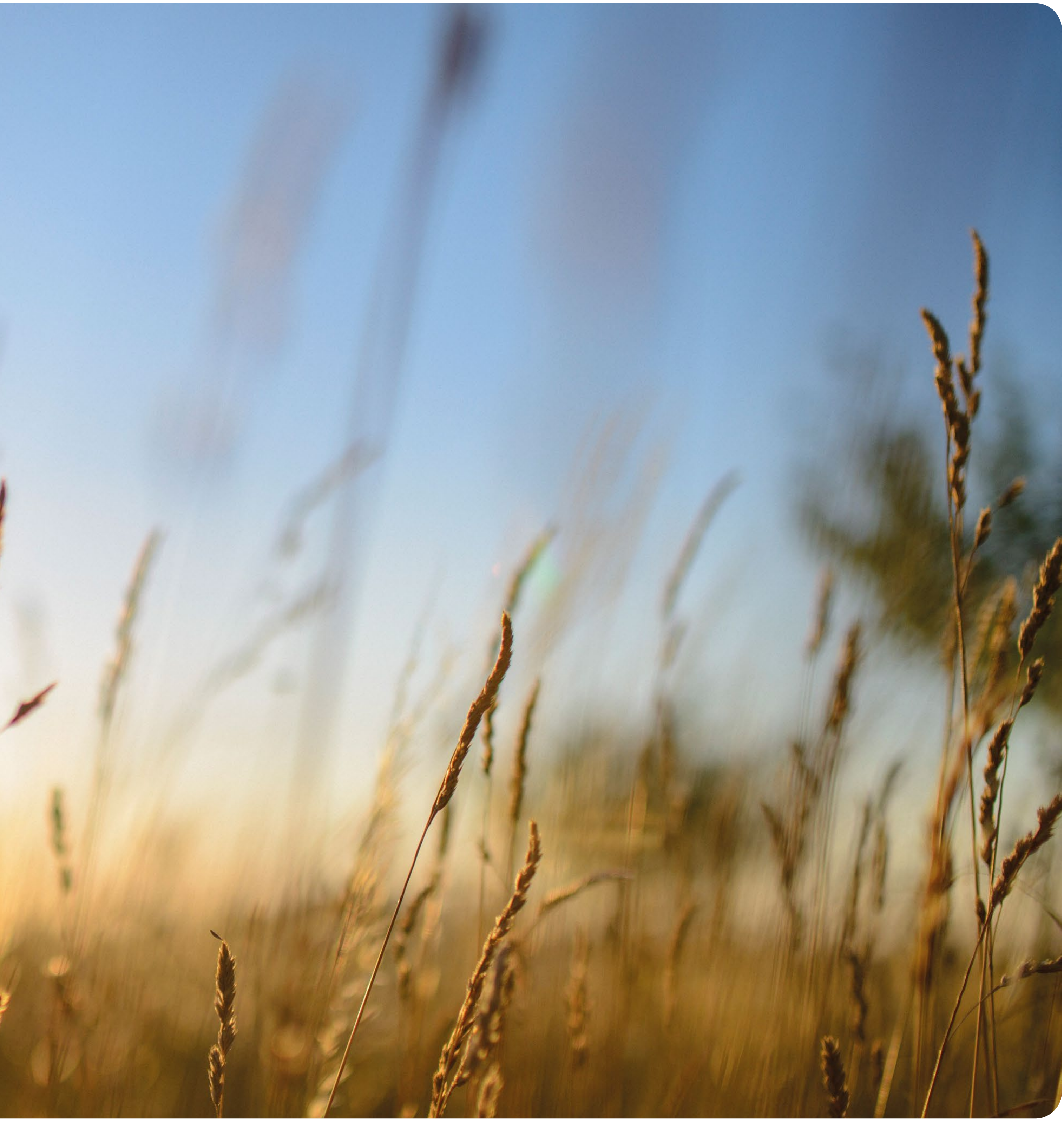
VOLKSBANK WIEN



HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE 2022

KEY FIGURES OF VOLKSBANK WIEN AG

Euro million	30 Jun 2022	31 Dec 2021	31 Dec 2020
Statement of financial position			
Total assets	**16,517**	**16,925**	**14,281**
Loans and receivables customers	**5,400**	**5,396**	**5,372**
Amounts owed to customers	**6,579**	**6,922**	**6,637**
Debts evidenced by certificates	**1,754**	**1,908**	**1,464**
Subordinated liabilities	**403**	**403**	**407**
Own funds according to Basel III for the VOLKSBANK WIEN AG group			
Common equity tier 1 capital (CET1)	642	648	656
Additional tier 1 capital (AT1)	220	220	220
Tier 1 capital (T1)	**862**	**868**	**876**
Tier 2 capital (T2)	399	400	401
Own funds	**1,261**	**1,267**	**1,277**
Risk weighted exposure amount credit risk	3,301	3,228	3,288
Total risk exposure amount market risk	26	27	38
Total risk exposure amount operational risk	571	571	533
Total risk for credit valuation adjustment	11	9	50
Total risk exposure amount	**3,909**	**3,835**	**3,909**
Common equity tier 1 capital ratio	**16.4 %**	**16.9 %**	**16.8 %**
Tier 1 capital ratio	**22.0 %**	**22.6 %**	**22.4 %**
Equity ratio	**32.3 %**	**33.0 %**	**32.7 %**
Income statement	**1-6/2022**	**1-6/2021**	**1-6/2020**
Net interest income	56.2	69.7	61.4
Risk provision	5.0	2.2	-11.6
Net fee and commission income	31.0	29.5	28.7
Net trading income	1.3	-2.9	1.5
Result from financial instruments and investment properties	-0.2	4.8	-7.7
Other operating result	62.9	62.4	60.8
General administrative expenses	-107.4	-103.1	-100.8
Result from companies measured at equity	-0.1	0.7	0.5
Result for the period before taxes	**48.7**	**63.4**	**32.7**
Income taxes	-6.5	-10.3	-4.6
Result for the period after taxes	**42.2**	**53.0**	**28.1**
Result attributable to non-controlling interest	0.0	0.0	0.0
Result of the group for the period	**42.2**	**53.0**	**28.1**
Key ratios	**1-6/2022**	**1-6/2021**	**1-6/2020**
Operating cost-income-ratio	**70.4 %**	**64.5 %**	**65.7 %**
ROE before taxes	**10.3 %**	**13.2 %**	**7.2 %**
ROE after taxes	**8.9 %**	**11.1 %**	**6.2 %**
ROE consolidated net income	**9.0 %**	**11.1 %**	**6.2 %**
Net interest margin	**0.7 %**	**0.8 %**	**0.9 %**
NPL ratio	**1.5 %**	**1.9 %**	**2.1 %**
Leverage ratio	**6.0 %**	**5.8 %**	**5.5 %**
Net stable funding ratio	**199.1 %**	**214.2 %**	**144.2 %**
Liquidity Coverage Ratio	**232.3 %**	**251.5 %**	**201.2 %**
Loan deposit ratio	**84.2 %**	**68.9 %**	**72.4 %**
Coverage ratio I	**34.6 %**	**39.9 %**	**33.2 %**
Coverage ratio III	**104.8 %**	**107.8 %**	**103.0 %**
Resources	**1-6/2022**	**1-6/2021**	**1-6/2020**
Staff average	**1,259**	**1,292**	**1,266**
Thereof domestic	1,259	1,292	1,266
	30 Jun 2022	**31 Dec 2021**	**31 Dec 2020**
Staff at end of period	**1,248**	**1,270**	**1,302**
Thereof domestic	1,248	1,270	1,302
Number of branches	**56**	**56**	**58**
Thereof domestic	56	56	58
Number of customers	**317,426**	**324,921**	**333,382**

Equity ratios are displayed in relation to total risk. The operating 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, fixed term deposits and debts evidenced by certificates. 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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VOLKSBANK WIEN AG
HALF-YEAR FINANCIAL REPORT

GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF 2022

Report on the business development and economic situation

Business development

The VOLKSBANK WIEN Group (VBW Group) looks back on a successful first half of 2022 despite the unstable geopolitical environment and the further increase in inflation. In particular, fee and commission income, net risk income and net trading income improved significantly compared with the prior-year quarter. Net interest income also increased slightly, with the decrease shown in the comparative figures resulting from a significant positive special effect in the relevant quarter of the previous year.

The rating agency Fitch positively acknowledged the successful steps taken in the past years and raised the credit rating of the Association of Volksbanks from BBB (positive outlook) to BBB+ (stable outlook) in July. This improvement was mainly due to the positive development in profitability, capitalisation and credit risk. The rating applies equally to all banks of the Association.

In the first half of 2022, the "Adler" programme to optimise the structure of the Association was also successfully completed ahead of schedule. The aim of the programme was to organise the division of tasks, responsibilities and processes in an optimal way within our new, modern association in order to provide an efficient foundation for the future of the Association of Volksbanks. The consistent implementation of the associated positioning as the "relationship bank of the future" rests on two pillars. On the one hand, this is based on a high processing quality for regional customer service and, on the other hand, on the central pillar of "management and service", which was implemented by bundling central functions of the Association of Volksbanks in VBW.

Another important step towards optimising the positioning of the Association of Volksbanks was the partnership concluded with Accenture in the area of IT at the end of the first half of the year. High-quality IT is an important factor both on the customer side and for internal processes, which is why the Association of Volksbanks will be relying on the expertise of the world's leading provider of IT services here in the future.

VBW's focus as a retail bank is going to remain on customer business in this challenging environment, supported in particular by strengthening its commitment to the digitisation of sales. Not least because of the change in customer behaviour and its impact on sales, this is a key focus of VBW, providing an opportunity to offer faster services to our customers, thus strengthening the customer relationship. It is gratifying to note that VBW now has a very competitive product on the market in the form of its "hausbanking" app.

