Volksbank

Press release

Bolzano, 5 February 2021

Volksbank closes 2020 with a net profit of Euro 16 million and solid capital ratios

Today the Board of Directors received and approved the 2020 financial statements of Volksbank, which reinforce the Bank's solidity and enables the continuous support of households and businesses in the region in the difficult context of the pandemic: the CET1 ratio increases from 12.7% in 2019 to 14.6% in 2020; the coverage on impaired loans rose from 53.2% to 55.7% and the coverage on performing loans from 0.83% to 1.02%.

In 2020, Volksbank returns to profitability and confirms the high degree of financial stability, despite the impacts of the COVID-19 health crisis.

Thanks to the well-established business model and a high level of client service, as evidenced by its recognition as the leading regional bank in the study "Best in Italy - Service Champions, 2020/2021", conducted by the German Institute of Quality and Finance, Volksbank has succeeded in containing the impacts of the pandemic.

The Bank confirmed its role as a facilitator for the growth of the local economy, disbursing Euro 1.2 billion in new loans, reaching total assets of Euro 11.6 billion, and increasing direct funding from customers from Euro 7.6 billion to Euro 8.1 billion from more than 280,000 customers.

Indirect funding, net of bank shares, also had a positive trend during the year, reaching Euro 3.6 billion, up 12.6% compared to Euro 3.2 billion at the end of 2019, driven by the increase in the mutual funds and life insurance, benefitting both from the excellent net inflows and favourable financial markets.

Net interest and other banking income increased by 3.4%, from Euro 254.9 million in 2019 to Euro 263.5 million, as a result of stability in the interest margin and growth in the treasury margin, which more than offset the unsurprising decrease in the commission margin due to more limited operations due to various lockdowns.

Personnel expenses fell by -1.6% to Euro 93.0 million and Administrative expenses (net of systemic Banking support charges) decreased by -1.0% to Euro 52.8 million. This improved efficiency more than offset the increase in Financial system support charges, which grew from Euro 9 million in 2019 to nearly Euro 12 million in 2020, due to the bailouts implemented by the national deposit protection and resolution funds.

Thus, the Cost/Income ratio improved to 60.2% from 63.1% in 2019.

During 2020, the Bank recorded a cost of credit risk of 90 basis points, which translated into credit risk provisions of Euro 65.7 million in the income statement. By virtue of the focused work in managing the impaired credit portfolio, the gross book value fell from Euro 555 million in 2019 to just over Euro 490 million at the end of 2020. The gross NPL ratio therefore fell from 7.3% in 2019 to 6.4% in 2020, while the net NPL ratio dropped from 3.6% in 2019 to 2.9% in 2020, with an improvement in Texas Ratio from 54.1% to 48.1%.

Asset quality continues to strengthen: provisioning levels on performing loans was 1.02%, up from 0.83% in December 2019; the levels on doubtful loans grew from 61.3% in 2019 to 65.8% in 2020; and on unlikely to pay from 37.8% in 2019 to 40.2% in 2020.

The net result closed at Euro 16.0 million, despite higher COVID-19 provisions on the performing loans portfolio, whose forward-looking component includes COVID-19 scenarios and insolvency risks that may arise from customers affected by lockdowns.

Capitalisation was strengthened by approximately 2 p.p. during the year and well above the requirements and expectations of the supervisory authority, with the phased-in CET1 Ratio at 14.6% (12.7% in 2019) and the Total Capital Ratio at 17.1% (14.9% in 2019).

