 million compared with the previous year, thereby demonstrating the effectiveness of the cost reduction programmes that were initiated in 2009. In the areas of operating expenditure and staff costs, year-on-year savings amounted to euro 5 million and euro 1 million respectively. The number of employees in Austria (adjusted for employees of VB Linz+Mühlviertel) has fallen from 1,467 to 1,453 since the end of 2009. The sales network abroad has been further optimised, which has been accompanied with a decline in the number of employees from 6,390 to 6,340. In total, customers of VBAG Group were being served by 7,793 employees via 581 sales outlets in Austria and abroad as at the end of the first quarter of 2010 (excluding employees of VB Linz+Mühlviertel).

The operating result (net interest income excluding impairments of real estate according to IAS 40 and excluding the equity result, net fee and commission income, net trading income and administrative expenses) amounts to euro 115 million. The operating cost-income-ratio was 55.0 %, which is below the figure of 57.6 % for 2009 as a whole.

The economic environment remains difficult, particularly for corporates and in some regions of Central and Eastern Europe. For this reason, VBAG Group is still recording increased risk provisions, especially in the Corporates segment and the Retail segment in CEE. Risk provisions amounted to euro 107 million in the first quarter of 2010. This means that risk provisions are still higher than before the crisis, but below the 2009 figures. Following an allocation to risk provisions of euro 270 million in the third quarter and euro 306 million in the fourth quarter of 2009, there has been a clear turnaround.

Other operating income and income from financial investments were strongly positive, at euro 4 million and euro 9 million respectively. The result from the disposal group in the first quarter of 2010 included the result for VB Linz+Mühlviertel in the amount of euro 0.4 million. Negotiations regarding the sale of VB Linz+Mühlviertel are to be concluded in the second quarter of 2010. The result for the corresponding period of 2009 had included all four domestic retail banks (euro 4.8 million).

Statement of financial position and own funds

As of 31 March 2010, total assets amounted to euro 49.7 billion, up euro 1.6 billion or 3.2 % on 31 December 2009.

While the lending volume dropped continuously from one quarter to the next in 2009, owing to the low demand for loans, this trend stopped in the first quarter of 2010. Loans and advances to customers even increased slightly (up euro 55 million), reaching euro 24.2 billion. The Retail segment achieved growth of euro 150 million, while the Corporates, Real Estate and Financial Markets segments are still in a slight downturn.

The deposit base was also stabilised. Debts evidenced by certificates remained at the same level as at the end of 2009, at euro 17.3 billion. Amounts owed to customers increased by euro 200 million or 3.0 % to euro 7.5 billion. This further strengthened the excellent liquidity situation of the VBAG Group.

As at 31 March 2010, the VBAG Group's eligible own funds amounted to euro 3.6 billion. The tier I ratio (ratio of core capital to the assessment base for credit risk) amounted to 9.5 %, while the tier I ratio in relation to total risk was 8.7 %. The equity ratio in relation to total risk amounted to 11.6 %. A available own funds exceeded the regulatory requirements by more than euro 1.1 billion or 45 %. Capitalisation of the VBAG Group is excellent, as shown by these figures.

Outlook

It is likely that the slight positive growth will continue in the euro zone and the CEE countries in 2010. South-Eastern Europe is expected to stabilise. Measures to consolidate state budgets are necessary in the long term in all regions, although they will have a negative impact on growth prospects in the short to medium term. The agreement reached on 9 May to set up a "shield" for government bond markets on the periphery of the euro zone that are at risk is thought to have prevented a further burden on the credit market. The monetary policy measures included in the programmes of the EU, the euro countries, the IMF and the ECB mean that the rise in interest rates on the money markets that recently began will drag on for longer than initially expected.

The outlook for the business performance of VBAG in 2010 is considerably more optimistic than in 2009, with the turnaround already apparent in the results of the first quarter of 2010. For this reason, VBAG expects a consolidated net profit in 2010.

A distribution on profit-related securities into 2011 for 2010 fiscal year, however, is unlikely from today's few point. However, VBAG Group will have more than adequate liquidity and capital resources in 2010, thanks to the issuing of participation capital and government-guaranteed bonds, along with its extensive refinancing activities. As part of the realignment of the VBAG Group, the evaluation of strategic partnerships is continuing.

CORPORATES SEGMENT

Corporate customers are offered a diverse range of services by Investkredit Bank AG, Investkredit Investmentbank AG, Invest Mezzanine Capital Management GmbH, Investkredit International Bank p.l.c., VB Factoring AG and Volksbank Malta Limited.

As a bank for companies and entrepreneurs, Investkredit provides services in Austria mainly to medium-sized companies, with the aim of becoming their main bank. In addition, it acts as a funding partner to regional Volksbanks through syndicated financing. Key product areas are the lending business, subsidies, structured export and trade finance, cash management, interest rate and exchange rate hedging and support with capital market activities, the development of new markets, corporate acquisitions and the implementation of succession solutions. Investkredit offers customers throughout German-speaking countries and adjacent Central European markets (Slovakia, Poland, Czech Republic) special corporate finance services such as M&A consulting, private equity arrangements, LBO finance and project finance.

The year-on-year improvement in the results for the Corporates segment is essentially due to the valuation of securities. In contrast to the previous year, no impairments were necessary, and the income from financial investments showed a profit of euro 3.9 million. The result before taxes was once again negative at euro –9.9 million, as there was a decline in the net fee and commission income, mainly due to the limited new business. Credit risk provisions fell but were still above the long-term average, with euro –31.4 million.

The key topics for Austrian companies remain the securing of liquidity and risk management in an economic environment that is difficult to assess. The bank's consulting activities also concentrate on these areas. As the main focus of Investkredit is still on long-term financing and subsidies and as there is little demand for investment at Austrian companies due to excess capacities, the volume of loans and advances to customers fell by around euro 200 million compared with 31 December 2009. The major challenge is to assess the credit ratings of companies accurately before the corporate balance sheets for 2009 are available.

The syndicate business with Austrian Volksbanks remained stable. Here, the volume even increased slightly compared with the end of 2009.

Subsidies remain another focal point of services to Austrian companies. In the period under review, Investkredit implemented 15 new financing agreements involving ERP programmes.

In the field of structured export finance, the focus was particularly on customer financing in the form of transaction-linked loans and on soft loans. In the area of foreign direct investments, a large Austrian manufacturing company was supported in its plans to expand to Slovakia and Russia. Through concentration on Austrian core customers and a restrictive risk policy, Investkredit cut back its business with letters of credit and guarantees by more than a third compared with the first quarter of the previous year.

In the first quarter of 2010, the quality of the deal flow in the field of structured finance further improved in Austria and the CEE countries. Investkredit was involved in one financing agreement as the lead arranger. A revival in the deal flow was also seen in Germany. In terms of customers, the focus in the first quarter was once again on medium-sized companies and professional financial investors.

Project finance proved to be a stable form of financing in the crisis. The public sector throughout the EU is making an effort to maintain its investing activities.

The experience from financing of international private schools shows that the schools – most of which are associations – are financially very robust. The financing of a German school in the USA was a success.

Investkredit Investmentbank AG (IKIB) won new M&A consulting contracts from Austrian small and medium-sized companies and continued internal consultations in connection with the sale of retail banks, which have now been concluded.

The cash management division increased the volume of demand deposits and short-term deposits in the first quarter of 2010. Corporate customers have been offered a new e-banking software program since March that can be used by multiple banks and that enables bookings to be processed in real time.

The Treasury Sales division took advantage of the favourable market environment with low capital market interest rates and hedged of interest rate risks, in order to secure low interest costs for corporate customers in the long term.

Outlook

In 2010, the focus will be on exploiting the potential for cross-selling. There is also to be increased dialogue with Volksbanks, with joint operations on the market.

