VOLKSBANK WIEN

# HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE 2024

## KEY FIGURES OF VOLKSBANK WIEN AG

| Euro million | 30 Jun 2024 | 31 Dec 2023 | 31 Dec 2022 |
|---|---|---|---|
| **Statement of financial position** | | | |
| **Total assets** | **14,747** | **15,100** | **14,460 *** |
| **Loans and receivables customers** | **5,937** | **5,817** | **5,481** |
| **Amounts owed to customers** | **6,345** | **6,532** | **6,765** |
| **Debts evidenced by certificates** | **3,265** | **3,323** | **1,723** |
| **Subordinated liabilities** | **888** | **402** | **399** |
| **Own funds** | | | |
| Common equity tier 1 capital (CET1) | 815 | 781 | 676 * |
| Additional tier 1 capital (AT1) | 0 | 220 | 220 |
| **Tier 1 capital (T1)** | **815** | **1,001** | **896 *** |
| Tier 2 capital (T2) | 756 | 300 | 380 |
| **Own funds** | **1,571** | **1,301** | **1,276 *** |
| Risk weighted exposure amount credit risk | 4,120 | 3,850 | 3,400 |
| Total risk exposure amount market risk | 18 | 23 | 21 |
| Total risk exposure amount operational risk | 662 | 662 | 597 |
| Total risk for credit valuation adjustment | 12 | 9 | 13 |
| **Total risk exposure amount** | **4,812** | **4,543** | **4,032** |
| **Common equity tier 1 capital ratio** | **16.9 %** | **17.2 %** | **16.8 % *** |
| **Tier 1 capital ratio** | **16.9 %** | **22.0 %** | **22.2 % *** |
| **Equity ratio** | **32.7 %** | **28.6 %** | **31.7 % *** |
| **Income statement** | **1-6/2024** | **1-6/2023** | **1-6/2022** |
| Net interest income | 81.8 | 87.3 | 56.2 |
| Risk provision | -26.5 | 3.3 * | 2.4 * |
| Net fee and commission income | 38.3 | 32.2 | 31.0 |
| Net trading income | 4.0 | 1.3 | 1.3 |
| Result from financial instruments and investment properties | 0.6 | -0.6 | -0.2 |
| Other operating result | 69.0 | 69.5 | 56.9 |
| General administrative expenses | -128.5 | -112.7 | -101.4 |
| Result from companies measured at equity | 0.4 | 1.7 | -0.1 |
| **Result for the period before taxes** | **39.1** | **82.0 *** | **46.1 *** |
| Income taxes | 0.8 | -10.9 * | -5.9 * |
| **Result for the period after taxes** | **39.9** | **71.2 *** | **40.2 *** |
| Result attributable to non-controlling interest | 0.0 | 0.0 | 0.0 |
| **Result of the group for the period** | **39.9** | **71.2 *** | **40.2 *** |
| **Operating result** | **65.2** | **77.1** | **43.8** |
| **Key ratios** | **1-6/2024** | **1-6/2023** | **1-6/2022** |
| **Cost-income-ratio** | **66.5 %** | **59.2 % *** | **69.7 % *** |
| **ROE before taxes** | **7.8 %** | **16.3 % *** | **9.9 % *** |
| **ROE after taxes** | **8.0 %** | **14.2 % *** | **8.6 % *** |
| **Net interest margin** | **1.1 %** | **1.2 %** | **0.7 %** |
| **NPL ratio** | **4.2 %** | **1.7 %** | **1.5 %** |
| **Leverage ratio** | **6.0 %** | **7.3 %** | **6.0 %** |
| **Net stable funding ratio** | **196.0 %** | **172.4 %** | **199.1 %** |
| **Liquidity coverage ratio** | **181.3 %** | **182.7 %** | **232.3 %** |
| **Loan deposit ratio** | **96.6 %** | **97.2 %** | **84.2 %** |
| **Coverage ratio I** | **29.0 %** | **29.1 %** | **34.6 %** |
| **Coverage ratio III** | **112.1 %** | **104.1 %** | **104.8 %** |
| **Resources** | **1-6/2024** | **1-6/2023** | **1-6/2022** |
| **Staff average** | **1,273** | **1,234** | **1,259** |
| Thereof domestic | 1,273 | 1,234 | 1,259 |
| | **30 Jun 2024** | **31 Dec 2023** | **31 Dec 2022** |
| **Staff at end of period** | **1,282** | **1,265** | **1,237** |
| Thereof domestic | 1,282 | 1,265 | 1,237 |
| **Number of branches** | **54** | **54** | **54** |
| Thereof domestic | 54 | 54 | 54 |
| **Number of customers** | **297,912** | **298,994** | **308,379** |

The equity ratios are displayed in relation to total risk. The cost-income-ratio is the ratio between operating income and operating expenses. Operating income includes net interest income, net fee and commission income, net trading income and if positive other operating result and result from discontinued operation. Operating expenses include general administrative expenses and if negative other operating result and result from discontinued operation. Other operating result and result from discontinued operation is displayed net of other taxes, deconsolidation result and valuation result according to IFRS 5. The ROE before taxes indicates the result before taxes in relation to average equity including non-controlling interest. The ROE after taxes indicates the result after taxes in relation to average equity including non-controlling interest. The net interest margin shows the net interest income in relation to total assets. The NPL ratio indicates the portfolio of non-performing loans in relation to the total exposure of all loans to and receivables from customers. The leverage ratio indicates the business volume (CCF-weighted off-balance positions plus derivatives add-on, replacement value of derivatives, disallowance of derivative claims and financial volume) in relation to the tier 1 capital (CET1 + AT1). The net stable funding ratio indicates the available stable funding in relation to the necessary stable funding. The liquidity coverage ratio (LCR) describes the ratio of highly liquid assets to net outflows over the next 30 days assuming a stress scenario, and thus the ability to cover short-term liquidity outflows. The loan deposit ratio indicates the total amount of loan accounts, overdraft facilities less syndicated loans in relation to the total amount of savings deposits, demand deposits and fixed term deposits. The coverage ratio I indicates the coverage ratio of non-performing loans by risk provisions. The coverage ratio III indicates the coverage ratio of non-performing loans by risk provisions and collaterals. Staff figures are calculated based on full-time equivalent.

* The previous year periods were restated in accordance with IAS 8.

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**HALF-YEAR FINANCIAL REPORT**

# GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF 2024

## Report on the business development and economic situation

### Business development

Business development was successful for the VOLKSBANK WIEN Group (VBW Group) in the first half of 2024.

Interest income was maintained at a high level through reaching the interest rate target, while the higher average interest rates on deposits compared to the same period in the previous year led to a slight decline in net interest income to euro 81.8 million. By contrast, net fee and commission income increased by 18.7 % to euro 38.3 million. The increase in commissions is primarily attributable to the lending and custody business as well as the clearing business and payment services.

The downside to the rapid and sharp rise in interest rates is primarily the increase in risk provisions. The situation on the Austrian real estate market remains a tense one. There continues to be a significant gap between supply and demand, or a big discrepancy in the price expectations between sellers and buyers. The high level of interest rates therefore continues to have a dampening effect on demand. The Austrian Credit Institutions - Real Estate Financing Measures (KIM) Regulation also continues to reduce the demand for private financing. High land and construction costs for new builds also leave little room for lower sales prices. All of these circumstances resulted in a deterioration in the quality of the real estate portfolio of the Association of Volksbanks in the first half of 2024, particularly in the residential property segment. The deterioration in retail and commercial real estate is not quite as clear cut. Apart from the effects of the general slowdown of the economy, the risk indicators were affected by credit losses from individual major exposures. Risk provisions in the VBW Group amounted to euro -26.5 million at the half-year stage, of which around euro -18 million came from new NPLs and NPL revaluations (including direct write-offs). This resulted in rating downgrades and staging effects in the performing portfolio. Additions to risk provisions within the performing portfolio amounted to around euro -9 million. Please refer to the disclosures in the Notes in the Annual Report 2023 for information on the calculation of credit risk provisions.

For more than 170 years now, the business model of the Association of Volksbanks and therefore also of the VBW Group has been oriented towards sustainable development, focusing on all regions of Austria. Accordingly, the Volksbanks consider the trend towards and the increasing importance of sustainability in all sectors of the economy as an opportunity.

The VBW Group has committed itself to the Paris Agreement on Climate Change and has already handed over a comprehensive project on the topic of sustainability to line management, with a view to managing ESG risks appropriately and enhancing the positive impact of its business activities on the environment and on people. VBW will continue to support the resulting measures in the future.

In this challenging environment, the focus of the VBW Group in retail banking continues to be on high-quality consultancy, supported by increased digitisation of sales. With Volksbank's video consultancy, for example, customers receive the same personal, fully comprehensive, customised and professional advice they would receive during a branch visit. With its "hausbanking" app, VBW has a very competitive product on the market.

VBW placed a euro 500 million benchmark Tier 2 bond with a term of 10.25 years in March 2024 and a one-off cancellation right after 5.25 years in order to strengthen its own funds. The transaction attracted significant market interest, with 170 investors and a final order book of euro 2.09 billion, enabling the issue to be priced with an attractive spread of +310 bps.

The successful placement of the Tier 2 benchmark bond and the increase in equity enabled VBW to optimise its capital structure and exercise its call option on the outstanding euro 220 million AT1 issue in order to redeem the Additional Tier 1 capital as of 9 April 2024.

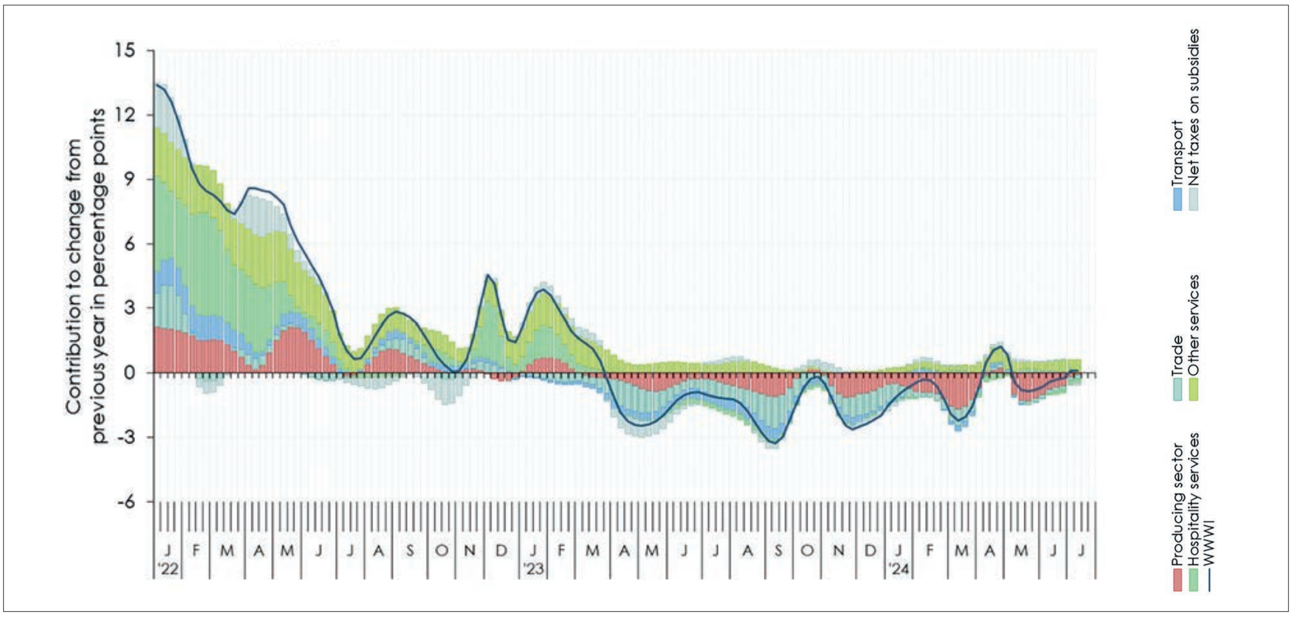
In April, the rating agency Moody's raised the credit rating of the Senior Unsecured bonds of VBW from A3 (positive outlook) to A2 (stable outlook). The Senior Unsecured and deposits ratings are therefore at the same level. All other ratings were confirmed as unchanged by Moody's, with the outlook stable overall.

