

## Österreichische Volksbanken-AG (VBAG) Group reports provisional results for the first quarter of 2011

### General assembly today approves combination of VBAG and Investkredit

19 May 2011

- Increased **pre-tax result** of **EUR 41 million** anticipated for the first quarter
- **Tier 1 ratio** in relation to credit risk further improved, expected at **10.6%**
- **Total assets** expected to reach **EUR 44.1 billion**
- Slight decrease of net **interest income** to **EUR 187 million** anticipated
- Decline of **risk provisions** to **EUR 66 million** expected
- Annual general assembly passed resolution necessary for **legal combination of VBAG and Investkredit**

According to provisional results, VBAG Group continued the positive trend in the first quarter of 2011. The expected result before taxes is EUR 41 million (Q1 2010: EUR 22 million) and a consolidated net income after taxes and minority interests of EUR 32 million is anticipated (Q1 2010: EUR 7 million).

The capital ratios further improved. The tier 1 ratio in relation to credit risk and the equity ratio in relation to total risk are forecast to reach 10.6% and 13.1% respectively, both increasing by 0.3 percentage points against the end of the previous year.

Net interest income is expected to fall by 3% year-on-year to EUR 187 million in the first quarter of 2011. While interest income was stable in most segments, in the Leasing business and in the Financial Markets segment it declined slightly. Reasons are a fall in interest margins in Central and Eastern European countries and the above-average net interest income in the first quarter of 2010.

Total assets as at 31 March 2011 are expected to reach EUR 44.1 billion. This represents a decrease of EUR 2.4 billion compared to the end of 2010 (EUR 1.7 billion of which is attributable to the sale of Europolis Group).

The positive development of the previous quarters also continued with respect to risk provisions. Despite a persistently challenging economic environment in parts of Central and Eastern Europe, risk provisions were reduced in the first quarter of 2011 by an expected 38% to EUR 66 million year-on-year. The most significant falls are forecast for the Corporates segment and the Leasing business. According to provisional results, risk provisions will remain stable in the CEE banks business area.

The outlook for the current year is satisfactory and according to plan. As announced, the final result for the first quarter of 2011 will be published on 27 May 2011.

The combination of VBAG and Investkredit is still in progress and is set to be completed in legal terms in the second half of 2011. The necessary resolutions were passed today by the annual general assembly. As a result, the banking operations of VBAG will be transferred to Investkredit as the assuming company by way of universal succession. In this process, all bonds issued by VBAG will be transferred to Investkredit. The combination of the two companies becomes legally binding on entry in the commercial register. Subject to approval by the authorities, this is expected for the second half of 2011. The name of the new, unified bank will then be changed to Österreichische Volksbanken-AG.