By optimising processes in derivative transactions, Investkredit expects an increase in Treasury Sales activities.

Overall, the outlook for 2010 is generally optimistic. Investkredit is, however, still anticipating a negative result, at the planned level.

RETAIL SEGMENT

Österreichische Volksbanken-AG is represented in the Retail segment both at home and abroad, in Austria by Volksbank Leasing Finanzierungs GmbH and in the CEE countries by the Volksbank International Group and VB-Leasing International Holding GmbH. Owing to the planned sale of Volksbank Linz Mühlviertel rGenmbH, this company is now presented as a disposal group and is no longer allocated to the Retail segment, but in the segment Investment Book / Other Operations.

Retail in Austria

VB-Leasing Finanzierungsgesellschaft m.b.H.

Despite the tense situation on the market, VB Leasing Finanzierungsgesellschaft m.b.H. recorded considerable growth in the field of vehicle leasing in the first quarter of 2010. The volume of new business in this segment increased significantly compared with the first quarter of 2009. In terms of domestic new business volume, VB Leasing Finanzierungsgesellschaft m.b.H. showed the strongest growth in peer group comparison. It increased its market share by almost 2.6 percentage points to 6.8 %. In the field of equipment leasing, VB Leasing Finanzierungsgesellschaft m.b.H. maintained its solid position on the market and was in second place in terms of the number of new contracts concluded in the first quarter of 2010.

VB-Leasing Finanzierungsgesellschaft m.b.H. reported a new business volume of euro 65 million in the first quarter of 2010, which corresponds to almost 3,600 contracts.

Retail abroad

Volksbank International

Volksbank International Group (VBI) increased its operating result in the first quarter of 2010 compared with the same period of the previous year, despite the difficult economic environment. All ten VBI banks in Central and Eastern Europe achieved positive results in the first quarter. This success is attributable to the consistent implementation of cost-cutting programmes and to a continuous rise in interest income.

Ten banks in nine countries

VBI Group consists of ten VBI banks in nine Central and Eastern European countries (Slovakia, the Czech Republic, Hungary, Slovenia, Croatia, Romania, Bosnia-Herzegovina, Serbia and Ukraine) as well as Volksbank International AG, which is domiciled in Vienna. Since its foundation in 1991, the VBI Group has followed a conservative risk policy and a strategy of focusing on business with private customers and with small and medium-sized companies. In the future, Volksbank International will embed the business with micro-enterprises more strongly in its business model.

Another important division of VBI is the referral business for corporate customers of its Austrian, German, French and Italian partner banks.

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

Total assets remain stable

VBI Group's total assets amounted to euro 13.9 billion as of 31 March 2010, remaining stable as against 31 December 2009 (euro 13.9 billion). The largest share was attributable to Volksbank Romania, with total assets of euro 5.3 billion, followed by the Volksbanks in the Czech Republic (euro 1.9 billion), Hungary (euro 1.7 billion), Slovakia (euro 1.3 billion) and Croatia (euro 1.0 billion). The increased risk provisions were absorbed thanks to a higher operating result and reduced operating costs.

Operating result increased
At seven of the ten VBI banks, the operating result (before risk) for the period from January to March 2010 was increased in comparison with the first quarter of 2009. In particular, Volksbank Slovenia recorded growth of 162.5 % in its operating result (before risk) to euro 2.1 million in the first quarter of 2010 (first quarter of 2009: euro 0.8 million). A slight decrease in the operating result was seen only at the Volksbanks in the Czech Republic (–14.6 %), Hungary (–11.0 %) and Romania (–4.0 %). In total, VBI Group achieved a result (before risk and after Group overheads) of euro 51.7 million in the first quarter of 2010, representing an increase of 2.1 % compared with the same period of the previous year (euro 50.6 million).

Significant reduction in fixed costs
An extensive restructuring programme began at all VBI banks in 2009. The Group's operating expenses were reduced by euro 1.6 million year-on-year in the first quarter of 2010. The decisive factor in achieving these cost reductions were the restructuring of internal processes and reviewing the profitability of the sales network. Unprofitable branches were closed and the number of employees was adjusted to the needs of the individual banks. VBI Group employed an average of 5,464 employees in the first quarter of 2010 (first quarter of 2009: 5,765). Its bank network included 579 sales outlets (first quarter of 2009: 600).

Cost-income-ratio further improved
The cost-income-ratio of the VBI Group also showed a considerable improvement to 58.7 % in the first quarter of 2010. In the same period of 2009, it was 59.3 %. In total, the cost-income-ratio dropped by 28.9 percentage points between 2004 and the end of March 2010.

Net interest income constant
Despite signs of an economic recovery, the effects of the global economic crisis were clearly noticeable in Central and Eastern Europe in the first quarter of 2010. Nevertheless, the VBI Group increased its net interest income by euro 3.2 million compared with the same period of the previous year. The lending volume as at 31 March 2010 was euro 9.7 billion, as in the previous year. The volume of deposits (including debts evidenced by certificates) of VBI group increased from euro 4.9 billion in 2009 to euro 5.1 billion (+4.0 %).

VB-Leasing International Holding GmbH

The international economic and financial crisis had a severe impact on small and medium-sized enterprises in the last business year and therefore also strongly affected the leasing market in the first quarter of 2010. An increasing number of insolvencies and loan defaults were the main cause of a significant decline in new business.

However, the solid strategic orientation of the VB Leasing Group guaranteed a respectable quarterly result. VB-Leasing International reported a new business volume of euro 195 million in the first quarter of 2010. This corresponds to almost 9,000 objects. Positive development was seen in the Car Lease & Services segment, in which the volume of new business increased in comparison with the first quarter of 2009, despite the tense situation on the market.

Focus on managing sales
In order to optimise its response to the change in market conditions, VB-Leasing International has together with its eight subsidiaries in Central and Eastern Europe has focused increasingly on managing sales and on product development to support sales. With the development of a cross-border sales platform, VB-Leasing International has invested in an instrument for the active management of sales of used leasing objects. Since the launch in January 2009, over 8,000 registrations have taken place Group-wide on the sales platform. Around 2,900 used leasing objects are currently being offered online. Since the first quarter of 2010, the German VR-Leasing AG has also marketed its used leasing objects via this platform.

Outlook

The retail market is set to remain turbulent in 2010. Providing optimum support to all customers will continue to be the primary aim of the retail banks.

In a market that is recovering slowly, VB Leasing Finanzierungsgesellschaft m.b.H. will pursue its consistent risk policy with regard to credit rating, object quality and risk diversification. Particular attention will be paid to a risk-adequate pricing policy.

The clear strategic orientation of the VBI banks towards a cooperative main bank model and their prudent risk policy have proved to be important keystones in the Group's success, even in difficult times. This path is to be continued in 2010.

Recent macro-economic data indicate that there will soon be a recovery in the economy, particularly in the Czech Republic, Hungary, Slovakia and Serbia. This applies mainly to the renewable energy, energy production, service, trade and automotive sectors. The real estate sector has also sent out more positive signals recently. The markets in Central and Eastern Europe offer new opportunities and prospects in the medium and long term, as there is still a considerable way to go before these markets catch up with Western Europe.

The European Bank for Reconstruction and Development is anticipating slight growth again in Central and Eastern Europe in 2010, along with the further stabilisation of exchange rates. VB-Leasing International is cautious regarding this forecast. It will strengthen its stable market position by further tightening credit requirements and the valuation of leasing objects, and by further improving the balance between revenue and costs.

REAL ESTATE SEGMENT

In the Real Estate segment, the VBAG Group offers its customers and partners expertise and a broad range of services for all areas relating to commercial real estate. Under the motto “excellence in real estate”, real estate loans are provided by Investkredit, lease financing by Immoconsult, real estate development by Premiumred and asset management activities by Europolis AG. The core markets for the extensive product and consulting services are Austria and Central and Eastern Europe.