### Economic environment

The Austrian economy expanded slightly in the first quarter of 2023 following the recession, although the Q/Q GDP growth rate of 0.2 % is low. The services sector stabilised, although any upturn in the economy was slowed by the ongoing recession in industry. GDP stagnated in the second quarter according to the WIFO flash estimate, with value added losses in industry and construction again contrasting with growth in the services sector. Early indicators, which initially suggested a bottoming out in the industrial sector, deteriorated once again over the course of the first half of the year. Private consumption made a negative contribution in the second quarter, while gross capital investments hardly changed compared to the first quarter. The decline in imports exceeded that of exports, meaning that net exports made a positive contribution to the overall trend. The fall in consumer price inflation from 2023 continued into the first half of the year; the rate of the harmonised consumer price index was 3.1 % in June, which is the lowest it has been for approximately three years. However, it remained above average compared to the rest of the euro zone. The fall in inflation was due to cheaper energy prices, particularly gas, while prices for restaurants and hotels remained the main driver of inflation in June (+6.9 %). Producer price deflation had already set in over the course of last year and this is continuing according to the leading indicators.

The economic downturn is now also having a significant impact on the labour market, with the increase in employment in 2023 also being attributed to reluctance on the part of companies to make staffing adjustments. The number of those unemployed and of training participants rose steadily in the first half of the year, while the number of job vacancies fell from a high level. The unemployment rate in June 2024 was almost 10 % higher than in the same month of the previous year according to national calculations. Falls in the rate of employment were observed in the manufacturing and construction sectors mirroring the trend in value added.

Economic recovery in Austria is not yet in sight in the short term according to leading indicators such as the WIFO-Konjunkturtest (business cycle survey) and the Weekly WIFO Economic Index (WWWI). Based on information that is updated in short intervals, the WWWI estimates the GDP and its components for individual calendar weeks (see chart). Economic output in June remained around half a percentage point below the previous year's level, with the data for the first half of July pointing to stagnation. Net exports and gross capital investments were also the primary contributors towards negative growth in June. From the perspective of branches of industry, the recessionary trends are continuing in the goods-producing and construction industries according to estimates, while the services sector is performing better, although gross value added in tourism (following a positive contribution in May) and trade were also weaker in the reporting period. Business assessments of the economy also worsened again in June according to the WIFO business cycle survey. The assessments were on balance well below the zero line for both situation assessments as well as expectations.




Source: WIFO, Statistics Austria – The sum of the growth contributions of the subcomponents may differ from the estimated GDP growth (residual).

An increase in overnight stays of 3.3 % was observed in Austria in the period from January to May 2024 compared with the same period of the previous year, with May recording the highest figure for this month (including due to calendar effects) since the data was recorded. The positive performance in tourism as early as 2023 led to major differences in terms of economic performance in the federal provinces in Austria. Salzburg, Tyrol and Vienna benefited from the developments in demand in tourism, but real growth in gross value added was only identified for Tyrol, Salzburg and Burgenland in WIFO's 2023 flash estimate, with the latter two provinces also benefiting from the continued positive development in goods manufacturing. By contrast, the heavily industrial federal provinces of Styria and Carinthia saw the sharpest rises in unemployment.

### Monetary policy and financial markets

Money market interest rates rose by a total of 200 basis points in 2023 in parallel with the key interest rate hikes by the ECB, while the trend for these was slightly downwards from April to July 2024. The ECB initiated the rate-cutting cycle in June 2024 ahead of the US Federal Reserve, reducing its three key interest rates by 25 basis points each, despite a forecast of rising inflation (deposit rate to 3.75 %, main refinancing rate to 4.25 %, and marginal lending rate to 4.5 %). The cut in interest rates was also justified by the rise in real interest rates due to the fall in inflation, meaning that the ECB's policy could still be categorised as restrictive based on this consideration. The ECB also announced an adjustment to key interest rates, as a result of which the difference between the deposit rate and the main refinancing rate will be 15 basis points instead of 50 basis points as of 18 September. Capital market interest rates rose initially in 2023, but the expectation of disinflation led to a reverse trend towards year-end, resulting in an inversion at some points on the yield curves. Long-term yields rose again in the meantime in the first half of 2024, which was accompanied by a flattening of the yield curve in the euro zone, which was only slightly inverted at that point. In mid-July, however, the yield on the 10-year Austrian government bond was approximately 2.9 %, which was roughly at the same level as at the start of the year. Following the strong gains in 2023, the upward trend in European share indices continued, particularly at the start of the year. Neither geopolitical conflicts nor the uncertainties in the wake of a number of international elections resulted in any sustained interruption to this development.

### Insolvencies

There were 3,298 insolvencies recorded in the first half of 2024, an increase of 26 % compared to the previous year, with the retail, construction industry and accommodation/gastronomy sectors affected in particular. There were more insolvencies in the first quarter than in any quarter since 2009, although the insolvency ratio of approximately 1.4 % is not negative in historical comparisons. A very high value for total liabilities and equity can also be explained by the insolvency cases in connection with Signa. The increase in private bankruptcies in the first half of the year is comparatively low at 1.1 %, but the KSV1870 analysis points to a slowdown in private bankruptcies compared to the business sector.

### Credit market

High financing costs, the loss of real income and the weak order situation have led to a slump in the lending business since the second half of 2022. The results from the June 2024 Bank Lending Survey showed that demand for corporate loans continued to lack momentum, particularly in the case of long-term loans for investment financing, and the risk assessments performed by banks remained restrictive. The banks surveyed were a little more confident when it came to private housing loans. Demand here had already improved slightly in the first quarter and banks are also more optimistic about the third quarter following stagnation in the second quarter. While new monthly loans in Austria still averaged euro 2.1 billion in 2021, they have since fallen to euro 0.7 billion and were slightly higher again in May 2024 at euro 1.0 billion. On average over the year 2023, loans to private households in Austria decreased minimally by approx. -0.1 %, while those to non-financial companies increased by 6.0 %. This contrasts with the development in the euro zone as a whole, which was characterised by a clearly positive increase in loans to private households (+1.7 %), but less than half of the growth in loans to non-financial companies (+2.7 %). In the case of corporate loans, the annual rate in Austria fell month on month to 1.2 % in May 2024, while the annual rate for private households was -1.8 % in the same month.

### Real estate market

On the Austrian residential real estate market, a long and marked price rally ended in the fourth quarter of 2022. Considering the year as a whole, the series of high price increases in 2022 continued at +10.4 % year on year, but from the second quarter of 2023 the annual rates were also negative for the first time since Q2 2008. In 2023 as a whole, the OeNB's real estate price index fell by 1.6 % year on year, and the trend continued in the first quarter of 2024 at -2.6 % year on year. The annual increase in 2023 only remained positive for new freehold flats, for which the index values reached new highs, but the annual rate in Vienna also turned negative in this segment in the first quarter. The decline was generally more pronounced in Vienna than in the other federal provinces as a whole. The price correction was greatest in both regions for second-hand freehold flats.

The decline in investments is not limited to residential construction, as non-residential construction and civil engineering also suffered from a reluctance to invest. There was also a need for devaluation, particularly in the commercial real estate market. High financing costs, stricter lending standards and lower affordability already placed a strain on the real estate market in 2023. There are, however, some signs of cautious reverse trends to these factors.

## Group result for the first half of 2024

In the first half of 2024, the result of the Group before taxes amounts to euro 39.1 million (1-6/2023: euro 82.0 million), the result of the group after taxes to euro 39.9 million (1-6/2023: euro 71.2 million) and the operating result to euro 65.2 million (1-6/2023: euro 77.1 million).

Net interest income fell from euro 87.3 million to euro 81.8 million in the first half of 2024 compared to the comparative period. However, interest and similar income increased from euro 198.5 million to euro 265.7 million on the income side and interest and similar expenses increased from euro -111.2 million to euro -183.9 million on the expenses side. The main reason for the increase in interest income was higher interest income of euro +25.2 million from loans and receivables to customers and higher interest income of euro +11.2 million from bonds of fixed-interest securities. Net interest income from Oesterreichische Nationalbank (OeNB) also increased by euro +38.0 million. By contrast, there were higher interest expenses towards banks totalling euro -50.6 million (1-6/2023: euro -36.2 million). Moreover, there was an increase in interest expenses for debts evidenced by certificates by euro -20.9 million to euro -40.5 million (1-6/2023: euro -19.6 million) and for subordinated liabilities by euro -8.1 million to euro -18.5 million (1-6/2023: euro -10.4 million).

The risk provisions increased compared to the comparative period in the previous year by euro -29.8 million to euro -26.5 million (1-6/2023: euro +3.3 million). This is mainly reflected by net allocations for individual loan loss provisions (including direct write-offs and income from loans and receivables written off) totalling euro -18.1 million (1-6/2023: net reversals of euro +0.6 million) and net allocations to portfolio loan loss provisions totalling euro -9.3 million (1-6/2023: net reversals of euro +1.6 million). For off-balance-sheet business, net reversals of euro +0.8 million (1-6/2023: euro +1.1 million) were recognised.

The net fee and commission income in the reporting period amounts to euro 38.3 million, which is a further improvement on the comparative period in the previous year (1-6/2023: euro 32.2 million). This increase was mainly due to the lending business (euro +4.5 million), custody business (euro +0.8 million), as well as the clearing business and payment transactions (euro +0.5 million).

Net trading income for the first half of 2024 totalled euro +4.0 million and was therefore euro +2.7 million higher than in the comparative period of the previous year, which is mainly due to the euro +2.9 million higher valuation result for currency derivatives and valuations of foreign currencies, foreign exchange and precious metals.

The result from financial instruments and investment properties totalled euro +0.6 million for the reporting period and was therefore euro +1.1 million higher than in the comparative period (1-6/2023: euro -0.5 million). In the first half of 2024, the result from the measurement of fair value issues rose from euro -0.8 million to euro +1.6 million, whereas the fair value of interest rate swaps from hedging the issues fell to euro -1.9 million (1-6/2023: euro +1.1 million) which form an economic hedge. Furthermore, income from investments increased by euro +0.6 million to euro +2.2 million. The fair value measurements for capital guarantees improved by euro +1.3 million to euro +0.4 million and the measurements for loans and receivables recognised at fair value improved by euro +1.0 million to euro +0.7 million.

The other operating result has remained more or less unchanged in comparison with the previous year at euro +69.0 million. As a result of the reduction in contribution payments to the deposit guarantee scheme and Single Resolution Fund (SRF) in the amount of euro -2.7 million (1-6/2023: euro -5.6 million) in the reporting period, the charged-out costs of VBW to the banks of the Association were also lower at the amount of euro +65.4 million (1-6/2023: euro +67.8 million).