In addition, sustainability has become very important in all areas of the economy in recent months. Sustainability is a significant asset for the VBW Group due to its regional and cooperative origins. The Association of Volksbanks has committed itself to the Paris Agreement on climate protection and has set up a comprehensive project on the topic of "sustainability" in the previous year, completing the same late in June 2022. 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. However, the road does not end with the successful implementation of the project. The resulting measures will continue to accompany the bank in the future. An assessment of the programme was obtained from the sustainability rating agency Sustainalytics for VBW's planned sustainable bonds. In addition, VBW was assessed with regard to its business model and rated as "Low Risk" in terms of sustainability by Sustainalytics in March. This gratifying result underscores VBW's recent efforts in the area of sustainability.

Economic environment

The gradual lifting of pandemic-related measures contributed to the dynamic economic development in the first months of the year, with GDP growing by 1.5 % q/q in the first quarter. The war in Ukraine weighed on the economy at times due to the significant increase in inflation and heightened uncertainty, which was reflected, for example, in lower consumer spending by private households, which declined by 1.9 % q/q in real terms in Q2. However, at 0.5 % q/q, the domestic economy continued to grow in the second quarter of the year. Apart from industry and, to a lesser extent, construction, major growth impetus came from sectors previously affected by pandemic-related restrictions, such as services and accommodation and gastronomy. Tourism recorded 62.51 million overnight stays in the first half of the year, still 18.1 %

less than in the last pre-crisis year, but a multiple of the previous year. The summer pre-season of May and June was the third best since records began, with the number of overnight stays only 4.5 % below the record set in 2019. Last but not least, robust export momentum contributed to Austrian GDP being 4.7 % higher in the second quarter of 2022 than in the first half of 2021. The positive trend in the labour market already observed in 2021 continued in the first half of 2022. The number of employed people significantly exceeded the pre-crisis level of 2019, and the unemployment rate (national definition) was 5.5 % in June, the lowest level in 14 years, while the number of job vacancies registered with the Public Employment Service (AMS) reached all-time highs. Short-time work regulations have been adapted and are being used less and less. According to preliminary figures, slightly more than 24,000 people were still on short-time work in June, while more than 130,000 were on short-time work in January.

The increase in consumer price inflation, which has already risen above the ECB's target of 2 % in the course of 2021, accelerated significantly in the first six months of this year. This was due to the knock-on effects of the pandemic, such as the supply bottlenecks that had already existed for some time, and in particular the further significant rise in raw material and energy prices following the start of the war in Ukraine, which spread to other areas over time. From 4.5 % in January, Harmonised Consumer Prices rose faster with each passing month; in June, inflation was 8.7 %, slightly higher than in the euro zone, where prices had risen faster than in Austria in previous months.

Real estate

The upturn on the Austrian residential real estate market continued in the first months of 2022. Price growth reached 12.3 % y/y in the first quarter, the strongest rate since 2012. A decrease was last recorded in 2004. In Vienna, as in 2021, the price trend was somewhat weaker (11.8 % y/y) than for residential property prices excluding Vienna (12.9 % y/y). The strongest development was seen in single-family homes outside the federal capital and new freehold flats in Vienna; those outside were the only category with single-digit price growth (9.7 %). The differences between the various types of commercial real estate, for which there is no comparable Austrian price index, are likely to be greater. As an approximation, the index of the Association of German Pfandbrief Banks used by the Bundesbank shows a clear price increase in the first quarter of 2022, as it did in the final quarter of 2021, after falling somewhat in the first half of 2021. In contrast, prices for retail properties continued their downward trend, which began in 2018, in the first few months of this year.

Insolvencies

According to KSV (Kreditschutzverband), more than twice as many (+121 %) corporate insolvencies were recorded in the first half of 2022 than in the same period of the previous year, but their number remains below the level of 2019. The trend reversal towards rising insolvency figures has already started in 2021 and can be attributed, among other things, to the expiry of support measures in the context of the COVID-19 crisis. Personal bankruptcies also rose by around one-third year-on-year, meaning that they also remain below the level of the last pre-crisis year. Here, as in the second half of 2021, the amendment to insolvency law is likely to play a role, as it now makes accelerated debt relief possible in three years. Both corporate liabilities affected by insolvencies and liabilities affected by personal bankruptcies increased in the first six months of 2022.

Private sector lending, assets and income

Credit growth remained strong and has accelerated during the first half of the year, particularly in the corporate sector, where the annual rate reached 10 % in June. An upward trend in credit growth was also seen among private households. The annual growth rate of housing loans already approached 7 % during 2021 and has risen slightly above that figure in the first half of 2022. Consumer loans, which already showed slightly negative growth rates in the months before the start of the COVID-19 crisis and continued this trend until the end of 2021, returned to positive growth in the first six months of this year. The financial assets of private households decreased slightly in the first quarter compared with the last three months of 2021. As a percentage of GDP, financial assets significantly exceed those in the quarters before the pandemic, at over 190 %. Even after deducting obligations, which accounted for about 52 % of GDP in Q1, assets reached more than 140 % of GDP, a higher level than before the start of the COVID-19 crisis.

International environment, financial markets and monetary policy

While the pandemic slowly receded into the background with the spread of the Omicron variant of Sars-CoV-2, the consequences of which continued to be felt, it was Russia's invasion of Ukraine in February, in particular, that left its mark on the economy and politics. The reactions to the war were extensive sanctions by countries of the EU and other allied states, but especially in Europe the dependence on fossil energy from Russia (and especially in the case of gas, the difficulty in finding substitutes) came into focus. This led to renewed distortions in supply chains still burdened by the pandemic, and inflation, which was already above the central banks' targets, has risen even further. While some central banks, such as those in Norway, the Czech Republic, Poland or Hungary, had already started their rate hike cycle in 2021, the Fed took a first step in March with a 25 basis point hike, followed by a 50 basis point step in May and another 75 basis points in June. In addition, a start was made on reducing the securities holdings, which had risen sharply during the pandemic. The European Central Bank ended net bond purchases in the Pandemic Emergency Purchase Programme ("PEPP") at the end of the first quarter and announced that it would reinvest maturing securities until at least the end of 2024, with flexibility for such reinvestment over time, across asset classes and between countries to address market fragmentation resulting from the pandemic. As at the end of June, the PEPP's bond portfolio amounted to euro 1.69 trillion. Bond purchases under the Asset Purchase Programme were discontinued at the end of June. Reinvestments with portfolios totalling euro 3.27 trillion at the end of the second quarter are meant to continue beyond the time of the first interest rate hike. The emerging cycle of interest rate hikes (which ultimately began in July, as announced by the ECB in June) contributed, among other things, to a further increase in spreads between euro zone government bonds. This prompted the ECB to hold an ad hoc meeting in June, at which it was decided to use reinvestments from the PEPP portfolio flexibly, without restriction on after-effects from the pandemic, to counter fragmentation that would hinder the uniform transmission of monetary policy. Furthermore, the development of an own anti-fragmentation tool was announced. The course of monetary policy towards normalisation was also reflected in the money and capital markets. The three-month Euribor was -0.57 % at the beginning of the year, rising steadily, but remaining in negative territory in the second half of June, when it reached -0.16 %. The Austrian ten-year yield was already above zero at the beginning of the year and rose to almost 2.4 % in June. In the USA, the rise in yields was less pronounced, with the benchmark 10-year bond yielding 1.6 % at the beginning of the year and then rising to 3.5 % in mid-June. Rising interest rates on the capital market were accompanied by a negative performance on the stock markets, with the ATX losing around a quarter in the first half of the year.

Group result for the first half of 2022

After a year of economic recovery in 2021, the current financial year was characterised by high uncertainty due to high inflation, geopolitical tensions and negative economic developments. The result of the group before taxes amounts to euro 48.7 million (1-6/2021: euro 63.4 million), the result of the group after taxes and minority shares to euro 42.2 million (1-6/2021: euro 53.0 million).

Net interest income decreased from euro 69.7 million to euro 56.2 million in the first half of 2022. The decrease in the amount of euro 13.6 million mainly relates to differences (euro 14.9 million) of Italian government bonds realised in 2021 that were transferred from the predecessor central organisation to VBW in the course of restructuring in 2015. On the other hand, interest income from liquid funds was higher by euro 5.8 million, largely as a result of participation in the TLTRO programme. Furthermore, interest expenses for deposits with the central bank increased by euro 5.5 million, while interest expenses for amounts owed to credit institutions decreased by euro 1.3 million.

Although insolvencies increased significantly after the expiry of the COVID-related measures in the first half of 2022, the VBW Group was able to keep the level of risk provisions stable. In the first half of 2022, therefore, the risk provisions item remained slightly positive at euro 5.0 million against the comparative period (euro 2.2 million). This results from net reversals of euro 3.2 million (1-6/2021: euro 0.6 million) in individual loan loss provisions (including direct write-downs and income from written-down receivables) and net reversals of the portfolio loan loss provision in the amount of euro 1.0 million (1-6/2021: euro 1.1 million). Net reversals of provisions for off-balance sheet transactions amounted to euro 0.8 million in the first half of 2022 (1-6/2021: euro -0.06 million).

The net fee and commission income in the reporting period amounts to euro 31.0 million, another increase compared to the previous period (1-6/2021: euro 29.5 million). This increase was mainly due to checking account business and payment transactions (euro +1.4 million), other service business (euro +0.5 million) and custody business (euro +0.3 million). On the other hand, the net fee and commission income from lending business was lower by euro 0.8 million.

Net trading income amounts to euro 1.3 million for the reporting period and has improved by euro 4.2 million compared to the previous year (1-6/2021: euro -2.9 million). The increase is mainly due to measurement results (euro +3.4 million) of trading book derivatives that are used for economic hedging transactions of banking book items.