Chairman Lukas Ladurner observed, *“Volksbank reacted to the uncertainty of the socio-economic scenario and the change of leadership by strengthening asset quality and generating solid and sustainable profits, with profitability in all four quarters. Thanks to the dedication and flexibility of our employees, Volksbank has become stronger, to better overcome the crisis and represent a reliable support for households and businesses in local communities in relaunching activities, which we hope will begin as soon as possible. The Board of Directors will propose to the Shareholders' Meeting that there is no dividend distribution, as recommended by the European and Italian Banking Supervision in order to overcome the COVID-19 crisis. This decision will help increase shareholders' equity, which at the end of 2020 was equal to Euro 764 million, corresponding to Euro 15.4 per share. The strengthening initiatives carried out in 2020 and the new business plan approved in December, on which we are already working intensely, should lay the basis to provide a return to dividend distribution for the 2021 results”.*

General Manager Alberto Naef added, *“In 2020, Volksbank played an important role in supporting customers in coping with the pandemic's impact: the ability of colleagues to manage Euro 2 billion of moratoria, continuously support digital payments, conduct advisory activities on loans, investments and insurance with great professionalism, were commendable. We have also strengthened liquidity, capital and provisioning levels on impaired and performing loans, as well as laying important foundations for innovating our business model, processes and organisation of the Bank in line with the developments defined by the Strategic Plan".*

HIGHLIGHTS

Below are some aggregates of the income statement restated in order to highlight the main income dynamics.

Income statement items (figures in €/000)	**Dec-2020**	**Dec-2019**	**Change Abs. Y/Y**	***% change Y/Y***
Interest margin	172,663	174,927	(2,264)	*-1.3%*
Fees and commissions and other net income	92,811	80,714	12,097	*15.0%*
Net operating income	**265,474**	**255,641**	**9,833**	***3.8%***
Personnel expenses	(93,038)	(94,559)	1,521	*1.6%*
Administrative expenses	(52,814)	(53,355)	541	*1.0%*
Gains (losses) from property and equipment and intangible assets	(13,983)	(13,480)	(503)	*-3.7%*
Operating profit (loss)	**105,639**	**94,247**	**11,392**	***12.1%***
Net value adjustments to loans	(63,617)	(76,054)	12,437	*16.4%*
Taxes and charges relating to the banking system	(11,806)	(9,329)	(2,476)	*-26.5%*
Other adjustments and provisions	(9,117)	(3,980)	(5,137)	*-129.1%*
Profit (Loss) before taxes	**21,099**	**4,884**	**16,216**	***332.1%***
Income taxes	(5,084)	(4,044)	(1,040)	*-25.7%*
Value adjustments to goodwill (after taxes)	-	(85,211)	85,211	*100.0%*
Profit (loss) for the year	**16,015**	**(84,372)**	**100,387**	***119.0%***

Net result:

- profit for the 2nd half Euro +10.0 million, compared to Euro +6.0 million in the 1st half;
- profit for the year at Euro +16.0 million, compared to Euro +0.8 million in 2019, the latter without taking into account the goodwill adjustment;

Current result before taxes:

- grew to Euro 32.9 million, compared to Euro 14.2 million in 2019, despite the creation of a hedging buffer on performing loans of Euro 11.3 million to cover future COVID-19 impacts;

Operating costs:

- personnel expenses at Euro 93.0 million, down -1.6% compared to Euro 94.6 million in 2019;
- other administrative expenses, without taking into account contributions and charges related to the banking system, at Euro 69.8 million, -3.3% compared to Euro 72.2 million in 2019;

High efficiency:

- cost/income ratio of 60.2% in the 12 months of 2020, despite the impact of the COVID-19 pandemic, compared to 63.1% in 2019;

Cost of risk:

- equal to 75 bps over 12 months, excluding the impact of adjustments for future effects of COVID-19;
- including the impact of adjustments for future effects of COVID-19, entirely on the performing portfolio, the cost of risk is equal to 90 bps;

Improvement in credit quality:

- proactive credit management, with adjustments to impaired loans of Euro 273.3 million, compared to Euro 295.5 million in 2019;
- stock of gross impaired loans fell to Euro 491 million, compared to Euro 555 million at the end of 2019. Gross NPL ratio fell to 6.4%, compared to 7.3% at the end of 2019. Net NPL ratio decreased to 2.9%, compared to 3.6% at the end of 2019;