At euro -128.5 million, general administrative expenses increased slightly compared to the same period in the previous year (1-6/2023: euro -112.7 million). Staff expenses rose by euro -7.6 million to euro -72.6 million due to the increase in headcount and collective bargaining agreements. Similarly, administrative expenses increased by euro -8.6 million to euro -50.8 million. The reasons for this include higher costs for IT projects (euro -5.5 million), higher project and consulting expenses (euro -1.7 million) and higher expenditures for advertising and representation (euro -0.8 million).

Taxes on income and earnings in the first half of 2024 amounted to euro +0.8 million (1-6/2023: euro -10.9 million). The tax income includes deferred tax income of euro +3.0 million (1-6/2023: deferred tax expenditure of euro -7.2 million). Due to the tax planning of the next four years, it was possible to recognise deferred tax assets in the reporting period in the amount of euro 9.7 million (1-6/2023: euro 6.1 million) for part of the tax loss carryforwards. The current tax expense including tax expense from previous periods amounts to euro -2.2 million in the first half of 2024 (1-6/2023: euro -3.7 million).

### Financial position

Total assets amounted to euro 14.7 billion as at 30 June 2024 and decreased by euro -0.4 billion compared to the end of 2023, due primarily to lower deposits from the banks of the Association.

The liquid funds in the amount of euro 3.1 billion are euro -0.2 billion lower than in the previous year.

Loans and receivables to credit institutions in the amount of 1.9 billion decreased compared to the end of 2023 (euro 2.6 billion) due to lower deposits from the banks of the Association.

As at 30 June 2024, loans and receivables to customers increased to euro 5.9 billion compared to the end of the previous year (euro 5.8 billion) due to a slight increase in the customer volume, and financial investments increased to euro 3.0 billion (2023: euro 2.7 billion) as a result of purchases of fixed-income securities.

Amounts owed to credit institutions in the amount of euro 2.6 billion have decreased compared to 31 December 2023 (euro 3.0 billion), essentially due to the decrease in amounts owed to OeNB (euro -0.4 billion). The decrease is due to the full repayment of the TLTRO refinancing in the amount of euro 0.6 billion.

Amounts owed to customers decreased from euro 6.5 billion to euro 6.3 billion as at 30 June 2024, which is essentially due to reductions in current account and uncommitted savings deposits.

Debts evidenced by certificates amounted to euro 3.3 billion as at 30 June 2024 and are unchanged on the previous year.

Subordinated liabilities increased to euro 0.9 billion due to the issue of a subordinated bond (Tier II) in the amount of euro 0.5 billion.

Equity including non-controlling interests decreased by euro -192.5 million to euro 901.9 million since the start of the year. This change is due to the termination of the AT1 issue (euro -220 million), the coupon payment for the AT1 issue (euro -8.6 million), the distributions to shareholders (euro -7.6 million) and the consolidated comprehensive income for the first half of 2024 (euro 43.7 million). The consolidated comprehensive income of euro 43.7 million is made up of the net profit for the first half of 2024 of euro 39.9 million and other comprehensive income of euro 3.8 million.

### Financial performance indicators

The regulatory own funds of the VBW group of credit institutions, including the allocation of profits during the year, amount to euro 1.6 billion as at 30 June 2024 (31 December 2023: euro 1.3 billion). The total risk exposure amount as at 30 June 2024 is euro 4.8 billion (31 December 2023: euro 4.5 billion). The CET 1 capital ratio in relation to total risk amounts to 16.9 % (31 December 2023: 17.2 %), the own funds ratio in relation to total risk is 32.7 % (31 December 2023: 28.6 %).

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 Note 5).

| Performance indicators | 1-6/2024 | 1-6/2023 | 1-6/2022 |
|---|---|---|---|
| Return on equity before taxes | 7.8 % | 16.3 % | 9.9 % |
| Return on equity after taxes | 8.0 % | 14.2 % | 8.6 % |
| Cost-income ratio | 66.5 % | 59.2 % | 69.7 % |

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

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

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

### Related party transactions

For details on business relationships with related parties, please refer to the information contained in the Notes in the Annual Report 2023.

### Non-financial performance indicators

Within the scope of Group reporting 2023, VBW reports on concepts, results and risks relating to environmental matters, social and employee topics, human rights, corruption and bribery as well as diversity pursuant to the Sustainability and Diversity Improvement Act (NaDiVeG) and Article 8 of the EU Taxonomy Regulation in a separate sustainability report.

## Report on the company's future development and risks

### Future development of the company

#### Economic environment

The Austrian Institute of Economic Research (WIFO) does not see any signs of an economic upturn this year due to a continuation in weak leading indicators, but also sees no indications of a recession. This means that stagnation in the economy is likely in 2024 and that it will only grow again from 2025 onwards as international demand picks up, provided that there is positive momentum also in industry and construction. GDP rates are only expected to return to potential growth by the end of 2025. However, WIFO also points to a deterioration in the competitive price environment for 2025, which means that Austrian growth rates are likely to be lower than those for the euro zone as a whole. At 3.4 % in 2024, consumer price inflation is forecast to be significantly lower than in the previous year, before falling to 2.5 % in 2025. Economic underutilisation will contribute towards the slowdown in inflation. Lower energy prices are also an important factor in slowing down inflation, but the consequences of the energy price shock in 2022 continue to be felt. The stabilisation already observed in the services sector is being offset by persisting weakness in industry, with continued reports of a weak order situation and falling investments. Compared to the poor outlook for GDP, the labour market is expected to remain robust, with employment expected to grow in both years of the forecast period, although the unemployment rate is also expected to rise due to the expanding labour force. The Austrian budget deficit is likely to exceed the 2023 figure as well as the Maastricht rules in both years.

In its June forecast for economic growth, the OeNB is slightly more optimistic than the WIFO (2024 GDP rate of 0.3 %), although inflation will weaken at a slower rate according to its scenario. The estimates for real disposable household income and exports are more positive, with both of these being important pillars for economic growth in 2024. Gross capital investments and residential construction investments in particular are likely to fall again in 2024 before a significant reversal expected by 2025, supported by the federal government's comprehensive residential construction package. However, there is no expectation of a strong economic upturn over the next few years. In its July forecast, the Institute for Advanced Studies (IHS) predicts an average growth rate of 1 % between 2024-2028, following on from an average of 0.5 % p.a. in the previous years.

In terms of global economic development, the IMF expects growth rates of 3.2 % and 3.3 % in 2024 and 2025 in its World Economic Outlook Update from July, with growth rates in the industrialised nations expected to converge, with weaker growth in the USA compared to an economic upturn in the euro zone. Global trade is expected to recover despite protectionist measures in many regions and correspond roughly to global GDP rates at just over 3 % in 2024-25.

### Economic forecasts for 2024

| June 2024 | Real GDP growth Y/Y | Inflation rate according to HICP J/J | Unemployment rate National definition (AMS) |
|---|---|---|---|
| WIFO | 0.0 % | 3.4 % | 6.9 % |
| OeNB | 0.3 % | 3.4 % | 6.7 % |

Downside risks to the Austrian economy include geopolitical and trade conflicts, which can have a negative impact on global trade and inflation trends, put a strain on disposable incomes and influence the monetary policy path. Any repeat in the sharp rises in energy prices and wages and salaries could also reduce Austria's price competitiveness even more than forecast and have a corresponding negative impact on investment and exports. There is also uncertainty in terms of the economic and geopolitical environment, which will have consequences for the debt situation, long-term yields and the degree of protectionism required. The upcoming elections in the USA and Austria in the second year and the process of forming a government in France also play a role here.

With respect to developments on the real estate market, we anticipate a sideways movement in financing for private residential construction, reduced lending for privately financed residential construction projects and a decrease in the production of new office space. In terms of those real estate projects that are ongoing and those already planned, this means significant pressure on liquidity, delayed loan repayments and the risk of insolvency for individual project companies. We expect a slight increase in transactions from 2025 onwards. We expect a noticeable improvement in the market segment in the second half of 2025.

### Business development

The Volksbanks operating regionally look after their customers locally, while Österreichische Ärzte- und Apothekerbank serves doctors and pharmacies throughout Austria. In order to be able to respond even more effectively to the needs of Austrians, the Volksbanks, as their relationship bank, are consistently implementing the "relationship bank of the future" service concept within the Association. The focus is on the customers in the regions. The structural and cultural changes effected over the past financial years have contributed to establishing the Volksbanks and Österreichische Ärzte- und Apothekerbank AG as the most modern association of credit institutions in Austria.

The focus as the relationship bank of the future rests on two pillars: on high quality consultancy for regional customers on the one hand, and on centralised control and processing on the other.

In 2024, the bank is going to focus on the customers and on growing with the customers throughout the Association. For this purpose, we will continue to work on improving our processes and on intensifying digitisation.

In the course of medium-term planning, the Association of Volksbanks has set itself a number of new strategic goals that will be a focus for management in the years to come. These include an improvement in the cost-income ratio to below 65 %, a Tier 1 capital ratio (CET 1) of at least 16 % at the level of the Association of Volksbanks, an NPL ratio (non-performing loans) of under 3.0 %, and a return on equity (RoE) after taxes of more than 5.5 %. In addition, the highest levels of satisfaction among our customers thanks to a sustainable cooperative business model and the successful implementation of the projects launched together with our new IT partner Accenture to modernise the company's IT infrastructure are the main goals to be achieved over the next few years.

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

The fall in interest rates expected for the coming year requires continuous streamlining of the cost structure and an increase in productivity.

### Significant risks and uncertainties

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

### Report on research and development

VBW does not carry out its own research and development activities. However, specific customer-focused approaches are being advanced as part of various digitisation campaigns.

'hausbanking' (online banking of the Volksbank Group) is considered the most important interface for interactions with customers. This secure platform enables customers to provide direct feedback, including e.g. feedback in the service/FAQ area as to whether information, an explanatory video or a process description was helpful, and special comments or queries can also be added by the customer. Online surveys are used to verify customer satisfaction with online banking (with a focus on retail customers), and customer opinions are also collected and integrated into further developments for online banking ('hausbanking') in focus group meetings. New functions of the app are tested together with customers within the scope of beta testing; regular information is provided about new developments. Special service orders within hausbanking enable functions to be easily "tested" with customers before they are fully integrated technically into the core banking system. This way, IT engineers can verify that the service lives up to customers' expectations and can find options for any improvements if necessary (fail fast).

Digital target group management has been expanded and A/B testing and piloting measures at VBW have enabled the targeted expansion of the approach via digital channels, such as via 'hausbanking' and the 'hausbanking' mobile app. The various measures are assessed in relation to the defined objectives, before being optimised based on available intragroup profits and losses during the campaign period, with reports provided on a regular basis. The results that have been determined include greater customer loyalty, increased utilisation of online services and online product sales as well as a continuous improvement in data quality among customers with online skills.

Various initiatives have been launched aimed at utilising artificial intelligence (AI) in operations and sales. These began with several online information events to promote knowledge development on this topic throughout Austria. Relevant use cases were then collated in structured workshops before being prioritised for implementation. A prototype was developed and trialled for a GenAI-based chatbot, with initial insights provided regarding simplification of knowledge management for internal departments. Association-wide AI governance was also set up in parallel with the deployment of Microsoft/M365 Co-Pilot also launched. The plan is for operational processes or sub-processes to be supported by the use of AI and potentially also managed by this in future, and for sales effectiveness and forecasting quality to be increased with modern tools.