The result from financial instruments and investment properties for the reporting period amounts to euro -0.2 million, thus undercutting the comparative period (1-6/2021: euro 4.8 million) by euro 5.0 million. The decrease is mainly due to valuation losses on other interest rate derivatives amounting to euro 13.3 million (1-6/2021: euro +9.0 million) to losses of euro 2.1 million (1-6/2021: euro 0.7 million) in receivables measured at fair value. This is offset by valuation gains of euro 13.1 million (1-6/2021: euro 4.2 million) on debts evidenced by certificates measured at fair value and investment income of euro 1.1 million (1-6/2021: euro 1.4 million). Furthermore, the comparative period includes losses from securities from the realisation of the portfolio with Italian government bonds in the amount of euro 7.6 million.

The other operating result in the amount of euro 62.9 million has remained more or less unchanged by comparison with the previous year (euro 62.4 million). Income from cost allocations (VB Wien and VB Services für Banken GesmbH) decreased by euro 4.4 million compared to the previous year. On the other hand, there was income from the sale of tangible assets in the amount of euro 3.2 million (1-6/2021: euro -0.1 million).

General administrative expenses of euro 107.4 million (1-6/2021: euro 103.1 million) have increased by euro 4.3 million in comparison with the previous year. This was due to higher IT expenses (euro +3.1 million) and higher expenses for legal, auditing and consulting services (euro +0.9 million). Staff expenses increased slightly by euro 0.5 million compared to the previous year due to collective bargaining adjustments, and (reversals of) impairments decreased slightly by euro 0.3 million to euro 5.4 million (1-6/2021: euro 5.7 million).

Taxes on income decreased from euro -10.3 million in the prior-year period to euro -6.5 million. The decrease is mainly due to the reduction in deferred tax expense. 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 3.4 million for part of the tax loss carryforwards. The current tax expense, including tax expense from previous years, for 2022 amounts to euro 1.8 million (1-6/2021: euro 0.8 million).

Financial position

As at 30 June 2022, total assets amounted to euro 16.5 billion and have slightly decreased by comparison with the end of 2021 (euro 16.9 billion) by euro 0.5 billion.

The liquid funds in the amount of euro 5.9 billion (2021: euro 6.8 billion) decreased by euro 0.8 billion compared with the end of the previous year. The decrease is mainly due to the reduction (euro -0.8 billion) in deposits with the central bank. Loans and receivables to credit institutions in the amount of euro 2.4 billion have increased slightly compared to the end of the previous period (euro 2.2 billion), mainly due to the higher refinancing requirement of the affiliated banks.

As at 30 June 2022, loans and receivables to customers amount to euro 5.4 billion and have remained more or less unchanged as compared to the end of the previous year (euro 5.4 billion); the same applies to financial investments at euro 2.1 billion (euro 2.1 billion).

The increase in other assets from euro 0.1 billion to euro 0.3 billion as at 30 June 2022 essentially results from changes in the fair value of derivatives in the banking book.

Amounts owed to credit institutions in the amount of euro 6.3 billion have decreased slightly compared to 31 December 2021 (euro 6.2 billion). The decrease in amounts owed to customers from euro 6.9 billion to euro 6.6 billion as at 30 June 2022 essentially results from lower savings and other deposits.

As at 30 June 2022, debts evidenced by certificates amount to euro 1.8 billion and have decreased against the previous year by euro 0.1 billion mainly due to fair value changes based on adjustments to fair value hedges.

Since the beginning of the year, equity including the capital of non-controlling interests has increased by euro 31.3 million to euro 959.7 million. This change is mainly due to the Group's total comprehensive income for the first half of 2022 (euro 42.7 million), the distributions to the shareholders (euro -3.5 million), as well as the coupon payment for the AT1 issue (euro -8.5 million). The total comprehensive income of the Group in the amount of euro 42.7 million consisted of the net result for the first half of 2022 of euro 42.2 million and other comprehensive income of euro 0.5 million.

Financial performance indicators

The regulatory own funds of the VBW group of credit institutions amount to euro 1.3 billion as at 30 June 2022 (31 December 2021: euro 1.3 billion). The total risk exposure amount as at 30 June 2022 was euro 3.9 billion (31 December 2021: euro 3.8 billion). The CET 1 capital ratio in relation to total risk amounts to 16.4 % (31 December 2021: 16.9 %), the own funds ratio in relation to total risk is 32.3 % (31 December 2021: 33.1 %).

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	1-6/2022	1-6/2021	1-6/2020
Return on Equity before taxes	10.3 %	13.2 %	7.2 %
Return on Equity after taxes	8.9 %	11.1 %	6.2 %
Cost-income ratio	70.4 %	64.5 %	65.7 %

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 operating 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 Bankensanierungs- und Abwicklungsgesetz (BaSAG, Act on the Recovery and Resolution of Banks).

Related party transactions

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

Report on the company's future development and risks

Future development of the company

Economic environment

Whereas economic growth in the euro zone in 2021 was primarily the result of robust industrial activity, it is likely to be driven by market services and, in particular, tourism in the current year. Leading indicators also point in this direction; although they suggest a weakening of the economy overall, they see this mainly in industry. According to forecasts, Austria's economic structure, with an above-average share of tourism, will ensure that the slowdown in the global economy resulting from the aftermath of the pandemic, the war in Ukraine, from price inflation and ongoing supply chain disruptions will not have any significant impact on Austrian GDP development until 2023. In addition, the carryover from last year and the strong first quarter set a floor for GDP growth this year.

In line with these developments, the flattening of growth is also expected to dampen inflation only in the coming year. Strong inflation, which is a consequence of both supply-side and demand-side factors, is already weighing on real household incomes and subsequently on private consumption, which, however, benefits from a reduction in the savings rate. The sharp decline in consumer confidence indices reflects the high level of uncertainty, but the fiscal policy measures to offset inflation – like last year's tax reform – will support consumption, although they are likely to even further increase inflation. Despite the economic slow-down, the Austrian Institute of Economic Research expects the unemployment rate to continue to fall. The prerequisite for this is that employment grows faster than the supply of labour, as has been the case in recent months. The shortage of personnel proved to be one of the main hurdles in production this year, as did the lack of materials and capacity.

Economic forecasts for 2022

	GDP growth	Inflation rate according to HICP	Unemployment rate
June 2022	% y/y	% y/y	% of the working population
WIFO	4.3	7.8	4.5
OeNB	3.8	7.0	4.5

The downside risks predominate in the forecasts, which have been repeatedly revised in recent months; in the event of an outright gas supply freeze from Russia and an intensifying energy crisis in Europe, some institutes have published alternative scenarios that take into account a reduction in gas volumes to some extent. A decline in real GDP in Austria and the euro zone would then be likely. In Europe, the pandemic development has taken a back seat for the time being, while equally affecting economic growth, especially since new restrictions would harm the tourism industry, which is just starting to revive. Of relevance for the global economy, and thus indirectly for Austria, are new COVID outbreaks in China, which would result in very strict measures due to their zero COVID strategy.

Another risk to the outlook, given the high inflation rates, is a rapid tightening of monetary policy, which may weigh on growth. With a lag to other central banks, the ECB also left the era of negative interest rates behind in July with a symmetrical increase of 50 basis points in the marginal lending rate, main refinancing rate and deposit rate, lifting its previous forward guidance. At the same time, the Transmission Protection Instrument announced in June was presented. However, the high price increases also mean that the upward trend in interest rates and yields is taking place at a level that would correspond to persistently negative real interest rates. These continue to offer investment incentives – but the outlook for investment (in equipment) has nevertheless dimmed due to the counteracting economic slowdown. Even more than additional costs for companies or an incentive for consumers to save, higher interest rates act as a drag on emerging market currencies and financial markets, which may also create uncertainty in the financial markets of industrialised countries. The real estate market is caught between inflation, flattening but continuing demand from the increasing number of households, affordability and potentially further rising financing costs, and the new lending regulations, which are expected to help flatten price developments.

Business development

The regionally active Volksbanks serve their customers locally and are the voice of their interests and needs within the Association of Volksbanks. In order to be able to respond even better to the needs of Austrians as their principal bank, Volksbanks are systematically implementing the "relationship bank of the future" support concept within the Association of Volksbanks. The focus is on customers in the regions. The aim is to become the most successful decentralised association of credit institutions in Austria.

Apart from customers, the focus for 2022 will continue to be on cooperation across the Association, on improving processes and driving digitisation.

In the course of medium-term planning, the Association of Volksbanks has set itself a number of strategic goals, the accomplishment, observance or undercutting/exceeding of which will be a management focus in the years to come. These include an improvement in the cost-income ratio, a Tier 1 capital ratio (CET 1) of at least 11.4 %, a total capital ratio of at least 15.5 %, an NPL ratio (non-performing loans) of no more than 3.0 %, and a return on equity (RoE) after taxes of more than 5.5 %. In addition, the redemption of the federal government's participation right and the highest levels of satisfaction among our customers thanks to a cooperatively sustainable business model are the main goals to be achieved over the next years.

VBW's focus as a retail bank will remain on customer business in these challenging times, supported in particular by strengthening its commitment to the digitisation of sales. Not least because of the change in customer behaviour and its impact on sales, this is a key focus of VBW, providing an opportunity to offer faster services to our customers, thus strengthening the customer relationship.

The high CIR calls for a continuous streamlining of the cost structure and an increase of productivity.

VBW is pursuing a number of goals to further develop its sustainable business model (for more information, see www.volksbankwien.at/investor-relations/nachhaltigkeit). One of these goals is to develop a sustainable bond issuance programme.

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 2021 annual financial report.

