

Owners of Österreichische Volksbanken-AG (VBAG) and Republic of Austria conclude agreement in order to stabilize VBAG, key points are:

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- Merger of VBAG and Investkredit Bank AG (IK)
- VBAG/IK will become “Verbundbank” according to new § 30a, Austrian Banking Act
- Capital reduction of shares and participation capital
- Capital increase by VBAG’s majority owners (regional Volksbanks) and by the Republic of Austria
- Republic of Austria provides guarantees for assets
- Majority and minority owners of VBAG committed to various measures to strengthen VBAG’s capitalization
- Sale of Volksbank Romania and Volksbank Leasing International remains a target

Österreichische Volksbanken-AG (VBAG), Deutsche Zentral-Genossenschaft (DZ Bank), Ergo Versicherung AG (Ergo Group), Raiffeisen Zentralbank AG (RZB), Österreichische Volksbanken Holding eGen, the regional Austrian Volksbanks and the Republic of Austria concluded a joint agreement. Purpose and aim of this agreement is the stabilization and modification of VBAG into a sustainable “Verbundbank” according to the new § 30a BWG (Austrian Banking Act).

Key points of the agreement between owners of VBAG and the Republic of Austria are:

Merger of VBAG and IK and modification of VBAG into a “Verbundbank” according to the new § 30a BWG (Austrian Banking Act)

VBAG and IK will be merged retroactively as of 31 December 2011. The new institute will focus exclusively on its function as the central institution of the Austrian Volksbank sector and will be the central organization of the sector in compliance with the new § 30a BWG (associations of credit institutions). A segregation of assets that do not constitute core business into a separate entity is not planned.

Capital reduction

DZ Bank, Ergo Group, RZB, Österreichischer Genossenschaftsverband and Volksbanken Holding (regional Austrian Volksbanks) will agree on a reduction of capital as of 31 December 2011. The reduction of capital of up to 70% affects shares and participation capital.





Capital increase

At the same time, a capital increase in a total volume of approximately EUR 480 million will be implemented. The Republic of Austria will acquire shares in an amount of EUR 250 million and VBAG's majority owners will subscribe for shares in an amount of at least EUR 230 million. The regional Volksbanks will remain VBAG's majority shareholders after the capital increase.

Republic of Austria will assume asset guarantee

The republic assumes a guarantee for assets in an amount of EUR 100 million. The guarantee fee will be 10%. The asset guarantee will be valid after the legally binding resolution by the Volksbanks to modify VBAG/IK into a "Verbundbank" according to § 30a BWG until 31 December 2017 at the latest.

Owners of VBAG committed to various measures

The **Austrian Volksbanks** are committed to the payment of the fee for the asset guarantee by the Republic of Austria. Furthermore, Volksbanks ensure the repayment of the participation capital held by the Republic of Austria after the capital reduction and will participate in the capital increase.

In order to strengthen VBAG's capital ratios, **RZB** will ensure best efforts in order to assist VBAG in its disposal of RZB shares held and in any case guarantees to implement adequate measures that will improve capital ratios and liquidity at VBAG.

DZ Bank and ERGO undertake to leave all liquidity held in VBAG Group unchanged until further notice. In particular, this relates to the refinancing of VB Romania and VB Leasing International by DZ Bank. In addition, DZ Bank will assume a portfolio of the Frankfurt branch of Investkredit in the amount of EUR 400 million RWA.

Sale of Volksbank Romania and Volksbank Leasing International

The sale of shares in Volksbank Romania and Volksbank Leasing International remains a target and is to be implemented in the best possible way.

More detailed information will be provided as soon as possible.

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