Vienna, 22 August 2024

# CONSOLIDATED FINANCIAL STATEMENTS

**VOLKSBANK WIEN AG**
**HALF-YEAR FINANCIAL REPORT**

## Condensed statement of comprehensive income

| INCOME STATEMENT | 1-6/2024 Euro thousand | 1-6/2023 Euro thousand | Changes Euro thousand | % |
|---|---|---|---|---|
| Interest and similar income | 265,707 | 198,521 | 67,187 | 33.84 % |
| thereof using the effective interest method | 254,203 | 187,513 | 40,855 | 21.79 % |
| Interest and similar expenses | -183,890 | -111,199 | -72,691 | 65.37 % |
| Net interest income | 81,817 | 87,321 | -5,505 | -6.30 % |
| Risk provision | -26,510 | 3,258 * | -29,768 | < -200.00 % |
| Fee and commission income | 44,682 | 42,487 | 2,195 | 5.17 % |
| Fee and commission expenses | -6,405 | -10,242 | 3,837 | -37.46 % |
| Net fee and commission income | 38,277 | 32,245 | 6,032 | 18.71 % |
| Net trading income | 3,960 | 1,259 | 2,701 | > 200.00 % |
| Result from financial instruments and investment properties | 627 | -565 | 1,192 | < -200.00 % |
| Other operating result | 69,032 | 69,531 | -499 | -0.72 % |
| General administrative expenses | -128,464 | -112,652 | -15,812 | 14.04 % |
| Result from companies measured at equity | 353 | 1,652 | -1,299 | -78.64 % |
| **Result for the period before taxes** | **39,091** | **82,049 *** | **-42,958** | **-52.36 %** |
| Income taxes | 769 | -10,860 * | 11,629 | -107.08 % |
| **Result for the period after taxes** | **39,860** | **71,189 *** | **-31,329** | **-44.01 %** |
| **Result attributable to shareholders of the parent company** | **39,860** | **71,188 *** | **-31,328** | **-44.01 %** |
| Result attributable to non-controlling interest | 0 | 1 | -1 | -100.00 % |

| OTHER COMPREHENSIVE INCOME | 1-6/2024 Euro thousand | 1-6/2023 Euro thousand | Changes Euro thousand | % |
|---|---|---|---|---|
| **Result for the period after taxes** | **39,860** | **71,189 *** | **-31,329** | **-44.01 %** |
| **Items that will not be reclassified to profit or loss** | | | | |
| Revaluation of obligation of defined benefit plans (including deferred taxes) | 0 | -6 | 6 | -100.00 % |
| Revaluation reserve (including deferred taxes) | 0 | 206 | -206 | -100.00 % |
| Fair value reserve - equity instruments (including deferred taxes) | 3,335 | -503 | 3,838 | < -200.00 % |
| Revaluation of own credit risk (including deferred taxes) | -78 | 394 | -472 | -119.70 % |
| **Total items that will not be reclassified to profit or loss** | **3,258** | **92** | **3,166** | **> 200.00 %** |
| **Items that may be reclassified to profit or loss** | | | | |
| Fair value reserve - debt instruments (including deferred taxes) | | | | |
| Change in fair value | -160 | 71 | -231 | < -200.00 % |
| Cash flow hedge reserve (including deferred taxes) | | | | |
| Change in fair value (effective hedge) | -88 | 14 | -102 | < -200.00 % |
| Net amount transferred to profit or loss | 73 | 55 | 18 | 32.08 % |
| Change from companies measured at equity | 714 | -959 | 1,673 | -174.43 % |
| **Total items that may be reclassified to profit or loss** | **539** | **-818** | **1,358** | **-165.86 %** |
| **Other comprehensive income total** | **3,797** | **-727** | **4,524** | **< -200.00 %** |
| **Comprehensive income** | **43,656** | **70,462 *** | **-26,806** | **-38.04 %** |
| **Comprehensive income attributable to shareholders of the parent company** | **43,656** | **70,461 *** | **-26,804** | **-38.04 %** |
| Comprehensive income attributable to non-controlling interest | 0 | 1 | -1 | -100.00 % |

* The previous year period was restated in accordance with IAS 8.

## Condensed statement of financial position as at 30 June 2024

| | 30 Jun 2024 Euro thousand | 31 Dec 2023 Euro thousand | Changes Euro thousand | % |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Liquid funds | 3,137,361 | 3,303,819 | -166,459 | -5.04 % |
| Loans and receivables to credit institutions | 1,944,327 | 2,593,652 | -649,326 | -25.04 % |
| Loans and receivables to customers | 5,937,440 | 5,816,672 | 120,768 | 2.08 % |
| Assets held for trading | 23,781 | 24,771 | -990 | -4.00 % |
| Financial investments | 3,005,037 | 2,694,737 | 310,301 | 11.52 % |
| Investment property | 27,187 | 27,187 | 0 | 0.00 % |
| Companies measured at equity | 43,011 | 42,150 | 861 | 2.04 % |
| Participations | 88,700 | 77,878 | 10,822 | 13.90 % |
| Intangible assets | 14,952 | 15,677 | -725 | -4.63 % |
| Tangible assets | 122,490 | 124,191 | -1,700 | -1.37 % |
| Tax assets | 76,828 | 73,724 | 3,104 | 4.21 % |
| Deferred taxes | 76,828 | 73,724 | 3,104 | 4.21 % |
| Other assets | 324,243 | 305,356 | 18,887 | 6.19 % |
| Assets held for sale | 1,604 | 0 | 1,604 | 100.00 % |
| **TOTAL ASSETS** | **14,746,961** | **15,099,814** | **-352,853** | **-2.34 %** |
| **LIABILITIES** | | | | |
| Amounts owed to credit institutions | 2,570,741 | 2,988,163 | -417,421 | -13.97 % |
| Amounts owed to customers | 6,344,796 | 6,531,503 | -186,707 | -2.86 % |
| Debts evidenced by certificates | 3,265,145 | 3,322,662 | -57,517 | -1.73 % |
| Lease liabillities | 79,708 | 79,553 | 155 | 0.19 % |
| Liabilities held for trading | 21,165 | 23,946 | -2,781 | -11.61 % |
| Provisions | 57,196 | 57,255 | -58 | -0.10 % |
| Tax liabilities | 6,837 | 5,234 | 1,603 | 30.63 % |
| Current taxes | 6,342 | 4,784 | 1,558 | 32.57 % |
| Deferred taxes | 495 | 450 | 45 | 9.98 % |
| Other liabilities | 611,541 | 595,170 | 16,371 | 2.75 % |
| Subordinated liabilities | 887,939 | 401,973 | 485,966 | 120.89 % |
| Equity | 901,891 | 1,094,355 | -192,463 | -17.59 % |
| Shareholders' equity | 901,891 | 1,094,355 | -192,463 | -17.59 % |
| **TOTAL LIABILITIES** | **14,746,961** | **15,099,814** | **-352,853** | **-2.34 %** |

## Condensed changes in the Group's equity

| Euro thousand | Subscribed capital | Additional tier 1 capital | Capital reserves | Retained earnings and other reserves | Shareholders' equity | Non-controlling interest | Equity |
|---|---|---|---|---|---|---|---|
| **As at 01 Jan 2023** | **137,547** | **217,722** | **269,779** | **359,423** | **984,472** | **80** | **984,552** |
| **Restatement *** | | | | **-8,304** | **-8,304** | | **-8,304** |
| **As at 01 Jan 2023 restated** | **137,547** | **217,722** | **269,779** | **351,119** | **976,168** | **80** | **976,248** |
| Consolidated net income * | | | | 71,188 | 71,188 | 1 | 71,189 |
| Other comprehensive income | 0 | 0 | 0 | -727 | -727 | 0 | -727 |
| Comprehensive income | 0 | 0 | 0 | 70,461 | 70,461 | 1 | 70,462 |
| Redemption AT1 emission | | 0 | | 0 | 0 | | 0 |
| Dividends paid | | | | -3,316 | -3,316 | | -3,316 |
| Coupon for the AT1 emission | | | | -8,525 | -8,525 | | -8,525 |
| Repurchase treasury stocks | -624 | | | -2,376 | -3,000 | | -3,000 |
| Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation | | | | -17 | -17 | 17 | 0 |
| **As at 30 Jun 2023 restated** | **136,922** | **217,722** | **269,779** | **407,346** | **1,031,771** | **98** | **1,031,869** |
| **As at 01 Jan 2024** | **135,674** | **217,722** | **269,779** | **471,179** | **1,094,355** | **0** | **1,094,355** |
| Consolidated net income | | | | 39,860 | 39,860 | 0 | 39,860 |
| Other comprehensive income | 0 | 0 | 0 | 3,797 | 3,797 | 0 | 3,797 |
| Comprehensive income | 0 | 0 | 0 | 43,656 | 43,656 | 0 | 43,656 |
| Redemption AT1 emission | | -217,722 | | -2,278 | -220,000 | | -220,000 |
| Dividends paid | | | | -7,595 | -7,595 | 0 | -7,595 |
| Coupon for the AT1 emission | | | | -8,525 | -8,525 | | -8,525 |
| Repurchase treasury stocks | 0 | | | 0 | 0 | | 0 |
| Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation | | | | 0 | 0 | 0 | 0 |
| **As at 30 Jun 2024** | **135,674** | **0** | **269,779** | **496,438** | **901,891** | **0** | **901,891** |

* The previous year period was restated in accordance with IAS 8.

## Condensed cash flow statement

| Euro thousand | 1-6/2024 | 1-6/2023 |
|---|---|---|
| **Cash and cash equivalents at the end of previous period (= liquid funds)** | 3,303,819 | 3,345,392 |
| Cash flow from operating activities | -69,886 | -36,747 |
| Cash flow from investing activities | -354,023 | -295,880 |
| Cash flow from financing activities | 257,450 | -16,760 |
| **Cash and cash equivalents at the end of period** | 3,137,361 | 2,996,005 |

# Notes as at 30 June 2024

## 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 subsidiaries active within Austria, and the central organisation (CO) of the Austrian Association of Volksbanks. In addition to the sector business with Volksbanks, the focus of private und corporate customer business on Austria.

The interim financial statements of VBW as at 30 June 2024 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 2023. 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 2023 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.