The segment result showed a year-on-year improvement in the first quarter, which can be attributed to increases in net interest income, net fee and commission income and the income from financial investments and to lower administrative expenses. This compensated for the credit risk provisions of euro 7.8 million, resulting in a result before taxes for the period of euro 10.4 million. The good results were underlined by an improved interest margin and a cost-income-ratio of 45.3 %.

The first quarter of 2010 was marked by the resumption of investing activities in Central and Eastern Europe, even if these activities remained very cautious and varied across the regions. In particular, investment was noted in Poland and the Czech Republic. The real estate financing business developed accordingly.

Financing involves primarily supplementary and follow-up financing for existing projects. Despite the low volume of new business, the portfolio of around euro 3.6 billion is maturing only slowly. This is due above all to the long-term repayment structures of real estate financing, repayment deferrals owing to the economy and the business cycle and the very cautious refinancing activities of competitors.

As a specialist in real estate leasing, Immoconsult will continue to concentrate on business in Austria in 2010, cooperating increasingly with Volksbanks on the basis of syndicates. In the core markets in Central and Eastern Europe, business activities will be concentrated on major international customers who are serviced both from Vienna and by local subsidiaries. Moreover, Immoconsult will focus on cross-selling activities and support measures for existing customers.

In the successful and profitable niche product of large-volume equipment leasing, as a consequence of risk considerations, the focus will be on customers who have remained economically successful even in the current difficult market environment.

Premiumred, the centre of excellence for international real estate project development at the VBAG Group, currently holds in its portfolio the office buildings ”North Gate” in Warsaw and ”Premium Plaza” and ”Premium Point” in Bucharest, which were completed in 2008 and 2009. Of the total usable space of around 44,500 m^2, approximately 95 % has already been rented out, despite the difficult economic environment. Premiumred expects to obtain valid planning permission during the course of the year for the projects under development “Horizon Offices” in Prague (rentable space around 23,000 m^2) and “Salomea Business Park” in Warsaw (rentable space around 28,000 m^2).

For Europolis, the first quarter of 2010 was marked by a turnaround. Rental income rose by 18.2 % from euro 18.6 million to euro 22.0 million compared with the first quarter of 2009. The result before taxes increased from euro –14.1 million to euro 5.1 million. Europolis achieved its first positive result after six consecutive negative quarters.

The rental business once again performed very well in the field of asset management. At the Europolis Park Blonie in Poland, for example, around 15,000 m^2 was rented out. Logistics centres now make up 27 % of the portfolios. In total, almost 30,000 m^2 of office and logistics space and space in shopping centres was newly let or relet in the first quarter. Europolis’ main focus this year will once again be on extending existing leases and concluding new leases. The aim is to reduce the vacancy rate. Development projects such as the Orhideea Towers office complex in Bucharest, further phases of the Europolis Park in Bucharest and the Avia Office Park in Krakow are to be implemented once advance letting has reached an appropriate level.

Outlook

Overall, the business volume in the Real Estate segment is expected to stagnate, as the market environment remains difficult. Investkredit will focus on the following factors: the defensive maintenance of the existing portfolio geared towards the avoidance of risk costs, new business on a selective basis and adaptation of strategic guidelines to the changes in market conditions.

Immoconsult will focus on exhausting the potential for cross-selling with existing customers and on selective new customer business.

Premiumred will concentrate more on its role as a special management unit for impaired real estate financing agreements of Investkredit.

In view of the difficult situation on the international financial markets, Europolis has frozen most of its current projects. In general, Europolis will concentrate more on managing its existing portfolio rather than on new business.

If the lower valuation expenses in the first quarter continue throughout the year 2010, an improvement in results can be expected in the Real Estate segment.

FINANCIAL MARKETS SEGMENT

The Financial Markets segment continued the positive trend from 2009 and once again achieved a very good result. As in previous quarters, the Group Treasury and Volksbank Investments divisions were primarily responsible for this performance. Overall, the Financial Markets segment achieved a result before taxes of euro 22.8 million in the first quarter of 2010.

Group Treasury

The services that Group Treasury offers to the Volksbank sector include liquidity settlement, balance sheet structure management and business segment planning, among others. Group Treasury also serves institutional clients and corporates as well as banks at home and abroad. Not only traditional price and interest rate products, but also individually tailored derivatives are available to customers.

VB Treasury Services

Sales of interest rate hedging products to the Volksbank sector, mainly for hedging retail loans, were strong in the first quarter of 2010. Sales of almost euro 50 million were recorded via the trading platform Treasury 4 You. Owing to the volatile currency markets, the Solution Management division advocated the purchase of currency options as a temporary substitute for stop-loss orders. Significant sales were also achieved here, particularly in the retail segment.

In the Order Management division, it is becoming clear that the diversification of issuers in the Volksbank sector is playing an increasingly important role in the retail segment. Increased use is therefore being made of services for third-party products. Asset building through third-party funds is proving popular with retail customers of Volksbanks, with sales increasing significantly year-on-year.

Volksbank Consulting

Within the investment books of the primary banks, the net interest income was increased through maturity transformation in the field of short-term and medium-term maturities. A trend has also been noted here towards structured interest products with a focus on range floaters.

In the Retail Business of the primary banks, the ongoing optimisation of the Portfolio Illustrator software, which is used to advise customers on securities in Volksbanks, was continued in the first quarter of 2010.

Foreign Exchange & Money Markets

With the emerging problems in the euro zone, 2010 began with higher levels of volatility in all currencies. The euro came under pressure against all currencies – in particular, lows were reached against the CHF, which were broken through large-scale intervention by the SNB. FX proprietary trading was on track in the first quarter; new internet trading platforms were put in place by international trading partners and led to increased sales owing to the narrow spreads of the providers.

On the money market, the beginning of the year was marked by considerable excess liquidity in the short-term segment. The Money Markets team released liquidity into the market on an ongoing basis in the first quarter, mainly with terms of 1 to 3 months. A conservative counterparty evaluation by VBAG sures that the counterparty risks are limited and can be easily assessed. Participation in the SNB repo tender process is going very well and VBAG is well represented.

Fixed Income & Derivatives

The Fixed Income & Derivatives department achieved stable income in the first quarter through optimum management of the FX option books. In terms of products, demand remained particularly high for simple products that are easy to explain (floaters, MinMax floaters, step ups).

There was also a focus on the expansion of the syndication/origination activities. VBAG was a co-lead in the following issues: Novomatic, Wienerberger and Calyon.

Volksbank Investments

Through Volksbank Investments, VBAG is the first and so far the only Austrian banking group to offer an integrated range of asset management products with a common overall management. Following the set-up of all product lines, a powerful asset management provider is thus available under the umbrella of Volksbank Investments. Assets under management increased slightly in the first quarter of 2010 compared with the end of 2009 and for the first time exceeded the threshold of euro 8 billion.

The position of market leader for structured investments was maintained in the first quarter with a market share of over 40 %, while the market share for guarantee certificates even increased to almost 45 %. The fund volume of VB Invest KAG was stable. At 3.4 %, the market share for retail funds was higher than that on the overall market (2.3 %).

The performance of the new Leben[3] product line was very positive. "Guaranteed savings funds" recorded growth of 27 % compared with the beginning of the year, while the "guaranteed savings" as an alternative to insurance products achieved growth of 60 %. In total, over 92,000 contracts had been concluded as at 31 March 2010. The "guaranteed savings" line is also to be launched on the market in several CEE countries in a form adapted to national conditions.

