VOLKSBANK

# HALF-YEAR MANAGEMENT REPORT

## ASSOCIATION OF VOLKSBANKS

# AS AT 30 JUNE 2023

## KEY FIGURES OF THE ASSOCIATION OF VOLKSBANKS

| Euro million | 30 Jun 2023 | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| **Balance sheet** | | | |
| **Total assets** | **29,559** | **29,224** | **32,095** |
| **Loans and receivables customers** | **22,363** | **22,116** | **21,563** |
| **Amounts owed to customers** | **21,528** | **22,105** | **22,747** |
| **Debts evidenced by certificates** | **2,452** | **1,682** | **1,877** |
| **Subordinated liabilities** | **439** | **454** | **494** |
| **Own funds** | | | |
| Common equity tier 1 capital (CET1) | 2,141 | 2,025 | 1,978 |
| Additional tier 1 capital (AT1) | 220 | 220 | 220 |
| **Tier 1 capital (T1)** | **2,361** | **2,245** | **2,198** |
| Tier 2 capital (T2) | 365 | 409 | 460 |
| **Own funds** | **2,726** | **2,654** | **2,658** |
| Risk weighted exposure amount credit risk | 13,018 | 12,915 | 12,496 |
| Total risk exposure amount market risk | 30 | 21 | 27 |
| Total risk exposure amount operational risk | 1,269 | 1,269 | 1,231 |
| Total risk for credit valuation adjustment | 12 | 0 | 9 |
| Other risk exposure amount | 0 | 13 | 0 |
| **Total risk exposure amount** | **14,329** | **14,218** | **13,763** |
| **Common equity tier 1 capital ratio** | **14.9 %** | **14.2 %** | **14.4 %** |
| **Tier 1 capital ratio** | **16.5 %** | **15.8 %** | **16.0 %** |
| **Equity ratio** | **19.0 %** | **18.7 %** | **19.3 %** |
| **Income statement** | **1-6/2023** | **1-6/2022** | **1-6/2021** |
| Net interest income | 343.5 | 203.6 | 198.4 |
| Risk provision | -4.1 | 11.8 | 31.7 |
| Net fee and commission income | 133.5 | 132.7 | 127.9 |
| Net trading income | 3.1 | 2.0 | -2.1 |
| Result from financial instruments and investment properties | -2.2 | -4.2 | 13.7 |
| Other operating result | 2.7 | 5.2 | 0.7 |
| General administrative expenses | -277.9 | -260.0 | -253.8 |
| Result from companies measured at equity | 3.9 | -0.7 | -1.2 |
| **Result for the period before taxes** | **202.5** | **90.3** | **115.3** |
| Income taxes | -33.0 | -14.2 | -22.7 |
| **Result for the period after taxes** | **169.5** | **76.2** | **92.6** |
| Result attributable to non-controlling interest | 0.0 | 0.0 | 0.0 |
| **Result of the group for the period** | **169.5** | **76.2** | **92.6** |
| **Key ratios** | **1-6/2023** | **1-6/2022** | **1-6/2021** |
| **Cost-income-ratio** | **57.2 %** | **75.1 %** | **77.6 %** |
| **ROE before taxes** | **16.1 %** | **7.6 %** | **10.0 %** |
| **ROE after taxes** | **13.5 %** | **6.4 %** | **8.1 %** |
| **ROE consolidated net income** | **13.5 %** | **6.5 %** | **8.1 %** |
| **Net interest margin** | **2.3 %** | **1.3 %** | **1.2 %** |
| **NPL ratio** | **1.9 %** | **1.7 %** | **1.8 %** |
| **Leverage ratio** | **7.2 %** | **6.6 %** | **6.6 %** |
| **Liquidity coverage ratio** | **178.0 %** | **204.4 %** | **238.7 %** |
| **Net stable funding ratio** | **132.0 %** | **137.3 %** | **148.5 %** |
| **Loan deposit ratio** | **106.8 %** | **100.6 %** | **91.5 %** |
| **Coverage ratio I** | **30.8 %** | **36.5 %** | **37.8 %** |
| **Coverage ratio III** | **105.8 %** | **105.5 %** | **107.2 %** |
| **Resources** | **1-6/2023** | **1-6/2022** | **1-6/2021** |
| **Staff average** | **3,033** | **3,099** | **3,244** |
| Thereof domestic | 3,033 | 3,099 | 3,244 |
| | **30 Jun 2023** | **31 Dec 2022** | **31 Dec 2021** |
| **Staff at end of period** | **3,041** | **3,033** | **3,128** |
| Thereof domestic | 3,041 | 3,033 | 3,128 |
| **Number of branches** | **233** | **236** | **243** |
| Thereof domestic | 233 | 236 | 243 |
| **Number of customers** | **975,567** | **987,933** | **1,021,805** |

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

# TABLE OF CONTENTS

## ASSOCIATION OF VOLKSBANKS HALF-YEAR REPORT

# MANAGEMENT REPORT OF THE ASSOCIATION FOR THE FIRST HALF OF 2023

## Report on the business development and economic situation

### Business development

The Association of Volksbanks has continued the successful business development of financial year 2022 in the first half of 2023. Apart from further increasing the high net fee and commission income to euro 133.5 million, the significant income growth was mainly due to the higher level of interest rates and accordingly the marked increase in net interest income by some 68.7 % to euro 343.5 million.

The valuation result from risk provisions for credit risk amounts to euro -4.1 million and primarily results from higher individual loan loss provisions, partly offset by the release of portfolio loan loss provisions. To date, there have been no significant credit losses in the Association of Volksbanks due to COVID-19 or due to the consequences of the Russian attack on Ukraine. Please refer to the disclosures in the Notes for information on the calculation of credit risk provisions.

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

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

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

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

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

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

## Economic environment

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

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

### Real estate

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

### Insolvencies

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

### Private sector lending, assets and income

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

### International environment, financial markets and monetary policy

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

## Result of the Association for the first half of 2023

Just like the past financial year 2022, the first half of 2023 was characterised by high inflation, geopolitical tensions and negative economic developments. In the first half of 2023, the result of the Association before taxes amounts to euro 202.5 million (1-6/2022: euro 90.3 million), the result of the Association after taxes and minority shares to euro 169.5 million (1-6/2022: euro 76.2 million), and the operating result to euro 202.7 million (1-6/2022: euro 79.2 million).