### Error correction in accordance with IAS 8

As part of this error correction, risk provisions for the banks of the Association were recorded retrospectively as at 31 December 2023. The following table shows the income statement items affected by this for the period 1-6/2023:

| Euro thousand | Restated 1-6/2023 | Published 1-6/2023 | Changes |
|---|---|---|---|
| **INCOME STATEMENT** | | | |
| Risk provision | 3,258 | 3,043 | 215 |
| **Result for the period before taxes** | **82,049** | **81,834** | **215** |
| Income taxes | -10,860 | -10,811 | -49 |
| **Result for the period after taxes** | **71,189** | **71,024** | **165** |

## Accounting standards

### Initially applied standards and interpretations

| Standard | Mandatory application | Significant effects on VBW |
|---|---|---|
| **Amendments to standards and interpretations** | | |
| Lease Liability in a Sale and Leaseback (amendments toIFRS 16) | 01 Jan 2024 | No |
| Classification of Liabilities as Current or Non-current (amendments to IAS 1) | 01 Jan 2024 | No |
| Non-current Liabilities with Covenants (amendments to IAS 1) | 01 Jan 2024 | No |
| Disclosure of Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) | 01 Jan 2024 | No |

### Standards and interpretations to be applied in the future

| Standard | Mandatory application | Significant effects on VBW |
|---|---|---|
| Effects of changes in foreign exchange rates- lack of exchangeabilit (amendments to IAS 21) | 01 Jan 2025 | No |
| Amendments to the Classification and Measurement of financial instruments (amendments to IFRS 9 and IFRS 7) | 01 Jan 2026 | No |
| Annual Improvements to IFRS Accounting Standards - Volume 11 | 01 Jan 2026 | No |
| IFRS 18 Presentation and Disclosure in Financial Statements | 01 Jan 2027 | Yes |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | 01 Jan 2027 | No |

### Annual Improvements to IFRS Accounting Standards - Volume 11

The amendments relate to the following standards:

- IFRS 1 – Hedge accounting by a first-time adopter
- IFRS 7 – Financial Instruments: Disclosure of gain or loss on derecognition
- IFRS 7 – Financial Instruments: Disclosure of deferred difference between fair value and transaction price
- IFRS 7 – Financial Instruments: Introduction and credit risk disclosures
- IFRS 9 – Financial Instruments: Lessee derecognition of lease liabilities
- IFRS 9 – Financial Instruments: Transaction price definition
- IFRS 10 – Consolidated Financial Statements: Determination of a 'de facto agent'
- IAS 7 – Statement of Cash Flows: Concept of “cost method” no longer defined.

The impact on the annual financial statements is analysed.

## 2) Presentation and changes in the scope of consolidation

During the first half of the 2024 business year there were no changes in the scope of consolidation within the VBW Group.

# 3) Notes to the income statement

## Net interest income

| Euro thousand | 1-6/2024 | 1-6/2023 |
|---|---|---|
| Interest and similar income from | 265,707 | 198,521 |
| Deposits with credit institutions (incl. central banks) | 68,235 | 42,399 |
| Credit and money market transactions with credit institutions | 41,841 | 37,279 |
| Credit and money market transactions with customers | 116,025 | 90,843 |
| Bonds and other fixed-income securities | 29,541 | 18,361 |
| Derivative instruments | 10,065 | 9,638 |
| Interest and similar expenses for | -183,890 | -111,199 |
| Liquid funds | -10,047 | -22,236 |
| Deposits from credit institutions | -50,586 | -36,152 |
| Deposits from customers | -47,463 | -11,598 |
| Debts evidenced by certificates | -40,488 | -19,607 |
| Subordinated liabilities | -18,524 | -10,382 |
| Derivative instruments | -16,107 | -11,180 |
| Lease liabilities | -551 | -425 |
| Valuation result - modification | -131 | 353 |
| Valuation result - derecognition | 7 | 26 |
| **Net interest income** | **81,817** | **87,321** |

## Net interest income according to IFRS 9 categories

| Euro thousand | 1-6/2024 | 1-6/2023 |
|---|---|---|
| Interest and similar income from | 265,707 | 198,521 |
| Financial assets measured at amortised cost | 254,045 | 187,449 |
| Financial assets measured at fair value through OCI | 159 | 64 |
| Financial assets measured at fair value through profit or loss - obligatory | 1,439 | 1,370 |
| Derivative instruments | 10,065 | 9,638 |
| Interest and similar expenses for | -183,890 | -111,199 |
| Financial liabilities measured at amortised cost | -166,219 | -98,988 |
| Financial liabilities measured at fair value through profit or loss - designated | -1,440 | -1,411 |
| Derivative instruments | -16,107 | -11,180 |
| Valuation result - modification | -131 | 353 |
| Valuation result - derecognition | 7 | 26 |
| **Net interest income** | **81,817** | **87,321** |

### Risk provision

| Euro thousand | 1-6/2024 | 1-6/2023 |
|---|---|---|
| Changes in risk provision * | -27,409 | 2,487 |
| Changes in provision for risks * | 805 | 1,106 |
| Direct write-offs of loans and receivables | -545 | -992 |
| Income from loans and receivables previously written off | 593 | 639 |
| Valuation result modification / derecognition | 47 | 18 |
| **Risk provision *** | **-26,510** | **3,258** |

* The previous year period was restated in accordance with IAS 8.

### Net fee and commission income

| Euro thousand | 1-6/2024 | 1-6/2023 |
|---|---|---|
| Fee and commission income | 44,682 | 42,487 |
| Lending business | 2,341 | 1,824 |
| Securities and custody business | 17,733 | 16,554 |
| Payment transactions | 18,626 | 18,037 |
| Foreign exchange, foreign notes and coins and precious metals transactions | 70 | 62 |
| Financial guarantees | 612 | 647 |
| Other services | 5,300 | 5,362 |
| Fee and commission expenses | -6,405 | -10,242 |
| Lending business | -1,139 | -5,130 |
| Securities and custody business | -2,552 | -2,550 |
| Payment transactions | -2,670 | -2,535 |
| Other services | -43 | -26 |
| **Net fee and commission income** | **38,277** | **32,245** |

Other service business mainly includes brokerage commissions for brokering loans to TeamBank AG Nürnberg. Net fee and commission income includes fee and commission income in the amount of euro 71 thousand (1-6/2023: euro 49 thousand) for trust agreements.

### Net trading income

| Euro thousand | 1-6/2024 | 1-6/2023 |
|---|---|---|
| Equity-related transactions | 6 | 1 |
| Exchange-rate-related transactions | 3,076 | 136 |
| Interest-rate-related transactions | 878 | 1,122 |
| **Net trading income** | **3,960** | **1,259** |

### Result from financial instruments and investment properties

| Euro thousand | 1-6/2024 | 1-6/2023 |
|---|---|---|
| **Other result from financial instruments** | **-54** | **-1,078** |
| Result from financial investments and other financial assets and liabilities measured at fair value through profit or loss | -2,303 | -2,744 |
| Valuation measured at fair value through profit or loss - obligatory | -3,905 | -1,972 |
| Loans and receivables to credit institutions and customers | 651 | -324 |
| Securities | 18 | 138 |
| Result from other derivative instruments | -3,441 | -200 |
| Result from fair value hedge | -1,112 | -1,586 |
| Result (ineffectiveness) from cash flow hedge | -22 | 0 |
| Valuation measured at fair value through profit or loss - designated | 1,588 | -780 |
| Debts evidenced by certificates | 1,588 | -780 |
| Income from equities and other variable-yield securities | 14 | 8 |
| Result from financial investments and other financial assets and liabilities measured at fair value through OCI | 2,249 | 1,666 |
| Income from participations | 2,249 | 1,666 |
| **Result from investment properties** | **681** | **513** |
| Income from investment properties and operating leases | 681 | 513 |
| **Result from financial instruments and investment properties** | **627** | **-565** |

### Other operating result

| Euro thousand | 1-6/2024 | 1-6/2023 |
|---|---|---|
| Other operating income | 84,119 | 92,704 |
| Other operating expenses | -11,284 | -16,353 |
| Deconsolidation result from consolidated affiliates | 0 | -1 |
| Regulatory expenses | -3,803 | -6,819 |
| **Other operating result** | **69,032** | **69,531** |

Regulatory expenses include the stability tax in the amount of euro -1,140 thousand (1-6/2023: euro -1,263 thousand), contributions to the deposit guarantee scheme in the amount of -2,193 thousand (1-6/2023: euro -3,504 thousand) and contributions to the Single Resolution Fund in the amount of euro -470 thousand (1-6/2023: euro -2,052 thousand).

In the 2023 financial year, the line “Taxes and levies on banking business” within the item “Other operating result” was renamed “Regulatory expenses”. In this context, regulatory costs (contributions to the deposit guarantee scheme and the Single Resolution Fund) amounting to euro -2,663 thousand (1-6/2023: euro -5,556 thousand) were reclassified from administrative expenses to regulatory expenses in Other operating result. The figures for the same period in the previous year have been restated.

Detailed description of other operating income and other operating expenses:

| Euro thousand | 1-6/2024 | 1-6/2023 |
|---|---|---|
| Income from allocation of costs | 83,020 | 90,345 |
| Realised gains from disposal of fixed assets and security properties | 31 | 1,525 |
| Others | 1,067 | 834 |
| **Other operating income** | **84,119** | **92,704** |
| | | |
| Allocation of costs | -10,181 | -16,052 |
| Realised losses from disposal of fixed assets and security properties | -182 | -4 |
| Other taxes | -135 | -69 |
| Others | -785 | -229 |
| **Other operating expenses** | **-11,284** | **-16,353** |

## General administrative expenses

| Euro thousand | 1-6/2024 | 1-6/2023 |
|---|---|---|
| Staff expenses | -72,606 | -65,010 |
| Wages and salaries | -54,495 | -48,823 |
| Expenses for statutory social security | -13,707 | -12,559 |
| Fringe benefits | -905 | -871 |
| Expenses for retirement benefits | -1,639 | -1,370 |
| Allocation to provision for severance payments and pension funds | -1,860 | -1,387 |
| Administrative expenses | -50,758 | -42,204 |
| Office space expenses | -3,033 | -3,329 |
| Office supplies and communication expenses | -729 | -731 |
| Advertising, PR and promotional expenses | -2,798 | -1,960 |
| Legal, advisory and consulting expenses | -7,950 | -6,209 |
| IT expenses | -32,603 | -27,066 |
| Other administrative expenses (including training expenses) | -3,646 | -2,909 |
| Depreciation and reversal of impairment | -5,101 | -5,438 |
| Depreciation | -3,099 | -3,432 |
| Rights of use - lease amortisation | -2,001 | -2,006 |
| **General administrative expenses** | **-128,464** | **-112,652** |

## Income taxes

In the first half of the 2024 business year deferred tax assets for tax loss carryforwards in the amount of euro 9,720 thousand (1-6/2023: euro 6,130 thousand) were recognised.

## 4) Notes to the consolidated balance sheet

### Liquid funds

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Cash in hand | 38,488 | 42,156 |
| Balances with central banks | 3,098,873 | 3,261,663 |
| **Liquid funds** | **3,137,361** | **3,303,819** |

The balance sheet item Liquid funds includes cash in hand, the minimum reserve and loans and receivables from the Oesterreichische Nationalbank due on demand.