High degree of hedging on impaired loans:

- hedging level of impaired loans at 55.7%, compared to 53.2% at the end of 2019. Hedging on doubtful loans at 65.9% (was 61.3% at the end of 2019), unlikely to pay at 40.2% (was 37.8% at the end of 2019) and 24.3% on past-due loans (was 23.4 % at the end of 2019);
- solid reserve buffer on performing loans, with hedging of 1.02%, in order to handle the impact of COVID-19;

Robust capital strength: capital ratios grew considerably and well above the required minimums:

- Core Tier 1 ratio at 14.6%, compared to 12.7% in 2019;
- Total Capital Ratio at 17.1%, compared to 14.9% in 2019;

High liquidity and funding:

- at the end of 2020, liquid assets of approximately Euro 630 million and high level of readily available liquidity at Euro 1,911 million; Basel III's liquidity requirements, the Liquidity Coverage Ratio and Net Stable Funding Ratio, broadly satisfied;
- Financing transactions with the ECB to optimise the cost of funding and support the investments of business customers amounted to Euro 1,750 million at the end of 2020, entirely consisting of TLTRO III;

Economic support and active presence in support of local communities:

- approximately Euro 872 million of new credit to households and SMEs;
- approximately Euro 2 billion in loans that benefited from moratoriums associated with the COVID-19 pandemic.

SUMMARY OF RESULTS

Bolzano, 5 February 2021. The Board of Directors of Volksbank today approved the financial statement schedules as at 31 December 2020. Compared to 2020, the Bank shows an improvement in capital ratios, operational efficiency and the quality of balance sheet assets. The cost of risk is significantly improved compared to the previous year, despite the considerable strengthening of generic hedges on performing loans, made against future COVID-19 impacts. The new capital and income dynamics and new strategic positioning enable the Bank to handle the uncertainty in the scenario:

- a virtuous growth in customers and volumes, driven by an expanded product range and specific expertise in mortgages to private customers and in the sectors of tourism, manufacturing, agri-food and real estate;
- a native digital omnichannel, capable of implementing the concept of “Everywhere Banking”, offering Volksbank customers the opportunity to fully manage their banking relationship, also through access to best-in-class digital channels;
- a specific focus on 360-degree sustainability, which involves the Bank's daily operations (real estate, trade union relations, users, etc.), the ability to develop and finance sustainable projects, and the offer of ESG mutual funds;
- the proactive management of risks affecting balance sheet assets, thanks to the allocation of capital for government measures to support the resilience of businesses and households, the timing impact of the introduction of regulatory measures (Basel IV, SME supporting factor, etc.) and the management and monitoring of credit risk resulting from the COVID-19 pandemic;
- process efficiency, in order to support commercial development, the specialisation of branch resources and enable faster and more accurate responses to customers;
- the control system as a whole, to anticipate market changes and redirect the Bank's activities;
- human capital, to increasingly enhance the professional skills of advisory and guide customers in new omnichannel processes.

FINANCIAL PERFORMANCE

The income statement posted net interest of Euro 172.7 million, down by -1.3% compared to Euro 174.9 million in 2019.

The contribution from brokerage deriving from operations with customers was Euro 147.5 million. Interest on financial assets amounted to Euro 33.9 million. Net interbank interest recorded a balance of Euro 4.4 million. Interest expense on institutional deposits amounted to Euro 2.9 million. Interest expense on debt securities (bonds, EMTN and TIER2) amounted to Euro 10.0 million.

Net fee and commission income was Euro 84.0 million, compared to Euro 89.3 million in 2019. In detail, there was a -6.9% decrease in fees and commissions from commercial banking activities and a +0.4% increase in fees and commissions from brokerage and advisory services (insurance products, securities placement), within which the component relating to placement of managed asset products rose by 3.2% and that relating to life insurance policies increased by 3.7%, while the component relating to administered assets fell by -16.3%.