Net interest income increased from euro 203.6 million to euro 343.5 million in the first half of 2023. On the income side, interest and similar income increased from euro 249.0 million to euro 462.7 million, and on the expense side, interest and similar expenses increased from euro -45.4 million to euro -119.2 million. This was mainly due to a euro 168.7 million increase in interest income from loans and receivables to customers, and a euro 25.1 million increase in interest income from the central bank, which was basically attributable to the increases in key interest rates by the ECB that began in financial year 2022. Interest expense from deposits with the central bank increased by euro -10.2 million. In addition, interest expenses to customers have increased significantly to euro -47.8 million compared to euro -3.5 million in the previous period. Moreover, there was an increase in interest expenses for debts evidenced by certificates by euro 9.9 million to euro 19.5 million (1-6/2022: euro 9.6 million).

The risk provisions increased compared to the previous year from euro +11.8 million by euro -15.9 million to euro -4.1 million. This is mainly reflected by lower net reversals of portfolio loan loss provisions amounting to euro +1.1 million (1-6/22022: euro +2.7 million) and higher net allocations to individual loan loss provisions (including direct write-offs and income from loans and receivables written off) amounting to euro -6.9 million (1-6/2022: euro +8.3 million). For off-balance sheet business, net reversals of euro +1.7 million (1-6/2022: euro +0.8 million) were recognised.

The net fee and commission income in the reporting period has slightly increased compared to the previous period to euro 133.5 million (1-6/2022: euro 132.7 million). This increase was mainly due to checking account business and payment transactions (euro +3.5 million), lending business (euro +0.6 million), as well as custody business (euro +0.5 million). However, this compares to a lower net fee and commission income from other service business (euro -2.1 million) and securities business (euro -1.1 million).

Net trading income amounts to euro 3.1 million for the reporting period and has improved against the comparative period (1-6/2022: euro 2.0 million). While interest-rate related trading book derivatives have increased to euro +1.2 million, the valuation result for foreign exchange derivatives has decreased to euro +1.9 million.

The result from financial instruments and investment properties for the reporting period amounts to euro -2.2 million, thus exceeding the comparative period (1-6/2022: euro -4.2 million) by euro +2.0 million. On the one hand, the result from the valuation of issues decreased from euro +13.2 million to euro -0.8 million in the first half of 2023, on the other hand the result from the valuation of derivatives increased from euro -12.7 million to euro -0.6 million. The losses from receivables measured at fair value decreased to euro -2.4 million against the previous year (euro -9.3 million).

The other operating result for the first half of 2023 amounts to euro 2.7 million (1-6/2022: euro 5.2 million). In spite of higher rental and leasing income (euro +0.5 million), the decrease is mainly due to the release of provisions for interest claims from loans with interest rate floors (1-6/2022: euro 1.3 million) and the lower result (by euro -0.5 million) from the sale of tangible assets.

General administrative expenses of euro -277.9 million (1-6/2022: euro -260.0 million) have increased compared to the previous year. Due to the latest collective bargaining deals, current staff expenses have increased from euro -143.0 million to euro -150.5 million, in spite of a slightly declining headcount. Administrative expenses have also increased by euro 10.4 million. This is mainly due to increased IT costs (euro +7.7 million), higher expenses for advertising and representation (euro +1.1 million), as well as higher rentals and expenses for business premises (euro +2.3 million). On the other hand, contributions to the resolution fund decreased to euro -8.3 million by euro -2.3 million (1-6/2022: euro -10.1 million) compared to the first half of the previous year.

In the first half of 2023, taxes on income amount to euro -33.0 million (1-6/2022: euro -14.2 million). The tax expenditure includes deferred tax expenses in the amount of euro -11.8 million. Due to the tax planning of the next four years, it was possible, in the reporting period, to recognise deferred tax assets in the amount of euro 12.8 million (1-6/2022: euro 6.3 million) for part of the tax loss carryforwards. The current tax expense, including tax expense from previous years, for the first half of 2023 amounts to euro -21.2 million (1-6/2022: euro -11.4 million).

**Financial position**

As at 30 June 2023, total assets amounted to euro 29.6 billion and have slightly increased by comparison with the end of 2022 (euro 29.2 billion) by euro 0.4 billion, essentially based on acquisitions for the securities portfolio.

The liquid funds in the amount of euro 3.1 billion (2022: euro 3.5 billion) decreased slightly by euro 0.4 billion compared with the previous year. This is due to the reduction of the deposit with OeNB.

Compared to the end of the previous period (euro 0.1 billion), loans and receivables to credit institutions have increased slightly to euro 0.2 billion.

As at 30 June 2023, loans and receivables to customers amount to euro 22.4 billion and have improved against the end of the previous year (euro 22.1 billion) due to a slight increase in customer volume; the same applies to financial investments at euro 2.7 billion (2022: euro 2.4 billion), which have improved following purchases of fixed-income securities.

Amounts owed to credit institutions in the amount of euro 1.5 billion have decreased compared to 31 December 2022 (euro 1.8 billion) due to lower deposits with OeNB (euro -0.3 billion).

The decrease in amounts owed to customers from euro 22.1 billion to euro 21.5 billion as at 30 June 2023 essentially results from outflows from checking account and uncommitted savings deposits.

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

Since the beginning of the year, equity including the capital of non-controlling interests has increased by euro 144.7 million to euro 2.6 billion. This change is mainly due to the Group's total comprehensive income for the 2023 financial year (euro 167.5 million), the distributions to the shareholders (euro -6.2 million), the coupon payment for the AT1 issue (euro -8.5 million), as well as the redemption of own shares by VBW (euro -3.0 million), and the redemption of participation capital in VB Vorarlberg (euro -5.0 million). The total comprehensive income of the Group in the amount of euro 167.5 million consists of the net result for first half of 2023 of euro 169.5 million and other comprehensive income of euro -2.0 million.