### Loans and receivables to credit institutions and customers

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Loans and receivables to credit institutions | | |
| Amortised cost | 1,948,787 | 2,598,534 |
| Gross carrying amount | 1,948,787 | 2,598,534 |
| Risk provision | -4,460 | -4,882 |
| **Net carrying amount** | **1,944,327** | **2,593,652** |
| | | |
| Loans and receivables to customers | | |
| Amortised cost | 6,044,113 | 5,882,432 |
| Fair value through profit or loss | 59,932 | 65,729 |
| Gross carrying amount | 6,104,045 | 5,948,161 |
| Fair value changes in the underlying items for portfolio hedges of interest rate risks | -48,794 | -41,246 |
| Risk provision | -117,810 | -90,243 |
| **Net carrying amount** | **5,937,440** | **5,816,672** |
| **Loans and receivables to credit institutions and customers** | **7,881,767** | **8,410,324** |

### Sensitivity analysis

The following table shows the changes in the fair value of the loans and receivables to customers recognised at fair value through profit or loss after adjustment of input factors:

| Euro thousand | | |
|---|---|---|
| **30 Jun 2024** | **Positive** | **Negative** |
| Change in risk markup +/- 10 bp | 134 | -134 |
| Change in risk markup +/- 100 bp | 1,375 | -1,304 |
| Change in rating 1 stage down / up | 15 | -11 |
| Change in rating 2 stages down / up | 22 | -33 |
| **31 Dec 2023** | | |
| Change in risk markup +/- 10 bp | 151 | -150 |
| Change in risk markup +/- 100 bp | 1,543 | -1,462 |
| Change in rating 1 stage down / up | 18 | -11 |
| Change in rating 2 stages down / up | 24 | -28 |

### Risk provision

The following table shows the development of risk provision for loans and receivables to credit institutions as well as to 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 2023 *** | **21,960** | **15,046** | **39,823** | **76,828** |
| Increases due to origination and acquisition * | 3,257 | 29 | 74 | 3,360 |
| Decreases due to derecognition * | -4,143 | -295 | -1,134 | -5,572 |
| Changes due to change in credit risk | -384 | -519 | 803 | -100 |
| Thereof transfer to stage 1 | 1,101 | -1,101 | 0 | |
| Thereof transfer to stage 2 | -1,352 | 1,356 | -4 | |
| Thereof transfer to stage 3 | -9 | -499 | 509 | |
| Post-model adjustment | 0 | 0 | 0 | 0 |
| Decrease in allowance account due to write-offs | 0 | 0 | -2,001 | -2,001 |
| Other adjustments * | -102 | -68 | 175 | 5 |
| **As at 30 Jun 2023 *** | **20,587** | **14,193** | **37,740** | **72,520** |
| | | | | |
| **As at 01 Jan 2024** | **17,577** | **12,214** | **66,020** | **95,812** |
| Increases due to origination and acquisition | 1,455 | 166 | 1,596 | 3,217 |
| Decreases due to derecognition | -1,608 | -339 | -530 | -2,478 |
| Changes due to change in credit risk | -5,631 | 19,249 | 18,478 | 32,096 |
| Thereof transfer to stage 1 | 632 | -629 | -2 | |
| Thereof transfer to stage 2 | -6,074 | 6,105 | -32 | |
| Thereof transfer to stage 3 | -23 | -805 | 827 | |
| Post-model adjustment | -1,294 | -3,524 | 0 | -4,818 |
| Decrease in allowance account due to write-offs | 0 | 0 | -802 | -802 |
| Other adjustments | -7 | -1,705 | 1,643 | -69 |
| **As at 30 Jun 2024** | **10,491** | **26,059** | **86,406** | **122,957** |

* The previous year period was restated in accordance with IAS 8.

### Assets held for trading

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Bonds and other fixed-income securities | 5,141 | 3,996 |
| Equities and other variable-yield securities | 68 | 19 |
| Positive fair values of derivative instruments | 18,571 | 20,755 |
| Interest-rate-related transactions | 18,571 | 20,755 |
| **Assets held for trading** | **23,781** | **24,771** |

Since assumption of the CO function, the company has maintained a trading book. As at 30 June 2024 the volume of the trading book amounts to euro 998,447 thousand (31 December 2023: euro 861,351 thousand).

### Financial investments

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Financial investments | | |
| Amortised cost | 2,978,723 | 2,673,459 |
| Fair value through OCI | 23,723 | 18,667 |
| Fair value through profit or loss | 3,276 | 3,295 |
| Risk provision | -685 | -685 |
| **Carrying amount** | **3,005,037** | **2,694,737** |

### Participations

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Investments in unconsolidated affiliates | 2,438 | 2,355 |
| Investments in companies with participating interests | 5,044 | 4,890 |
| Investments in other participations | 81,218 | 70,633 |
| **Participations** | **88,700** | **77,878** |

### Sensitivity analysis

Participations measured by using the DCF method

| Euro thousand | | Proportional fair value<br>Interest rate | | |
|---|---|---|---|---|
| **30.06.2024** | | **-0.50 %** | **Actual** | **0.50 %** |
| | -10.00 % | 9,378 | 9,117 | 8,878 |
| Income component | **Actual** | 10,050 | **9,760** | 9,495 |
| | 10.00 % | 10,722 | 10,404 | 10,111 |
| **31.12.2023** | | | | |
| | -10.00 % | 9,434 | 9,168 | 8,925 |
| Income component | **Actual** | 10,112 | **9,817** | 9,547 |
| | 10.00 % | 10,790 | 10,466 | 10,169 |

Participations measured at net assets

| Euro thousand | Proportional fair value<br>If assumption is decreased | Actual | If assumptions is increased |
|---|---|---|---|
| **30 Jun 2024** | | | |
| Net assets (10 % change) | 5,812 | **6,455** | 7,103 |
| **31.12.2023** | | | |
| Net assets (10 % change) | 5,708 | **6,343** | 6,976 |

Participations measured based on external appraisals

| Euro thousand<br>30 Jun 2024 | Lower band | Actual | Upper band |
|---|---|---|---|
| Proportional fair value | 60,296 | **66,995** | 73,695 |
| **31 Dec 2023** | | | |
| Proportional fair value | 50,605 | **56,228** | 61,851 |

### Other assets

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Deferred items | 30,113 | 3,882 |
| Other receivables and assets | 60,804 | 27,884 |
| Positive fair values of derivative instruments | 233,326 | 273,590 |
| **Other assets** | **324,243** | **305,356** |

### Assets held for sale

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Tangible assets | 1,604 | 0 |
| **Assets held for sale** | **1,604** | **0** |

This item relates to the sale of a property.

### Amounts owed to credit institutions

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Central banks | 11 | 616,157 |
| Other credit institutions | 2,570,730 | 2,372,006 |
| **Amounts owed to credit institutions** | **2,570,741** | **2,988,163** |

Amounts owed to credit institutions are measured at amortised cost.

As at 30 June 2024, the outstanding amount from the TLTRO refinancing of euro 600,000 thousand (31 Dec 2023: euro 600,000 thousand) was repaid in full. The interest expense includes interest expenses from the TLTRO refinancing of euro 10,046 thousand (1-6/2023: euro 22,236 thousand).

### Amounts owed to customers

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Savings deposits | 845,074 | 1,014,407 |
| Other deposits | 5,499,725 | 5,516,701 |
| Fair value changes in the underlying items for portfolio hedges of interest rate risks | -3 | 395 |
| **Amounts owed to customers** | **6,344,796** | **6,531,503** |

Amounts owed to customers are measured at amortised cost.

### Debts evidenced by certificates

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Bonds | 3,265,145 | 3,322,662 |
| Amortised cost | 3,195,507 | 3,252,536 |
| Fair value through profit or loss - designated | 69,638 | 70,126 |
| **Debts evidenced by certificates** | **3,265,145** | **3,322,662** |

The item Bonds - measured at fair value through profit or loss comprises the redemption amount at maturity of euro 50,000 thousand (31 Dec 2023: euro 50,000 thousand), the FV measurement and the interest accruals (including interest accruals for a zero-coupon bond). In the first half of 2024, the fair value change of own credit risk in the amount of euro -78 thousand (1-6/2023: euro 394 thousand) was reported in other comprehensive income. The cumulative amount of the fair value change of own credit risk was euro 1,822 thousand (1-6/2023: euro 1,355 thousand).

In the first half of 2024, VBW floated four (1-6/2023: six) issues with a total face value of euro 177,500 thousand (1-6/2023: euro 767,500 thousand).

### Liabilities held for trading

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Negative fair values of derivative instruments | | |
| Interest-rate-related transactions | 21,165 | 23,946 |
| **Liabilities held for trading** | **21,165** | **23,946** |

### Provisions

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Provisions for employment benefits | 46,323 | 45,707 |
| Provisions for off-balance and other risks | 8,729 | 9,552 |
| Stage 1 | 1,334 | 1,737 |
| Stage 2 | 2,336 | 1,693 |
| Stage 3 | 5,059 | 6,123 |
| Other provisions | 2,145 | 1,996 |
| **Provisions** | **57,196** | **57,255** |

The Federal Fiscal Court (BFG) submitted a request on 28 June 2024 for a preliminary ruling to the European Court of Justice (ECJ) pursuant to Article 267 TFEU. The BFG has made a request to the ECJ to decide whether the intermediate bank exemption pursuant to Section 6(1) no. 28 2nd sentence of the Austrian Vat Act (UStG) constitutes state aid within the meaning of Article 107(1) TFEU. Section 6(1) no. 28 2nd sentence UStG exempts services between companies that predominantly execute banking, insurance or pension fund transactions from the obligation to charge VAT if these services are used directly to execute tax-free transactions. VBW is not itself involved in the original legal dispute for the preliminary ruling stated above, but it does make use of the interbank exemption pursuant to Section 6(1) no. 28 2nd sentence UStG in business transactions with other companies of the Volksbank Group. VBW has therefore examined the extent to which a provision should be made at present with experts involved in this examination. The content and facts of the original legal dispute are not publicly accessible. Following intensive examination and consideration of all known information, VBW has therefore come to the conclusion that the outcome of the proceedings and any further consequences for VBW cannot be estimated as yet and it therefore sees no need to form provisions at present.

### Other liabilities

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Deferred items | 1,878 | 1,723 |
| Other liabilities | 349,016 | 281,964 |
| Negative fair values of derivative instruments | 260,647 | 311,483 |
| **Other liabilities** | **611,541** | **595,170** |

### Subordinated liabilities

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Subordinated capital | 887,939 | 401,973 |
| Amortised cost | 887,939 | 401,973 |
| **Subordinated liabilities** | **887,939** | **401,973** |

A subordinated bond (Tier II) with a face value of euro 500,000 thousand was issued in March 2024.

## Equity

### Dividend payment

| Euro thousand | 1-6/2024 | 1-6/2023 |
|---|---|---|
| Dividend voting equity | 7,595 | 3,316 |
| Coupon for the AT1 emission | 8,525 | 8,525 |
| **Total** | **16,120** | **11,841** |

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

| | | Other reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Euro thousand | Retained earnings | IAS 19 reserve | Revaluation reserve | Fair value reserve - equity instruments | Fair value reserve - debt instruments | Cash flow hedge reserve | Own credit risk reserve | Retained earnings and other reserves |
| **As at 01 Jan 2023** | **328,871** | **10,285** | **1,411** | **19,349** | **-694** | **-760** | **961** | **359,423** |
| **Restatement *** | **-8,304** | | | | | | | **-8,304** |
| **As at 01 Jan 2023 restated** | **320,567** | **10,285** | **1,411** | **19,349** | **-694** | **-760** | **961** | **351,119** |
| Consolidated net income * | 71,188 | | | | | | | 71,188 |
| Other comprehensive income | 0 | 0 | 206 | -1,471 | 74 | 70 | 394 | -727 |
| Redemption AT1 emission | | | | | | | | 0 |
| Dividends paid | -3,316 | | | | | | | -3,316 |
| Coupon for the AT1 emission | -8,525 | | | | | | | -8,525 |
| Repurchase treasury stocks | -2,376 | | | | | | | -2,376 |
| Reclassification fair value reserve due to sale | 0 | | | 0 | | | | 0 |
| Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation | -17 | | | | | | | -17 |
| **As at 30 Jun 2023 restated** | **377,521** | **10,285** | **1,617** | **17,878** | **-619** | **-690** | **1,355** | **407,346** |
| | | | | | | | | |
| **As at 01 Jan 2024** | **425,079** | **9,018** | **1,633** | **33,992** | **-117** | **-325** | **1,899** | **471,179** |
| Consolidated net income | 39,860 | | | | | | | 39,860 |
| Other comprehensive income | 0 | 2 | 0 | 4,056 | -169 | -15 | -78 | 3,797 |
| Redemption AT1 emission | -2,278 | | | | | | | -2,278 |
| Dividends paid | -7,595 | | | | | | | -7,595 |
| Coupon for the AT1 emission | -8,525 | | | | | | | -8,525 |
| Repurchase treasury stocks | | | | | | | | 0 |
| Reclassification fair value reserve due to sale | -1,533 | | | 1,533 | | | | 0 |
| Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation | 0 | | | | | | | 0 |
| **As at 30 Jun 2024** | **445,009** | **9,021** | **1,633** | **39,581** | **-287** | **-340** | **1,822** | **496,438** |

* The previous year period was restated in accordance with IAS 8.

