VOLKSBANK WIEN

HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE 2023

KEY FIGURES OF VOLKSBANK WIEN AG

Euro million	30 Jun 2023	31 Dec 2022	31 Dec 2021
Statement of financial position			
Total assets	**14,517**	**14,467**	**16,925**
Loans and receivables customers	**5,706**	**5,481**	**5,396**
Amounts owed to customers	**6,110**	**6,765**	**6,922**
Debts evidenced by certificates	**2,494**	**1,723**	**1,908**
Subordinated liabilities	**389**	**399**	**403**
Own funds			
Common equity tier 1 capital (CET1)	732	682	648
Additional tier 1 capital (AT1)	220	220	220
Tier 1 capital (T1)	**952**	**902**	**868**
Tier 2 capital (T2)	340	380	400
Own funds	**1,292**	**1,282**	**1,267**
Risk weighted exposure amount credit risk	3,578	3,400	3,228
Total risk exposure amount market risk	24	21	27
Total risk exposure amount operational risk	597	597	571
Total risk for credit valuation adjustment	12	13	9
Total risk exposure amount	**4,210**	**4,032**	**3,835**
Common equity tier 1 capital ratio	**17.4 %**	**16.9 %**	**16.9 %**
Tier 1 capital ratio	**22.6 %**	**22.4 %**	**22.6 %**
Equity ratio	**30.7 %**	**31.8 %**	**33.0 %**
Income statement	**1-6/2023**	**1-6/2022**	**1-6/2021**
Net interest income	87.3	56.2	69.7
Risk provision	3.0	5.0	2.2
Net fee and commission income	32.2	31.0	29.5
Net trading income	1.3	1.3	-2.9
Result from financial instruments and investment properties	-0.6	-0.2	4.8
Other operating result	75.1	62.9	62.4
General administrative expenses	-118.2	-107.4	-103.1
Result from companies measured at equity	1.7	-0.1	0.7
Result for the period before taxes	**81.8**	**48.7**	**63.4**
Income taxes	-10.8	-6.5	-10.3
Result for the period after taxes	**71.0**	**42.2**	**53.0**
Result attributable to non-controlling interest	0.0	0.0	0.0
Result of the group for the period	**71.0**	**42.2**	**53.0**
Key ratios	**1-6/2023**	**1-6/2022**	**1-6/2021**
Cost-income-ratio	**59.9 %**	**70.4 %**	**64.5 %**
ROE before taxes	**16.2 %**	**10.3 %**	**13.2 %**
ROE after taxes	**14.0 %**	**8.9 %**	**11.1 %**
ROE consolidated net income	**14.0 %**	**9.0 %**	**11.1 %**
Net interest margin	**1.2 %**	**0.7 %**	**0.8 %**
NPL ratio	**1.7 %**	**1.5 %**	**1.9 %**
Leverage ratio	**7.3 %**	**6.0 %**	**5.8 %**
Net stable funding ratio	**172.4 %**	**199.1 %**	**214.2 %**
Liquidity coverage ratio	**182.7 %**	**232.3 %**	**251.5 %**
Loan deposit ratio	**97.2 %**	**84.2 %**	**68.9 %**
Coverage ratio I	**29.1 %**	**34.6 %**	**39.9 %**
Coverage ratio III	**104.1 %**	**104.8 %**	**107.8 %**
Resources	**1-6/2023**	**1-6/2022**	**1-6/2021**
Staff average	**1,234**	**1,259**	**1,292**
Thereof domestic	1,234	1,259	1,292
	30 Jun 2023	**31 Dec 2022**	**31 Dec 2021**
Staff at end of period	**1,239**	**1,237**	**1,270**
Thereof domestic	1,239	1,237	1,270
Number of branches	**54**	**54**	**56**
Thereof domestic	54	54	56
Number of customers	**302,273**	**308,379**	**324,921**

The equity ratios are displayed in relation to total risk. The cost-income-ratio is the ratio between operating income and operating expenses. Operating income includes net interest income, net fee and commission income, net trading income and if positive other operating result and result from discontinued operation. Operating expenses include general administrative expenses and if negative other operating result and result from discontinued operation. Other operating result and result from discontinued operation is displayed net of other taxes, deconsolidation result and valuation result according to IFRS 5. The ROE before taxes indicates the result before taxes in relation to average equity including non-controlling interest. The ROE after taxes indicates the result after taxes in relation to average equity including non-controlling interest. The ROE consolidated net income indicates the consolidated net income in relation to average equity without non-controlling interest. The net interest margin shows the net interest income in relation to total assets. The NPL ratio indicates the portfolio of non-performing loans in relation to the total exposure of all loans to and receivables from customers. The leverage ratio indicates the business volume (CCF-weighted off-balance positions plus derivatives add-on, replacement value of derivatives, disallowance of derivative claims and financial volume) in relation to the tier 1 capital (CET1 + AT1). The net stable funding ratio indicates the available stable funding in relation to the necessary stable funding. The liquidity coverage ratio (LCR) describes the ratio of highly liquid assets to net outflows over the next 30 days assuming a stress scenario, and thus the ability to cover short-term liquidity outflows. The loan deposit ratio indicates the total amount of loan accounts, overdraft facilities less syndicated loans in relation to the total amount of savings deposits, demand deposits and fixed term deposits. The coverage ratio I indicates the coverage ratio of non-performing loans by risk provisions. The coverage ratio III indicates the coverage ratio of non-performing loans by risk provisions and collaterals. Staff figures are calculated based on full-time equivalent.

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GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF 2023

Report on the business development and economic situation

Business development

The VOLKSBANK WIEN Group (VBW Group) has continued the successful business development of financial year 2022 in the first half of 2023. Apart from further increasing the high net fee and commission income to euro 32.2 million, the significant income growth was mainly due to the higher level of interest rates and accordingly the increase in net interest income by some 55.5 % to euro 87.3 million.

The positive valuation result from risk provisions for credit risk amounts to euro 3.0 million and primarily results from the release of provisions for off-market business. To date, there have been no significant credit losses in the VBW Group due to COVID-19 or due to the consequences of the Russian attack on Ukraine. Please refer to the disclosures in the Notes for information on the calculation of credit risk provisions.

Following the early payment of the outstanding amount to the Republic and hence the fulfilment of the last outstanding obligations under the restructuring agreement for the Volksbanks in December 2022, the EU Commission confirmed the closure of the state aid proceedings at the end of January 2023.

In this challenging environment, the focus of the VBW Group continues to be on high-quality consultancy in retail banking, supported by strengthening its commitment to the digitisation of sales. With Volksbank's video consultancy, for example, customers receive the same personal, fully comprehensive, individualised and professional advice they would receive during a visit to a branch. Flexible combinations of digital offers and personal advice at the retail branches or during a video consultancy session provide an opportunity to offer faster services to our customers, thus strengthening the customer relationship. It is gratifying to note that the Volksbanks have a very competitive product on the market in the form of their "hausbanking" app.

In the private banking area, too, the wishes of customers were taken into account by adding asset management. Private and institutional investors as well as companies benefit from various investment options, individual investment strategies and a four-tier sustainable investment approach in asset management. In keeping with the cooperative principle, the VBW Group works closely with Volksbank Vorarlberg in this respect, whose many years of expertise in asset management will now also provide benefits to the customers of the VBW Group.

In addition, the importance of sustainability has continued to increase in all areas of the economy. Sustainability is a significant asset for the VBW Group due to its regional and cooperative origins. The VBW Group has committed itself to the Paris Agreement on climate protection and has already handed over a comprehensive project on the topic of "sustainability" to line management. The aim of the project was to manage ESG risks appropriately and to enhance the positive impact of the company's business activities on the environment and on people. The resulting measures will continue to accompany the Volksbanks in the future. An assessment of the Association was obtained from the sustainability rating agency Sustainalytics for the sustainable bonds planned to be issued by the VBW Group. Following an improvement of the ESG Risk Rating Score from 26.7 to 17.4, the Group achieved an excellent result with the new rating of 10.2 in the global ranking (tenth place in the "Regional Banks" category). This gratifying result underscores the recent efforts of the VBW Group in the area of sustainability.

In March 2023, the VBW Group floated a green benchmark bond in the amount of euro 500 million with institutional investors for the first time. This issue also serves to meet regulatory MREL requirements, which the Association of Volksbanks has to fulfil by the end of 2024.

Late in February, Moody's raised the deposit rating of VBW from Baa1 to A2. The outlook for the long-term deposit ratings is stable. At the same time, the rating agency increased the BCA (basic credit risk assessment) of the bank from Baa2 to Baa1. Moody's justified the improved rating by referring to the successful completion of the restructuring of the bank. The focus on the bank's core business, the cooperation with competent partners, and the regional roots of the Volksbank have contributed to the rating upgrade. The efforts undertaken by the Association of Volksbanks in the sphere of sustainability were considered as well.

Economic environment

Already in the second half of 2022, economic momentum decreased and, with GDP growth being only 0.1 % Q/Q, continued at a measured pace at the beginning of 2023. It was primarily the services sector that contributed to growth, while business activity in the industrial sector declined. The persistently high inflation rate and the associated burden on real purchasing power manifested itself in retail, among others, where value creation decreased. The accommodation and gastronomy sectors also recorded a negative growth rate in Q1, while some growth was observed again in the construction sector after only minor activity in previous quarters. The first estimate of economic development in the second quarter suggested a GDP decrease of -0.4 % Q/Q, which – according to the Austrian Institute of Economic Research (WIFO) – is primarily due to business activity in the industry and construction sectors, but also in some segments of the services sector. Positive impulses came from tourism, among others. Already in the winter season of 2022/23, the number of overnight stays fell short of the previous record high of the 2018/19 season by only 5.0 %, and the start into the summer season was equally promising, to judge from the number of overnight stays in May and June. Due to the high inflation rates, however, nominal sales growth in tourism contrasts with a decrease in real terms. In spite of the slowdown of economic activity in the first half of the year, the labour market proved quite robust; in June, the number of gainfully employed people exceeded that of the same month of the previous year by 1.2 %. The unemployment rate has increased again compared to the extremely low values prevailing over many years; however, at 5.7 % in June, it still remains at a very low level, and the number of job vacancies still is comparatively high. While the number of employees has exceeded the level prevailing before the pandemic, the number of hours worked still is below pre-pandemic levels and, according to WIFO, will approach the level of 2019 only in 2024.