## Financial performance indicators

The regulatory own funds of the group of credit institutions (the Association of Volksbanks), including the allocation of profits during the year, amount to euro 2.7 billion as at 30 June 2023 (31 December 2022: euro 2.7 billion). The total risk exposure amount as at 30 June 2023 is euro 14.3 billion (31 December 2022: euro 14.2 billion). The CET 1 capital ratio in relation to total risk amounts to 14.9 % (31 December 2022: 14.2 %), the equity ratio in relation to total risk is 19.0 % (31 December 2022: 18.7 %).

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

| Performance indicators | 1-6/2023 | 1-6/2022 | 1-6/2021 |
|---|---|---|---|
| Return on equity before taxes | 16.1 % | 7.6 % | 10.0 % |
| Return on equity after taxes | 13.5 % | 6.4 % | 8.1 % |
| Cost-income ratio | 57.2 % | 75.1 % | 77.6 % |

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

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

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

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

## Related party transactions

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

## Report on the future development and risks of the Association

### Future development of the Association

#### Economic environment

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

Economic forecasts for 2023

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

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

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

#### Business development

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

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

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

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

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

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

### Significant risks and uncertainties

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

### Report on research and development

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

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

Vienna, 24 August 2023

# CONSOLIDATED FINANCIAL STATEMENTS

**ASSOCIATION OF VOLKSBANKS HALF-YEAR REPORT**

## Condensed statement of comprehensive income

| INCOME STATEMENT | 1-6/2023 Euro thousand | 1-6/2022 Euro thousand | Changes Euro thousand | % |
|---|---|---|---|---|
| Interest and similar income | 462,716 | 248,997 | 213,720 | 85.83 % |
| thereof using the effective interest method | 396,389 | 226,016 | 170,373 | 75.38 % |
| Interest and similar expenses | -119,235 | -45,394 | -73,841 | 162.67 % |
| Net interest income | 343,482 | 203,603 | 139,879 | 68.70 % |
| Risk provision | -4,088 | 11,773 | -15,861 | -134.72 % |
| Fee and commission income | 145,345 | 147,401 | -2,056 | -1.39 % |
| Fee and commission expenses | -11,817 | -14,712 | 2,895 | -19.68 % |
| Net fee and commission income | 133,528 | 132,689 | 839 | 0.63 % |
| Net trading income | 3,084 | 1,996 | 1,088 | 54.51 % |
| Result from financial instruments and investment properties | -2,217 | -4,186 | 1,969 | -47.04 % |
| Other operating result | 2,711 | 5,155 | -2,444 | -47.42 % |
| General administrative expenses | -277,902 | -260,020 | -17,882 | 6.88 % |
| Result from companies measured at equity | 3,941 | -670 | 4,611 | < -200.00 % |
| **Result for the period before taxes** | **202,538** | **90,340** | **112,199** | **124.20 %** |
| Income taxes | -33,014 | -14,165 | -18,849 | 133.07 % |
| **Result for the period after taxes** | **169,524** | **76,175** | **93,349** | **122.55 %** |
| **Result attributable to shareholders of the parent company (Consolidated net result)** | **169,523** | **76,176** | **93,347** | **122.54 %** |
| Result attributable to non-controlling interest | 1 | -1 | 2 | < -200.00 % |

| Other comprehensive income | 1-6/2023 Euro thousand | 1-6/2022 Euro thousand | Changes Euro thousand | % |
|---|---|---|---|---|
| **Result for the period after taxes** | **169,524** | **76,175** | **93,349** | **122.55 %** |
| **Other comprehensive income** | | | | |
| **Items that will not be reclassified to profit or loss** | | | | |
| Revaluation reserve (including deferred taxes) | 206 | 0 | 206 | 100.00 % |
| Fair value reserve - equity instruments (including deferred taxes) | -337 | 407 | -744 | -182.66 % |
| Revaluation of own credit risk (including deferred taxes) | 394 | 650 | -256 | -39.39 % |
| **Total items that will not be reclassified to profit or loss** | **263** | **1,057** | **-794** | **-75.09%** |
| **Items that may be reclassified to profit or loss** | | | | |
| Fair value reserve - debt instruments (including deferred taxes) | | | | |
| Change in fair value | 279 | -5,174 | 5,453 | -105.38 % |
| Net amount transferred to profit or loss | 0 | -2 | 2 | -100.00 % |
| Cash flow hedge reserve (including deferred taxes) | | | | |
| Change in fair value (effective hedge) | -69 | -495 | 426 | -86.07 % |
| Net amount transferred to profit or loss | 55 | -18 | 73 | < -200.00 % |
| Change in deferred taxes arising from untaxed reserve | 9 | 0 | 9 | 100.00 % |
| Change from companies measured at equity | -2,597 | 3,043 | -5,640 | -185.33 % |
| **Total items that may be reclassified to profit or loss** | **-2,323** | **-2,647** | **323** | **-12.22%** |
| **Other comprehensive income total** | **-2,060** | **-1,589** | **-471** | **29.61 %** |
| **Comprehensive income** | **167,464** | **74,585** | **92,878** | **124.53 %** |
| **Comprehensive income attributable to shareholders of the parent company** | **167,463** | **74,586** | **92,876** | **124.52 %** |
| Comprehensive income attributable to non-controlling interest | 1 | -1 | 2 | < -200.00 % |