## 5) Own funds

The table below shows the own funds of the VBW group of credit institutions, as determined according to the CRR, including the allocation of profits during the year and less planned distributions. The CET1 capital ratio without allocation of profits during the year is 16.03 %, the Tier 1 capital ratio 16.03 %, and the equity ratio 31.74 %.

| Euro thousand | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| Common Tier 1 capital: Instruments and reserves | | |
| Capital instruments including share premium accounts | 338,303 | 338,303 |
| Retained earnings | 369,297 | 370,830 |
| Interim profit | 40,210 | |
| Accumulated other comprehensive income (and other reserves) | 162,806 | 157,476 |
| Common Tier 1 capital before regulatory adjustments | 910,616 | 866,609 |
| Common Tier 1 capital: regulatory adjustments | | |
| Intangible assets (net of related tax liability) | -14,952 | -15,677 |
| Cash flow hedge reserve | 340 | 325 |
| Cumulative gains and losses due to changes in own credit risk on fair valued liabilities | -1,822 | -1,899 |
| Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities | 230 | 246 |
| Value adjustments due to the requirement for prudent valuation | -787 | -879 |
| CET1 instruments of financial sector entities where the institution has a significant investment | -1,158 | -325 |
| Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities | -65,957 | -56,319 |
| Insufficient coverage for non-performing exposures | -2,968 | -2,272 |
| Regulatory adjustments - transitional provisions | 3,391 | 4,039 |
| Adjustments to be made due to transitional regulations under IFRS 9 | 3,391 | 4,039 |
| Additional CET1 deductions pursuant to article 3 CRR | -11,609 | -12,554 |
| Total regulatory adjustments | -95,291 | -85,315 |
| **Common equity Tier 1 capital - CET1** | **815,325** | **781,293** |
| Additional Tier 1 capital: instruments | | |
| Capital instruments including share premium accounts | 0 | 220,000 |
| Additional Tier 1 capital before regulatory adjustments | 0 | 220,000 |
| **Additional Tier 1 capital - AT1** | **0** | **220,000** |
| **Tier 1 capital (CET1 + AT1)** | **815,325** | **1,001,293** |
| Tier 2 capital - instruments and provisions | | |
| Capital instruments including share premium accounts | 755,906 | 300,183 |
| Tier 2 capital before regulatory adjustments | 755,906 | 300,183 |
| **Tier 2 capital - T2** | **755,906** | **300,183** |
| **Own funds total - TC (T1 + T2)** | **1,571,231** | **1,301,477** |
| Common equity Tier 1 capital ratio | 16.94 % | 17.20 % |
| Tier 1 capital ratio | 16.94 % | 22.04 % |
| Equity ratio | 32.65 % | 28.65 % |
| 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 2024 | 31 Dec 2023 |
|---|---|---|
| Risk weighted exposure amount - credit risk | 4,120,217 | 3,849,585 |
| Total risk exposure amount for position, foreign exchange and commodities risks | 17,615 | 22,650 |
| Total risk exposure amount for operational risk | 662,046 | 662,046 |
| Total risk exposure amount for credit valuation adjustment (cva) | 11,812 | 8,932 |
| **Total risk exposure amount** | **4,811,690** | **4,543,212** |

The table below shows the own funds determined according to the CRR, fully applying the VBW group of credit institutions, including the allocation of profits during the year and less planned distributions. The CET1 capital ratio without allocation of profits during the year is 15.97 %, the Tier 1 capital ratio 15.97 %, and the equity ratio 31.69 %.

| **Euro thousand** | **30.06.2024** | **31.12.2023** |
|---|---|---|
| Common Tier 1 capital: Instruments and reserves | | |
| Capital instruments including share premium accounts | 338,303 | 338,303 |
| Retained earnings | 369,297 | 370,830 |
| Interim profit | 40,210 | |
| Accumulated other comprehensive income (and other reserves) | 162,806 | 157,476 |
| Common Tier 1 capital before regulatory adjustments | 910,616 | 866,609 |
| Common Tier 1 capital: regulatory adjustments | | |
| Intangible assets (net of related tax liability) | -14,952 | -15,677 |
| Cash flow hedge reserve | 340 | 325 |
| Cumulative gains and losses due to changes in own credit risk on fair valued liabilities | -1,822 | -1,899 |
| Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities | 230 | 246 |
| Value adjustments due to the requirement for prudent valuation | -787 | -879 |
| CET1 instruments of financial sector entities where the institution has a significant investment | -1,158 | -325 |
| Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities | -65,957 | -56,319 |
| Insufficient coverage for non-performing exposures | -2,968 | -2,272 |
| Additional CET1 deductions pursuant to article 3 CRR | -11,609 | -12,554 |
| Total regulatory adjustments | -98,682 | -89,355 |
| **Common equity Tier 1 capital - CET1** | **811,934** | **777,254** |
| Additional Tier 1 capital: instruments | | |
| Capital instruments including share premium accounts | 0 | 220,000 |
| Additional Tier 1 capital before regulatory adjustments | 0 | 220,000 |
| **Additional Tier 1 capital - AT1** | **0** | **220,000** |
| **Tier 1 capital (CET1 + AT1)** | **811,934** | **997,254** |
| Tier 2 capital - instruments and provisions | | |
| Capital instruments including share premium accounts | 755,906 | 300,183 |
| Tier 2 capital before regulatory adjustments | 755,906 | 300,183 |
| **Tier 2 capital - T2** | **755,906** | **300,183** |
| **Own funds total - TC (T1 + T2)** | **1,567,840** | **1,297,437** |
| Common equity Tier 1 capital ratio | 16.89 % | 17.12 % |
| Tier 1 capital ratio | 16.89 % | 21.97 % |
| Equity ratio | 32.61 % | 28.58 % |
| 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** | **30.06.2024** | **31.12.2023** |
|---|---|---|
| Risk weighted exposure amount - credit risk | 4,116,904 | 3,846,176 |
| Total risk exposure amount for position, foreign exchange and commodities risks | 17,615 | 22,650 |
| Total risk exposure amount for operational risk | 662,046 | 662,046 |
| Total risk exposure amount for credit valuation adjustment (cva) | 11,812 | 8,932 |
| **Total risk exposure amount** | **4,808,376** | **4,539,804** |

In accordance with IFRS reporting, the scope of consolidation differs from the scope of consolidation under the CRR as the IFRS provide for the inclusion of other entities not belonging to the financial sector. According to the 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. Institutions, financial institutions and providers of ancillary services that are subject to control but are not material for the presentation of the credit institution group in accordance with Article 19(1) CRR are deducted from own funds provided that they exceed the threshold value.

Subsidiaries which are managed jointly with non-Group companies are consolidated proportionately. Shares in companies in the financial sector with a stake of between 10 % and 50 % where there is no joint management, as well as participations in companies in the financial sector with a stake of less than 10 %, are also deducted from own funds if the threshold is exceeded, unless they are included voluntarily on a pro rata basis. All other participations are included in the assessment basis at their carrying amounts.

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

In the first half of the 2024 business year, no substantial, practical or legal obstacles existed which would have prevented the transfer of own funds or the repayment of liabilities between the parent institution and companies 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 2024** | | | | | |
| Liquid funds | 3,137,361 | 0 | 0 | 3,137,361 | 3,137,361 |
| Loans and receivables to credit institutions (gross) | 1,948,787 | 0 | 0 | 1,948,787 | |
| Loans and receivables to credit institutions less impairment | 1,948,787 | 0 | 0 | 1,948,787 | 1,947,117 |
| Loans and receivables to customers (gross) | 6,044,113 | 0 | 59,932 | 6,104,045 | |
| Impairment | -86,406 | 0 | 0 | -86,406 | |
| Loans and receivables to customers less impairment | 5,957,707 | 0 | 59,932 | 6,017,639 | 5,841,474 |
| Assets held for trading | 0 | 0 | 23,781 | 23,781 | 23,781 |
| Financial investments (gross) | 2,978,723 | 23,723 | 3,276 | 3,005,722 | |
| Financial investments less impairment | 2,978,723 | 23,723 | 3,276 | 3,005,722 | 2,950,701 |
| Participations | 0 | 88,700 | 0 | 88,700 | 88,700 |
| Derivative instruments | 0 | 0 | 233,326 | 233,326 | 233,326 |
| **Financial assets total** | **14,022,578** | **112,423** | **320,314** | **14,455,315** | **14,222,459** |
| | | | | | |
| Amounts owed to credit institutions | 2,570,741 | 0 | 0 | 2,570,741 | 2,570,949 |
| Amounts owed to customers | 6,344,799 | 0 | 0 | 6,344,799 | 6,336,377 |
| Debts evidenced by certificates | 3,195,507 | 0 | 69,638 | 3,265,145 | 3,285,179 |
| Lease liabilities | 79,708 | 0 | 0 | 79,708 | 79,708 |
| Liabilities held for trading | 0 | 0 | 21,165 | 21,165 | 21,165 |
| Derivative instruments | 0 | 0 | 260,647 | 260,647 | 260,647 |
| Subordinated liabilities | 887,939 | 0 | 0 | 887,939 | 887,447 |
| **Financial liabilities total** | **13,078,695** | **0** | **351,451** | **13,430,146** | **13,441,472** |
| | | | | | |
| **31 Dec 2023** | | | | | |
| Liquid funds | 3,303,819 | 0 | 0 | 3,303,819 | 3,303,819 |
| Loans and receivables to credit institutions (gross) | 2,598,534 | 0 | 0 | 2,598,534 | |
| Loans and receivables to credit institutions less impairment | 2,598,534 | 0 | 0 | 2,598,534 | 2,595,414 |
| Loans and receivables to customers (gross) | 5,882,432 | 0 | 65,729 | 5,948,161 | |
| Impairment | -66,020 | 0 | 0 | -66,020 | |
| Loans and receivables to customers less impairment | 5,816,412 | 0 | 65,729 | 5,882,141 | 5,857,482 |
| Assets held for trading | 0 | 0 | 24,771 | 24,771 | 24,771 |
| Financial investments (gross) | 2,673,459 | 18,667 | 3,295 | 2,695,421 | |
| Financial investments less impairment | 2,673,459 | 18,667 | 3,295 | 2,695,421 | 2,642,940 |
| Participations | 0 | 77,878 | 0 | 77,878 | 77,878 |
| Derivative instruments | 0 | 0 | 273,590 | 273,590 | 273,590 |
| **Financial assets total** | **14,392,224** | **96,545** | **367,385** | **14,856,154** | **14,775,893** |
| | | | | | |
| Amounts owed to credit institutions | 2,988,163 | 0 | 0 | 2,988,163 | 2,964,106 |
| Amounts owed to customers | 6,531,108 | 0 | 0 | 6,531,108 | 6,599,136 |
| Debts evidenced by certificates | 3,252,536 | 0 | 70,126 | 3,322,662 | 3,313,725 |
| Lease liabilities | 79,553 | 0 | 0 | 79,553 | 79,553 |
| Liabilities held for trading | 0 | 0 | 23,946 | 23,946 | 23,946 |
| Derivative instruments | 0 | 0 | 311,483 | 311,483 | 311,483 |
| Subordinated liabilities | 401,973 | 0 | 0 | 401,973 | 395,552 |
| **Financial liabilities total** | **13,253,333** | **0** | **405,555** | **13,658,889** | **13,687,501** |