In the first half of 2023, harmonised consumer prices in Austria continued to increase much more quickly than intended by the ECB. Starting out from 11.6 % in January, they decreased to 7.8 % in June, with the pressure on prices shifting away from the energy sector and increasingly towards services. This also causes core inflation (excluding energy, food, alcohol and tobacco) to decrease much more slowly than the overall inflation rate, which reached its highest level so far at 8.3 % only in April and was almost as high in June as in January (7.7 %). Hence, inflation remained high in Austria for longer than in the euro zone, which is due, among others, to marked indexation, the more highly weighted accommodation and gastronomy sectors that benefit from strong demand, and the delay in passing on energy price movements. In the euro zone, HICP inflation was 8.7 % in January, decreasing to 5.5 % in June. The core inflation rate increased from 5.3 % in January to 5.7 % in March, and at 5.5 % was hardly lower in June.

Real estate

On the Austrian residential real estate market, the decline persisting since the fourth quarter of 2022 has continued; for the first time since 2014, decreasing prices were observed again in a few segments. In the first half of the year, residential real estate prices decreased by 0.6 % compared to the end of 2022, with the decline being most marked in relation to pre-owned freehold flats in Vienna and somewhat less marked for pre-owned freehold flats outside Vienna. The prices for single-family homes decreased both within and outside Vienna by 1.2 %. However, prices continued to increase for new freehold flats. The differences between the various types of commercial real estate, for which there is no comparable Austrian price index, are likely to be greater. By way of approximation, the index of the Association of German Pfandbrief Banks, which is used by the Bundesbank, showed a price decrease by 1.6 % and 4.3 % for retail and office properties respectively in the first quarter of 2023 compared to the end of 2022; by comparison with the previous year's Q1, the decrease is by 10.4 % and 7.5 % respectively.

Insolvencies

In the first half of 2023, the number of business insolvencies slightly exceeded that of the first half of 2019, according to KSV; starting in 2020, insolvencies had decreased clearly below the average of several years. The liabilities of the insolvent companies have increased, too, which is due, among others, to a few large-scale insolvencies of well-known businesses. The number of private insolvencies was slightly higher than in the first half of 2022, but the average amount of debt was below that of the previous year.

Private sector lending, assets and income

Already in the second half of 2022, credit growth slowed down, especially in the private sector, and continued to lose momentum in the first half of 2023, in particular in the sphere of housing loans. According to OeNB monetary statistics, the annual rate was still 4.3 % in January, decreasing to 0.1 % by June. Consumer credits have shown negative growth rates from March 2022, and except for April and May this development continued in the first half of 2023. Corporate loans still showed more momentum in the second half of 2022, and this momentum was maintained into 2023 for the major part; the annual rate decreased from 8.9 % in January to 6.5 % in June. The financial assets of private households increased again in nominal terms in the first quarter of 2023, but were lower than in the first quarter of 2022. Measured in percent of GDP, an almost continuous decline to 173.1 % has been observed since the beginning of 2021, meaning that even the level prevailing in the last quarters preceding the outbreak of the pandemic has now been undercut already. After deduction of liabilities, which amounted to 47.5 % in Q1, net assets reached 125.6 % of the GDP.

International environment, financial markets and monetary policy

While the pandemic was abating in Austria already in the course of 2022, the effects of economic recovery have clearly lost their momentum also at a global level. At the end of 2022, even China finally lifted their stringent restrictions; however, the resulting growth impulses were somewhat less than expected. The tensions on the energy markets subsided to a certain extent, where some dramatic price increases were observed following Russia's invasion of Ukraine in February 2022. In the course of the first half of 2023, the gas price in Europe returned to the level prevailing in the first half of 2021 and in the years before that. The supply of natural gas in winter was maintained by using alternative sources, with substantially reduced supply from Russia, and even in the spring Europe's gas reservoirs were filled to an above-average extent. However, temporary price peaks indicated that the balance between supply and demand is probably still fragile. While lower energy prices and a certain relaxation of the situation within global supply chains have influenced economic activity in a positive way, the uncertainty regarding the continuation of the war in Ukraine remains high. The more or less global tightening of monetary policy, which was continued in the first half of the year, has also had a restraining effect on economic growth. In 2023, the European Central Bank has raised its deposit rate, main interest rate and marginal lending rate in two steps by 50 and in two further steps by 25 basis points to 3.5 %, 4.0 % and 4.3 % by the end of June. Moreover, measures were initiated to reduce total assets. The reinvestment of securities from the APP (Asset Purchase Programme) was modified to reduce the portfolio by euro 15 billion per month starting in March. Additionally, deadlines were set for the early redemption of TLTRO loans, which equally contributed to reduce total assets. This was also reflected by money and capital market yields. The 3-month Euribor increased from 2.2 % at the beginning of the year to 3.6 % at the end of June. At the beginning of January, the Austrian 10-year yield was 3.1 %, ending the first half of the year at 3.0 % after a temporary high of 3.4 % and a low of 2.6 %. In the USA, both the level of yields and the main interest rates were somewhat higher. But here again, no clear trend was visible at 3.8 % early in January and 3.8 % late in June. The equity market developed in a similar way: in the ATX, the difference between the closing price on 2 January and on the last trading day in the second quarter was only some five points.

Group result for the first half of 2023

Just like the past financial year 2022, the first half of 2023 was characterised by high inflation, geopolitical tensions and negative economic developments. In the first half of 2023, the result of the Group before taxes amounts to euro 81.8 million (1-6/2022: euro 48.7 million), the result of the Group after taxes and minority shares to euro 71.0 million (1-6/2022: euro 42.2 million), and the operating result to euro 77.1 million (1-6/2022: euro 43.8 million).

Net interest income increased from euro 56.1 million to euro 87.3 million in the first half of 2023. On the income side, interest and similar income increased from euro 96.4 million to euro 198.5 million, and on the expense side, interest and similar expenses increased from euro -40.3 million to euro -111.2 million. This was mainly due to a euro 33.7 million increase in interest income from loans and receivables to customers, a euro 32.0 million increase in interest income from loans and receivables to credit institutions, and a euro 25.1 million increase in interest income from the central bank, which was basically attributable to the increases in key interest rates by the ECB that began in financial year 2022. Interest expense from deposits with the central bank increased by euro -10.2 million. In addition, interest expenses to credit institutions have increased significantly to euro -36.2 billion compared to euro -1.2 billion in the previous period. Moreover, there was an increase in interest expenses for debts evidenced by certificates by euro 9.9 million to euro 19.6 million (1-6/2022: euro 9.7 million).

The risk provisions decreased compared to the previous year by euro -1.9 million to euro +3.0 million. This is mainly reflected by lower net reversals of individual loan loss provisions (including direct write-offs and income from loans and receivables written off) amounting to euro +0.5 million (1-6/2022: euro +3.2 million). For off-balance sheet business, net reversals of euro +2.6 million (1-6/2022: euro +0.8 million) were recognised.

The net fee and commission income in the reporting period amounts to euro 32.2 million, another increase compared to the previous period (1-6/2022: euro 31.0 million). This increase was mainly due to lending business (euro +0.9 million), checking account business and payment transactions (euro +0.7 million), as well as other securities business (euro +0.2 million). This compares to a lower net fee and commission income from other service business (euro -0.5 million).

Net trading income amounts to euro 1.3 million for the reporting period and has not changed against the previous year. While interest-rate related trading book derivatives have increased to euro +1.1 million, the valuation result for foreign exchange derivatives has decreased to euro +0.1 million.

The result from financial instruments and investment properties for the reporting period amounts to euro -0.6 million, thus slightly undercutting the comparative period (1-6/2022: euro -0.2 million) by euro -0.4 million. On the one hand, the result from the valuation of issues decreased from euro +13.2 million to euro -0.8 million in the first half of 2023, on the other hand the result from the valuation of derivatives increased from euro -12.7 million to euro -1.8 million. The losses from receivables measured at fair value decreased to euro -0.3 million against the previous year (euro -2.1 million).

By comparison with the first half of the previous year, the other operating result increased from euro 62.9 million by euro 12.2 million to euro 75.1 million. The increase is mainly due to higher charged-out costs of VBW to the affiliated banks in the amount of euro 67.8 million (1-6/2022: euro 52.6 million).

General administrative expenses of euro -118.2 million (1-6/2022: euro -107.4 million) have increased compared to the previous year. Due to the latest collective bargaining deals, current staff expenses have increased by euro 3.3 million. Administrative expenses have also increased by euro 7.5 million. This is mainly due to increased costs for IT projects (euro +6.8 million), higher expenses for advertising and representation (euro +0.7 million), as well as higher rentals and expenses for business premises (euro +0.8 million). On the other hand, contributions to the resolution fund decreased to euro -2.1 million by euro 0.6 million (1-6/2022: euro -2.6 million) compared to the first half of the previous year.

In the first half of 2023, taxes on income amount to euro -10.8 million (1-6/2022: euro -6.5 million). The tax expenditure essentially results from deferred tax expenses in the amount of euro -7.2 million. Due to the tax planning of the next four years, it was possible, in the reporting period, to recognise deferred tax assets in the amount of euro 6.1 million (1-6/2022: euro 3.4 million) for part of the tax loss carryforwards. The current tax expense, including tax expense from previous years, for the first half of 2023 amounts to euro -3.7 million (1-6/2022: euro -1.8 million).

Financial position

As at 30 June 2023, total assets amounted to euro 14.5 billion and have not changed by comparison with the end of 2022.

The liquid funds in the amount of euro 3.0 billion (2022: euro 3.3 billion) decreased slightly by euro 0.3 billion compared with the previous year. This is due to the reduction of the deposit with OeNB.