## Condensed statement of financial position as at 30 June 2023

| | 30 Jun 2023 | 31 Dec 2022 | Changes | |
|---|---|---|---|---|
| | Euro thousand | Euro thousand | Euro thousand | % |
| **ASSETS** | | | | |
| Liquid funds | 3,111,859 | 3,473,153 | -361,294 | -10.40 % |
| Loans and receivables credit institutions | 211,731 | 123,038 | 88,692 | 72.09 % |
| Loans and receivables customers | 22,362,940 | 22,115,988 | 246,953 | 1.12 % |
| Assets held for trading | 25,533 | 25,592 | -59 | -0.23 % |
| Financial investments | 2,702,215 | 2,377,968 | 324,247 | 13.64 % |
| Investment property | 36,252 | 36,439 | -187 | -0.51 % |
| Companies measured at equity | 95,578 | 94,234 | 1,344 | 1.43 % |
| Participations | 126,228 | 126,898 | -669 | -0.53 % |
| Intangible assets | 975 | 1,373 | -399 | -29.02 % |
| Tangible assets | 384,518 | 388,527 | -4,009 | -1.03 % |
| Tax assets | 105,836 | 116,930 | -11,094 | -9.49 % |
| Current taxes | 7,371 | 6,678 | 694 | 10.39 % |
| Deferred taxes | 98,465 | 110,253 | -11,788 | -10.69 % |
| Other assets | 393,931 | 337,433 | 56,497 | 16.74 % |
| Assets held for sale | 1,081 | 6,602 | -5,521 | -83.62 % |
| **TOTAL ASSETS** | **29,558,678** | **29,224,176** | **334,502** | **1.14 %** |
| **LIABILITIES** | | | | |
| Amounts owed to credit institutions | 1,504,388 | 1,812,239 | -307,851 | -16.99 % |
| Amounts owed to customers | 21,528,105 | 22,105,097 | -576,993 | -2.61 % |
| Debts evidenced by certificates | 2,452,197 | 1,681,529 | 770,668 | 45.83 % |
| Lease liabillities | 167,644 | 171,893 | -4,249 | -2.47 % |
| Liabilities held for trading | 25,156 | 27,835 | -2,679 | -9.62 % |
| Provisions | 168,249 | 170,425 | -2,176 | -1.28 % |
| Tax liabilities | 6,400 | 7,366 | -965 | -13.11 % |
| Current taxes | 2,066 | 3,092 | -1,026 | -33.18 % |
| Deferred taxes | 4,334 | 4,273 | 60 | 1.41 % |
| Other liabilities | 687,913 | 357,799 | 330,114 | 92.26 % |
| Subordinated liabilities | 438,766 | 454,062 | -15,296 | -3.37 % |
| Total nominal value cooperative capital shares | 2,201 | 3,016 | -815 | -27.02 % |
| Subscribed capital | 286,903 | 288,346 | -1,443 | -0.50 % |
| Additional tier 1 capital | 217,722 | 217,722 | 0 | 0.00 % |
| Reserves | 2,072,935 | 1,926,766 | 146,169 | 7.59 % |
| Non-controlling interest | 98 | 80 | 18 | 22.88 % |
| **TOTAL LIABILITIES** | **29,558,678** | **29,224,176** | **334,502** | **1.14 %** |

## Condensed changes in equity and cooperative capital shares

| Euro thousand | Subscribed capital [1] | Additional tier 1 capital [3] | Capital reserves | Retained earnings and other reserves | Shareholders' equity | Non-controlling interest | Equity | Cooperative capital shares [2] | Equity and cooperative capital shares |
|---|---|---|---|---|---|---|---|---|---|
| **As at 01 Jan 2022** | **288,484** | **217,722** | **511,141** | **1,310,014** | **2,327,361** | **2,025** | **2,329,386** | **3,336** | **2,332,722** |
| Consolidated net income | | | | 76,176 | 76,176 | -1 | 76,175 | | 76,175 |
| Other comprehensive income | | | | -1,589 | -1,589 | | -1,589 | | -1,589 |
| Comprehensive income | 0 | 0 | 0 | 74,586 | 74,586 | -1 | 74,585 | 0 | 74,585 |
| Dividends paid | | | | -6,024 | -6,024 | | -6,024 | | -6,024 |
| Coupon for the AT1 emission | | | | -8,525 | -8,525 | | -8,525 | | -8,525 |
| Change in cooperative capital and participation capital | 0 | | | 0 | 0 | | 0 | -551 | -551 |
| Repurchase own shares | 0 | | | 0 | 0 | | 0 | | 0 |
| Change in treasury stocks participation capital | -5 | | -29 | | -35 | | -35 | | -35 |
| Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation | | | 10 | 0 | 10 | 0 | 10 | 0 | 10 |
| **As at 30 Jun 2022** | **288,479** | **217,722** | **511,121** | **1,370,051** | **2,387,374** | **2,024** | **2,389,398** | **2,785** | **2,392,183** |
| | | | | | | | | | |
| **As at 01 Jan 2023** | **288,346** | **217,722** | **511,126** | **1,415,640** | **2,432,834** | **80** | **2,432,914** | **3,016** | **2,435,930** |
| Consolidated net income | | | | 169,523 | 169,523 | 1 | 169,524 | | 169,524 |
| Other comprehensive income | | | | -2,060 | -2,060 | | -2,060 | | -2,060 |
| Comprehensive income | 0 | 0 | 0 | 167,463 | 167,463 | 1 | 167,464 | 0 | 167,464 |
| Dividends paid | | | | -6,194 | -6,194 | | -6,194 | | -6,194 |
| Coupon for the AT1 emission | | | | -8,525 | -8,525 | | -8,525 | | -8,525 |
| Change in cooperative capital and participation capital | -824 | | | -4,211 | -5,035 | | -5,035 | -815 | -5,849 |
| Repurchase own shares | -624 | | | -2,376 | -3,000 | | -3,000 | | -3,000 |
| Change in treasury stocks participation capital | 5 | | 29 | | 35 | | 35 | | 35 |
| Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation | | | 0 | -17 | -17 | 17 | 0 | 0 | 0 |
| **As at 30 Jun 2023** | **286,903** | **217,722** | **511,156** | **1,561,780** | **2,577,561** | **98** | **2,577,659** | **2,201** | **2,579,860** |

1) Subscribed capital incl. participation capital and cooperative capital shares, pursuant to IFRIC 2 eligible as equity.
2) Cooperative capital shares, pursuant to IFRIC 2 not eligible as equity.
3) AT1-capital is shown in Additional tier 1 capital.