The net financial result, which includes the overall performance of the proprietary portfolio, was Euro 9.0 million, compared to Euro 13.1 million in 2019. The component relating to profit (loss) on trading amounted to Euro +2.2 million, compared to Euro +4.0 million in 2019. The contribution of financial assets designated at fair value through other comprehensive income amounted to Euro +3.0 million in 2020, against Euro +7.4 million in 2019. The component relating to net profit (loss) from other assets and liabilities designated at fair value stood at Euro -4.6 million, compared to Euro -18.4 million in 2019.

Other net operating income and expenses, which include the results of equity investments and other net operating income, amounted to Euro +2.0 million, an increase compared to Euro +0.8 million in the previous year.

The aggregate value of other operating income was therefore Euro 11.0 million, compared to Euro 13.9 million in 2019.

Net operating income came to Euro 267.6 million, compared to Euro 278.1 million in 2019.

Operating costs, which include personnel expenses, administrative expenses net of expense recoveries, and amortisation/depreciation of property and equipment and intangible assets, amounted to Euro 159.8 million, down by -1.0% compared to Euro 161.4 million in 2019. The decrease is due to the containment of personnel expenses (to Euro 93.0 million and down -1.6% compared to Euro 94.6 million in 2019) and administrative expenses, which amounted to Euro 52.8 million (-1.0% compared to Euro 53.4 million in 2019); the result of property and equipment and intangible assets was stable, showing a net result of Euro -14.0 million compared to Euro -13.5 million in 2019.

Consequently, operating profit (loss) amounted to Euro 107.8 million, compared to Euro 116.7 million in 2019.

Net value adjustments to loans to customers, including the result from the sale and the valuation of loans compulsorily designated at fair value, amounted to Euro 65.7 million, compared to Euro 98.5 million in 2019. Net value adjustments to other assets and liabilities, which include impairment on property and equipment and intangible assets as well as adjustments to financial assets and liabilities other than loans to customers, amounted to Euro -8.0 million, compared to a positive result of Euro +1.9 million in 2019. Net allocations to provisions for risks and charges reached Euro -1.3 million, compared to Euro -7.2 million in 2019.

Net income from the sale of equity shareholdings and investments amounted to Euro +0.2 million, compared to Euro +1.3 million in 2019.

Taxes and charges related to the banking system net of taxes amounted to Euro 8.0 million, up +26.6% compared to Euro 6.3 million in 2019. In particular, these derive from charges of Euro 3.9 million (Euro 5.7 million before taxes) for contributions to the resolution fund and Euro 4.1 million (Euro 6.1 million before taxes) for contributions to the deposit guarantee fund. In 2019, contributions to the resolution fund amounted to Euro 5.1 million (Euro 3.5 million net of taxes), while contributions to the deposit guarantee fund were Euro 4.2 million (Euro 2.9 million net of taxes).

The net result for the year was Euro 16.0 million.

DEVELOPMENTS IN THE MAIN BALANCE SHEET AGGREGATES

As at 31 December 2020, loans to customers totalled Euro 7,408 million, an increase compared to Euro 7,280 million at the end of 2019.

The financial assets of customers totalled Euro 19,576 million, up +5.2% compared to Euro 18,609 million at the end of 2019. With regard to financial assets of customers, direct bank funding from customers amounted to Euro 8,138 million, up +7.2% compared to Euro +7,592 million at the end of 2019. Indirect funding amounted to Euro 4,063 million, up +7.7% compared to Euro 3,774 million at the end of 2019. Net of Volksbank shares held, indirect funding increased by +12.5% to Euro 3,631 million, compared to Euro 3,226 million at the end of 2019.