Loans and receivables to credit institutions amounting to euro 2.7 billion have decreased compared to the end of 2022 (euro 2.9 billion), equally due to lower deposits with credit institutions.

As at 30 June 2023, loans and receivables to customers amount to euro 5.7 billion and have improved against the end of the previous year (euro 5.5 billion) due to a slight increase in customer volume; the same applies to financial investments at euro 2.4 billion (2022: euro 2.1 billion), which have improved following purchases of fixed-income securities.

Amounts owed to credit institutions in the amount of euro 3.7 billion have decreased compared to 31 December 2022 (euro 4.1 billion) due to lower deposits with OeNB (euro -0.3 billion) and other credit institutions (euro -0.1 billion). The decrease in amounts owed to customers from euro 6.8 billion to euro 6.1 billion as at 30 June 2023 essentially results from outflows from checking account and uncommitted savings deposits.

Debts evidenced by certificates amount to euro 2.5 billion as at 30 June 2023 and have increased by euro 0.8 billion against the previous year, due to the issue of new bonds (incl. a green bond in the amount of euro 0.5 billion).

Since the beginning of the year, equity including the capital of non-controlling interests has increased by euro 55.5 million to euro 1,040.0 million. This change is mainly due to the Group's total comprehensive income for the first half of 2023 (euro 70.3 million), the distributions to the shareholders (euro -3.3 million), the coupon payment for the AT1 issue (euro -8.5 million), as well as the redemption of own shares (euro -3.0 million). The total comprehensive income of the Group in the amount of euro 70.3 million consists of the net result for the first half of 2023 of euro 71.0 million and other comprehensive income of euro -0.7 million.

Financial performance indicators

The regulatory own funds of the VBW group of credit institutions, including the allocation of profits during the year, amount to euro 1.3 billion as at 30 June 2023 (31 December 2022: euro 1.3 billion). The total risk exposure amount as at 30 June 2023 is euro 4.2 billion (31 December 2022: euro 4.0 billion). The CET 1 capital ratio in relation to total risk amounts to 17.4 % (31 December 2022: 16.9 %), the equity ratio in relation to total risk is 30.7 % (31 December 2022: 31.8 %).

Regulatory own funds, total risk exposure amount and the key indicators calculated therefrom were determined in accordance with the CRR (EU Regulation No. 575/2013). For more detailed information, please refer to the Notes.

Performance indicators	1-6/2023	1-6/2022	1-6/2021
Return on equity before taxes	16.2 %	10.3 %	13.2 %
Return on equity after taxes	14.0 %	8.9 %	11.1 %
Cost-income ratio	59.9 %	70.4 %	64.5 %

The ROE before taxes is determined as the quotient of result before taxes and the mean value of equity at the balance sheet date and the balance sheet date of the previous year.

The ROE after taxes is determined as the quotient of result after taxes and the mean value of equity at the balance sheet date and the balance sheet date of the previous year.

The cost-income ratio is calculated from operating income in relation to operating expenses. The operating income consists of net interest income, net fee and commission income, net trading income, as well as the other operating result, and result of a disposal group, if positive. Operating expenses include the general administrative expenses, as well as the other operating result, and result of a disposal group, if negative. The other operating result and the result of a disposal group are adjusted for other taxes, deconsolidation result and IFRS 5 measurement.

The performance indicators shown are considered as customary within the industry and are essential factors for the credit rating of banks. Additionally, within VBW, the cost-income ratio was defined as early warning indicator for the Act on the Recovery and Resolution of Banks (BaSAG, Bankensanierungs- und Abwicklungsgesetz).

Related party transactions

For details on business relationships with related parties, please refer to the information contained in the Notes in the Annual Report 2022.

Non-financial performance indicators

Within the scope of Group reporting 2022, VBW reports on concepts, results and risks relating to environmental matters, social and employee topics, human rights, corruption and bribery as well as diversity pursuant to the Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz; NaDiVeG) and Article 8 of the EU Taxonomy Regulation in a separate sustainability report.

Report on the company's future development and risks

Future development of the company

Economic environment

In the year to date, the development of economic activity in the industrial sector was rather poor, due – among others – to a slackening of business momentum on the European export markets as well as the high uncertainty caused by the war in Ukraine and the increased funding costs, with the latter particularly affecting the interest-rate sensitive construction sector. This contrasts with an expansion in the services sector, which benefits from increasing demand in tourism. This development is not limited to Austria; since the spring of 2022 already, Purchasing Managers' Indices have been indicating a decline in industrial activity for the euro zone as well, while signalling significant growth for the services sector since February 2023. The Austrian Institute of Economic Research expects the stagnation resulting from an expanding services and a declining industrial sector to continue throughout 2023, before cyclical recovery will set in and economic momentum will increase in the following year. The scarcity of labour as a limiting factor is expected to continue in some sectors; however, a slight increase of the unemployment rate is anticipated for 2023. The inflation rate is likely to remain high this year, with lower energy prices and the associated base effects mitigating inflation. However, significant wage increases due to delayed inflation compensation cause relatively marked price increases in the services sector; industrial goods, without energy and food, also contribute significantly to the inflation rate.

Economic forecasts for 2023

June 2023	GDP growth Y/Y	Inflation rate according to HICP J/J	Unemployment rate National definition (AMS)
WIFO	0.3 %	7.4 %	4.9 %
OeNB	0.5 %	7.4 %	5.0 %
OECD	0.2 %	8.0 %	5.0 %

The downside risks predominate in the forecasts, which have been repeatedly revised in recent months. With the pandemic no longer being the main concern, the supply of energy, for the industrial sector in particular, remains a sensitive topic. While alternative sources of fossil energy, apart from Russia, have been found, a complete suspension of supply would still have negative consequences. Therefore, the next winter might bring a renewed focus on the topic of reliable energy supply. Lower quantities may cause direct limitations of production, and higher prices would constitute an additional burden on the competitiveness of European industrial companies, which is put to the test through the Inflation Reduction Act in the USA anyway, and would again fuel inflation. While an inflationary spiral is still considered unlikely, the upside risks continue to prevail for inflation, especially core inflation which has decreased only slightly so far. It is not only the higher inflation rate in the euro zone compared to the export markets, but also the difference between inflation rates in Austria and the euro zone that negatively affects competitiveness in terms of prices, especially of the domestic export-oriented industrial sector and also of tourism. Already prior to the pandemic, services in tourism have shown an inflation rate exceeding the average of the euro zone, and this trend has continued in the year to date.

Both an insufficient and an excessive tightening of monetary policy carries risks in the form of long periods of high inflation or burdens on the financial market. For instance, in the spring of 2023, risks occurred in the USA that are associated with the price losses in the bond market, causing difficulties for several regional banks. While the nominal price decreases in the real estate market remained within moderate limits in Austria, they were more marked in other European countries, and with higher leverage in some cases. On the domestic real estate market, affordability is improving due to stagnating or even decreasing nominal prices against a background of high inflation and (lagged) inflation-adjusted income, and this market also benefits from the persistent increase in housing demand.

Business development

The regionally operating Volksbanks look after their customers locally, while Österreichische Ärzte- und Apothekerbank serves doctors and pharmacies throughout Austria. In order to be able to respond even better to the needs of Austrians as their principal bank, the Volksbanks are consistently implementing the "relationship bank of the future" service concept within the Association. The focus is on customers in the regions. The aim is to become the most successful decentralised association of credit institutions in Austria. The orientation as the relationship bank of the future rests on two pillars: on a high quality of consultancy for regional customer care and on the central pillar of control and service.

The completion of the "Adler" programme, as well as the ongoing support by and cooperation with the central organisation are paying off. The new leaner and more efficient cooperation is reflected favourably in the cost structure, offsetting some of the effects of inflation of the past financial years. However, the Volksbanks continue to focus on the continuous streamlining of the cost structure and on improving productivity with a view to any higher inflation rate possibly remaining.

All in all, these structural and cultural changes have contributed to establishing the Volksbanks and Österreichische Ärzte- und Apothekerbank AG as the most modern association of credit institutions in Austria.

Apart from intensifying customer relationships, the focus in 2023 will be on cooperation across the Association, on improving processes and driving digitisation.

Moreover, the Association of Volksbanks has defined sustainability goals on which the sustainability management of the Association of Volksbanks is based. These goals relate to all ESG aspects, such as the expansion of sustainable products, decarbonisation of operations, or employee development goals, and are continuously quantified, included in the planning of the individual areas, and monitored via the Sustainability Committee and the banks of the Association.

The good results are meant to be used for increased investments in sales and hence also customer service, apart from increased internal financing.

Significant risks and uncertainties

As regards the legally required disclosures on the use of financial instruments, the risk management targets and methods as well as the risk of price changes, default, liquidity and cash flow risks, please refer to the information contained in the Notes to the 2023 semi-annual report and the 2022 Annual Report.

Report on research and development

Volksbank Wien AG (as central organisation of the Volksbank Group) does not carry out any own research and development activities. Within the scope of various digitisation campaigns, however, special, customer-oriented approaches are being advanced. This includes online surveys to verify customer satisfaction with online banking (focus on Retail customers), as well as focus group meetings to comprehensively consider customer feedback in the course of developing the online banking platform (hausbanking).

The hausbanking app is considered the most important interface for interactions with customers. This secure platform enables customers to provide direct feedback as to whether any information, video tutorial or process description was helpful and also to add specific remarks or open questions. New functions of the app are tested together with customers within the scope of beta testing; regular information is provided about new developments. Customers find active references to useful functions extremely helpful. Special service orders within hausbanking enable functions to be easily "tested" with customers before they are fully integrated into the bank's system. In this way, IT engineers can check if the service lives up to customers' expectations and to find options for improvement if necessary (Fail Fast).