## Condensed cash flow statement

| Euro thousand | 1-6/2023 | 1-6/2022 |
|---|---|---|
| **Cash and cash equivalents at the end of previous period (= liquid funds)** | 3,473,153 | 6,901,063 |
| Cash flow from operating activities | -36,979 | -777,016 |
| Cash flow from investing activities | -291,920 | -26,734 |
| Cash flow from financing activities | -32,410 | -43,124 |
| Effect of currency translation | 15 | 176 |
| **Cash and cash equivalents at the end of period** | 3,111,859 | 6,054,365 |

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

# Notes as at 30 June 2023

## 1) General Information and accounting principles

VOLKSBANK WIEN AG (VBW), which has its registered office at Dietrichgasse 25, 1030 Vienna, Austria, is the central organisation (CO) of the Austrian Volksbank sector. VBW has concluded a banking association agreement with the primary banks (Volksbanks, VB) in accordance with section 30a of the Austrian Banking Act (Bankwesengesetz, BWG). The purpose of this banking association agreement is to create a joint liability scheme between the primary sector institutions and to monitor and ensure compliance with the standards of the applicable regulatory provisions at association level. Section 30a (10) of the Austrian Banking Act requires an association's central organisation to have the right to issue instructions to the member credit institutions.

The interim financial statements as at 30 June 2023 are prepared in accordance with all the latest valid versions of the IFRS/IAS as at the reporting date, as published by the International Accounting Standards Board (IASB). The interim financial statements also comply with all interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and Standing Interpretations Committee (SIC), if adopted by the European Union in its endorsement process and additional requirements pursuant to section 245a of the Austria Commercial Code (Unternehmensgesetzbuch, UGB) and section 59a of the Austrian Banking Act.

Regarding the exceptions to the application of individual IFRS we refer to the Association’s financial statements as at 31 December 2022.

The Association of Volksbanks is required to comply with the regulatory provisions of Parts Two to Eight of Regulation (EU) No 575/2013 and section 39a of the Austrian Banking Act, on the basis of the consolidated financial position (section 30a (7) of the Austrian Banking Act). By letter dated 29 June 2016, the ECB granted unlimited approval of the Association of Volksbanks.

Under section 30a (7) of the Austrian Banking Act, the CO is required to prepare consolidated financial statements pursuant to sections 59 and 59a of the Austrian Banking Act for the Association of Volksbanks. The Association's financial statements are prepared according to IFRS rules. For full consolidation purposes, section 30a (8) of the Austrian Banking Act specifies that the CO is to be regarded as a higher-level institution, while each associated institution and, under certain conditions, each transferring legal entity, is to be treated as a subordinate institution.

In accordance with IFRS, a full consolidation only can take place if a company has full authority over decisions of the associated company, hence, it has the ability to influence returns on equity by its power of disposition (IFRS 10.6). The Association’s CO has the right to issue instructions but doesn’t receive returns from the member credit institutions; therefore, the CO has no control as defined by IFRS 10. The lack of an ultimate controlling parent company means that despite the CO's extensive powers to issue instructions, the consolidated accounts can only be drawn up by treating the Association of Volksbanks as a group of companies which are legally separate entities under unified control without a parent company. It was therefore necessary to define a set of rules for preparing the Association's financial statements.

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

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 using the going concern assumption. The Association of Volksbanks consolidated financial statements are reported in euros, as this is the Association's functional currency. All figures are indicated in thousand of euro unless specified otherwise. The following tables may contain rounding differences.

### Accounting principles for the Association

#### Initially applied standards and interpretations

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

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

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

#### IFRS 17 Insurance Contracts

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

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

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

#### Structural simplification concept

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

## 3) Notes to the income statement

### Net interest income

| Euro thousand | 1-6/2023 | 1-6/2022 |
|---|---|---|
| Interest and similar income from | 462,716 | 248,997 |
| Deposits from credit institutions (incl. central banks) | 42,399 | 17,306 |
| Credit and money market transactions with credit institutions | 2,313 | 1,329 |
| Credit and money market transactions with customers | 381,267 | 212,536 |
| Bonds and other fixed-income securities | 20,116 | 14,940 |
| Derivative instruments | 16,621 | 2,886 |
| Interest and similar expenses for | -119,235 | -45,394 |
| Liquid funds | -22,236 | -12,002 |
| Deposits from credit institutions | -5,338 | -783 |
| Deposits from customers | -47,823 | -3,525 |
| Debts evidenced by certificates | -19,509 | -9,635 |
| Subordinated liabilities | -11,343 | -7,123 |
| Derivative instruments | -11,325 | -11,201 |
| Lease liabilities | -1,276 | -1,263 |
| Valuation result - modification | -485 | 108 |
| Valuation result - derecognition | 100 | 30 |
| **Net interest income** | **343,482** | **203,603** |

### Net interest income according to IFRS 9 categories

| Euro thousand | 1-6/2023 | 1-6/2022 |
|---|---|---|
| Interest and similar income from | 462,716 | 248,997 |
| Financial assets measured at amortised cost | 438,425 | 243,212 |
| Financial assets measured at fair value through OCI | 364 | 110 |
| Financial assets measured at fair value through profit or loss - obligatory | 7,307 | 2,789 |
| Derivative instruments | 16,621 | 2,886 |
| Interest and similar expenses for | -119,235 | -45,394 |
| Financial liabilities measured at amortised cost | -106,029 | -32,916 |
| Financial liabilities measured at fair value through profit or loss - designated | -1,496 | -1,415 |
| Derivative instruments | -11,325 | -11,201 |
| Valuation result - modification | -485 | 108 |
| Valuation result - derecognition | 100 | 30 |
| **Net interest income** | **343,482** | **203,603** |

Interest and similar income from financial assets measured at amortised cost and measured at fair value through OCI in the amount of euro 396,389 thousand (1-6/2022: euro 226,016 thousand) is calculated by using the effective interest rate method.