In particular, the total for administered funding relating to third-party products was Euro 2,826 million, up by +7.0% compared to Euro 2,641 million at the end of 2019. Administered funding relating to the third-party securities component (excluding Volksbank shares) stood at Euro 805 million, up by +37.6% from Euro 585 million as at 31 December 2019.

Total impaired loans, net of value adjustments, amounted to Euro 217.7 million, down by -16.1% compared to Euro 259.6 million at the end of 2019. In this context, net doubtful loans amounted to Euro 102.0 million, down by -28.6% compared to Euro 142.8 million as at 31 December 2019, representing 1.4% of total net loans (2.0% as at 31 December 2019), with a hedging ratio of 65.9% (61.3% at the end of 2019), despite the completion, at the end of the year, of a GACS securitisation of doubtful loans for gross Euro 53 million. Net unlikely to pay loans amounted to Euro 113.3 million from Euro 110.8 million in December 2019, and net past-due/overdue loans totalled Euro 2.4 million compared to Euro 6.0 million at the end of 2019.

Total gross impaired loans were Euro 491.1 million, -11.5% from the start of the year, with a gross doubtful loans component of Euro 298.6 million (-19.1%). These amounts respectively represent 6.4% (7.3% at end of 2019), and 3.9% (4.9% at end of 2019) of total gross loans to customers.

The degrees of hedging were strengthened in all the main segments. As previously mentioned, the hedging rate for doubtful loans has reached 65.9% (from 61.3% at end of 2019), for unlikely-to-pay loans it rose to 40.2% (from 37.8% at the end of 2019) and for impaired loans it reached 55.7% (from 53.2% at the end of 2019).

Financial assets other than loans, valued at amortised cost, totalled Euro +2,256 million, up by +34.8% compared to Euro 1,673 million at the end of 2019. Financial assets designated at fair value through profit or loss amounted to Euro 104.5 million compared to Euro 112.7 million at the end of 2019.

Financial assets designated at fair value through other comprehensive income totalled Euro 597.5 million, down by -5.1% compared to Euro 629.3 million at the end of 2019.

Property and equipment and intangible assets totalled Euro 160.2 million, down -4.3% from Euro 167.4 million recorded at the end of 2019. Tax assets amounted were essentially unchanged and stood at Euro 171.8 million, whilst groups of assets held for sale totalled Euro 15.5 million and refer to properties.

Own funds and capital requirements

The capital requirements to be met as at 31 December 2020, including Capital Guidance, in terms of the Common Equity Tier 1 Ratio, Tier 1 Ratio and Total Capital Ratio, respectively amounted to 8.2%, 9.94% and 12.25% based on the criteria in force for 2020. The regulatory aggregates, determined according to the standard Basel III approach, show values that remained much higher than the minimum prudential requirements:

- The estimated “IFRS 9 phased-in” CET1 Ratio and TIER 1 Ratio was 14.6%, up from 12.74% as at 31 December 2019;
- The estimated “IFRS 9 phased-in” Total Capital Ratio stood at 17.1%, up from 14.94% as at 31 December 2019.

Liquidity and leverage ratios

The liquidity position at the end of 2020 showed the following ratios:

- readily available assets, including assets eligible for allocation to Central Banks received as collateral (excluding those given as collateral), amounted to Euro 2,541 million;

- ECB financing transactions to optimise the cost of funding and support business customer investments averaged Euro 1,338 million in 2020 (average Euro 1,023 million in 2019), 100% of which were TLTRO operations with three- and four-year maturities;
- funding sources remained stable and well-diversified, with direct funding from banks and customers (including securities issued), 94.9% of which referring to the retail component;
- medium-term and long-term funding of approximately Euro 963 million in 2020, of which over Euro 433 million relating to the wholesale component;
- LCR as at 31 December 2020 equal to 229%, much higher than the 100% target envisaged by Basel III;
- NSFR calculated according to Basel III rules as at 30 September 2020 was 127%, much higher than the 100% target envisaged by Basel III.