The Asset Management business line within Volksbank Investments was completely in line with the positioning of the new product range in the first quarter. In addition to pleasing acquisitions of new customers, the new asset navigator should be mentioned in particular. This was presented to sales partners in an extensive information tour. The asset navigator is a fundamentally new, systematic investment process, which recognises earnings opportunities in all phases of the market and ensures performance even in falling markets.

Immo KAG

The commercial real estate market continued to find a stable base in the first quarter of 2010. The periodic follow-up valuations of some properties in the portfolio in the first quarter of 2010 confirmed the values, which ensured that the performance of the fund was stable.

In addition to intensive asset management, marketing and sales activities were stepped up. Along with active public relations work, the immo newsletter was revived, in order to provide our sales partners quickly with up-to-date information about the world of immofonds1.

Outlook

We expect 2010 to continue to be characterised by country risks (Greece, Portugal, Italy, Ireland, Spain) and associated uncertainty on the markets. Risk aversion will therefore remain the decisive issue for customers.

INVESTMENT BOOK / OTHER OPERATIONS SEGMENT

At the start of the 2010 business year, all activities for VBAG's investment book were bundled together at an organisational level, and are now presented in the Investment Book / Other Operations segment. The Investment Book business line thus consists of the Capital Markets and Asset Liability Management profit centres. The activities of the Back Office Service für Banken GmbH and of various holding companies are also allocated here. The Volksbank Linz-Mühlviertel rGenmbH presented in the disposal group will also be presented in this segment until it is disposed of.

Volksbank Linz-Mühlviertel rGenmbH

While total assets fell slightly in the first quarter of 2010, the performance of customer loans (credits) exhibited an extremely positive trend. Loans to customers amounted to euro 200 million as of 31 March 2010, and were thus slightly above the figure for 31 December 2009.

By contrast, customer deposits have sunk slightly since the end of 2009 and came to euro 282 million in the first quarter.

Despite cautious investment behaviour on the part of securities customers, the Securities division maintained a satisfactory level in the first quarter of 2010. The volume of security deposits increased slightly, and came to euro 96 million as of 31 March 2010.

Income was slightly below plan due to the heavy decrease in interest rates on the interbank market. The necessary measures have already been taken with regard to this in the internal investment policy.

Management of risk-carrying loans in times of economic crisis is an important issue. The result of VB Linz+Mühlviertel is extremely satisfying in this regard.

With regard to communication, the first quarter was marked by intensive work on customer contact in order to curtail the ongoing uncertainty of our business partners and customers due to current developments on the financial market. Volksbank Linz+Mühlviertel is regarded by its customers as a reliable partner and is seen, particularly in the field of investments, as a safe haven.

Capital Markets

Within the 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 6.3 billion that is required for regulatory purposes and banking operations, along with other capital market investments amounting to around euro 2.7 billion.

The first quarter of the year under review was characterised by a positive capital market environment. The credit risk premiums for corporate bonds fell slightly, while the spreads for government bonds from the PIIGS countries widened in the wake of the crisis in Greece.

No impairments were necessary in the strategic investment book during the period under review. There was also a slight market price recovery in the structured credit portfolio. A change of euro −17 million in the available for sale reserve in the quarter under review was recorded, after taking into account deferred taxes, mainly owing to the increased risk premiums of the PIIGS countries.

Group ALM and Liquidity Management

In liquidity management, the focus was on creating a liquidity tool for primary banks. This is to make liquidity planning and reporting easier and is to be used throughout the sector by the end of the year.

VBAG has an extremely comfortable liquidity situation. A liquidity reserve of euro 2 billion was achieved and maintained as planned. VBAG is thus fulfilling its responsibility as a “lender of last resort” for the Volksbank sector.

Outlook

With the Model Regio, VBAG implemented its long-term group strategy of uniting all retail banks in the sector to a large extent in 2009. Volksbank Linz+Mühlviertel is set to be sold to a primary bank in the Volksbank sector in the current year according to the agreement.

The current uncertainty which is dominating the financial markets will only abate very slowly. For this reason, we are expecting high levels of volatility and higher risk premiums on the markets in the coming months. ALM and Capital Markets will therefore concentrate on hedging existing risks and take advantage of investment opportunities. Protecting the current liquidity buffer will also be a primary concern.

Income statement

	1-3/2010 in euro thousand	1-3/2009 restated in euro thousand	Changes in euro thousand	Changes %	1-3/2009 published in euro thousand
Interest and similar income and expenses	206,926	153,520	53,406	34.79 %	172,205
Income from companies measured at equity	447	–5,801	6,248	–107.71 %	–5,801
Net interest income	207,373	147,719	59,654	40.38 %	166,404
Risk provisions	–106,856	–111,740	4,884	–4.37 %	–114,605
Net fee and commission income	35,709	35,226	484	1.37 %	39,942
Net trading income	11,372	26,680	–15,309	–57.38 %	26,782
General administrative expenses	–140,159	–146,555	6,395	–4.36 %	–161,983
Other operating result	4,322	4,575	–253	–5.52 %	3,806
Income from financial investments	9,472	–54,057	63,529	–117.52 %	–53,704
Income from the disposal group	353	4,793	–4,440	–92.63 %	0
Result for the period before taxes	**21,586**	**–93,358**	**114,944**	**–123.12 %**	**–93,358**
Income taxes	–1,533	16,633	–18,166	–109.22 %	15,541
Income taxes of the disposal group	–88	–1,092	1,004	–91.91 %	0
Result for the period after taxes	**19,965**	**–77,817**	**97,781**	**–125.66 %**	**–77,817**
Result attributable to shareholders of the parent company (Consolidated net income/loss)	7,371	**–85,784**	**93,155**	**–108.59 %**	**–85,784**
Result attributable to non-controlling interest (Non-controlling interest)	12,594	7,967	4,626	58.06 %	7,967

Statement of financial position

	31 Mar 2010 in euro thousand	31 Dec 2009 in euro thousand	Changes in euro thousand	%
Assets				
Liquid funds	2,338,126	3,008,052	–669,926	–22.27 %
Loans and advances to credit institutions (gross)	7,590,404	5,961,684	1,628,721	27.32 %
Loans and advances to customers (gross)	24,223,890	24,168,604	55,286	0.23 %
Risk provisions (–)	–1,347,748	–1,245,350	–102,398	8.22 %
Trading assets	2,053,659	1,764,095	289,563	16.41 %
Financial investments	9,699,956	9,410,647	289,309	3.07 %
Assets for operating lease	1,830,294	1,836,332	–6,038	–0.33 %
Companies measured at equity	74,424	70,887	3,536	4.99 %
Participations	655,882	655,254	629	0.10 %
Intangible assets	132,871	131,820	1,051	0.80 %
Tangible fixed assets	266,655	263,050	3,605	1.37 %
Tax assets	224,024	211,221	12,803	6.06 %
Other assets	1,565,282	1,491,414	73,868	4.95 %
Assets of the disposal group	372,295	388,734	–16,439	–4.23 %
TOTAL ASSETS	**49,680,014**	**48,116,444**	**1,563,570**	**3.25 %**

	31 Mar 2010 in euro thousand	31 Dec 2009 in euro thousand	Changes in euro thousand	%
Liabilities and equity				
Amounts owed to credit institutions	17,189,149	16,078,604	1,110,545	6.91 %
Amounts owed to customers	7,532,827	7,315,468	217,359	2.97 %
Debts evidenced by certificates	17,347,798	17,328,664	19,134	0.11 %
Trading liabilities	1,421,790	1,236,911	184,879	14.95 %
Provisions	183,623	191,001	–7,378	–3.86 %
Tax liabilities	139,870	146,591	–6,720	–4.58 %
Other liabilities	1,490,527	1,405,413	85,113	6.06 %
Liabilities of the disposal group	353,026	369,359	–16,333	–4.42 %
Subordinated liabilities	1,865,338	1,923,117	–57,780	–3.00 %
Equity	2,156,066	2,121,315	34,751	1.64 %
Shareholders' equity	1,184,796	1,178,072	6,724	0.57 %
Non-controlling interest	971,270	943,243	28,027	2.97 %
TOTAL LIABILITIES AND EQUITY	**49,680,014**	**48,116,444**	**1,563,570**	**3.25 %**