### Risk provision

| Euro thousand | 1-6/2023 | 1-6/2022 |
|---|---|---|
| Changes in risk provision | -5,846 | 8,789 |
| Changes in provision for risks | 1,677 | 833 |
| Direct write-offs of loans and receivables | -2,100 | -982 |
| Income from loans and receivables previously written off | 2,226 | 3,136 |
| Valuation result modification / derecognition | -44 | -3 |
| **Risk provision** | **-4,088** | **11,773** |

## Net fee and commission income

| Euro thousand | 1-6/2023 | 1-6/2022 |
|---|---|---|
| Fee and commission income | 145,345 | 147,401 |
| Lending business | 9,921 | 12,231 |
| Securities and custody business | 49,134 | 50,715 |
| Payment transactions | 63,261 | 58,873 |
| Foreign exchange, foreign notes and coins and precious metals transactions | 555 | 828 |
| Financial guarantees | 3,242 | 3,388 |
| Other services | 19,231 | 21,365 |
| Fee and commission expenses | -11,817 | -14,712 |
| Lending business | -978 | -3,867 |
| Securities and custody business | -3,966 | -4,885 |
| Payment transactions | -6,693 | -5,783 |
| Financial guarantees | -25 | -26 |
| Other services | -155 | -151 |
| **Net fee and commission income** | **133,528** | **132,689** |

Net fee and commission income include management fees for trust agreements in the amount of euro 128 thousand (1-6/2022: euro 171 thousand).

## Net trading income

| Euro thousand | 1-6/2023 | 1-6/2022 |
|---|---|---|
| Equity related transactions | 1 | 2 |
| Exchange rate related transactions | 1,913 | 2,637 |
| Interest rate related transactions | 1,170 | -643 |
| **Net trading income** | **3,084** | **1,996** |

## Result from financial instruments and investment properties

| Euro thousand | 1-6/2023 | 1-6/2022 |
|---|---|---|
| **Other results from financial instruments** | **-3,075** | **-5,188** |
| Result from financial investments and other financial assets and liabilities measured at fair value through profit or loss | -5,186 | -6,518 |
| Valuation measured at fair value through profit or loss - obligatory | -4,410 | -19,672 |
| Loans and receivables credit institutions and customers | -2,386 | -9,322 |
| Securities | 133 | -450 |
| Result from other derivative instruments | -556 | -12,749 |
| Result from fair value hedge | -1,601 | 2,848 |
| Valuation measured at fair value through profit or loss - designated | -780 | 13,149 |
| Debts evidenced by certificates | -780 | 13,149 |
| Income from equities and other variable-yield securities | 4 | 5 |
| Result from financial investments and other financial assets and liabilities measured at fair value through OCI | 2,111 | 1,330 |
| Realised gains from disposal | 0 | 4 |
| Realised losses from disposal | 0 | -2 |
| Income from participations | 2,111 | 1,328 |
| **Result from investment properties** | **858** | **1,001** |
| Income from investment properties and operating lease | 759 | 1,001 |
| Valuation investment properties | 99 | 0 |
| **Result from financial instruments and investment properties** | **-2,217** | **-4,186** |

### Other operating result

| Euro thousand | 1-6/2023 | 1-6/2022 |
|---|---|---|
| Other operating income | 10,943 | 10,415 |
| Other operating expenses | -5,431 | -2,573 |
| Deconsolidation result from consolidated affiliates | -1 | 0 |
| Taxes and levies on banking business | -2,801 | -2,687 |
| **Other operating result** | **2,711** | **5,155** |

Taxes and levies on banking issues include the stability tax in the amount of euro -1,964 thousand (1-6/2022: euro -1,791 thousand).

Detailed description of other operating income and other operating expenses

| Euro thousand | 1-6/2023 | 1-6/2022 |
|---|---|---|
| Income from allocation of costs | 3,274 | 2,276 |
| Realised gains from disposal of fixed assets and security properties | 3,593 | 4,524 |
| Rental and leasing income | 2,059 | 1,462 |
| Others | 2,018 | 2,153 |
| **Other operating income** | **10,943** | **10,415** |
| | | |
| Allocation of costs | -3,606 | -2,298 |
| Realised losses from disposal of fixed assets and security properties | -415 | -832 |
| Release of provision for negative interest | 0 | 1,338 |
| Allocation/release of provision for legal risks | 0 | 135 |
| Claims | -640 | -73 |
| Others | -770 | -843 |
| **Other operating income** | **-5,431** | **-2,573** |

### General administrative expenses

| Euro thousand | 1-6/2023 | 1-6/2022 |
|---|---|---|
| Staff expenses | -150,504 | -142,995 |
| Wages and salaries | -113,413 | -106,855 |
| Expenses for statutory social security | -29,106 | -28,435 |
| Fringe benefits | -1,945 | -1,919 |
| Expenses for retirement benefits | -3,170 | -2,979 |
| Allocation to provision for severance payments and pension funds | -2,870 | -2,806 |
| Administrative expenses | -113,033 | -102,646 |
| Office space expenses | -10,333 | -8,010 |
| Office supplies and communication expenses | -2,580 | -2,636 |
| Advertising, PR and promotional expenses | -8,881 | -7,757 |
| Legal, advisory and consulting expenses | -11,336 | -11,416 |
| IT expenses | -51,157 | -43,435 |
| Contribution to the deposit guarantee | -11,938 | -11,538 |
| Single Resolution Fund | -8,303 | -10,559 |
| Other administrative expenses (including training expenses) | -8,504 | -7,295 |
| Depreciation and reversal of impairment | -14,366 | -14,379 |
| Depreciation | -10,172 | -10,242 |
| Impairment/reversal of impairment | 0 | -57 |
| Right of use - lease depreciation | -4,194 | -4,080 |
| **General administrative expenses** | **-277,902** | **-260,020** |

### Income taxes

In the first half of the 2023 business year deferred tax assets for tax loss carryforwards in the amount of euro 12,787 thousand were recongised (1-6/2022: euro 6,293 thousand).