Vienna, 24 August 2023

CONSOLIDATED FINANCIAL STATEMENTS

VOLKSBANK WIEN AG
HALF-YEAR FINANCIAL REPORT

Condensed statement of comprehensive income

INCOME STATEMENT	1-6/2023 Euro thousand	1-6/2022 Euro thousand	Changes Euro thousand	%
Interest and similar income	198,521	96,438	102,083	105.85 %
thereof using the effective interest method	145,113	75,463	69,650	92.30 %
Interest and similar expenses	-111,199	-40,288	-70,911	176.01 %
Net interest income	87,321	56,150	31,171	55.51 %
Risk provision	3,043	4,956	-1,913	-38.60 %
Fee and commission income	42,487	44,606	-2,120	-4.75 %
Fee and commission expenses	-10,242	-13,608	3,366	-24.74 %
Net fee and commission income	32,245	30,999	1,246	4.02 %
Net trading income	1,259	1,336	-77	-5.74 %
Result from financial instruments and investment properties	-565	-183	-382	> 200.00 %
Other operating result	75,087	62,873	12,214	19.43 %
General administrative expenses	-118,208	-107,375	-10,834	10.09 %
Result from companies measured at equity	1,652	-77	1,730	< -200.00 %
Result for the period before taxes	**81,834**	**48,678**	**33,156**	**68.11 %**
Income taxes	-10,811	-6,500	-4,311	66.32 %
Result for the period after taxes	**71,024**	**42,178**	**28,845**	**68.39 %**
Result attributable to shareholders of the parent company (Consolidated net result)	**71,022**	**42,179**	**28,843**	**68.38 %**
Result attributable to non-controlling interest	1	-1	2	< -200.00 %

Other comprehensive income

	1-6/2023 Euro thousand	1-6/2022 Euro thousand	Changes Euro thousand	%
Result for the period after taxes	**71,024**	**42,178**	**28,845**	**68.39 %**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Revaluation of obligation of defined benefit plans (including deferred taxes)	-6	0	-6	100.00 %
Revaluation reserve (including deferred taxes)	206	0	206	100.00 %
Fair value reserve - equity instruments (including deferred taxes)	-503	199	-702	< -200.00 %
Revaluation of own credit risk (including deferred taxes)	394	650	-256	-39.39 %
Total items that will not be reclassified to profit or loss	**92**	**849**	**-757**	**-89.21 %**
Items that may be reclassified to profit or loss				
Fair value reserve - debt instruments (including deferred taxes)				
Change in fair value	71	-948	1,019	-107.51 %
Cash flow hedge reserve (including deferred taxes)				
Change in fair value (effective hedge)	14	-495	510	-102.92 %
Net amount transferred to profit or loss	55	-18	73	< -200.00 %
Change from companies measured at equity	-959	1,064	-2,024	-190.15 %
Total items that may be reclassified to profit or loss	**-818**	**-397**	**-421**	**106.00 %**
Other comprehensive income total	**-727**	**451**	**-1,178**	**< -200.00 %**
Comprehensive income	**70,297**	**42,630**	**27,667**	**64.90 %**
Comprehensive income attributable to shareholders of the parent company	**70,295**	**42,631**	**27,665**	**64.89 %**
Comprehensive income attributable to non-controlling interest	1	-1	2	< -200.00 %

Condensed statement of financial position as at 30 June 2023

	30 Jun 2023 Euro thousand	31 Dec 2022 Euro thousand	Changes Euro thousand	%
ASSETS				
Liquid funds	2,996,006	3,345,392	-349,386	-10.44 %
Loans and receivables credit institutions	2,693,170	2,865,888	-172,718	-6.03 %
Loans and receivables customers	5,706,190	5,480,662	225,528	4.11 %
Assets held for trading	25,807	25,684	123	0.48 %
Financial investments	2,424,636	2,112,625	312,011	14.77 %
Investment property	27,081	26,461	620	2.34 %
Companies measured at equity	40,479	39,856	623	1.56 %
Participations	62,193	63,015	-822	-1.30 %
Intangible assets	16,406	17,355	-949	-5.47 %
Tangible assets	123,289	129,025	-5,736	-4.45 %
Tax assets	50,093	56,312	-6,219	-11.04 %
Current taxes	3,467	2,630	837	31.82 %
Deferred taxes	46,626	53,683	-7,056	-13.14 %
Other assets	351,574	304,204	47,370	15.57 %
Assets held for sale	0	587	-587	-100.00 %
TOTAL ASSETS	**14,516,923**	**14,467,067**	**49,857**	**0.34 %**
LIABILITIES				
Amounts owed to credit institutions	3,696,657	4,058,046	-361,389	-8.91 %
Amounts owed to customers	6,109,545	6,764,572	-655,027	-9.68 %
Debts evidenced by certificates	2,493,970	1,723,251	770,720	44.72 %
Lease liabillities	77,865	82,248	-4,383	-5.33 %
Liabilities held for trading	26,715	29,693	-2,978	-10.03 %
Provisions	52,467	55,437	-2,970	-5.36 %
Tax liabilities	1,117	2,210	-1,093	-49.44 %
Current taxes	365	1,473	-1,107	-75.19 %
Deferred taxes	752	737	15	2.01 %
Other liabilities	629,987	368,242	261,745	71.08 %
Subordinated liabilities	388,592	398,817	-10,224	-2.56 %
Equity	1,040,008	984,552	55,456	5.63 %
Shareholders' equity	1,039,909	984,472	55,438	5.63 %
Non-controlling interest	98	80	18	22.88 %
TOTAL LIABILITIES	**14,516,923**	**14,467,067**	**49,857**	**0.34 %**

Condensed changes in the Group's equity

Euro thousand	Subscribed capital	Additional tier 1 capital	Capital reserves	Retained earnings and other reserves	Shareholders' equity	Non-controlling interest	Equity
As at 01 Jan 2022	**137,547**	**217,722**	**272,296**	**297,105**	**924,670**	**3,747**	**928,417**
Consolidated net income				42,179	42,179	-1	42,178
Other comprehensive income				451	451		451
Comprehensive income	0	0	0	42,631	42,631	-1	42,630
Dividends paid				-3,478	-3,478		-3,478
Coupon for the AT1 emission				-8,525	-8,525		-8,525
Repurchase treasury stocks	0			0	0		0
Payment Shareholder			669		669		669
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation				0	0	0	0
As at 30 Jun 2022	**137,547**	**217,722**	**272,965**	**327,733**	**955,966**	**3,746**	**959,712**
As at 01 Jan 2023	**137,547**	**217,722**	**269,779**	**359,423**	**984,472**	**80**	**984,552**
Consolidated net income				71,022	71,022	1	71,024
Other comprehensive income				-727	-727		-727
Comprehensive income	0	0	0	70,295	70,295	1	70,297
Dividends paid				-3,316	-3,316		-3,316
Coupon for the AT1 emission				-8,525	-8,525		-8,525
Repurchase treasury stocks	-624			-2,376	-3,000		-3,000
Payment Shareholder			0		0		0
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation				-17	-17	17	0
As at 30 Jun 2023	**136,922**	**217,722**	**269,779**	**415,485**	**1,039,909**	**98**	**1,040,008**

Condensed cash flow statement

Euro thousand	1-6/2023	1-6/2022
Cash and cash equivalents at the end of previous period (= liquid funds)	3,345,392	6,765,688
Cash flow from operating activities	-36,747	-800,842
Cash flow from investing activities	-295,880	-18,533
Cash flow from financing activities	-16,760	-13,525
Cash and cash equivalents at the end of period	2,996,005	5,932,787

Details to cash and cash equivalents are shown in note 4).

Notes as at 30 June 2023

1) General information and accounting principles

VOLKSBANK WIEN AG (VBW), which has its registered office at Dietrichgasse 25, 1030 Vienna, is the parent company of national acting subsidiaries and the central organisation (CO) of the Austrian Association of Volksbanks. In addition to the sector business with Volksbanks, the priorities in private und corporate customer business are based in Austria.

The interim financial statements of VBW as at 30 June 2023 were prepared on the basis of all IFRS/IAS standards published by the International Accounting Standards Board (IASB) applicable as at the reporting date, and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), in so far as these have also been adopted by the European Union in the endorsement process and their application is mandatory.

The interim financial statements do not contain all information required for full annual financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2022. The accounting policies estimates and assumptions on which these financial statements are based are the same as those used in the preparation of the consolidated financial statements as at 31 December 2022 with the exceptions stated below.

These condensed consolidated interim financial statements fulfil the requirements of IAS 34 Interim Financial Reporting. They have not been reviewed by the statutory auditor.

The accounts have been prepared on the assumption that it will remain a going concern. 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.

Accounting standards

Initially applied standards and interpretations

Standard	Mandatory application	Significant effects on VBW
Amendments to standards and interpretations		
IFRS 17 - Insurance Contracts	01 Jan 2023	No
Amendments to IAS 1 and IFRS Guidance Document 2 - Disclosure of Accounting Policies	01 Jan 2023	No
Amendments to IAS 8 - Definition of Accounting Estimates	01 Jan 2023	No
Amendments to IAS 12 - Deferred tax related to Assets and Liabilities arising from a Single Transaction	01 Jan 2023	No
Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules	01 Jan 2023	No

Standards and interpretations to be applied in the future

Standard	Mandatory application	Significant effects on VBW
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	01 Jan 2024	No
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	01 Jan 2024	No
Amendments to IAS 1 - Non-current Liabilities with Covenants	01 Jan 2024	No
Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements	01 Jan 2024	No

IFRS 17 – Insurance Contracts

The first-time application of IFRS 17 does not have any effect on the consolidated financial statements, as no relevant insurance contracts are held.

2) Presentation and changes in the scope of consolidation

In the first half of 2023, VB Rückzahlungsgesellschaft mbH in Liqu. was deconsolidated as, following its liquidation, all the pro rata capital, including the liquidation proceeds, was repaid to the parent company VBW. This transaction had no influence on group equity or on the result.

Structural simplification concept

In June 2023, a structural simplification concept for crisis situations was adopted within the Association of Volksbanks. In addition to the joint liability scheme, this concept includes measures to improve the capital position of the affiliated banks and a simplification of the organisational structure, including the automatic formation of a group of companies with VBW as parent company and the other eight affiliated banks as subsidiaries, in the event of any significant deterioration of the liquidity, assets or earnings position within the Association of Volksbanks.