Vienna, 31 August 2022

CONSOLIDATED FINANCIAL STATEMENTS

VOLKSBANK WIEN AG HALF-YEAR FINANCIAL REPORT

Condensed statement of comprehensive income

INCOME STATEMENT	1-6/2022 Euro thousand	1-6/2021 Euro thousand	Changes Euro thousand	%
Interest and similar income	96,438	108,003	-11,565	-10.71 %
thereof using the effective interest method	75,463	93,111	-17,648	-18.95 %
Interest and similar expenses	-40,288	-38,301	-1,987	5.19 %
Net interest income	56,150	69,702	-13,552	-19.44 %
Risk provision	4,956	2,184	2,771	126.88 %
Fee and commission income	44,606	41,760	2,847	6.82 %
Fee and commission expenses	-13,608	-12,240	-1,367	11.17 %
Net fee and commission income	30,999	29,520	1,479	5.01 %
Net trading income	1,336	-2,899	4,234	-146.07 %
Result from financial instruments and investment properties	-183	4,824	-5,007	-103.80 %
Other operating result	62,873	62,425	448	0.72 %
General administrative expenses	-107,375	-103,068	-4,307	4.18 %
Result from companies measured at equity	-77	680	-757	-111.36 %
Result for the period before taxes	**48,678**	**63,368**	**-14,689**	**-23.18 %**
Income taxes	-6,500	-10,322	3,822	-37.02 %
Result for the period after taxes	**42,178**	**53,046**	**-10,868**	**-20.49 %**
Result attributable to shareholders of the parent company (Consolidated net result)	**42,179**	**53,048**	**-10,869**	**-20.49 %**
Result attributable to non-controlling interest	-1	-2	1	-55.03 %

Other comprehensive income

	1-6/2022 Euro thousand	1-6/2021 Euro thousand	Changes Euro thousand	%
Result for the period after taxes	**42,178**	**53,046**	**-10,868**	**-20.49 %**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Fair value reserve - equity instruments (including deferred taxes)	199	-78	277	< -200.00 %
Revaluation of own credit risk (including deferred taxes)	650	-209	859	< -200.00 %
Total items that will not be reclassified to profit or loss	**849**	**-287**	**1,135**	**< -200.00 %**
Items that may be reclassified to profit or loss				
Fair value reserve - debt instruments (including deferred taxes)				
Change in fair value	-948	-158	-790	> 200.00 %
Net amount transferred to profit or loss	0	-8	8	-98.82 %
Cash flow hedge reserve (including deferred taxes)				
Change in fair value (effective hedge)	-495	0	-495	100.00 %
Net amount transferred to profit or loss	-18	0	-18	100.00 %
Change from companies measured at equity	1,064	-426	1,490	< -200.00 %
Total items that may be reclassified to profit or loss	**-397**	**-591**	**194**	**-32.82 %**
Other comprehensive income total	**451**	**-878**	**1,330**	**-151.41 %**
Comprehensive income	**42,630**	**52,168**	**-9,538**	**-18.28 %**
Comprehensive income attributable to shareholders of the parent company	**42,631**	**52,178**	**-9,547**	**-18.30 %**
Comprehensive income attributable to non-controlling interest	-1	-10	9	-89.91 %

Condensed statement of financial position as at 30 June 2022

	30 Jun 2022 Euro thousand	31 Dec 2021 Euro thousand	Changes Euro thousand	%
ASSETS				
Liquid funds	5,932,787	6,770,589	-837,802	-12.37 %
Loans and receivables credit institutions	2,442,337	2,168,801	273,536	12.61 %
Loans and receivables customers	5,400,377	5,395,566	4,811	0.09 %
Assets held for trading	24,142	41,592	-17,450	-41.95 %
Financial investments	2,146,749	2,116,228	30,520	1.44 %
Investment property	25,292	27,202	-1,910	-7.02 %
Companies measured at equity	39,826	38,909	917	2.36 %
Participations	62,118	61,897	221	0.36 %
Intangible assets	17,787	18,749	-961	-5.13 %
Tangible assets	126,344	131,658	-5,314	-4.04 %
Tax assets	36,158	38,383	-2,225	-5.80 %
Current taxes	4,248	2,905	1,343	46.21 %
Deferred taxes	31,910	35,478	-3,567	-10.06 %
Other assets	262,293	109,179	153,114	140.24 %
Assets held for sale	741	5,911	-5,170	-87.47 %
TOTAL ASSETS	**16,516,951**	**16,924,664**	**-407,712**	**-2.41 %**
LIABILITIES				
Amounts owed to credit institutions	6,289,112	6,217,234	71,879	1.16 %
Amounts owed to customers	6,579,429	6,921,758	-342,329	-4.95 %
Debts evidenced by certificates	1,754,400	1,908,240	-153,840	-8.06 %
Lease liabillities	78,926	82,541	-3,615	-4.38 %
Liabilities held for trading	26,660	43,292	-16,632	-38.42 %
Provisions	65,051	66,438	-1,387	-2.09 %
Tax liabilities	4,111	3,250	861	26.51 %
Current taxes	2,477	2,559	-81	-3.17 %
Deferred taxes	1,634	691	943	136.38 %
Other liabilities	356,332	350,389	5,943	1.70 %
Subordinated liabilities	403,217	403,105	112	0.03 %
Equity	959,712	928,417	31,295	3.37 %
Shareholders' equity	955,966	924,670	31,296	3.38 %
Non-controlling interest	3,746	3,747	-1	-0.03 %
TOTAL LIABILITIES	**16,516,951**	**16,924,664**	**-407,712**	**-2.41 %**

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 2021	**137,547**	**217,722**	**227,836**	**321,056**	**904,161**	**3,830**	**907,990**
Consolidated net income				53,048	53,048	-2	53,046
Other comprehensive income				-871	-871	-7	-878
Comprehensive income	0	0	0	52,178	52,178	-10	52,168
Dividends paid						-17	-17
Coupon for the AT1 emission				-8,525	-8,525		-8,525
Payment Shareholder			53,409		53,409		53,409
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation				8	8	-54	-46
As at 30 Jun 2021	**137,547**	**217,722**	**281,245**	**364,717**	**1,001,231**	**3,749**	**1,004,980**
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
Payment Shareholder			669		669		669
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation					0		0
As at 30 Jun 2022	**137,547**	**217,722**	**272,965**	**327,733**	**955,966**	**3,746**	**959,712**

Condensed cash flow statement

Euro thousand	1-6/2022	1-6/2021
Cash and cash equivalents at the end of previous period (= liquid funds)	6,765,688	3,793,581
Cash flow from operating activities	-800,842	2,896,506
Cash flow from investing activities	-18,533	103,751
Cash flow from financing activities	-13,525	38,589
Cash and cash equivalents at the end of period	5,932,787	6,832,427

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

Notes as at 30 June 2022

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 2022 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 2021. 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 2021 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 the Association
Amendments to standards and interpretations		
Amendments to IAS 37 - Onerous Contracts: Cost of Fulfilling a Contract	01 Jan 2022	No
Annual Improvements to IFRS standards 2018 - 2020	01 Jan 2022	No
Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use	01 Jan 2022	No
Amendments to IFRS 3 - Reference to Conceptual Framework	01 Jan 2022	No

Standards and interpretations to be applied in the future

Standard	Mandatory application	Significant effects on the Association
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	01 Jan 2023	No
IFRS 17 - Insurance Contracts	01 Jan 2023	No
Amendments to IAS 1 and IFRS Practice Statement 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 IFRS 10 and IAS 28: Sales or Contributions of Assets between an Investor and its Associate/Joint Venture	Open	No

Status of implementation of IBOR reform

As at 30 June 2022, CHF foreign currency receivables amount to euro 385.2 million (31 December 2021: euro 411.8 million), corresponding to 4.9 % (31 December 2021: 5.4 %) of total loans and receivables (credit institutions and customer exposure). By 30 June 2022, all CHF loans were switched to the alternative reference interest rate (SARON). Other foreign currencies are of minor importance. Additional information is contained in the Annual Report 2021, Note 3) Accounting principles.

Accounting and valuation methods regarding COVID-19

In the first half of 2022, an average default intensity was observed for loans within the Association of Volksbanks. The reduction of the NPL portfolio (Stage 3) was continued. The risk assessments of VBW for customers in the performing segment (Stages 1 and 2) remain cautious, as uncertainties associated with the gradual decline in COVID-19-related government support measures (subsidies, tax deferrals, etc.) have not yet been fully eliminated by the reporting date 30 June 2022. In addition, there are uncertainties in connection with the war in Ukraine.

Impairment Stages 1 and 2 prior to post-model adjustments

In the performing segment, risk provisions and other provisions were reversed in the amount of euro 1.3 million in the first half of 2022, mainly due to rating upgrades of customers that were assessed particularly cautiously in the course of the COVID-19-risk reviews in 2021 and for which no abnormalities were identified in the course of the rating updates in the first half of 2022. This development is in line with VBW’s expectations.

Post-model adjustments Stages 1 and 2

Following a peak of euro 12.9 million in PMAs as at 31 December 2020, these were reduced to euro 2.2 million as at 31 December 2021. This was restricted to industries that were heavily affected by the COVID-19 pandemic. In the first half of 2022, the PMAs recognised were reduced by euro 0.1 million to euro 2.1 million. The main reason for the reversal is repaid loan receivables. As at the reporting date 30 June 2022, there are a total of:

- euro 1.1 million in PMAs for imminent but not yet identified defaults, as well as
- euro 1.0 million in PMAs for unrecognised stage transfers.

Impairments Stage 3

No above-average increase in default intensity was observed in the first half of 2022. At the same time, exposures already in default were successfully restructured or realised, resulting in total net reversals of euro 2.4 million from the NPL area. In addition, extraordinary income from receivables previously written off in the amount of euro 1.0 million was achieved.

Please refer to Note 51) Risk Report b) Credit Risk of the Annual Financial Report as at 31 December 2021 for the accounting and valuation methods relating to COVID-19 (impairments and post-model adjustments).

Analyses of the armed conflict between Russia and Ukraine

The development of the geopolitical situation is continuously evaluated at VBW. Any direct impact in the short term is currently considered to be minor due to the regional focus and customer composition at VBW, as the VBW as a whole does not carry on any direct economic and financial activities in Eastern Europe and in particular in Ukraine and Russia.

As of today, the full extent to which the indirect effects of the war between Russia and Ukraine and the sanctions will have an impact on banks operating in Austria and their business partners and customers cannot be estimated.

2) Presentation and changes in the scope of consolidation

During the first half of the 2022 business year there were no changes in the scope of consolidation within the VBW Group.