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	Non-controlling interest	Equity
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	0	–165
Change due to reclassifications shown under non-controlling interest and capital increases			–27				–27	–13,133	–13,160
As at 31 Mar 2009 [3]	339,459	493,242	527,195	–53,185	–260,158	11,492	1,058,046	953,475	2,011,521
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	0	–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**

* Comprehensive income (Income and changes in reserves)	1-3/2010 Shareholders' equity	1-3/2010 Non-controlling interest	1-3/2010 Equity	1-3/2009 Sahreholders' equity	1-3/2009 Non-controlling interest	1-3/2009 Equity
Consolidated net income	7,371	12,594	19,965	–85,784	7,967	–77,817
Retained earnings	7,371	12,594	19,965	–85,784	7,967	–77,817
Currency reserve	13,892	13,469	27,362	–31,954	–33,127	–65,081
thereof from application of the average rates of exchange in income statement	45	39	84	73	79	152
Available for sale reserve (including deferred taxes) [4]	–13,111	3,238	–9,873	–55,958	633	–55,325
Hedging reserve (including deferred taxes) [5]	–1,184	–330	–1,514	1,330	–183	1,147
Comprehensive income	6,968	28,971	35,939	–172,367	–24,709	–197,076

1) Subscribed capital corresponds to the figures reported in the financial statements of Österreichische Volksbanken-AG.
2) As at 31 March 2010 the available for sale reserve included deferred taxes of euro 53,694 thousand (31 March 2009: euro 81,596 thousand).
The hedging reserve contains deferred taxes in the amount of euro 970 thousand at the balance sheet date (31 March 2009: euro –4,285 thousand).
3) In the figures as at 31 March 2009, the disposal group (Retail Banks) accounted for an amount of euro 169 thousand in the available for sale reserve.
In the figures as at 31 March 2010, the disposal group (VB Linz) accounted for an amount of euro –17 thousand in the available for sale reserve.
4) In the first quarter 2010, an amount of euro 3.601 thousand (1-3/2009: euro 5,570 thousand) previously recognised in the available for sale reserve was reclassified and shown in the income statement.
5) Changes in value in the hedging reserve in the amount of euro –3,518 thousand (1-3/2009: euro –620 thousand) were recognised in income during the reporting period.

Cash flow statement

from continued operations

Euro thousand	1-3/2010	1-3/2009
Cash and cash equivalents at the end of previous period (= liquid funds)	3,008,052	3,875,629
Cash flow from operating activities	–674,173	–978,152
Cash flow from investing activities	68,201	71,171
Cash flow from financing activities	–63,955	–54,669
Cash and cash equivalents at the end of period (= liquid funds)	2,338,126	2,913,980

NOTES
Interim financial statements as at 31 March 2010

1) General
The interim report as at 31 March 2010 of 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 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 2009.

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 2009.

In the first quarter of 2010 an impairment test for a company was carried out and led to an impairment of euro 461 thousand. There were no events or changes in circumstances for the remaining 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 2010, capital increases took place in some subsidiaries. At one company, partly some of the shares of third-party shareholders were taken over. The takeover of these non-controlling interests was recognised directly in equity.

Due to the deconsolidation of the three retail banks with 31 December 2009 and the planned sale of VB Linz+Mühlviertel, the comparative period was adapted according to IFRS 5.

Profit and loss of disposal group segment retail

Euro thousand	1-3/2010	1-3/2009
Net interest income	1,537	18,618
Risk provisions	193	–2,865
Net fee and commission income	609	5,610
Net trading income	0	192
General administrative expenses	–1,991	–17,062
Other operating result	5	–53
Income from financial investments	0	353
Result for the period before taxes	353	**4,793**
Income taxes	–88	–1,092
Result for the period after taxes	265	**3,701**
Profit attributable to shareholders of the parent company	258	**3,632**
Profit attributable to non-controlling interest	7	70

Assets of disposal group segment retail

Euro thousand	31 Mar 2010	31 Dec 2009
Liquid funds	1,827	2,036
Loans and advances to credit institutions (gross)	134,643	153,406
Loans and advances to customers (gross)	199,813	197,333
Risk provisions (–)	–11,529	–11,696
Financial investments	37,093	37,106
Participations	2,218	2,218
Intangible assets	7	4
Tangible fixed assets	4,342	4,306
Tax assets	289	384
Other assets	3,593	3,637
Total assets	372,295	**388,734**

Liabilities of disposal group segment retail

Euro thousand	31 Mar 2010	31 Dec 2009
Amounts owed to credit institutions	62,992	62,547
Amounts owed to customers	282,245	302,855
Provisions	2,434	2,312
Other liabilities	5,354	1,645
Liabilities	353,026	369,359

3) Subsequent events

Negotiations regarding the sale of VB Linz+Mühlviertel, which started in first quarter 2010, will be finalised in the next few weeks. The process of the evaluation of strategic partnerships and of options and measures concerning the reorientation of the Group is still in progress.

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 2010.

4) Notes to the income statement

Net interest income

Euro thousand	1-3/2010	1-3/2009
Interest and similar income	523,624	646,500
Interest and similar income from	487,778	616,525
liquid funds	5,979	19,198
credit and money market transactions with credit institutions	15,960	55,444
credit and money market transactions with customers	279,612	374,473
debt securities	72,851	97,152
derivatives in the investment book	113,375	70,258
Current income from	9,336	6,331
equities and other variable-yield securities	869	1,482
other affiliates	574	198
companies measured at equity	447	–5,801
investments in other companies	7,445	10,453
Operating lease operations (including investment property)	26,511	23,643
rental income	35,606	31,150
unrealised income / expenses from investment property	–879	800
depreciation of operating lease assets	–8,216	–8,308
Interest and similar expenses of	–316,251	–498,780
deposits from credit institutions (including central banks)	–76,330	–172,852
deposits from customers	–45,945	–76,533
debts evidenced by certificates	–154,751	–154,085
subordinated liabilities	–15,341	–36,978
derivatives in the investment book	–23,884	–58,332
Net interest income	207,373	**147,719**

Net interest income according to IAS39 in categories

Euro thousand	1-3/2010	1-3/2009
Interest receivable and similar income	523,624	646,500
Interest receivable and similar income from	487,778	616,525
financial investments at fair value through profit or loss	9,548	11,940
derivatives – investment book	113,375	70,258
financial investments available for sale	37,822	39,672
financial investments at amortised cost	311,127	469,044
of which financial lease	52,915	62,036
of which unwinding	2,389	806
financial investments held to maturity	15,905	25,612
Current income from	9,336	6,331
financial investments at fair value through profit or loss	0	500
financial investments available for sale	8,889	11,632
companies measured at equity	447	–5,801
Operating lease operations (including investment property)	26,511	23,643
Interest and similar expenses of	–316,251	–498,780
financial investments at fair value through profit or loss	–94	–56
derivatives – investment book	–23,884	–58,332
financial investments at amortised cost	–292,273	–440,392
Net interest income	**207,373**	**147,719**

Risk provisions

Euro thousand	1-3/2010	1-3/2009
Allocation to risk provisions	–196,034	–166,012
Release of risk provisions	87,122	57,464
Allocation to provisions for risks	–1,798	–2,897
Release of provisions for risks	4,023	269
Direct write-offs of loans and advances	–339	–1,474
Income from loans and advances previously written off	170	910
Risk provisions	**–106,856**	**–111,740**

