

Österreichische Volksbanken-Aktiengesellschaft (VBAG) Group publishes consolidated results for the first quarter of 2013

21 May 2013

- **Result before taxes** of **EUR 3 million**, **result after taxes and non-controlling interests** of **EUR -21 million** as of 31 March 2013
- **Net interest income** decreased to **EUR 50 million** in the first quarter of 2013
- **Total assets** fell to **EUR 25.8 billion** as of 31 March 2013
- Capital ratios were stable, the **tier 1 ratio** was **11.0%** at the end of the first quarter of 2013

Consolidated results as of 31 March 2013

VBAG Group is currently implementing a profound restructuring process. VBAG has to wind down or sell all business areas and assets which are not related to the bank's function as central organisation of the Association of Volksbanks. Total assets therefore are to be reduced considerably. The redimensioning measures are affecting the results, as of 31 March 2013 a pre-tax Group result of **EUR 3 million** and a consolidated result after taxes and non-controlling interests of **EUR -21 million** were reported.

First quarter 2013 results in detail

Net interest income stood at **EUR 50 million** as of 31 March 2013, down EUR 6 million year-on-year. This decrease is to a large extent a consequence of the redimensioning process and the pronounced reduction of VBAG's assets.

Risk provisions grew by EUR 15 million compared to the first quarter of the previous year to **EUR -37 million**. The increase is attributable primarily to the Non-core Real Estate segment where risk provisions exceeded last year's level by EUR 25 million. At the same time, portfolio-based provisions in an amount of EUR 18 million could be reversed.

Net fee and commission income declined by EUR 9 million on the comparable period of 2012 and stood at **EUR 11 million** at the end of the current reporting period. The **trading result** also dropped in the period under review and was **EUR -7 million** as of 31 March 2013.

General administrative expenses declined by EUR 4 million to **EUR -61 million**. The head-count has been decreasing, at the end of the first quarter of 2013 VBAG Group had 1,886 employees, of which 756 were employed abroad.

The **other operating result** was **EUR 64 million** in the period under review. The Republic of Austria provided VBAG with an asset guarantee up to a maximum amount of EUR 100 million. According to IAS/IFRS receivables resulting from the assumption





of defaulted assets are to be discounted to the reporting date. The asset guarantee includes an earn-out clause which represents a liability that also has to be discounted and reported. In sum, those two items amounted to EUR 65 million. The bank tax of EUR -11 million is also reported in this position.

Income from financial investments was **EUR -17 million** in the first quarter of 2013, representing a year-on-year decrease of EUR 52 million. This is, among other factors, due to a valuation result of EUR -18 million from a surplus of effective fair value hedges reported in the period under review.

Total assets decreased by EUR 1.9 billion compared to the end of 2012 and amounted to **EUR 25.8 billion** as of 31 March 2013.

Capital ratios were stable, the **tier 1 ratio** in relation to total risk was **11.0%** at the end of the first quarter of 2013 (10.9% as of 31 December 2012) and the **equity ratio** in relation to total risk stood at **16.0%** as of 31 March 2013 compared to 15.7% at year-end 2012.

The comparative figures as of 31 December 2012 have been adjusted according to IAS 8. On the one hand, IAS 19 rules (accounting requirements for employee benefits) have been amended, previous reporting periods had to be adapted accordingly. On the other hand, an adjustment was necessary due to an error in the processing of IFRS valuations in the course of the merger between VBAG and Investkredit which led to a misrepresentation in the annual report 2012.

The massive deleveraging process will continue to affect results, it is to be expected that VBAG Group's results in the current business year will be negative.

The first quarter 2013 interim report is available on VBAG Group's webpage: www.volksbank.com/investor_relations

***Please contact the investor relations team
(www.volksbank.com/investor_relations) if you have any questions***