Participation right of the federal government’s participation right

The federal government's participation right was issued for the purpose of meeting those commitments made by the EU Commission to the federal government for the purpose of obtaining approval of the reorganisation under the funding guidelines. The participation right was issued by VB Rückzahlungsgesellschaft mbH (RZG), a direct subsidiary of VBW.

Distributions of RZG based on the federal government’s participation right are subject to the discretion of VBW as sole shareholder of RZG. No claim for profit shares exists under the federal government’s participation right. In that context, shareholders of VBW have transferred VBW shares (at a rate of 25 % of the share capital plus 1 share) to the federal government without consideration. The shares were transferred to the federal government on 28 January 2016. The federal government is obliged to transfer these shares back to the respective shareholders without consideration, as soon as the aggregate amount of distributions received by the federal government under the participation right and certain other creditable amounts reaches a certain level. Should the distributions under the federal government's participation right, as received by the federal government on contractually determined effective dates, fail to reach certain minimum amounts agreed (disposition event), taking account of certain creditable amounts (such as any distributions on the shares held by the federal government in VBW), then the federal government shall be entitled to freely dispose of said shares without any further consideration and to claim additional ordinary shares of VBW from the VBW shareholders, in the amount of 8 % of the share capital of VBW without any further consideration. Therefore, if the disposition event occurs, up to 33 % plus 1 share of the VBW shares may transfer to the (legal and beneficial) ownership of the federal government, and the latter would be able to freely dispose of said holding of shares (subject to the pre-emptive right granted). In case that the pre-emptive right granted by the federal government is exercised by a purchaser nominated by VBW and that a minimum threshold for the sum of the distributions in respect of the federal government's participation right and of the creditable amounts is missed again, the shareholders of VBW have undertaken to transfer to the federal government additional ordinary shares of VBW in the amount of the VBW shares previously transferred to the federal government and acquired by the purchaser nominated by VBW, with immediate unrestricted power of disposition of the federal government.

According to its contractual obligations towards the federal government, VBW must submit to the Volksbanks a proposal for the total amount to be distributed with respect to the federal government’s participation right by RZG in the subsequent calendar year and for the total amount of the primary banks’ contributions required for this purpose (indirect contributions of the Volksbanks and direct contribution of VBW to RZG) by 30 November of each year. VBW is charged according to the share of its retail segment in the Association of Volksbanks (total assets UGB/BWG). Of the total redemption amount of euro 300 million committed to the federal government, euro 200 million have already been met as at 30 June 2022. The threshold of euro 200 million as at 31 December 2021 was reached in good time. The final tranche of euro 100 million will be repaid in 2023 at the latest.

3) Notes to the income statement

Net interest income

Euro thousand	1-6/2022	1-6/2021
Interest and similar income from	96,438	108,003
Deposits from credit institutions (incl. central banks)	17,306	11,542
Credit and money market transactions with credit institutions	5,325	6,410
Credit and money market transactions with customers	57,107	56,969
Bonds and other fixed-income securities	13,903	30,511
Derivative instruments	2,797	2,572
Interest and similar expenses for	-40,288	-38,301
Liquid funds	-12,002	-6,519
Deposits from credit institutions	-1,172	-2,432
Deposits from customers	-1,400	-1,648
Debts evidenced by certificates	-9,720	-9,067
Subordinated liabilities	-5,657	-5,564
Derivative instruments	-10,000	-10,375
Lease liabilities	-532	-605
Valuation result - modification	193	-2,095
Valuation result - derecognition	2	4
Net interest income	**56,150**	**69,702**

Net interest income according to IFRS 9 categories

Euro thousand	1-6/2022	1-6/2021
Interest and similar income from	96,438	108,003
Financial assets measured at amortised cost	92,751	104,080
Financial assets measured at fair value through OCI	18	574
Financial assets measured at fair value through profit or loss - obligatory	872	778
Derivative instruments	2,797	2,572
Interest and similar expenses for	-40,288	-38,301
Financial liabilities measured at amortised cost	-29,075	-24,716
Financial liabilities measured at fair value through profit or loss - designated	-1,408	-1,119
Derivative instruments	-10,000	-10,375
Valuation result - modification	193	-2,095
Valuation result - derecognition	2	4
Net interest income	**56,150**	**69,702**

Due to the trend of money market interest rates towards negative reference rates, interest income of euro 23,958 thousand (1-6/2021: euro 16,954 thousand) and interest expenses of euro 12,863 thousand (1-6/2021: euro 8,387 thousand) were realised in the first half of the 2022 business year. Negative interest income is reported in interest expenses and negative interest expenses are reported in interest income, so that all results are shown gross.

Interest and similar income from financial assets measured at amortised cost and measured at fair value through OCI in the amount of euro 75,463 thousand (1-6/2021: euro 93,111 thousand) is calculated using the effective interest rate method.

Risk provision

Euro thousand	1-6/2022	1-6/2021
Changes in risk provision	3,411	1,169
Changes in provision for risks	783	-62
Direct write-offs of loans and receivables	-430	-184
Income from loans and receivables previously written off	1,193	1,188
Valuation result modification / derecognition	-2	73
Risk provision	**4,956**	**2,184**

Net fee and commission income

Euro thousand	1-6/2022	1-6/2021
Fee and commission income	44,606	41,760
Lending business	3,764	3,588
Securities and custody business	17,232	16,661
Payment transactions	17,030	15,447
Foreign exchange, foreign notes and coins and precious metals transactions	54	83
Financial guarantees	687	708
Other services	5,839	5,272
Fee and commission expenses	-13,608	-12,240
Lending business	-7,921	-6,962
Securities and custody business	-3,409	-3,230
Payment transactions	-2,237	-2,043
Other services	-41	-4
Net fee and commission income	**30,999**	**29,520**

Net fee and commission income includes management fees for trust agreements in the amount of euro 60 thousand (1-6/2021: euro 41 thousand).

Net trading income

Euro thousand	1-6/2022	1-6/2021
Equity related transactions	2	-10
Exchange rate related transactions	1,798	1,072
Interest rate related transactions	-464	-3,961
Net trading income	**1,336**	**-2,899**

Result from financial instruments and investment properties

Euro thousand	1-6/2022	1-6/2021
Other results from financial instruments	**-971**	**3,635**
Result from financial investments and other financial assets and liabilities measured at fair value through profit or loss	-2,056	10,446
Valuation measured at fair value through profit or loss - obligatory	-15,211	5,941
Loans and receivables credit institutions and customers	-2,100	724
Securities	-451	653
Result from other derivative instruments	-15,580	7,987
Result from fair value hedge	2,921	-3,423
Valuation measured at fair value through profit or loss - designated	13,149	4,182
Debts evidenced by certificates	13,149	4,182
Income from equities and other variable-yield securities	5	323
Result of financial investments and other financial assets and liabilities measured at amortised cost	0	-7,862
Realised gains from disposal	0	62
Realised losses from disposal	0	-7,924
Result from financial investments and other financial assets and liabilities measured at fair value through OCI	1,085	1,051
Realised gains from disposal	0	9
Realised losses from disposal	0	-1
Income from participations	1,085	1,043
Result from investment properties	**788**	**1,189**
Income from investment properties and operating lease	788	1,123
Valuation investment properties	0	67
Result from financial instruments and investment properties	**-183**	**4,824**

Other operating result

Euro thousand	1-6/2022	1-6/2021
Other operating income	79,593	77,025
Other operating expenses	-15,477	-13,429
Taxes and levies on banking business	-1,242	-1,171
Other operating result	**62,873**	**62,425**

Taxes and levies on banking business mainly comprise the bank levy amounting to euro -1,184 thousand (1-6/2021: euro -1,140 thousand).

Detailed description of other operating income and other operating expenses

Euro thousand	1-6/2022	1-6/2021
Income from allocation of costs	75,409	74,050
Realised gains from disposal of fixed assets and security properties	3,625	303
Others	559	2,672
Other operating income	**79,593**	**77,025**
Allocation of costs	-15,458	-12,705
Realised losses from disposal of fixed assets and security properties	-739	-10
Release of provision for negative interest	559	303
Allocation/release of provision for legal risks	25	-513
Others	137	-504
Other operating expenses	**-15,477**	**-13,429**

General administrative expenses

Euro thousand	1-6/2022	1-6/2021
Staff expenses	-61,739	-61,227
Wages and salaries	-46,105	-46,023
Expenses for statutory social security	-12,153	-12,136
Fringe benefits	-788	-687
Expenses for retirement benefits	-1,244	-1,297
Allocation to provision for severance payments and pension funds	-1,450	-1,085
Administrative expenses	-40,251	-36,142
Office space expenses	-2,482	-2,297
Office supplies and communication expenses	-779	-853
Advertising, PR and promotional expenses	-1,260	-1,173
Legal, advisory and consulting expenses	-6,241	-5,391
IT expenses	-20,276	-17,215
Contribution to the deposit guarantee	-3,377	-4,204
Single Resolution Fund	-2,610	-1,933
Other administrative expenses (including training expenses)	-3,227	-3,075
Depreciation and reversal of impairment	-5,384	-5,699
Depreciation	-3,287	-3,498
Right of use - lease depreciation	-2,097	-2,201
General administrative expenses	**-107,375**	**-103,068**

Income taxes

In the first half of the 2022 business year deferred tax assets for tax loss carryforwards in the amount of euro 3,427 thousand (1-6/2021: euro 3,170 thousand) were regognised.

4) Notes to the consolidated statement of financial position

Liquid funds

Euro thousand	30 Jun 2022	31 Dec 2021
Cash in hand	41,229	47,824
Balances with central banks	5,891,558	6,722,765
Liquid funds	**5,932,787**	**6,770,589**

As at 30 June 2022, outstanding borrowings under the third series of the European Central Bank's (ECB) Targeted Longer-Term Refinancing Operations Programme (TLTRO III) remain unchanged at amount to euro 3.5 billion (31 Dec 2021: euro 3.5 billion).