## 4) Notes to the consolidated statement of financial positions

### Liquid funds

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Cash in hand | 156,368 | 170,667 |
| Balances with central banks | 2,955,490 | 3,302,486 |
| **Liquid funds** | **3,111,859** | **3,473,153** |

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

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

Transition from liquid funds to cash and cash equivalents

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Liquid funds | 3,111,859 | 3,473,153 |
| **Cash and cash equivalents** | **3,111,859** | **3,473,153** |

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

### Loans and receivables credit institutions and customers

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Loans and receivables credit institutions | | |
| Amortised cost | 211,744 | 123,049 |
| Gross carrying amount | 211,744 | 123,049 |
| Risk provisions | -14 | -11 |
| **Net carrying amount** | **211,731** | **123,038** |
| | | |
| Loans and receivables customers | | |
| Amortised cost | 22,382,986 | 22,133,939 |
| Fair value through profit or loss | 381,547 | 396,364 |
| Gross carrying amount | 22,764,534 | 22,530,304 |
| Fair value changes in the underlying items for portfolio hedges of interest rate risks | -124,436 | -139,313 |
| Risk provisions | -277,157 | -275,003 |
| **Net carrying amount** | **22,362,940** | **22,115,988** |
| **Loans and receivables credit institutions and customers** | **22,574,671** | **22,239,026** |

### Sensitivity analysis

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

As at 30 June 2023 there are loans and receivables customers measured at fair value through profit or loss in the amount of euro 381,547 thousand (31 Dec 2022: euro 396,364 thousand).

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

| Euro thousand<br>30 Jun 2023 | Positive change in fair value | Negative change in fair value |
|---|---|---|
| Change in risk markup +/- 10 bp | 1,066 | -1,059 |
| Change in risk markup +/- 100 bp | 11,003 | -10,271 |
| Change in rating 1 stage down / up | 458 | -574 |
| Change in rating 2 stages down / up | 684 | -1,397 |
| **31 Dec 2022** | | |
| Change in risk markup +/- 10 bp | 1,110 | -1,103 |
| Change in risk markup +/- 100 bp | 11,447 | -10,706 |
| Change in rating 1 stage down / up | 442 | -587 |
| Change in rating 2 stages down / up | 695 | -1,414 |

## Risk provision

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

| Euro thousand | Loan loss provision - Stage 1 | Loan loss provision - Stage 2 | Loan loss provision - Stage 3 | Total |
|---|---|---|---|---|
| **As at 01 Jan 2022** | **34,723** | **71,526** | **167,483** | **273,732** |
| Increases due to origination and acquisition | 1,820 | 1,293 | 758 | 3,871 |
| Decreases due to derecognition | -538 | -3,514 | -5,545 | -9,597 |
| Changes due to change in credit risk | -1,512 | 322 | 963 | -228 |
| Thereof transfer to stage 1 | 2,395 | -2,394 | 0 | |
| Thereof transfer to stage 2 | -3,141 | 3,318 | -178 | |
| Thereof transfer to stage 3 | -15 | -1,650 | 1,665 | |
| Post-Model Adjustment | -717 | -1,311 | 0 | -2,029 |
| Decrease in allowance account due to write-offs | 0 | 0 | -9,013 | -9,013 |
| Other adjustments | -9 | -2,305 | 2,488 | 174 |
| **As at 30 Jun 2022** | **33,766** | **66,010** | **157,135** | **256,910** |
| | | | | |
| **As at 01 Jan 2023** | **55,047** | **79,511** | **141,263** | **275,820** |
| Increases due to origination and acquisition | 3,962 | 1,531 | 394 | 5,887 |
| Decreases due to derecognition | -1,209 | -2,620 | -2,723 | -6,551 |
| Changes due to change in credit risk | -3,317 | -2,686 | 13,361 | 7,358 |
| Thereof transfer to stage 1 | 6,383 | -6,379 | -4 | |
| Thereof transfer to stage 2 | -7,712 | 7,941 | -228 | |
| Thereof transfer to stage 3 | -62 | -3,111 | 3,173 | |
| Post-Model Adjustment | 245 | 36 | 0 | 281 |
| Decrease in allowance account due to write-offs | 0 | 0 | -4,832 | -4,832 |
| Other adjustments | -249 | -1,033 | 1,298 | 15 |
| **As at 30 Jun 2023** | **54,480** | **74,737** | **148,761** | **277,978** |

## Assets held for trading

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Bonds and other fixed-income securities | 2,774 | 544 |
| Positive fair values of derivative instruments | 22,759 | 25,048 |
| Interest rate related transactions | 22,759 | 25,048 |
| **Assets held for trading** | **25,533** | **25,592** |

VBW as the CO maintains a regulatory trading book. The volume of the trading book as at 30 June 2023 amounts to euro 877,434 thousand (31 Dec 2022: euro 968,486 thousand).

### Financial investments

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Financial investments | | |
| Amortised cost | 2,596,697 | 2,293,548 |
| Fair value through OCI | 102,822 | 80,708 |
| Fair value through profit or loss | 3,487 | 4,505 |
| Risk provision | -792 | -792 |
| **Carrying amount** | **2,702,215** | **2,377,968** |

### Participations

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Investments in unconsolidated affiliates | 13,830 | 14,398 |
| Investments in companies with participating interest | 5,800 | 5,808 |
| Investments in other companies | 106,598 | 106,691 |
| **Participations** | **126,228** | **126,898** |

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

### Sensitivity analysis

Participations measured by using the DCF method

| Euro thousand | | Proportional market value<br>Interest rate | | |
|---|---|---|---|---|
| **30 Jun 2023** | | **-0.50 %** | **Actual** | **0.50 %** |
| | -10.00 % | 12,658 | 12,079 | 11,551 |
| Income component | **Actual** | 14,065 | **13,502** | 12,835 |
| | 10.00 % | 15,471 | 14,763 | 14,118 |
| **31 Dec 2022** | | | | |
| | -10.00 % | 12,773 | 12,183 | 11,646 |
| Income component | **Actual** | 14,192 | **13,613** | 12,940 |
| | 10.00 % | 15,612 | 14,891 | 14,234 |