### Fair value hierarchy

Financial instruments recognised at fair value are allocated 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 2024** | | | | |
| Loans and receivables to customers | 0 | 0 | 59,932 | 59,932 |
| Assets held for trading | 1,276 | 22,505 | 0 | 23,781 |
| Financial investments | 25,715 | 1,284 | 0 | 26,999 |
| Fair value through profit or loss | 1,992 | 1,284 | 0 | 3,276 |
| Fair value through OCI | 23,723 | 0 | 0 | 23,723 |
| Participations | 0 | 0 | 88,682 | 88,682 |
| Fair value through OCI - designated | 0 | 0 | 88,682 | 88,682 |
| Derivative instruments | 0 | 233,326 | 0 | 233,326 |
| **Financial assets total** | **26,991** | **257,115** | **148,614** | **432,720** |
| | | | | |
| Debts evidenced by certificates | 0 | 0 | 69,638 | 69,638 |
| Liabilities held for trading | 0 | 21,165 | 0 | 21,165 |
| Derivative instruments | 0 | 260,647 | 0 | 260,647 |
| **Financial liabilities total** | **0** | **281,812** | **69,638** | **351,451** |
| | | | | |
| **31 Dec 2023** | | | | |
| Loans and receivables to customers | 0 | 0 | 65,729 | 65,729 |
| Assets held for trading | 4,016 | 20,755 | 0 | 24,771 |
| Financial investments | 20,688 | 1,274 | 0 | 21,963 |
| Fair value through profit or loss | 2,021 | 1,274 | 0 | 3,295 |
| Fair value through OCI | 18,667 | 0 | 0 | 18,667 |
| Participations | 0 | 0 | 77,860 | 77,860 |
| Fair value through OCI - designated | 0 | 0 | 77,860 | 77,860 |
| Derivative instruments | 0 | 273,590 | 0 | 273,590 |
| **Financial assets total** | **24,704** | **295,619** | **143,589** | **463,913** |
| | | | | |
| Debts evidenced by certificates | 0 | 0 | 70,126 | 70,126 |
| Liabilities held for trading | 0 | 23,946 | 0 | 23,946 |
| Derivative instruments | 0 | 311,483 | 0 | 311,483 |
| **Financial liabilities total** | **0** | **335,429** | **70,126** | **405,555** |

Participations in the amount of euro 18 thousand (31 Dec 2023: euro 18 thousand) were measured at amortised cost due to their immateriality.

When determining fair 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 2024, 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 to customers | Participations | Financial assets total | Debts evidenced by certificates | Financial liabilities total |
|---|---|---|---|---|---|
| **As at 01 Jan 2023** | **81,069** | **62,997** | **144,066** | **67,301** | **67,301** |
| Additions | 74 | 0 | 74 | 932 | 932 |
| Disposals | -8,488 | 0 | -8,488 | 0 | 0 |
| Valuation | | | | | |
| Through profit or loss | -324 | 0 | -324 | 780 | 780 |
| Through OCI | 0 | -822 | -822 | -495 | -495 |
| **As at 30 Jun 2023** | **72,331** | **62,175** | **134,507** | **68,518** | **68,518** |
| | | | | | |
| **As at 01 Jan 2024** | **65,729** | **77,860** | **143,589** | **70,126** | **70,126** |
| Additions | 136 | 7,448 | 7,584 | 999 | 999 |
| Disposals | -6,584 | 0 | -6,584 | 0 | 0 |
| Valuation | | | | | |
| Through profit or loss | 651 | 0 | 651 | -1,588 | -1,588 |
| Through OCI | 0 | 3,374 | 3,374 | 101 | 101 |
| **As at 30 Jun 2024** | **59,932** | **88,682** | **148,614** | **69,638** | **69,638** |

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 2,313 thousand (1-6/2023: euro -1,096 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 | |
|---|---|---|---|---|
| | 1-6/2024 | 1-6/2023 | 30 Jun 2024 | 31 Dec 2023 |
| Employees | 1,269 | 1,229 | 1,278 | 1,261 |
| Workers | 4 | 5 | 4 | 4 |
| **Total number of staff** | **1,273** | **1,234** | **1,282** | **1,265** |

All staff are employed in Austria. The figures are determined based on full-time equivalents.

## 8) Branches

| | 30 Jun 2024 | 31 Dec 2023 |
|---|---|---|
| **Total number of branches domestic** | **54** | **54** |

## 9) Related party disclosures

| Euro thousand | Unconsolidated affiliates | Companies in which the Group has a participating interest | Companies measured at equity |
|---|---|---|---|
| **30 Jun 2024** | | | |
| Loans and receivables to credit institutions | 0 | 0 | 2,418 |
| Loans and receivables to customers | 0 | 6,500 | 0 |
| | | | |
| Amounts owed to credit institutions | 0 | 0 | 285,478 |
| Amounts owed to customers | 103 | 3,485 | 430 |
| Transactions | 171 | 11,439 | 247,949 |
| | | | |
| **31 Dec 2023** | | | |
| Loans and receivables to credit institutions | 0 | 0 | 2,783 |
| Loans and receivables to customers | 0 | 6,500 | 0 |
| | | | |
| Amounts owed to credit institutions | 0 | 0 | 228,324 |
| Amounts owed to customers | 173 | 1,287 | 101 |
| Transactions | 382 | 18,400 | 245,423 |

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 the balance sheet date.

As at 30 Jun 2024 loans and receivables to credit institutions contain transactions with the Volksbank-Sector amounting to euro 1,832,158 thousand (31 December 2023: euro 2,459,339 thousand) and amounts owed to credit institutions include transactions with the Volksbank-Sector amounting to euro 2,429,880 thousand (31 December 2023: euro 2,210,213 thousand).

## 10) Segment reporting by business segments

| Euro thousand<br>1-6/2024 | Retail | CO | Consolidation | Total |
|---|---|---|---|---|
| Net interest income | 88,403 | -6,586 | 0 | 81,817 |
| Risk provision | -26,876 | 366 | 0 | -26,510 |
| Net fee and commission income | 35,102 | 3,123 | 52 | 38,277 |
| Net trading income | 109 | 3,851 | 0 | 3,960 |
| Result from financial instruments and investment properties | 1,540 | -913 | 0 | 627 |
| Other operating result | -1,643 | 103,264 | -32,589 | 69,032 |
| General administrative expenses | -78,845 | -82,158 | 32,538 | -128,464 |
| Result from companies measured at equity | 295 | 58 | 0 | 353 |
| **Result for the period before taxes** | **18,085** | **21,006** | **0** | **39,091** |
| Income taxes | -2,349 | 3,118 | 0 | 769 |
| **Result for the period after taxes** | **15,736** | **24,123** | **0** | **39,860** |
| | | | | |
| **30 Jun 2024** | | | | |
| **Total assets** | **7,264,282** | **8,927,472** | **-1,444,793** | **14,746,961** |
| Loans and receivables to customers | 5,908,927 | 28,513 | 0 | 5,937,440 |
| Companies measured at equity | 34,155 | 8,857 | 0 | 43,011 |
| Amounts owed to customers | 5,719,462 | 636,412 | -11,078 | 6,344,796 |
| Debts evidenced by certificates, including subordinated liabilities | 219,377 | 3,933,707 | 0 | 4,153,084 |
| | | | | |
| **1-6/2023** | | | | |
| Net interest income | 91,106 | -3,784 | 0 | 87,321 |
| Risk provision | 2,474 | 784 | 0 | 3,258 |
| Net fee and commission income | 34,955 | -2,746 | 36 | 32,245 |
| Net trading income | 66 | 1,192 | 0 | 1,259 |
| Result from financial instruments and investment properties | 225 | -768 | -22 | -565 |
| Other operating result | -2,274 | 102,778 | -30,973 | 69,531 |
| General administrative expenses | -73,784 | -69,804 | 30,936 | -112,652 |
| Result from companies measured at equity | 1,483 | 169 | 0 | 1,652 |
| **Result for the period before taxes** | **54,250** | **27,821** | **-23** | **82,049** |
| Income taxes | -9,863 | -997 | 0 | -10,860 |
| **Result for the period after taxes** | **44,387** | **26,824** | **-23** | **71,189** |
| | | | | |
| **31 Dec 2023** | | | | |
| **Total assets** | **6,925,394** | **9,422,817** | **-1,248,397** | **15,099,814** |
| Loans and receivables to customers | 5,778,052 | 38,621 | 0 | 5,816,672 |
| Companies measured at equity | 33,404 | 8,746 | 0 | 42,150 |
| Amounts owed to customers | 5,613,899 | 940,728 | -23,124 | 6,531,503 |
| Debts evidenced by certificates, including subordinated liabilities | 94,474 | 3,630,161 | 0 | 3,724,636 |

## 11) Subsequent events

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

## 12) Quarterly financial data

| Euro thousand | 4-6/2024 | 1-3/2024 | 10-12/2023 | 7-9/2023 | 4-6/2023 |
|---|---|---|---|---|---|
| Net interest income | 38,395 | 43,422 | 50,832 | 46,406 | 44,141 |
| Risk provision | -19,238 | -7,272 | -36,263 | 9,479 | 5,746 |
| Net fee and commission income | 18,507 | 19,770 | 16,057 | 15,853 | 16,029 |
| Net trading income | 3,199 | 762 | 1,500 | 398 | 50 |
| Result from financial instruments and investment properties | 1,419 | -792 | -1,285 | 472 | 1,271 |
| Other operating result | 36,229 | 32,803 | 19,490 | 37,275 | 40,209 |
| General administrative expenses | -65,849 | -62,615 | -61,283 | -62,555 | -56,897 |
| Result from companies measured at equity | 181 | 172 | -612 | -358 | 173 |
| **Result for the period before taxes** | **12,843** | **26,248** | **-11,564** | **46,970** | **50,722** |
| Income taxes | 2,083 | -1,315 | 40,031 | -12,684 | -10,510 |
| **Result for the period after taxes** | **14,926** | **24,934** | **28,467** | **34,286** | **40,212** |
| **Result attributable to shareholders of the parent company** | **14,926** | **24,934** | **28,467** | **34,288** | **40,211** |
| Result attributable to non-controlling interests | 0 | 0 | 0 | -1 | 1 |

# 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, 22 August 2024

**Gerald Fleischmann**
Chairman of the Managing Board

**Rainer Borns**
Deputy Chairman of the Managing Board

**Thomas Uher**
Deputy Chairman of the Managing Board

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