3) Notes to the income statement

Net interest income

Euro thousand	1-6/2023	1-6/2022
Interest and similar income from	198,521	96,438
Deposits from credit institutions (incl. central banks)	42,399	17,306
Credit and money market transactions with credit institutions	37,279	5,325
Credit and money market transactions with customers	90,843	57,107
Bonds and other fixed-income securities	18,361	13,903
Derivative instruments	9,638	2,797
Interest and similar expenses for	-111,199	-40,288
Liquid funds	-22,236	-12,002
Deposits from credit institutions	-36,152	-1,172
Deposits from customers	-11,598	-1,400
Debts evidenced by certificates	-19,607	-9,720
Subordinated liabilities	-10,382	-5,657
Derivative instruments	-11,180	-10,000
Lease liabilities	-425	-532
Valuation result modification	353	193
Valuation result derecognition	26	2
Net interest income	**87,321**	**56,150**

Net interest income according to IFRS 9 categories

Euro thousand	1-6/2023	1-6/2022
Interest and similar income from	198,521	96,438
Financial assets measured at amortised cost	187,449	92,751
Financial assets measured at fair value through OCI	64	18
Financial assets measured at fair value through profit or loss - obligatory	1,370	872
Derivative instruments	9,638	2,797
Interest and similar expenses for	-111,199	-40,288
Financial liabilities measured at amortised cost	-98,988	-29,075
Financial liabilities measured at fair value through profit or loss - designated	-1,411	-1,408
Derivative instruments	-11,180	-10,000
Valuation result modification	353	193
Valuation result derecognition	26	2
Net interest income	**87,321**	**56,150**

Interest and similar income from financial assets measured at amortised cost and measured at fair value through OCI in the amount of euro 145,113 thousand (1-6/2022: euro 75,463 thousand) is calculated using the effective interest rate method.

Risk provision

Euro thousand	1-6/2023	1-6/2022
Changes in risk provision	762	3,411
Changes in provision for risks	2,617	783
Direct write-offs of loans and receivables	-992	-430
Income from loans and receivables previously written off	639	1,193
Valuation result modification / derecognition	18	-2
Risk provision	**3,043**	**4,956**

Net fee and commission income

Euro thousand	1-6/2023	1-6/2022
Fee and commission income	42,487	44,606
Lending business	1,824	3,764
Securities and custody business	16,554	17,232
Payment transactions	18,037	17,030
Foreign exchange, foreign notes and coins and precious metals transactions	62	54
Financial guarantees	647	687
Other services	5,362	5,839
Fee and commission expenses	-10,242	-13,608
Lending business	-5,130	-7,921
Securities and custody business	-2,550	-3,409
Payment transactions	-2,535	-2,237
Other services	-26	-41
Net fee and commission income	**32,245**	**30,999**

Net fee and commission income includes management fees for trust agreements in the amount of euro 49 thousand (1-6/2022: euro 60 thousand).

Net trading income

Euro thousand	1-6/2023	1-6/2022
Equity related transactions	1	2
Exchange rate related transactions	136	1,798
Interest rate related transactions	1,122	-464
Net trading income	**1,259**	**1,336**

Result from financial instruments and investment properties

Euro thousand	1-6/2023	1-6/2022
Other results from financial instruments	**-1,078**	**-971**
Result from financial investments and other financial assets and liabilities measured at fair value through profit or loss	-2,744	-2,056
Valuation measured at fair value through profit or loss - obligatory	-1,972	-15,211
Loans and receivables credit institutions and customers	-324	-2,100
Securities	138	-451
Result from other derivative instruments	-200	-15,580
Result from fair value hedge	-1,586	2,921
Valuation measured at fair value through profit or loss - designated	-780	13,149
Debts evidenced by certificates	-780	13,149
Income from equities and other variable-yield securities	8	5
Result from financial investments and other financial assets and liabilities measured at fair value through OCI	1,666	1,085
Income from participations	1,666	1,085
Result from investment properties	**513**	**788**
Income from investment properties and operating lease	513	788
Result from financial instruments and investment properties	**-565**	**-183**

Other operating result

Euro thousand	1-6/2023	1-6/2022
Other operating income	92,704	79,593
Other operating expenses	-16,285	-15,477
Deconsolidation result from consolidated affiliates	-1	0
Taxes and levies on banking business	-1,332	-1,242
Other operating result	**75,087**	**62,873**

Taxes and levies on banking business mainly comprise the bank levy amounting to euro -1,263 thousand (1-6/2022: euro -1,184 thousand).

Detailed description of other operating income and other operating expenses

Euro thousand	1-6/2023	1-6/2022
Income from allocation of costs	90,345	75,409
Realised gains from disposal of fixed assets and security properties	1,525	3,625
Others	834	559
Other operating income	**92,704**	**79,593**
Allocation of costs	-16,052	-15,458
Realised losses from disposal of fixed assets and security properties	-4	-739
Allocation/release of provision for negative interest	0	559
Others	-229	161
Other operating expenses	**-16,285**	**-15,477**

General administrative expenses

Euro thousand	1-6/2023	1-6/2022
Staff expenses	-65,010	-61,739
Wages and salaries	-48,823	-46,105
Expenses for statutory social security	-12,559	-12,153
Fringe benefits	-871	-788
Expenses for retirement benefits	-1,370	-1,244
Allocation to provision for severance payments and pension funds	-1,387	-1,450
Administrative expenses	-47,760	-40,251
Office space expenses	-3,329	-2,482
Office supplies and communication expenses	-731	-779
Advertising, PR and promotional expenses	-1,960	-1,260
Legal, advisory and consulting expenses	-6,209	-6,241
IT expenses	-27,066	-20,276
Contribution to the deposit guarantee	-3,504	-3,377
Single Resolution Fund	-2,052	-2,610
Other administrative expenses (including training expenses)	-2,909	-3,227
Depreciation and reversal of impairment	-5,438	-5,384
Depreciation	-3,432	-3,287
Right of use - lease depreciation	-2,006	-2,097
General administrative expenses	**-118,208**	**-107,375**

Income taxes

In the first half of the 2023 business year deferred tax assets for tax loss carryforwards in the amount of euro 6,130 thousand (1-6/2022: euro 3,427 thousand) were recognised.

4) Notes to the consolidated statement of financial position

Liquid funds

Euro thousand	30 Jun 2023	31 Dec 2022
Cash in hand	40,516	42,906
Balances with central banks	2,955,490	3,302,486
Liquid funds	**2,996,006**	**3,345,392**

As at 30 June 2023, outstanding borrowings under the third series of the European Central Bank's (ECB) Targeted Longer-Term Refinancing Operations Programme (TLTRO III) amount to euro 1,300,000 thousand (31 December 2022: euro 1,300,000 thousand).

In the first half of the year, a total of euro 20,553 thousand (1-6/2022: negative interest expenses of euro 17,306 thousand) was accrued as interest expenses for the TLTRO III volume borrowed; this compares to interest income in the amount of euro 18,038 thousand (1-6/2022: negative interest income of euro 12,002 thousand) from deposits with Oesterreichische Nationalbank (OeNB)

Transition from liquid funds to cash and cash equivalents

Euro thousand	30 Jun 2023	31 Dec 2022
Liquid funds	2,996,006	3,345,392
Cash and cash equivalents	**2,996,006**	**3,345,392**

As at the balance sheet date, no obligations from the liquid funds exist for the trust fund (Leistungsfonds) (31 December 2022: euro 0 thousand).

Loans and receivables credit institutions and customers

Euro thousand	30 Jun 2023	31 Dec 2022
Loans and receivables credit institutions		
Amortised cost	2,693,182	2,865,897
Gross carrying amount	2,693,182	2,865,897
Risk provisions	-12	-9
Net carrying amount	**2,693,170**	**2,865,888**
Loans and receivables customers		
Amortised cost	5,766,251	5,542,639
Fair value through profit or loss	72,331	81,069
Gross carrying amount	5,838,582	5,623,708
Fair value changes in the underlying items for portfolio hedges of interest rate risks	-68,353	-76,420
Risk provisions	-64,039	-66,626
Net carrying amount	**5,706,190**	**5,480,662**
Loans and receivables credit institutions and customers	**8,399,359**	**8,346,550**

Sensitivity analysis

Loans and receivables credit institutions and customers measured at fair value through profit or loss

As at 30 June 2023, there are loans and receivables to customers measured at fair value through profit or loss in the amount of euro 72,331 thousand (31 December 2022: euro 81,069 thousand).

The following table shows the changes in the fair value of the loans and receivables customers after adjustment of input factors

Loans and receivables customers

Euro thousand 30 Jun 2023	Positive change in fair value	Negative change in fair value
Change in risk markup +/- 10 bp	170	-169
Change in risk markup +/- 100 bp	1,746	-1,655
Change in rating 1 stage down / up	26	-14
Change in rating 2 stages down / up	31	-35
31 Dec 2022		
Change in risk markup +/- 10 bp	201	-200
Change in risk markup +/- 100 bp	2,064	-1,952
Change in rating 1 stage down / up	28	-18
Change in rating 2 stages down / up	35	-44

Risk provision

The following table shows the development of risk provision for loans and receivables from credit institutions as well as from customers including finance lease, financial instruments measured at amortised cost and financial instruments measured at fair value through OCI.