Net fee and commission income

Euro thousand	1-3/2010	1-3/2009
Fee and commission income from	49,554	53,459
lending operations	13,600	14,149
securities businesses	8,602	8,664
payment transactions	13,160	10,945
foreign exchange, foreign notes and coins transactions	6,404	11,422
other banking services	7,788	8,279
Fee and commission expenses from	–13,844	–18,233
lending operations	–4,901	–3,852
securities businesses	–3,219	–5,864
payment transactions	–1,525	–1,114
foreign exchange, foreign notes and coins transactions	–3,080	–5,732
other banking services	–1,119	–1,671
Net fee and commission income	**35,709**	**35,226**

Net trading income

Euro thousand	1-3/2010	1-3/2009
Equity related transactions	–3,606	–946
Exchange rate related transactions	16	–1,221
Interest rate related transactions	14,962	28,848
Net trading income	**11,372**	**26,680**

General administrative expenses

Euro thousand	1-3/2010	1-3/2009
Staff expenses	–72,603	–74,101
Other administrative expenses	–58,596	–63,202
Depreciation of fixed tangible and intangible assets	–8,960	–9,252
General administrative expenses	**–140,159**	**–146,555**

Income from financial investments

Euro thousand	1-3/2010	1-3/2009
Result from financial investments at fair value through profit or loss / macro hedges	**13,510**	**–15,010**
Result from financial investments at fair value through profit or loss and from underlying instruments for macro hedges	13,198	–15,010
Result from revaluation of derivatives	313	0
Result from fair value hedges	**0**	**30**
Result from revaluation of underlying instruments	–176,456	74,074
Result from revaluation of derivatives	176,456	–74,044
Result from valuation of other derivatives in the investment book	**–3,818**	**–12,466**
Equity related transactions	300	0
Exchange rate related transactions	–244	–1,672
Interest rate related transactions	–4,193	–10,711
Credit related transactions	365	2
Other transactions	–47	–85
Result from available for sale financial investments	**3,446**	**–813**
Realised gains / losses	3,601	5,146
Income from revaluation	0	6
Impairments	–155	–5,965
Result from loans & receivables financial investments	**–3,152**	**–18,077**
Realised gains / losses	626	704
Income from revaluation	222	0
Impairments	–4,000	–18,781
Result from held to maturity financial investments	**–1,898**	**–7,569**
Realised gains / losses	2,104	3,891
Income from revaluation	1	0
Impairments	–4,003	–11,461
Result from participations, assets for operating lease and other financial investments	**1,382**	**–152**
Realised gains / losses	1,427	8
Impairments	–45	–160
Income from financial investments	**9,472**	**–54,057**

5) Notes to the consolidated statement of financial position

Loans and advances to credit institutions and customers

Euro thousand	31 Mar 2010	31 Mar 2009
Loans and advances to credit institutions	7,590,404	5,961,684
Loans and advances to customers	24,223,890	24,168,604
Loans and advances to credit institutions and customers	**31,814,295**	**30,130,288**

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 2009	491	571,843	33,963	606,297	109,734
Currency translation	0	–8,491	–1,058	–9,550	–31
Reclassification	0	2,293	919	3,212	0
Unwinding	0	–806	0	–806	–392
Utilisation	0	–16,446	0	–16,446	–833
Release	0	–35,450	–23,864	–59,313	–1,850
Addition	0	135,669	34,635	170,305	4,293
As at 31 Mar 2009	491	648,612	44,595	693,698	110,921
As at 1 Jan 2010	539	1,177,271	79,237	1,257,047	11,696
Currency translation	0	14,910	216	15,125	0
Reclassification	0	7,001	–49	6,951	0
Unwinding	0	–2,389	0	–2,389	0
Utilisation	0	–26,202	0	–26,202	0
Release	0	–65,594	–21,763	–87,357	–235
Addition	0	171,873	24,228	196,102	68
As at 31 Mar 2010	**539**	**1,276,870**	**81,869**	**1,359,278**	11,529

The additions include an amount of euro 6,447 thousand (2009: euro 1,362 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 518,707 thousand (31 December 2009: euro 441,379 thousand). The reclassification item reflects the regrouping of other assets.

Trading assets

Euro thousand	31 Mar 2010	31 Dec 2009
Debt securities	304,024	157,002
Equity and other variable-yield securities	80,836	43,125
Positive fair value from derivatives	1,668,798	1,563,968
Foreign exchange transactions	100,752	100,101
Interest rate related transactions	1,559,738	1,455,559
Other transactions	8,308	8,308
Trading assets	**2,053,659**	**1,764,095**

Financial investments

Euro thousand	31 Mar 2010	31 Dec 2009
Financial investments at fair value through profit or loss	1,003,698	1,066,895
Debt securities	920,215	986,610
Equity and other variable-yield securities	83,483	80,286
Financial investments available for sale	4,883,315	4,466,256
Debt securities	4,613,307	4,197,122
Equity and other variable-yield securities	270,008	269,134
Financial investments loans & receivables	1,937,682	1,918,289
Financial investments held to maturity	1,875,261	1,959,208
Financial investments	**9,699,956**	**9,410,647**

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 2010	31 Dec 2009	1 Jul 2008
Carrying amount	851,914	861,322	1,140,363
Fair value	800,688	783,706	1,140,363
Available for sale reserve with reclassification	–53,654	–53,935	–79,177
Available for sale reserve without reclassification	–102,197	–121,012	–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 2010	31 Dec 2009
Investments in unconsolidated affiliates	507,902	507,784
Participating interests	73,617	73,267
Investments in other companies	74,364	74,202
Participations	**655,882**	**655,254**

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 2010	31 Dec 2009
Deferred items	51,985	32,599
Other receivables and assets	307,746	409,734
Positive fair value from derivatives in the investment book	1,205,551	1,049,080
Other assets	**1,565,282**	**1,491,414**

Amounts owed to credit institutions

Euro thousand	31 Mar 2010	31 Dec 2009
Central banks	805,040	38,030
Other credit institutions	16,384,109	16,040,574
Amounts owed to credit institutions	**17,189,149**	**16,078,604**

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

Amounts owed to customers

Euro thousand	31 Mar 2010	31 Dec 2009
Measured at fair value through profit or loss	21,938	20,419
Measured at amortised cost	7,510,889	7,295,050
Savings deposits	145,296	136,360
Other deposits	7,365,593	7,158,689
Amounts owed to customers	7,532,827	**7,315,468**

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 exceeds the redemption amount at maturity by euro 299 thousand (31 December 2009: the carrying amount falls below the redemption amount by euro 486 thousand).

Debts evidenced by certificates

Euro thousand	31 Mar 2010	31 Dec 2009
Mortgage and local authority bonds	247,352	233,308
Bonds	17,100,446	17,095,356
Debts evidenced by certificates	17,347,798	**17,328,664**

Debts evidenced by certificates are all measured at amortised cost.

Trading liabilities

Euro thousand	31 Mar 2010	31 Dec 2009
Negative fair value from derivatives		
Exchange rate related transactions	109,834	105,297
Interest rate related transactions	1,308,810	1,128,468
Other transactions	3,146	3,146
Trading liabilities	1,421,790	**1,236,911**

Other liabilities

Euro thousand	31 Mar 2010	31 Dec 2009
Deferred items	62,145	56,018
Other liabilities	400,895	377,863
Negative fair value from derivatives in the investment book	1,027,486	971,532
Other liabilities	1,490,527	**1,405,413**

Subordinated liabilities

Euro thousand	31 Mar 2010	31 Dec 2009
Subordinated liabilities	983,572	1,043,706
Supplementary capital	881,765	879,412
Subordinated liabilities	1,865,338	**1,923,117**

Subordinated liabilities are all measured at amortised cost.