The liabilities were recognised at VBW as amounts owed to credit institutions in accordance with IFRS 9 and carried at amortised cost. On the one hand, this classification is based on the fact that TLTRO instruments have meanwhile established themselves as a refinancing market in their own right due to their long-term or regular availability and, on the other hand, that their significant volume has an impact on pricing in the secured refinancing market. VBW has therefore come to the conclusion that the terms and conditions of the TLTRO III programme do not offer any significant advantage compared to the market, which is why IAS 20 is not applicable. VBW records the change in achievement of lending targets as a change in estimate.

VBW considers the TLTRO III instruments to have a fundamentally variable interest rate, as both the underlying reference rate and the premiums are subject to ongoing adjustments by the ECB. In December 2020, for example, the ECB decided to extend the special interest rate conditions for the period between 24 June 2021 and 23 June 2022 for those banks that achieve sufficient loan volumes in an additional reference period between 1 October 2020 and 31 December 2021.

VBW was able to achieve sufficient loan volumes in both the reference period between 1 March 2020 and 31 March 2021 (first Special Reference Period or SIRP) and the second reference period between 1 October 2020 to 31 December 2021 (second SIRP), which is why the interest rate for all outstanding TLTRO III transactions was 50 basis points below the average interest rate for the ECB's deposit facility in the same period. For the TLTRO III volume raised, a total of euro 17.3 million was accrued in the first half of the year (1-6/2021: euro 15.5 million) and recognised as negative interest expense. This compares with interest expenses of euro 12.0 million (1-6/2021: euro 6.5 million) from deposits with Oesterreichische Nationalbank (OeNB).

Transition from liquid funds to cash and cash equivalents

Euro thousand	30 Jun 2022	31 Dec 2021
Liquid funds	5,932,787	6,770,589
Restricted cash and cash equivalents	0	-4,901
Cash and cash equivalents	**5,932,787**	**6,765,688**

Due to contractual obligations within the Association of Volksbanks, certain cash and cash equivalents are subject to restrictions. Mentioned cash and cash equivalents are allocated to a trust fund (Leistungsfonds) which serves the purpose of performing the services within the scope of joint liability scheme under the association agreement. This trust fund was set up in the 2016 financial year. In doing so, a target allocation amount was determined that must be achieved over a period of five years. VBW as CO manages this fund on trust. The amount reported corresponds to the share of VBW in the trust fund.

Loans and receivables credit institutions and customers

Euro thousand	30 Jun 2022	31 Dec 2021
Loans and receivables credit institutions		
Amortised cost	2,442,298	2,168,764
Fair value through profit or loss	59	58
Gross carrying amount	2,442,357	2,168,823
Risk provisions	-20	-22
Net carrying amount	**2,442,337**	**2,168,801**
Loans and receivables customers		
Amortised cost	5,364,401	5,350,884
Fair value through profit or loss	91,968	107,693
Gross carrying amount	5,456,369	5,458,578
Risk provisions	-55,992	-63,012
Net carrying amount	**5,400,377**	**5,395,566**
Loans and receivables credit institutions and customers	**7,842,714**	**7,564,367**

Sensitivity analysis

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

As there are only loans and receivables credit institutions measured at fair value through profit or loss in the amount of euro 59 thousand as at 30 June 2022 (31 Dec 2021: euro 58 thousand), the sensitivities have not been presented in tabular form.

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 2022	Positive change in fair value	Negative change in fair value
Change in risk markup +/- 10 bp	246	-235
Change in risk markup +/- 100 bp	2,483	-2,336
Change in rating 1 stage down / up	53	-11
Change in rating 2 stages down / up	63	-43
31 Dec 2021		
Change in risk markup +/- 10 bp	373	-371
Change in risk markup +/- 100 bp	3,870	-3,581
Change in rating 1 stage down / up	36	-54
Change in rating 2 stages down / up	60	-131

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 2021	**11,670**	**19,248**	**49,217**	**80,134**
Increases due to origination and acquisition	347	344	182	873
Decreases due to derecognition	-542	-863	-637	-2,042
Changes due to change in credit risk	-431	2,869	1,087	3,525
Thereof transfer to stage 1	0	0	0	
Thereof transfer to stage 2	0	0	0	
Thereof transfer to stage 3	0	0	0	
Post-Model Adjustment	-1,399	-1,849	0	-3,248
Decrease in allowance account due to write-offs	0	0	-217	-217
Other adjustments	-260	-80	257	-83
As at 30 Jun 2021	**9,384**	**19,670**	**49,888**	**78,942**
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**

Assets held for trading

Euro thousand	30 Jun 2022	31 Dec 2021
Bonds and other fixed-income securities	1,514	623
Positive fair values of derivative instruments	22,628	40,969
Exchange rate related transactions	0	13
Interest rate related transactions	22,628	40,956
Assets held for trading	**24,142**	**41,592**

Since acquisition of the CO function the company maintains a regulatory trading book. As at 30 June 2022 the volume of the trading book amounts to euro 1,007,401 thousand (31 Dec 2021: euro 1,281,628 thousand).

Financial investments

Euro thousand	30 Jun 2022	31 Dec 2021
Financial investments		
Amortised cost	2,120,682	2,093,984
Fair value through OCI	19,252	14,891
Fair value through profit or loss	7,139	7,677
Risk provision	-323	-323
Carrying amount	**2,146,749**	**2,116,228**

Participations

Euro thousand	30 Jun 2022	31 Dec 2021
Investments in unconsolidated affiliates	2,340	2,377
Investments in companies with participating interest	3,177	3,177
Investments in other companies	56,601	56,343
Participations	**62,118**	**61,897**

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

Proportional market value

Euro thousand		Interest rate		
30 Jun 2022		**-0.50 %**	**Actual**	**0.50 %**
	-10.00 %	11,837	11,186	10,603
Income component	**Actual**	13,153	**12,428**	11,781
	10.00 %	14,468	13,672	12,959
31 Dec 2021				
	-10.00 %	11,578	10,944	10,376
Income component	**Actual**	12,864	**12,160**	11,529
	10.00 %	14,150	13,376	12,682

Participations measured by net assets

Euro thousand	Proportional market value		
30 Jun 2022	**If assumption is decreased**	**Actual**	**If assumptions is increased**
Net assets (10 % change)	4,869	**5,410**	5,951
31 Dec 2021			
Net assets (10 % change)	4,911	**5,457**	6,002

Participations measured based on external appraisals

Euro thousand 30 Jun 2022	Lower band	Actual	Upper band
Proportional market value	35,856	**39,839**	43,824
31 Dec 2021			
Proportional market value	35,856	**39,839**	43,824

Other assets

Euro thousand	30 Jun 2022	31 Dec 2021
Deferred items	7,393	2,851
Other receivables and assets	55,218	22,757
Positive fair values of derivative instruments	199,681	83,571
Other assets	**262,293**	**109,179**

Assets held for sale

This position includes all assets held for sale in accordance with IFRS 5. The amount consists of the following:

Euro thousand	30 Jun 2022	31 Dec 2021
Investment property	0	3,100
Tangible assets	741	2,811
Assets held for sale	**741**	**5,911**

Amounts owed to credit institutions

Euro thousand	30 Jun 2022	31 Dec 2021
Central banks	3,740,657	3,579,956
Other credit institutions	2,548,456	2,637,277
Amounts owed to credit institutions	**6,289,112**	**6,217,234**

Amounts owed to credit institutions are measured at amortised cost.

Amounts owed to customers

Euro thousand	30 Jun 2022	31 Dec 2021
Savings deposits	1,587,625	1,677,306
Other deposits	4,991,805	5,244,452
Amounts owed to customers	**6,579,429**	**6,921,758**

Amounts owed to customers are measured at amortised cost.

Debts evidenced by certificates

Euro thousand	30 Jun 2022	31 Dec 2021
Bonds	1,754,400	1,908,240
Amortised cost	1,681,271	1,822,061
Fair value through profit or loss - designated	73,129	86,179
Debts evidenced by certificates	**1,754,400**	**1,908,240**

In the first half of 2022, the fair value change of own credit risk in the amount of euro 650 thousand (1-6/2021: euro -209 thousand) was recognised in other comprehensive income. The cumulative amount of the fair value change of own credit risk was euro 1,024 thousand (1-6/2021: euro 1,785 thousand). The redemption amount that VBW would contractually have to pay at maturity was euro 51,000 thousand (31 December 2021: euro 51,000 thousand).

Liabilities held for trading

Euro thousand	30 Jun 2022	31 Dec 2021
Negative fair values of derivative instruments		
Exchange rate related transactions	25	0
Interest rate related transactions	26,634	43,292
Liabilities held for trading	**26,660**	**43,292**

Provisions

Euro thousand	30 Jun 2022	31 Dec 2021
Provisions for post-employment benefits	54,364	54,032
Provisions for off-balance and other risks	4,062	4,851
Stage 1	677	728
Stage 2	1,298	1,620
Stage 3	2,087	2,503
Other provisions	6,626	7,555
Provisions	**65,051**	**66,438**

Other liabilities

Euro thousand	30 Jun 2022	31 Dec 2021
Deferred items	1,134	1,136
Other liabilities	58,753	62,095
Negative fair values of derivative instruments	296,444	287,158
Other liabilities	**356,332**	**350,389**

Subordinated liabilities

Euro thousand	30 Jun 2022	31 Dec 2021
Subordinated capital	399,217	399,105
Supplementary capital	4,000	4,000
Subordinated liabilities	**403,217**	**403,105**

Subordinated liabilities are measured at amortised cost.