Euro thousand	Loan loss provision - Stage 1	Loan loss provision - Stage 2	Loan loss provision - Stage 3	Total
As at 01 Jan 2022	**5,365**	**14,396**	**43,598**	**63,359**
Increases due to origination and acquisition	332	273	-284	320
Decreases due to derecognition	-97	-1,483	-2,299	-3,878
Changes due to change in credit risk	-248	78	607	437
Thereof transfer to stage 1	282	-281	0	
Thereof transfer to stage 2	-390	434	-44	
Thereof transfer to stage 3	-3	-286	289	
Post-Model Adjustment	-55	-54	0	-109
Decrease in allowance account due to write-offs	0	0	-3,856	-3,856
Other adjustments	-12	-305	381	64
As at 30 Jun 2022	**5,285**	**12,905**	**38,147**	**56,337**
As at 01 Jan 2023	**12,543**	**15,046**	**39,823**	**67,412**
Increases due to origination and acquisition	973	29	74	1,075
Decreases due to derecognition	-134	-295	-1,134	-1,562
Changes due to change in credit risk	-384	-519	803	-100
Thereof transfer to stage 1	1,101	-1,101	0	
Thereof transfer to stage 2	-1,352	1,356	-4	
Thereof transfer to stage 3	-9	-499	509	
Post-Model Adjustment	0	0	0	0
Decrease in allowance account due to write-offs	0	0	-2,001	-2,001
Other adjustments	-102	-68	175	5
As at 30 Jun 2023	**12,895**	**14,193**	**37,740**	**64,829**

Assets held for trading

Euro thousand	30 Jun 2023	31 Dec 2022
Bonds and other fixed-income securities	2,774	544
Positive fair values of derivative instruments	23,033	25,140
Interest rate related transactions	23,033	25,140
Assets held for trading	**25,807**	**25,684**

Since acquisition of the CO function the company maintains a regulatory trading book. As at 30 June 2023 the volume of the trading book amounts to euro 877,434 thousand (31 December 2022: euro 968,486 thousand).

Financial investments

Euro thousand	30 Jun 2023	31 Dec 2022
Financial investments		
Amortised cost	2,401,863	2,093,025
Fair value through OCI	20,380	16,215
Fair value through profit or loss	3,168	4,160
Risk provision	-774	-774
Carrying amount	**2,424,636**	**2,112,625**

Participations

Euro thousand	30 Jun 2023	31 Dec 2022
Investments in unconsolidated affiliates	1,631	2,344
Investments in companies with participating interest	3,476	3,476
Investments in other companies	57,086	57,195
Participations	**62,193**	**63,015**

All participations that represent strategically or operationally significant business relationships within the VBW Group are measured at fair value through OCI.

Sensitivity analysis

Participations measured by using the DCF method

Euro thousand		Proportional market value Interest rate		
30 Jun 2023		**-0.50 %**	**Actual**	**0.50 %**
	-10.00 %	8,984	8,592	8,232
Income component	**IST**	9,983	**9,623**	9,147
	10.00 %	10,981	10,501	10,062
31 Dec 2022				
	-10.00 %	9,043	8,645	8,281
Income component	**IST**	10,048	**9,683**	9,201
	10.00 %	11,053	10,567	10,121

Participations measured by net assets

Euro thousand	Proportional market value		
30 Jun 2023	**If assumption is decreased**	**Actual**	**If assumptions is increased**
Net assets (10 % change)	4,436	**4,935**	5,422
31 Dec 2022			
Net assets (10 % change)	5,129	**5,697**	6,268

Participations measured based on external appraisals

Euro thousand 30 Jun 2023	Lower band	Actual	Upper band
Proportional market value	38,788	**43,098**	47,408
31 Dec 2022			
Proportional market value	38,788	**43,098**	47,408

Other assets

Euro thousand	30 Jun 2023	31 Dec 2022
Deferred items	27,264	3,190
Other receivables and assets	65,783	27,847
Positive fair values of derivative instruments	258,527	273,166
Other assets	**351,574**	**304,204**

Assets held for sale

As at 30 June 2023, there are no assets held for sale.

Euro thousand	30 Jun 2023	31 Dec 2022
Tangible assets	0	587
Assets held for sale	**0**	**587**

Amounts owed to credit institutions

Euro thousand	30 Jun 2023	31 Dec 2022
Central banks	1,310,330	1,606,641
Other credit institutions	2,386,327	2,451,405
Amounts owed to credit institutions	**3,696,657**	**4,058,046**

Amounts owed to credit institutions are measured at amortised cost.

Amounts owed to customers

Euro thousand	30 Jun 2023	31 Dec 2022
Savings deposits	1,298,676	1,516,911
Other deposits	4,811,077	5,247,898
Fair value changes in the underlying items for portfolio hedges of interest rate risks	-208	-238
Amounts owed to customers	**6,109,545**	**6,764,572**

Amounts owed to customers are measured at amortised cost.

Debts evidenced by certificates

Euro thousand	30 Jun 2023	31 Dec 2022
Bonds	2,493,970	1,723,251
Amortised cost	2,425,452	1,655,950
Fair value through profit or loss - designated	68,518	67,301
Debts evidenced by certificates	**2,493,970**	**1,723,251**

In the first half of 2022, the fair value change of own credit risk in the amount of euro 394 thousand (1-6/2022: euro 650 thousand) was recognised in other comprehensive income. The cumulative amount of the fair value change of own credit risk was euro 1,355 thousand (1-6/2022: euro 1,024 thousand). The redemption amount that VBW would contractually have to pay at maturity was euro 50,000 thousand (31 December 2022: euro 50,000 thousand).

In the first half of 2023, VBW floated six issues with a total face value of euro 767,500 thousand. The issue with the highest volume is a green bond in the amount of euro 500,000 thousand.

Liabilities held for trading

Euro thousand	30 Jun 2023	31 Dec 2022
Negative fair values of derivative instruments		
Interest rate related transactions	26,715	29,693
Liabilities held for trading	**26,715**	**29,693**

Provisions

Euro thousand	30 Jun 2023	31 Dec 2022
Provisions for employment benefits	43,848	43,399
Provisions for off-balance and other risks	4,612	7,237
Stage 1	1,245	1,222
Stage 2	1,621	1,811
Stage 3	1,746	4,205
Other provisions	4,007	4,801
Provisions	**52,467**	**55,437**

Other liabilities

Euro thousand	30 Jun 2023	31 Dec 2022
Deferred items	1,528	1,340
Other liabilities	317,538	34,887
Negative fair values of derivative instruments	310,921	332,015
Other liabilities	**629,987**	**368,242**

Other liabilities include the amounts owed to PSA Payment Services Austria GmbH. With effect from 12 June 2023, this company has assumed the clearing business of GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H., a subsidiary of OeNB, and has carried out a technological transformation in the course of modernising the clearing process.

Subordinated liabilities

Euro thousand	30 Jun 2023	31 Dec 2022
Subordinated capital	388,592	398,817
Amortised cost	388,592	398,817
Subordinated liabilities	**388,592**	**398,817**

Subordinated liabilities are measured at amortised cost.

Equity

Dividend payment

Euro thousand	1-6/2023	1-6/2022
Dividend voting equity	3,316	3,478
Coupon for the AT1 emission	8,525	8,525
Total	**11,841**	**12,003**

The following table shows a breakdown and changes to retained earnings and other reserves

		Other reserves						
Euro thousand	**Retained earnings**	**IAS 19 reserve**	**Revaluation reserve**	**Fair value reserve - equity instruments**	**Fair value reserve - debt instruments**	**Cash flow hedge reserve**	**Own credit risk reserve**	**Retained earnings and other reserves**
As at 01 Jan 2022	**274,272**	**2,984**	**1,374**	**17,269**	**862**	**-30**	**374**	**297,105**
Consolidated net income	42,179							42,179
Other comprehensive income		-1		1,341	-1,026	-513	650	451
Dividends paid	-3,478							-3,478
Coupon for the AT1 emission	-8,525							-8,525
Repurchase treasury stocks								0
Reclassification fair value reserve due to sale	-125			125				0
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation	0							0
As at 30 Jun 2022	**304,324**	**2,984**	**1,374**	**18,735**	**-164**	**-543**	**1,024**	**327,733**
As at 01 Jan 2023	**328,871**	**10,285**	**1,411**	**19,349**	**-694**	**-760**	**961**	**359,423**
Consolidated net income	71,022							71,022
Other comprehensive income		0	206	-1,471	74	70	394	-727
Dividends paid	-3,316							-3,316
Coupon for the AT1 emission	-8,525							-8,525
Repurchase treasury stocks	-2,376							-2,376
Reclassification fair value reserve due to sale								0
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation	-17							-17
As at 30 Jun 2023	**385,659**	**10,285**	**1,617**	**17,878**	**-619**	**-690**	**1,355**	**415,485**

5) Own funds

The table below shows the own funds of the VBW group of credit institutions, as determined according to the CRR, including the allocation of profits during the year and less planned distributions. The CET1 capital ratio without allocation of profits during the year is 15.69 %, the Tier 1 capital ratio 20.92 %, and the equity ratio 29.00 %.

Euro thousand	30 Jun 2023	31 Dec 2022
Common tier I capital: Instruments and reserves		
Capital instruments including share premium accounts	339,551	340,175
Retained earnings	270,448	273,983
Interim profit	71,082	
Accumulated other comprehensive income (and other reserves)	138,703	139,430
Common tier I capital before regulatory adjustments	819,783	753,588
Common tier I capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-16,406	-17,355
Cash flow hedge reserve	690	760
Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	-1,355	-961
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	236	266
Value adjustments due to the requirement for prudent valuation	-847	-890
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-38,607	-32,656
Insufficient coverage for non-performing exposures	-1,630	-1,277
Regulatory adjustments - transitional provisions	4,778	8,405
Adjustments to be made due to transitional regulations under IFRS 9	4,778	8,405
Amount exceeding the threshold of 17.65 %	0	0
Additional CET1 deductions pursuant to article 3 CRR	-34,809	-27,476
Total regulatory adjustments	-87,949	-71,184
Common equity tier I capital - CET1	**731,834**	**682,404**
Additional tier I capital: instruments		
Capital instruments including share premium accounts	220,000	220,000
Additional tier I capital before regulatory adjustments	220,000	220,000
Additional tier I capital: regulatory adjustments		
Total regulatory adjustments	0	0
Additional tier I capital - AT1	**220,000**	**220,000**
Tier I capital (CET1 + AT1)	**951,834**	**902,404**
Tier II capital - instruments and provisions		
Capital instruments including share premium accounts	340,382	379,926
Tier II capital before regulatory adjustments	340,382	379,926
Tier II capital: regulatory adjustments		
Total regulatory adjustments	0	0
Tier II capital - T2	**340,382**	**379,926**
Own funds total - TC (T1 + T2)	**1,292,216**	**1,282,330**
Common equity tier I capital ratio	17.38 %	16.93 %
Tier I capital ratio	22.61 %	22.38 %
Equity ratio	30.69 %	31.81 %
each in relation to total risk exposure amount		

The risk-weighted assessment amounts as defined in CRR can be broken down as follows

Euro thousand	30 Jun 2023	31 Dec 2022
Risk weighted exposure amount - credit risk	3,577,558	3,400,284
Total risk exposure amount - settlement risk	0	109
Total risk exposure amount for position, foreign exchange and commodities risks	24,180	20,969
Total risk exposure amount for operational risk	597,173	597,173
Total risk exposure amount for credit valuation adjustment (cva)	11,521	13,135
Total risk exposure amount	**4,210,432**	**4,031,670**

The table below shows the own funds determined according to the CRR, fully applying the VBW group of credit institutions, including the allocation of profits during the year and less planned distributions. The CET1 capital ratio without allocation of profits during the year is 15.60 %, the Tier 1 capital ratio 20.83 %, and the equity ratio 28.92 %.