Subordinated liabilities comprise hybrid tier I capital in the amount of euro 300,000 thousand (31 December 2009: euro 353,123 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 2010	31 Dec 2009
Subscribed capital (less treasury stocks)	1,844,934	1,845,000
Open reserves (including differential amounts and minority interests)	959,510	1,061,125
Funds for general banking risks	11,256	10,886
Intangible assets	–35,410	–34,461
Net loss	–15,914	–68,707
Core capital (tier I capital) before deductions	2,764,376	2,813,843
Deductions from core capital (50 % deduction pursuant to section 23 (13) Austrian Banking Act)	–108,199	–99,161
Core capital (tier I capital) after deductions	2,656,177	2,714,682
Supplementary capital	360,585	361,322
Eligible subordinated liabilities	610,660	620,201
Hidden reserves pursuant to section 57 (1) Austrian Banking Act	136	117
IRB risk provision surplus	0	55,510
Supplementary capital (tier II capital) before deductions	971,381	1,037,150
Deductions from supplementary capital (50 % deduction pursuant to section 23 (13) Austrian Banking Act)	–108,199	–99,161
Supplementary capital (tier II capital) after deductions	863,182	937,989
Short-term subordinated liabilities (tier III capital)	36,261	29,790
Eligible qualifying capital	3,555,620	**3,682,461**
Capital requirement	2,444,826	2,361,064
Surplus capital	1,110,794	1,321,397
Core capital ratio (tier I) (in relation to the assessment base pursuant to section 22 Austrian Banking Act - credit risk)	9.45 %	9.96 %
Equity ratio (solvency ratio) (in relation to credit risk after deduction of capital requirements for market and operational risk)	11.95 %	12.85 %
Core capital ratio (in relation to the risks pursuant to section 22 (1) no. 1-5 Austrian Banking Act)	8.69 %	9.20 %
Equity ratio (in relation to the risks pursuant to section 22 (1) no. 1-5 Austrian Banking Act)	11.63 %	12.48 %

The item open reserves includes the hybrid tier I capital totalling euro 300,000 thousand (31 December 2009: euro 353,123 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 2010	31 Dec 2009
Risk-weighted assessment base pursuant to section 22 Austrian Banking Act - credit risk	28,096,675	27,255,125
Of which 8 % minimum capital requirement for credit risk	2,247,734	2,180,410
Capital requirement for position risk in debt instruments, equities, foreign exchange and commodities - market risk	62,377	55,241
Capital requirement for operational risk	134,715	125,413
Total capital requirement	2,444,826	**2,361,064**

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 2010, 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) Financial assets and liabilities

The table below shows a classification of 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 2010							
Liquid funds	0	0	0	0	2,338,126	2,338,126	2,338,126
Loans and advances to credit institutions	0	0	0	0	7,590,404	7,590,404	7,590,469
Loans and advances to customers	0	0	0	0	24,223,890	24,223,890	22,923,278
Trading assets	2,053,659	0	0	0	0	2,053,659	2,053,659
Financial investments	0	1,003,698	1,875,261	4,883,315	1,937,682	9,699,956	9,524,071
Assets for operating lease	0	0	0	0	1,830,294	1,830,294	1,830,294
Companies measured at equity and participations	0	0	0	0	730,306	730,306	730,306
Derivatives - investment book	1,205,551	0	0	0	0	1,205,551	1,205,551
Financial assets - total	**3,259,209**	**1,003,698**	**1,875,261**	**4,883,315**	**38,650,702**	**49,672,186**	**48,195,753**
Financial assets of the disposal group	0	0	0	37,093	338,500	375,593	364,064
Amounts owed to credit institutions	0	0	0	0	17,189,149	17,189,149	17,191,630
Amounts owed to customers	0	21,938	0	0	7,510,889	7,532,827	7,531,997
Debts evidenced by certificates	0	0	0	0	17,347,798	17,347,798	17,212,780
Trading liabilities	1,421,790	0	0	0	0	1,421,790	1,421,790
Derivatives - investment book	1,027,486	0	0	0	0	1,027,486	1,027,486
Subordinated liabilities	0	0	0	0	1,865,338	1,865,338	1,229,875
Financial liabilities - total	**2,449,276**	**21,938**	**0**	**0**	**43,913,174**	**46,384,389**	**45,615,559**
Financial liabilities of the disposal group	0	0	0	0	345,237	345,237	345,237

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 2009							
Liquid funds	0	0	0	0	3,008,052	3,008,052	3,008,025
Loans and advances to credit institutions	0	0	0	0	5,961,684	5,961,684	5,961,666
Loans and advances to customers	0	0	0	0	24,168,604	24,168,604	22,887,538
Trading assets	1,764,095	0	0	0	0	1,764,095	1,764,095
Financial investments	0	1,066,895	1,959,208	4,466,256	1,918,289	9,410,647	9,129,808
Assets for operating lease	0	0	0	0	1,836,332	1,836,332	1,836,332
Companies measured at equity and participations	0	0	0	0	726,141	726,141	726,141
Derivatives - investment book	1,049,080	0	0	0	0	1,049,080	1,049,080
Financial assets - total	**2,813,175**	**1,066,895**	**1,959,208**	**4,466,256**	**37,619,102**	**47,924,636**	**46,362,713**
Financial assets of the disposal group	0	0	0	37,106	354,993	392,099	380,898
Amounts owed to credit institutions	0	0	0	0	16,078,604	16,078,604	16,084,896
Amounts owed to customers	0	20,419	0	0	7,295,050	7,315,468	7,313,196
Debts evidenced by certificates	0	0	0	0	17,328,664	17,328,664	17,182,599
Trading liabilities	1,236,911	0	0	0	0	1,236,911	1,236,911
Derivatives - investment book	971,532	0	0	0	0	971,532	971,532
Subordinated liabilities	0	0	0	0	1,923,117	1,923,117	1,277,832
Financial liabilities - total	**2,208,443**	**20,419**	**0**	**0**	**42,625,436**	**44,854,298**	**44,066,966**
Financial liabilities of the disposal group	0	0	0	0	365,402	365,402	365,402

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 2010			
Financial assets			
Trading assets	237,361	1,816,297	2,053,659
Financial investments	4,959,000	928,013	5,887,013
at fair value through profit or loss	733,388	270,310	1,003,698
available for sale	4,225,612	657,703	4,883,315
Derivatives – investment book	0	1,205,551	1,205,551
Total	**5,196,361**	**3,949,861**	**9,146,222**
Financial liabilities			
Amounts owed to customers	0	21,938	21,938
Trading liabilities	0	1,421,790	1,421,790
Derivatives – investment book	0	1,027,486	1,027,486
Total	**0**	**2,471,214**	**2,471,214**
31 Dec 2009			
Financial assets			
Trading assets	97,672	1,666,424	1,764,095
Financial investments	4,849,904	683,247	5,533,151
at fair value through profit or loss	885,107	181,788	1,066,895
available for sale	3,964,797	501,459	4,466,256
Derivatives – investment book	0	1,049,080	1,049,080
Total	**4,947,576**	**3,398,751**	**8,346,326**
Financial liabilities			
Amounts owed to customers	0	20,419	20,419
Trading liabilities	0	1,236,911	1,236,911
Derivatives – investment book	0	971,532	971,532
Total	**0**	**2,228,862**	**2,228,862**

In 2010 and 2009 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 creditspreads 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

	Average number of staff		Number of staff at end of period	
	1-3/2010	1-3/2009	31 Mar 2010	31 Dec 2009
Domestic	1,529	2,075	1,527	1,541
Foreign	6,354	6,752	6,340	6,390
Total	**7,883**	**8,827**	**7,867**	**7,931**

In the first quarter of 2010, the number of staff employed in disposal group retail domestic amounted to 74 employees at average (1-3/2009: 548). In number of staff at the end of the period 31 March 2010, 74 employees of disposal group retail domestic (31 December 2009: 74) are included.