Equity

Dividend payment

Euro thousand	1-6/2022	1-6/2021
Dividend voting equity	3,478	0
Coupon for the AT1 emission	8,525	8,525
Total	**12,003**	**8,525**

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

Euro thousand	Retained earnings	Other reserves: 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 2021	**301,823**	**1,386**	**1,374**	**13,394**	**1,085**	**0**	**1,994**	**321,056**
Consolidated net income	53,048							53,048
Other comprehensive income	0	5	0	-492	-175	0	-209	-871
Dividends paid	0							0
Coupon for the AT1 emission	-8,525							-8,525
Reclassification fair value reserve due to sale	248			-248				0
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation	8							8
As at 30 Jun 2021	**346,602**	**1,391**	**1,374**	**12,654**	**910**	**0**	**1,785**	**364,717**
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	0	-1	0	1,341	-1,026	-513	650	451
Dividends paid	-3,478							-3,478
Coupon for the AT1 emission	-8,525							-8,525
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**

5) Own funds

The own funds of the VBW credit institution group which were calculated pursuant to the Capital Requirement Regulations (CRR) can be broken down as follows

Euro thousand	30 Jun 2022	31 Dec 2021
Common tier I capital: Instruments and reserves		
Capital instruments including share premium accounts	340,175	340,175
Retained earnings	217,953	219,348
Accumulated other comprehensive income (and other reserves)	135,471	134,226
Common tier I capital before regulatory adjustments	693,600	693,750
Common tier I capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-17,787	-18,749
Cash flow hedge reserve	543	30
Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	-1,024	-374
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	254	91
Value adjustments due to the requirement for prudent valuation	-799	-732
CET1 instruments of financial sector entities where the institution has a significant investment	-980	0
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-11,648	-8,677
Insufficient coverage for non-performing exposures	-476	-568
Regulatory adjustments - transitional provisions	2,667	5,579
Adjustments to be made due to transitional regulations under IFRS 9	2,667	5,579
Amount exceeding the threshold of 17.65 %	0	0
Additional CET1 deductions pursuant to article 3 CRR	-22,753	-22,750
Total regulatory adjustments	-52,002	-46,149
Common equity tier I capital - CET1	**641,598**	**647,601**
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)	**861,598**	**867,601**
Tier II capital - instruments and provisions		
Capital instruments including share premium accounts	399,373	399,829
Tier II capital before regulatory adjustments	399,373	399,829
Tier II capital: regulatory adjustments		
Total regulatory adjustments	0	0
Tier II capital - T2	**399,373**	**399,829**
Own funds total - TC (T1 + T2)	**1,260,971**	**1,267,430**
Common equity tier I capital ratio	16.41 %	16.89 %
Tier I capital ratio	22.04 %	22.62 %
Equity ratio	32.26 %	33.05 %
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 2022	31 Dec 2021
Risk weighted exposure amount - credit risk	3,300,946	3,227,683
Total risk exposure amount - settlement risk	2	0
Total risk exposure amount for position, foreign exchange and commodities risks	25,700	27,406
Total risk exposure amount for operational risk	571,067	571,067
Total risk exposure amount for credit valuation adjustment (cva)	11,495	8,914
Total risk exposure amount	**3,909,210**	**3,835,071**

The following table shows the own funds of the VBW credit institution group pursuant to CRR - fully loaded

Euro thousand	30 Jun 2022	31 Dec 2021
Common tier I capital: Instruments and reserves		
Capital instruments including share premium accounts	340,175	340,175
Retained earnings	217,953	219,348
Accumulated other comprehensive income (and other reserves)	135,471	134,226
Common tier I capital before regulatory adjustments	693,600	693,750
Common tier I capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-17,787	-18,749
Cash flow hedge reserve	543	30
Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	-1,024	-374
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	254	91
Value adjustments due to the requirement for prudent valuation	-799	-732
CET1 instruments of financial sector entities where the institution has a significant investment	-980	0
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-11,648	-8,677
Amount exceeding the threshold of 17.65 %	0	0
Insufficient coverage for non-performing exposures	-476	-568
Additional CET1 deductions pursuant to article 3 CRR	-22,753	-22,750
Total regulatory adjustments	-54,669	-51,728
Common equity tier I capital - CET1	**638,931**	**642,022**
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)	**858,931**	**862,022**
Tier II capital - instruments and provisions		
Capital instruments including share premium accounts	399,373	399,829
Tier II capital before regulatory adjustments	399,373	399,829
Tier II capital: regulatory adjustments		
Total regulatory adjustments	0	0
Tier II capital - T2	**399,373**	**399,829**
Own funds total - TC (T1 + T2)	**1,258,304**	**1,261,851**
Common equity tier I capital ratio	16.35 %	16.76 %
Tier I capital ratio	21.99 %	22.51 %
Equity ratio	32.21 %	32.95 %
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 2022	31 Dec 2021
Risk weighted exposure amount - credit risk	3,298,498	3,222,395
Total risk exposure amount - settlement risk	2	0
Total risk exposure amount for position, foreign exchange and commodities risks	25,700	27,406
Total risk exposure amount for operational risk	571,067	571,067
Total risk exposure amount for credit valuation adjustment (cva)	11,495	8,914
Total risk exposure amount	**3,906,762**	**3,829,783**

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 2022 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 2022					
Liquid funds	5,932,787	0	0	5,932,787	5,932,787
Loans and receivables credit institutions (gross)	2,442,298	0	59	2,442,357	
Loans and receivables credit institutions less accumulated impairment	2,442,298	0	59	2,442,357	2,435,318
Loans and receivables customers (gross)	5,364,401	0	91,968	5,456,369	
Accumulated impairment	-38,147	0	0	-38,147	
Loans and receivables customers less accumulated impairment	5,326,254	0	91,968	5,418,222	5,526,839
Assets held for trading	0	0	24,142	24,142	24,142
Financial investments (gross)	2,120,682	19,252	7,139	2,147,072	
Financial investments less accumulated impairment	2,120,682	19,252	7,139	2,147,072	2,107,041
Participations	0	62,118	0	62,118	62,118
Derivative instruments	0	0	199,681	199,681	199,681
Financial assets total	**15,822,020**	**81,369**	**322,990**	**16,226,379**	**16,287,927**
Amounts owed to credit institutions	6,289,112	0	0	6,289,112	6,289,183
Amounts owed to customers	6,579,429	0	0	6,579,429	6,579,345
Debts evidenced by certificates	1,681,271	0	73,129	1,754,400	1,754,201
Lease liabilities	78,926	0	0	78,926	78,926
Liabilities held for trading	0	0	26,660	26,660	26,660
Derivative instruments	0	0	296,444	296,444	296,444
Subordinated liabilities	403,217	0	0	403,217	370,633
Financial liabilities total	**15,031,956**	**0**	**396,233**	**15,428,189**	**15,395,392**
31 Dec 2021					
Liquid funds	6,770,589	0	0	6,770,589	6,770,589
Loans and receivables credit institutions (gross)	2,168,764	0	58	2,168,823	
Loans and receivables credit institutions less accumulated impairment	2,168,764	0	58	2,168,823	2,174,640
Loans and receivables customers (gross)	5,350,884	0	107,693	5,458,578	
Accumulated impairment	-43,598	0	0	-43,598	
Loans and receivables customers less accumulated impairment	5,307,286	0	107,693	5,414,980	5,642,938
Assets held for trading	0	0	41,592	41,592	41,592
Financial investments (gross)	2,093,984	14,891	7,677	2,116,552	
Financial investments less accumulated impairment	2,093,984	14,891	7,677	2,116,552	2,158,021
Participations	0	61,897	0	61,897	61,897
Derivative instruments	0	0	83,571	83,571	83,571
Financial assets total	**16,340,624**	**76,788**	**240,592**	**16,658,004**	**16,933,248**
Amounts owed to credit institutions	6,217,234	0	0	6,217,234	6,217,247
Amounts owed to customers	6,921,758	0	0	6,921,758	6,925,906
Debts evidenced by certificates	1,822,061	0	86,179	1,908,240	1,897,481
Lease liabilities	82,541	0	0	82,541	82,541
Liabilities held for trading	0	0	43,292	43,292	43,292
Derivative instruments	0	0	287,158	287,158	287,158
Subordinated liabilities	403,105	0	0	403,105	406,255
Financial liabilities total	**15,446,699**	**0**	**416,628**	**15,863,328**	**15,859,880**

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 2022				
Loans and receivables credit institutions	0	0	59	59
Loans and receivables customers	0	0	91,968	91,968
Assets held for trading	1,498	22,644	0	24,142
Financial investments	21,293	5,097	0	26,390
Fair value through profit or loss	2,042	5,097	0	7,139
Fair value through OCI	19,252	0	0	19,252
Participations	0	0	62,094	62,094
Fair value through OCI - designated	0	0	62,094	62,094
Derivative instruments	0	199,681	0	199,681
Financial assets total	**22,791**	**227,423**	**154,121**	**404,335**
Debts evidenced by certificates	0	0	73,129	73,129
Liabilities held for trading	0	26,660	0	26,660
Derivative instruments	0	296,444	0	296,444
Financial liabilities total	**0**	**323,104**	**73,129**	**396,233**
31 Dec 2021				
Loans and receivables credit institutions	0	0	58	58
Loans and receivables customers	0	0	107,693	107,693
Assets held for trading	486	41,105	0	41,592
Financial investments	17,125	5,442	0	22,568
Fair value through profit or loss	2,234	5,442	0	7,677
Fair value through OCI	14,891	0	0	14,891
Participations	0	0	61,873	61,873
Fair value through OCI - designated	0	0	61,873	61,873
Derivative instruments	0	83,571	0	83,571
Financial assets total	**17,612**	**130,119**	**169,625**	**317,355**
Debts evidenced by certificates	0	0	86,179	86,179
Liabilities held for trading	0	43,292	0	43,292
Derivative instruments	0	287,158	0	287,158
Financial liabilities total	**0**	**330,450**	**86,179**	**416,628**