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As at 31 December 2020, the operating structure was made up of 159 bank branches and 1,296 people.

With a view to offering a more complete disclosure on the results achieved in 2020, attached are the reclassified income statement and balance sheet included in the report approved by the Board of Directors. Note that the independent auditors appointed to audit the separate financial statements have not yet completed their review.

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The Manager responsible for the preparation of corporate accounting documents, Alberto Caltroni, hereby states, in accordance with art.154-bis, paragraph 2, of Italian Legislative Decree no. 58/1998, that the accounting information given in this press release corresponds to the documentary records, the accounting books and the accounts entries.

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estimates are generally identified from expressions such as “it is possible”, “it should”, “it is forecast”, “it is expected”, “it is estimated”, “it is considered”, “it is intended”, “it is planned”, “objective” or from the negative use of these expressions or other variants of such expressions, or from the use of comparable terminology. These forecasts and estimates include, but are not limited to, all information other from factual data, including, without limitation, those relating to the future financial position of the company and to future operating results, strategy, plans, objectives and developments. As a result of these uncertainties and risks, readers are advised that excessive reliance should not be placed on such information of a forward-looking nature as a forecast of actual results. The Company’s capacity to achieve the results forecast depends on many factors beyond management’s control. The actual results can differ significantly from (and be more negative than) those forecast or implicit in the budget figures. These forecasts and estimates involve risks and uncertainties that could have a significant impact on expected results and are based on underlying assumptions. The forecasts and estimates formulated herein are based on information available to the Company as at today’s date. The Company is under no obligation whatsoever to publicly update and review forecasts and estimates after new information becomes available about future or other events, without prejudice to compliance with applicable laws. All subsequent forecasts and estimates, written and verbal, attributable to the Company or to persons acting on its behalf, are specifically qualified, in their entirety, by these precautionary disclaimers.

This press release is available on the websites www.volksbank.it and www.bancapopolare.it.

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BALANCE SHEET

Assets *(amounts in thousands of Euro)*	**31/12/2020**	**31/12/2019**
Cash and cash equivalents	79,124	92,607
Financial assets designated at fair value through profit or loss	138,099	149,221
a) financial assets held for trading	472	7,648
b) financial assets designated at fair value	-	-
c) other financial assets compulsorily designated at fair value	137,627	141,574
Financial assets designated at fair value through other comprehensive income	597,473	629,298
Financial assets valued at amortised cost	10,327,114	9,149,466
a) due from banks	719,146	232,763
b) loans to customers	9,607,968	8,916,703
Hedges	-	-
Value adjustments of macro-hedged financial assets (+/-)	-	-
Investments	5,168	5,407
Property and equipment	143,382	148,952
Intangible assets	16,843	18,467
of which:	-	-
- goodwill	-	-
Tax assets	171,756	174,963
a) current	62,392	56,011
b) deferred	109,364	118,952
Non-current assets and groups of assets held for sale	15,544	17,322
Other assets	131,360	176,059
Total assets	**11,625,863**	**10,561,763**

Liabilities and shareholders’ equity *(amounts in thousands of Euro)*	**31/12/2020**	**31/12/2019**
Financial liabilities valued at amortised cost	10,552,432	9,486,467
a) due to banks	1,972,837	1,247,848
b) due to customers	8,054,566	7,422,665
c) securities issued	525,029	815,954
Financial liabilities held for trading	1,783	1,485
Financial liabilities designated at fair value (IFRS 7, paragraph 8.e))	-	-
Hedges	-	-
Value adjustments of macro-hedged financial liabilities (+/-)	-	-
Tax liabilities	27,046	23,914
a) current	6,786	4,666
b) deferred	20,260	19,248
Liabilities associated with assets held for sale	-	-
Other liabilities	245,501	264,441
Employee termination indemnities	16,802	18,619
Provisions for risks and charges	18,238	17,480
a) commitments and guarantees issued	6,109	5,052
b) pensions and similar commitments	-	-
c) other provisions for risks and charges	12,129	12,428
Valuation reserves	2,118	(179)
Redeemable shares	-	-
Equity instruments	-	-
Reserves	267,883	267,883
Share premium reserve	298,787	383,159
Share capital	201,994	201,994
Treasury shares (-)	(22,735)	(19,127)
Profit (Loss) for the year (+/-)	16,015	(84,372)
Total liabilities and shareholders’ equity	**11,625,863**	**10,561,763**