9) Sales outlets

	31 Mar 2010	31 Dec 2009
Domestic	11	11
Foreign	580	583
Total	**591**	**594**

As at 31 March 2010, VB Linz+Mühlviertel owns 10 branches (31 December 2009: 10).

10) Segment reporting

Beginning with this fiscal year, a change concerning the classification of business segments and profit centres to the several segments took place. The Domestic retail segment was dissolved, due to the finalised sale of ImmoBank, Ärztebank and VB Wien and the planned sale of VB Linz+Mühlviertel. Both profit centres, housing construction- and model financing, previously assigned to the Domestic retail segment, are now allocated to the Corporates segment. The result from the disposal group Domestic retail is shown in the Investment Book / Other Operations segment. As all activities relating to the investment book of VBAG were summarised organisationally, the business segment Capital Markets is displayed in the Investment Book / Other Operations segment. Figures of the comparative period were adapted accordingly.

Segment reporting by business segments

Euro thousand	Corporates	Retail	Real Estate	Financial Markets	Investment Book / Other Operations	Consolidation	Total
Net interest income							
1-3/2010	**35,166**	**136,977**	**33,545**	**11,933**	**–10,521**	**273**	**207,373**
1-3/2009	38,546	130,550	24,194	3,620	–4,582	–44,609	147,719
Risk provisions							
1-3/2010	**–31,376**	**–66,774**	**–7,788**	**359**	**–1,277**	**0**	**–106,856**
1-3/2009	–39,562	–55,867	–10,008	0	–6,303	0	–111,740
Net fee and commission income							
1-3/2010	**2,505**	**20,246**	**1,464**	**7,221**	**7,468**	**–3,194**	**35,709**
1-3/2009	4,983	19,538	–305	7,181	6,171	–2,342	35,226
Net trading income							
1-3/2010	**–104**	**–1,170**	**–912**	**15,054**	**3,120**	**–4,616**	**11,372**
1-3/2009	46	2,109	–6,053	30,250	635	–307	26,680
General administrative expenses							
1-3/2010	**–20,475**	**–86,268**	**–13,069**	**–11,513**	**–17,898**	**9,063**	**–140,159**
1-3/2009	–18,638	–84,649	–15,821	–11,792	–23,336	7,680	–146,555
Other operating result							
1-3/2010	**536**	**4,793**	**–2,792**	**–58**	**7,085**	**–5,241**	**4,322**
1-3/2009	–980	4,138	–1,344	190	7,470	–4,900	4,575
Of which impairment of goodwill							
1-3/2010	***0***	***0***	***–461***	***0***	***0***	***0***	***–461***
1-3/2009	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Income from financial investments							
1-3/2010	**3,899**	**1,858**	**–86**	**–190**	**3,991**	**0**	**9,472**
1-3/2009	–18,748	–269	–3,633	493	–31,899	0	–54,057
Income from the disposal group							
1-3/2010	**0**	**0**	**0**	**0**	**353**	**0**	**353**
1-3/2009	0	0	0	0	4,793	0	4,793
Result for the period before taxes							
1-3/2010	**–9,850**	**9,662**	**10,363**	**22,806**	**–7,680**	**–3,715**	**21,586**
1-3/2009	**–34,353**	**15,550**	**–12,969**	**29,942**	**–47,052**	**–44,478**	**–93,358**
Total assets							
31 Mar 2010	**9,690,845**	**16,817,614**	**7,191,392**	**4,823,661**	**34,569,048**	**–23,412,546**	**49,680,014**
31 Dec 2009	9,826,343	16,810,119	7,172,286	4,276,836	32,399,658	–22,368,797	48,116,444
Loans and advances to customers							
31 Mar 2010	**6,977,040**	**12,492,737**	**4,297,747**	**110,715**	**2,200,905**	**–1,855,253**	**24,223,890**
31 Dec 2009	7,176,803	12,340,241	4,312,302	290,792	1,897,962	–1,849,496	24,168,604
Amounts owed to customers							
31 Mar 2010	**746,264**	**4,929,952**	**356,308**	**1,506,536**	**275,392**	**–281,625**	**7,532,827**
31 Dec 2009	559,690	4,739,259	657,796	1,443,467	362,575	–447,320	7,315,468
Debts evidenced by certificates including subordinated liabilities							
31 Mar 2010	**4,052,069**	**423,121**	**921,697**	**577,306**	**17,327,195**	**–4,088,252**	**19,213,136**
31 Dec 2009	4,036,750	408,720	886,568	484,575	17,261,915	–3,826,747	19,251,781

Segment reporting by geographical markets

Euro thousand	Austria	Central- and Eastern Europa	Other Markets	Group result
Net interest income				
1-3/2010	40,955	145,981	20,438	207,373
1-3/2009	–7,547	136,097	19,169	147,719
Risk provisions				
1-3/2010	–40,899	–65,205	–752	–106,856
1-3/2009	–29,166	–54,430	–28,144	–111,740
Net fee and commission income				
1-3/2010	14,233	20,555	922	35,709
1-3/2009	16,014	21,672	–2,461	35,226
Net trading income				
1-3/2010	14,434	–3,053	–10	11,372
1-3/2009	28,804	1,627	–3,751	26,680
General administrative expenses				
1-3/2010	–47,176	–86,888	–6,095	–140,159
1-3/2009	–54,671	–86,354	–5,530	–146,555
Other operating result				
1-3/2010	2,220	2,126	–23	4,322
1-3/2009	4,426	–560	710	4,575
Income from financial investments				
1-3/2010	4,238	2,674	2,559	9,472
1-3/2009	–18,711	–405	–34,940	–54,057
Income from the disposal group				
1-3/2010	353	0	0	353
1-3/2009	4,793	0	0	4,793
Result for the period before taxes				
1-3/2010	**–11,643**	**16,190**	**17,038**	**21,586**
1-3/2009	**–56,058**	**17,648**	**–54,948**	**–93,358**

11) Quarterly financial data

Euro thousand	1-3/2010	10-12/2009	7-9/2009	4-6/2009	1-3/2009
Net interest income	207,373	31,309	110,929	134,272	147,719
Risk provisions	–106,856	–306,322	–270,079	–175,247	–111,740
Net fee and commission income	35,709	38,434	32,521	43,771	35,226
Net trading income	11,372	17,360	28,369	48,256	26,680
General administrative expenses	–140,159	–134,062	–144,617	–135,024	–146,555
Other operating result	4,322	–29,889	4,966	6,619	4,575
Income from financial investments	9,472	–6,434	–237,913	25,777	–54,057
Income from the disposal group	353	52,970	8,407	5,532	4,793
Result for the period before taxes	**21,586**	**–336,634**	**–467,416**	**–46,044**	**–93,358**
Income taxes	–1,533	–297,220	75,017	32,304	16,633
Income taxes of the disposal group	–88	–1,728	–1,848	–1,656	–1,092
Result for the period after taxes	**19,965**	**–635,582**	**–394,248**	**–15,396**	**–77,817**
Result attributable to shareholders of the parent company	**7,371**	**–611,077**	**–367,095**	**–20,315**	**–85,784**
Result attributable to non-controlling interest	12,594	–24,505	–27,152	4,919	7,967

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 2010

Gerald Wenzel
Chairman of the Managing Board
Finance, Human Resources, Law and Marketing

Michael Mendel
Deputy Chairman of the Managing Board
Risk

Martin Fuchsbauer
Treasury

Wolfgang Perdich
Market/Overseas

Dieter Tschach
Organisation/IT

Members of the Managing Board