Due to immateriality, participations with a carrying amount of euro 24 thousand (31 December 2021: euro 24 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 2022, 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	Financial investments	Participations	Financial assets total	Debts evidenced by certificates	Financial liabilities total
As at 01 Jan 2021	**118**	**132,137**	**32,298**	**49,136**	**213,690**	**89,875**	**89,875**
Additions	0	1,043	0	6,750	7,793	229	229
Disposals	0	-14,383	-32,789	-531	-47,702	-10,000	-10,000
Valuation							
Through profit or loss	0	724	510	0	1,235	-4,182	-4,182
Through OCI	0	0	0	-104	-104	253	253
As at 30 Jun 2021	**119**	**119,521**	**20**	**55,251**	**174,911**	**76,175**	**76,175**
As at 01 Jan 2022	**58**	**107,693**	**0**	**61,873**	**169,625**	**86,179**	**86,179**
Additions	0	112	0	0	112	967	967
Disposals	0	-13,737	0	-44	-13,781	0	0
Valuation							
Through profit or loss	0	-2,100	0	0	-2,100	-13,149	-13,149
Through OCI	0	0	0	265	265	-867	-867
As at 30 Jun 2022	**59**	**91,968**	**0**	**62,094**	**154,121**	**73,129**	**73,129**

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 11,067 thousand (1-6/2021: euro 4,919 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	
	1-6/2022	1-6/2021	30 Jun 2022	31 Dec 2021
Employees	1,254	1,287	1,243	1,265
Workers	5	5	5	5
Total number of staff	**1,259**	**1,292**	**1,248**	**1,270**

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

8) Branches

	30 Jun 2022	31 Dec 2021
Total number of branches domestic	**56**	**56**

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 2022				
Loans and receivables credit institutions	0	0	3,487	0
Loans and receivables customers	0	4,244	0	0
Bonds and other fixed-income securities	0	0	0	332,027
Amounts owed to credit institutions	0	0	239,126	0
Amounts owed to customers	1,088	196	35,655	0
Transactions	1,196	4,630	280,825	0
31 Dec 2021				
Loans and receivables credit institutions	0	0	3,477	0
Loans and receivables customers	0	4,923	0	0
Bonds and other fixed-income securities	0	0	0	335,174
Amounts owed to credit institutions	0	0	248,463	0
Amounts owed to customers	1,154	196	24,690	0
Transactions	3,012	4,967	276,820	0

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.

The shareholder Republic of Austria exercises a significant influence on the VBW Group. Disclosures are limited to securities of the issuer Republic of Austria. The simplification option allowed by IAS 24.26 for companies in the sphere of the public sector was exercised.

Loans and receivables credit institutions contain transactions with the Volksbank-Sector amounting to euro 2,283,353 thousand (31 Dec 2021: euro 1,928,235 thousand) and amounts owed to credit institutions include transactions with the Volksbank-Sector amounting to euro 2,344,838 thousand (31 Dec 2021: euro 2,469,523 thousand).

10) Segment reporting by business segments

Euro thousand

1-6/2022	Retail	CO	Consolidation	Total
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**
30 Jun 2022				
Total assets	**6,556,091**	**10,972,313**	**-1,011,453**	**16,516,951**
Loans and receivables customers	5,329,490	77,377	-6,489	5,400,377
Companies measured at equity	31,029	8,797	0	39,826
Amounts owed to customers	5,690,455	940,640	-51,666	6,579,429
Debts evidenced by certificates, including subordinated liabilities	99,074	2,058,543	0	2,157,617

1-6/2021				
Net interest income	45,240	24,462	0	69,702
Risk provisions	1,890	294	0	2,184
Net fee and comission income	32,019	-2,509	9	29,520
Net trading income	67	-2,966	0	-2,899
Result from financial instruments and investment properties	1,935	2,889	0	4,824
Other operating result	1,918	87,517	-27,010	62,425
General administrative expenses	-71,856	-58,214	27,001	-103,068
Result from companies measured at equity	574	106	0	680
Result for the period before taxes	**11,787**	**51,581**	**0**	**63,368**
Income taxes	-497	-9,825	0	-10,322
Result for the period after taxes	**11,290**	**41,756**	**0**	**53,046**
31 Dec 2021				
Total assets	**6,608,849**	**11,481,950**	**-1,166,136**	**16,924,664**
Loans and receivables customers	5,292,040	110,223	-6,698	5,395,566
Companies measured at equity	30,155	8,755	0	38,909
Amounts owed to customers	5,822,450	1,152,479	-53,170	6,921,758
Debts evidenced by certificates, including subordinated liabilities	99,074	2,212,271	0	2,311,345

11) Subsequent events

There were no significant operational risk events after the end of the reporting period.

12) Quarterly financial data

Euro thousand	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021
Net interest income	28,614	27,536	33,704	22,626	48,704
Risk provision	616	4,340	11,152	3,227	918
Net fee and commission income	15,250	15,749	14,034	15,088	15,054
Net trading income	622	714	6,528	-1,615	-1,728
Result from financial instruments and investment properties	-440	256	-7,763	11,623	4,659
Other operating result	34,376	28,497	18,342	30,499	32,001
General administrative expenses	-45,697	-61,677	-60,183	-48,707	-45,216
Result from companies measured at equity	41	-119	-137	-94	237
Result for the period before taxes	**33,381**	**15,297**	**15,677**	**32,646**	**54,630**
Income taxes	-6,736	236	9,140	-5,230	-10,962
Result for the period after taxes	**26,645**	**15,533**	**24,817**	**27,416**	**43,668**
Result attributable to shareholders of the parent company (Consolidated net result)	**26,646**	**15,534**	**24,818**	**27,416**	**43,673**
Result attributable to non-controlling interest	0	-1	-1	-1	-6

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, 31 August 2022

Gerald Fleischmann
Chairman of the Managing Board

Rainer Borns
Deputy Chairman of the Managing Board

Thomas Uher
Deputy Chairman of the Managing Board

IMPRINT

Media owner and producer:
VOLKSBANK WIEN AG
A-1030 Vienna, Dietrichgasse 25
Telephone: +43 (1) 40137-0
e-Mail: kundenservice@volksbankwien.at
Internet: www.volksbankwien.at

Group Reporting Team and Editors:
Robert Bortolotti
Monika Tögel
Christina Eder

Design and Production:
Bianca Statna
VOLKSBANK WIEN AG
A-1030 Vienna, Dietrichgasse 25

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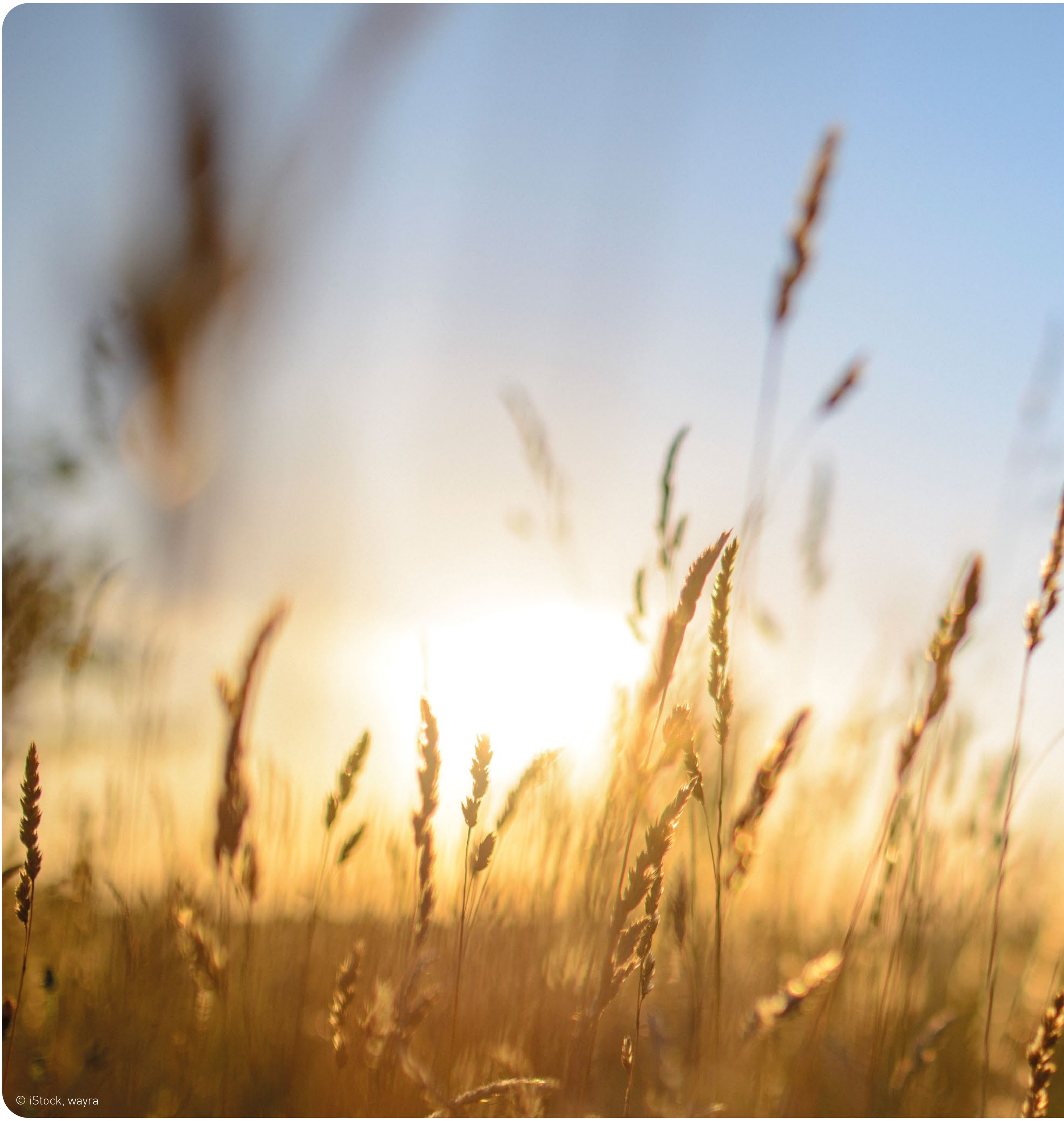
In order to improve readability, any role descriptions in this report that are used only in the masculine form apply analogously to the feminine form.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