INCOME STATEMENT

RECLASSIFIED INCOME STATEMENT ITEMS	31/12/2020	31/12/2019
(amounts in thousands of Euro)		
Interest and similar income	196,370	203,261
of which: interest income calculated using the effective interest rate method	191,146	192,871
Interest and similar expense	(23,707)	(28,334)
Interest margin	**172,663**	**174,927**
Fee and commission income	97,910	100,222
Fee and commission expense	(13,892)	(10,939)
Net fee and commission income	**84,018**	**89,282**
Dividends and similar income	881	2,722
Net income from trading activities	2,169	3,973
Net income from hedging activities	-	-
Profits (losses) on disposal or repurchase of:	8,450	2,318
a) financial assets measured at amortised cost	5,402	(5,227)
b) financial assets designated at fair value through other comprehensive income	2,969	7,350
c) financial liabilities	79	195
Net profit (loss) from other financial assets and liabilities designated at fair value through profit or loss	(4,647)	(18,366)
a) financial assets and liabilities designated at fair value	-	-
b) other financial assets compulsorily designated at fair value	(4,647)	(18,366)
Net interest and other banking income	**263,534**	**254,855**
Net value adjustments/recoveries for credit risk of:	(62,946)	(75,933)
a) financial assets measured at amortised cost	(63,396)	(76,795)
b) financial assets designated at fair value through other comprehensive income	450	862
Profit (loss) from contractual amendments without cancellations	(66)	-
Net income from financial activities	**200,522**	**178,922**
Administrative expenses:	(174,663)	(176,101)
a) personnel expenses	(93,038)	(94,559)
b) other administrative expenses	(81,625)	(81,541)
Net allocations to provisions for risks and charges	(2,359)	(5,408)
a) for credit risk relating to commitments and guarantees issued	(1,057)	1,797
b) other net provisions	(1,302)	(7,205)
Net adjustments to/recoveries on property and equipment	(19,688)	(11,715)
Net adjustments to/recoveries on intangible assets	(1,845)	(1,765)
Other operating income/expenses	19,231	19,948
Operating costs	**(179,325)**	**(175,041)**
Profits (losses) on investments	(284)	(304)
Gains (losses) from fair value measurement of property and equipment and intangible assets	-	-
Value adjustments to goodwill	-	(99,602)
Profits (losses) on disposal of investments	187	1,306
Income (loss) before tax from continuing operations	**21,099**	**(94,718)**
Period-end income taxes for continuing operations	(5,084)	10,346
Income (loss) after tax from continuing operations	**16,015**	**(84,372)**
Profit (loss) after tax from discontinued operations	-	-
Profit (loss) for the year	**16,015**	**(84,372)**

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This price-sensitive press release (drafted pursuant to art. 109 of the Issuers' Regulations pursuant to Consob Resolution no. 11971/99 and art. 114 of the Consolidated Law on Finance (TUF), Legislative Decree no. 58/1998) is available to the public through the eMarket authorised distribution mechanism at www.emarketstorage.com and on the corporate website www.volksbank.it, "Investor Relations" section.

Volksbank, with registered office in Bolzano, is a regional bank in Alto Adige (original market) and in North-East Italy in the Provinces of Trento, Belluno, Treviso, Pordenone, Vicenza, Padua and Venice. Volksbank has a total of 160 branches. The Bank (founded in 1886) has 1,303 employees and around 60,000 shareholders.