Euro thousand	30 Jun 2023	31 Dec 2022
Common tier I capital: Instruments and reserves		
Capital instruments including share premium accounts	339,551	340,175
Retained earnings	270,448	273,983
Interim profit	71,082	
Accumulated other comprehensive income (and other reserves)	138,703	139,430
Common tier I capital before regulatory adjustments	819,783	753,588
Common tier I capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-16,406	-17,355
Cash flow hedge reserve	690	760
Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	-1,355	-961
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	236	266
Value adjustments due to the requirement for prudent valuation	-847	-890
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-38,607	-32,656
Amount exceeding the threshold of 17.65 %	0	0
Insufficient coverage for non-performing exposures	-1,630	-1,277
Additional CET1 deductions pursuant to article 3 CRR	-34,809	-27,476
Total regulatory adjustments	-92,727	-79,589
Common equity tier I capital - CET1	**727,056**	**673,999**
Additional tier I capital: instruments		
Capital instruments including share premium accounts	220,000	220,000
Additional tier I capital: regulatory adjustments		
Total regulatory adjustments	0	0
Additional tier I capital - AT1	**220,000**	**220,000**
Tier I capital (CET1 + AT1)	**947,056**	**893,999**
Tier II capital - instruments and provisions		
Capital instruments including share premium accounts	340,382	379,926
Tier II capital before regulatory adjustments	340,382	379,926
Tier II capital: regulatory adjustments		
Total regulatory adjustments	0	0
Tier II capital - T2	**340,382**	**379,926**
Own funds total - TC (T1 + T2)	**1,287,439**	**1,273,925**
Common equity tier I capital ratio	17.29 %	16.75 %
Tier I capital ratio	22.52 %	22.22 %
Equity ratio	30.61 %	31.66 %
each in relation to total risk exposure amount		

The risk-weighted assessment amounts as defined in CRR can be broken down as follows

Euro thousand	30 Jun 2023	31 Dec 2022
Risk weighted exposure amount - credit risk	3,572,780	3,391,878
Total risk exposure amount - settlement risk	0	109
Total risk exposure amount for position, foreign exchange and commodities risks	24,180	20,969
Total risk exposure amount for operational risk	597,173	597,173
Total risk exposure amount for credit valuation adjustment (cva)	11,521	13,135
Total risk exposure amount	**4,205,654**	**4,023,265**

In accordance with IFRS reporting, the scope of consolidation differs from the scope of consolidation under CRR as the IFRS provides for the inclusion of other entities not belonging to the financial sector. According to CRR, companies in the financial sector that are under the control of the parent or where the Group holds a majority of shares either direct or indirect, are fully consolidated. The carrying amount of institutions, financial institutions and subsidiaries providing banking-related auxiliary services that are controlled by the parent but that are not significant for the presentation of the group of credit institutions according to article 19 (1) of CRR is deducted from own funds. Subsidiaries which are managed jointly with non-Group companies are proportionately consolidated. Investments in companies in the financial sector 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 companies in the financial sector of less than 10 % are deducted from own funds considering the eligibility according to article 46 CRR. All other participating interests are included in the assessment base at their carrying amounts.

All credit institutions under control or where the Group holds a majority of shares either direct or indirect are considered in the scope of consolidation according to CRR.

In the first half of the 2023 business year, no substantial, practical or legal obstacles existed which would have prevented the transfer of equity or the repayment of liabilities between the parent institution and institutions subordinated to the former.

6) Financial assets and liabilities

The table below shows financial assets and liabilities in accordance with their individual categories and their fair values

Euro thousand	Amortised cost	Fair value through OCI	Fair value through profit or loss	Carrying amount - total	Fair value
30 Jun 2023					
Liquid funds	2,996,006	0	0	2,996,006	2,996,006
Loans and receivables credit institutions (gross)	2,693,182	0	0	2,693,182	
Loans and receivables credit institutions less accumulated impairment	2,693,182	0	0	2,693,182	2,618,463
Loans and receivables customers (gross)	5,766,251	0	72,331	5,838,582	
Accumulated impairment	-37,740	0	0	-37,740	
Loans and receivables customers less accumulated impairment	5,728,511	0	72,331	5,800,842	5,533,299
Assets held for trading	0	0	25,807	25,807	25,807
Financial investments (gross)	2,401,863	20,380	3,168	2,425,411	
Financial investments less accumulated impairment	2,401,863	20,380	3,168	2,425,411	2,359,156
Participations	0	62,193	0	62,193	62,193
Derivative instruments	0	0	258,527	258,527	258,527
Financial assets total	**13,819,561**	**82,573**	**359,833**	**14,261,967**	**13,853,451**
Amounts owed to credit institutions	3,696,657	0	0	3,696,657	3,686,787
Amounts owed to customers	6,109,753	0	0	6,109,753	6,099,133
Debts evidenced by certificates	2,425,452	0	68,518	2,493,970	2,479,729
Lease liabilities	77,865	0	0	77,865	77,865
Liabilities held for trading	0	0	26,715	26,715	26,715
Derivative instruments	0	0	310,921	310,921	310,921
Subordinated liabilities	388,592	0	0	388,592	380,792
Financial liabilities total	**12,698,319**	**0**	**406,154**	**13,104,473**	**13,061,941**
31 Dec 2022					
Liquid funds	3,345,392	0	0	3,345,392	3,345,392
Loans and receivables credit institutions (gross)	2,865,897	0	0	2,865,897	
Loans and receivables credit institutions less accumulated impairment	2,865,897	0	0	2,865,897	2,847,308
Loans and receivables customers (gross)	5,542,639	0	81,069	5,623,708	
Accumulated impairment	-39,823	0	0	-39,823	
Loans and receivables customers less accumulated impairment	5,502,816	0	81,069	5,583,885	5,308,738
Assets held for trading	0	0	25,684	25,684	25,684
Financial investments (gross)	2,093,025	16,215	4,160	2,113,399	
Financial investments less accumulated impairment	2,093,025	16,215	4,160	2,113,399	2,049,455
Participations	0	63,015	0	63,015	63,015
Derivative instruments	0	0	273,166	273,166	273,166
Financial assets total	**13,807,130**	**79,229**	**384,080**	**14,270,439**	**13,912,758**
Amounts owed to credit institutions	4,058,046	0	0	4,058,046	4,045,583
Amounts owed to customers	6,764,810	0	0	6,764,810	6,755,275
Debts evidenced by certificates	1,655,950	0	67,301	1,723,251	1,733,896
Lease liabilities	82,248	0	0	82,248	82,248
Liabilities held for trading	0	0	29,693	29,693	29,693
Derivative instruments	0	0	332,015	332,015	332,015
Subordinated liabilities	398,817	0	0	398,817	373,452
Financial liabilities total	**12,959,870**	**0**	**429,009**	**13,388,878**	**13,352,161**

Fair value hierarchy

Financial instruments recognised at fair value are assigned to the three IFRS fair value hierarchy categories.

Level 1 – Financial instruments measured at quoted prices in active markets, whose fair value can be derived directly from prices on active, liquid markets and where the financial instrument observed on the market is representative of the financial instrument owned by the Group that requires measurement.

Level 2 – Financial instruments measured using procedures based on observable market data, whose fair value can be determined using similar financial instruments traded on active markets or using procedures whose inputs are observable.

Level 3 – Financial instruments measured using procedures based on unobservable parameters, whose fair value cannot be determined using data observable on the market. Financial instruments in this category have a value component that is not observable and which has a significant influence on fair value.

The table below shows financial assets and liabilities measured at fair value according to their fair value hierarchy

Euro thousand	Level 1	Level 2	Level 3	Total
30 Jun 2023				
Loans and receivables customers	0	0	72,331	72,331
Assets held for trading	2,774	23,033	0	25,807
Financial investments	22,331	1,216	0	23,547
Fair value through profit or loss	1,952	1,216	0	3,168
Fair value through OCI	20,380	0	0	20,380
Participations	0	0	62,175	62,175
Fair value through OCI - designated	0	0	62,175	62,175
Derivative instruments	0	258,527	0	258,527
Financial assets total	**25,105**	**282,776**	**134,507**	**442,388**
Debts evidenced by certificates	0	0	68,518	68,518
Liabilities held for trading	0	26,715	0	26,715
Derivative instruments	0	310,921	0	310,921
Financial liabilities total	**0**	**337,636**	**68,518**	**406,154**
31 Dec 2022				
Loans and receivables customers	0	0	81,069	81,069
Assets held for trading	544	25,140	0	25,684
Financial investments	18,185	2,189	0	20,374
Fair value through profit or loss	1,971	2,189	0	4,160
Fair value through OCI	16,215	0	0	16,215
Participations	0	0	62,997	62,997
Fair value through OCI - designated	0	0	62,997	62,997
Derivative instruments	0	273,166	0	273,166
Financial assets total	**18,730**	**300,495**	**144,066**	**463,291**
Debts evidenced by certificates	0	0	67,301	67,301
Liabilities held for trading	0	29,693	0	29,693
Derivative instruments	0	332,015	0	332,015
Financial liabilities total	**0**	**361,708**	**67,301**	**429,009**

Due to immateriality, participations with a carrying amount of euro 18 thousand (31 December 2022: euro 18 thousand) were measured at amortised cost.

When determining market values for level 2 financial investments, VBW only uses prices based on observable market data. If systems deliver price information for inactive traded positions, this is checked based on secondary market data or transactions in comparable products performed on active markets. The system prices are then adjusted accordingly if necessary. The main level 2 input factors are interest rates including associated interest rate volatilities, foreign exchange swap points, exchange rates, share prices, index rates, including related volatilities and credit spreads obtained from brokers on a daily basis. Market valuation adjustments are made through linear interpolations of the directly obtained broker data. The input factors used undergo daily quality assurance and are archived in the valuation system.

In the first half of 2023, as in the previous year, there were no reclassifications of financial instruments between levels 1 and 2.

Development of level 3 fair values of financial assets and liabilities

Euro thousand	Loans and receivables credit institutions	Loans and receivables customers	Participations	Financial assets total	Debts evidenced by certificates	Financial liabilities total
As at 01 Jan 2022	**59**	**107,693**	**61,873**	**169,625**	**86,179**	**86,179**
Additions	0	112	0	112	967	967
Disposals	0	-13,737	-44	-13,781	0	0
Valuation						
Through profit or loss	0	-2,100	0	-2,100	-13,149	-13,149
Through OCI	0	0	265	265	-867	-867
As at 30 Jun 2022	**59**	**91,968**	**62,094**	**154,121**	**73,129**	**73,129**
As at 01 Jan 2023	**0**	**81,069**	**62,997**	**144,066**	**67,301**	**67,301**
Additions	0	74	0	74	932	932
Disposals	0	-8,488	0	-8,488	0	0
Valuation						
Through profit or loss	0	-324	0	-324	780	780
Through OCI	0	0	-822	-822	-495	-495
As at 30 Jun 2023	**0**	**72,331**	**62,175**	**134,507**	**68,518**	**68,518**

The valuations shown in the table above are included in the item income from financial instruments and investment properties (income statement) or the fair value reserve (other comprehensive income). The valuations recorded in the income statement include holdings of financial assets and liabilities to the amount of euro -1,096 thousand (1-6/2022: euro 11,067 thousand) at the reporting date.

The value of loans and receivables is assessed by discounting the cash flows of these loans using the risk-free swap curve plus markup. The markups used for discounting are the standard risk costs and the liquidity costs. The liquidity costs are derived from the market (spreads of senior unsecured bank issues in Austria and Germany; spreads of covered bonds for loans in the coverage fund and loans eligible for credit claims). The standard risk costs are used after clustering of the loans according to rating. The remaining components of the preliminary calculation are summarised in one factor (epsilon factor) upon conclusion of the deal and frozen for subsequent measurement.

7) Number of staff

Number of staff employed during the business year

	Average number of staff		Number of staff at end of period	
	1-6/2023	1-6/2022	30 Jun 2023	31 Dec 2022
Employees	1,229	1,254	1,234	1,233
Workers	5	5	5	4
Total number of staff	**1,234**	**1,259**	**1,239**	**1,237**

All staff is domestic. The number of employees is computed on a full-time equivalent basis.

8) Branches

	30 Jun 2023	31 Dec 2022
Total number of branches domestic	**54**	**54**

9) Related party disclosures

Euro thousand	Unconsolidated affiliates	Companies in which the Group has a participating interest	Companies measured at equity	Companies which exercise a significant influence on the parent as shareholders
30 Jun 2023				
Loans and receivables credit institutions	0	0	2,220	0
Loans and receivables customers	0	13,000	0	0
Bonds and other fixed-income securities	0	0	0	0
Amounts owed to credit institutions	0	0	213,019	0
Amounts owed to customers	243	1,827	1,539	0
Transactions	735	15,750	265,157	0
31 Dec 2022				
Loans and receivables credit institutions	0	0	3,637	0
Loans and receivables customers	0	26,096	0	0
Bonds and other fixed-income securities	0	0	0	333,177
Amounts owed to credit institutions	0	0	253,863	0
Amounts owed to customers	1,008	11,924	40,929	0
Transactions	1,086	11,477	285,647	

Business transactions are measured as the average receivables and liabilities from/to credit institutions and customers. The calculation is based on the figures at the quarterly reporting dates during the period under review, which are summed together irrespective of whether plus or minus figures.

Transfer prices between the VBW Group and its related parties are geared to usual market conditions. As in previous year, VBW Group does not have any other liabilities for unconsolidated affiliates or associated companies on balance sheet date.

Loans and receivables credit institutions contain transactions with the Volksbank-Sector amounting to euro 2,565,041 thousand (31 December 2022: euro 2,759,136 thousand) and amounts owed to credit institutions include transactions with the Volksbank-Sector amounting to euro 2,235,215 thousand (31 December 2022: euro 2,291,902 thousand).

10) Segment reporting by business segments

Euro thousand 1-6/2023	Retail	CO	Consolidation	Total
Net interest income	91,106	-3,784	0	87,321
Risk provisions	2,474	569	0	3,043
Net fee and comission income	34,955	-2,746	36	32,245
Net trading income	66	1,192	0	1,259
Result from financial instruments and investment properties	225	-768	-22	-565
Other operating result	3,239	102,821	-30,973	75,087
General administrative expenses	-79,297	-69,847	30,936	-118,208
Result from companies measured at equity	1,483	169	0	1,652
Result for the period before taxes	**54,250**	**27,606**	**-23**	**81,834**
Income taxes	-9,863	-948	0	-10,811
Result for the period after taxes	**44,387**	**26,659**	**-23**	**71,024**
30 Jun 2023				
Total assets	**6,827,518**	**9,040,364**	**-1,350,959**	**14,516,923**
Loans and receivables customers	5,620,654	88,394	-2,859	5,706,190
Companies measured at equity	31,607	8,873	0	40,479
Amounts owed to customers	5,500,071	631,361	-21,888	6,109,545
Debts evidenced by certificates, including subordinated liabilities	94,474	2,788,088	0	2,882,563
1-6/2022				
Net interest income	49,821	6,329	0	56,150
Risk provisions	3,926	1,030	0	4,956
Net fee and comission income	34,075	-3,121	46	30,999
Net trading income	287	1,049	0	1,336
Result from financial instruments and investment properties	-2,190	2,006	0	-183
Other operating result	5,262	84,097	-26,486	62,873
General administrative expenses	-71,763	-62,052	26,441	-107,375
Result from companies measured at equity	-265	188	0	-77
Result for the period before taxes	**19,153**	**29,526**	**0**	**48,678**
Income taxes	-4,387	-2,113	0	-6,500
Result for the period after taxes	**14,766**	**27,413**	**0**	**42,178**
31 Dec 2022				
Total assets	**6,721,831**	**8,820,440**	**-1,075,204**	**14,467,067**
Loans and receivables customers	5,487,294	-3,768	-2,864	5,480,662
Companies measured at equity	31,097	8,759	0	39,856
Amounts owed to customers	5,746,913	1,045,308	-27,649	6,764,572
Debts evidenced by certificates, including subordinated liabilities	94,474	2,027,593	0	2,122,067

11) Subsequent events

The extraordinary general assembly of immigon portfolioabbau ag i.A. (immigon) on 7 July 2023 gave its consent and authorized the liquidator to carry out an interim distribution of the liquidation capital of immigon in the total amount of up to euro 665,000 thousand on shares and participation capital at their discretion.

Carrying out the interim distribution was subject to the proviso that IPA Beteiligungs GmbH & Co KG accepts, to a certain extent, valid offers to purchase the capital instruments of immigon or concludes purchase contracts. These minimum acceptance thresholds were achieved, and on 11 July 2023, following the update of the interim distribution amount to euro 664,700 thousand, the liquidator of immigon effected the disbursement. VBW holds an indirect participation in immigon through Volksbanken Holding eGen. The effects of this transaction will be determined in the second half of the year and recognised in the consolidated financial statements.

12) Quarterly financial data

Euro thousand	4-6/2023	1-3/2023	10-12/2022	7-9/2022	4-6/2022
Net interest income	44,141	43,180	49,486	24,793	28,614
Risk provision	3,114	-71	-9,769	-4,714	616
Net fee and commission income	16,029	16,216	14,341	14,574	15,250
Net trading income	50	1,209	286	56	622
Result from financial instruments and investment properties	1,271	-1,836	-4,684	-4,642	-440
Other operating result	39,609	35,478	6,582	25,135	34,376
General administrative expenses	-56,297	-61,911	-51,669	-53,616	-45,697
Result from companies measured at equity	173	1,479	-138	55	41
Result for the period before taxes	**48,090**	**33,744**	**4,436**	**1,642**	**33,381**
Income taxes	-9,904	-906	25,372	-703	-6,736
Result for the period after taxes	**38,186**	**32,838**	**29,808**	**938**	**26,645**
Result attributable to shareholders of the parent company (Consolidated net result)	**38,185**	**32,838**	**29,782**	**939**	**26,646**
Result attributable to non-controlling interest	1	0	25	0	0

COMPLIANCE STATEMENT

VOLKSBANK WIEN AG
Statement of all legal representatives

We confirm to the best of our knowledge that the condensed half year 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 six months of the financial year and their impact on the condensed half year financial statements and of the principal risks and uncertainties for the remaining six months of the financial year.

Vienna, 24 August 2023

Gerald Fleischmann
Chairman of the Managing Board

Rainer Borns
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The Volksbank Wien Group is committed to diversity and the equality of all genders.
For reasons of readability, male, female and diverse word forms are not used simultaneously.
All words designating persons refer to all genders in equal measure.