Participations measured by net assets

| Euro thousand | Proportional market value<br>If assumption is decreased | Actual | If assumptions is increased |
|---|---|---|---|
| **30 Jun 2023** | | | |
| Net assets (10 % change) | 16,002 | **17,782** | 19,558 |
| **31 Dec 2022** | | | |
| Net assets (10 % change) | 16,509 | **18,340** | 20,177 |

### Participations measured based on external appraisals

| Euro thousand<br>30 Jun 2023 | Lower band | Actual | Upper band |
|---|---|---|---|
| Proportional market value | 77,984 | **86,650** | 95,313 |
| **31 Dec 2022** | | | |
| Proportional market value | 77,984 | **86,650** | 95,313 |

### Other assets

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Deferred items | 48,250 | 4,428 |
| Other receivables and assets | 88,668 | 59,908 |
| Positive fair values of derivative instruments | 257,013 | 273,097 |
| **Other assets** | **393,931** | **337,433** |

### Assets held for sale

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

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Investment property | 775 | 49 |
| Tangible assets | 0 | 6,247 |
| Other assets | 306 | 306 |
| **Assets held for sale** | **1,081** | **6,602** |

### Amounts owed to credit institutions

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Central banks | 1,310,330 | 1,606,641 |
| Other credit institutions | 194,058 | 205,598 |
| **Amounts owed to credit institutions** | **1,504,388** | **1,812,239** |

Amounts owed to credit institutions are measured at amortised cost.

### Amounts owed to customers

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Savings deposits | 5,092,383 | 6,220,019 |
| Other deposits | 16,435,929 | 15,885,317 |
| Fair value changes in the underlying items for portfolio hedges of interest rate risks | -208 | -238 |
| **Amounts owed to customers** | **21,528,105** | **22,105,097** |

Amounts owed to customers are measured at amortised cost.

### Debts evidenced by certificates

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Bonds | 2,452,197 | 1,681,529 |
| Amortised cost | 2,383,679 | 1,614,228 |
| Fair value through profit or loss - designated | 68,518 | 67,301 |
| **Debts evidenced by certificates** | **2,452,197** | **1,681,529** |

In the first half of 2023, the fair value change of own credit risk in the amount of euro 394 thousand (1-6/2022: euro 650 thousand) was recognised in other comprehensive income. The cumulative amount of the fair value change of own credit risk was euro 1,355 thousand (1-6/2022: euro 1,024 thousand). The redemption amount that VBW would contractually have to pay at maturity was euro 50,000 thousand (31 December 2022: euro 50,000 thousand).

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

### Liabilities held for trading

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Negative fair values of derivative instruments | | |
| Interest rate related transactions | 25,156 | 27,835 |
| **Liabilities held for trading** | **25,156** | **27,835** |

### Provisions

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Provisions for employment benefits | 133,828 | 133,011 |
| Provisions for off-balance and other risks | 22,589 | 24,324 |
| Stage 1 | 6,059 | 6,233 |
| Stage 2 | 8,588 | 9,471 |
| Stage 3 | 7,941 | 8,620 |
| Other provisions | 11,832 | 13,091 |
| **Provisions** | **168,249** | **170,425** |

### Other liabilities

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Deferred items | 3,519 | 2,332 |
| Other liabilities | 425,952 | 82,580 |
| Negative fair values of derivative instruments | 258,443 | 272,887 |
| **Other liabilities** | **687,913** | **357,799** |

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

### Subordinated liabilities

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Subordinated capital | 436,479 | 451,719 |
| Supplementary capital | 2,288 | 2,343 |
| **Subordinated liabilities** | **438,766** | **454,062** |

The subordinated liabilities are measured at cost.

## Equity

The following table shows the breackdown and developement of the retained earnings and other reserves:

| | | Other reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Euro thousand** | **Retained earnings** | **IAS 19 reserve** | **Revaluation reserve** | **Fair value reserve - equity instruments** | **Fair value reserve - debt instruments** | **Cash flow hedge reserve** | **Own credit risk reserve** | **Retained earnings and other reserves** |
| **As at 01 Jan 2022** | **2,250,699** | **-32,969** | **2,234** | **-910,508** | **214** | **-30** | **374** | **1,310,014** |
| Consolidated net income | 76,176 | | | | | | | 76,176 |
| Other comprehensive income | | | | 3,451 | -5,177 | -513 | 650 | -1,589 |
| Dividends paid | -6,024 | | | | | | | -6,024 |
| Coupon for the AT1 emission | -8,525 | | | | | | | -8,525 |
| Change in cooperative capital and participation capital | | | | | | | | 0 |
| Repurchase own shares | | | | | | | | 0 |
| Reclassification fair value reserve due to sale | -143 | | | 143 | | | | 0 |
| Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation | 0 | | | | | | | 0 |
| **As at 30 Jun 2022** | **2,312,183** | **-32,969** | **2,234** | **-906,914** | **-4,963** | **-543** | **1,024** | **1,370,051** |
| | | | | | | | | |
| **As at 01 Jan 2023** | **2,341,281** | **-12,653** | **2,294** | **-907,828** | **-7,655** | **-760** | **961** | **1,415,640** |
| Consolidated net income | 169,523 | | | | | | | 169,523 |
| Other comprehensive income | 9 | | 206 | -2,934 | 279 | -14 | 394 | -2,060 |
| Dividends paid | -6,194 | | | | | | | -6,194 |
| Coupon for the AT1 emission | -8,525 | | | | | | | -8,525 |
| Change in cooperative capital and participation capital | -4,211 | | | | | | | -4,211 |
| Repurchase own shares | -2,376 | | | | | | | -2,376 |
| Reclassification fair value reserve due to sale | -931 | | | 931 | | | | 0 |
| Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation | -17 | | | | | | | -17 |
| **As at 30 Jun 2023** | **2,488,559** | **-12,653** | **2,500** | **-909,831** | **-7,377** | **-774** | **1,355** | **1,561,780** |

## 5) Own funds

The table below shows the own funds of the Association 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 13.76 %, the Tier 1 capital ratio 15.30 %, and the equity ratio 17.84 %.

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Common tier I capital: Instruments and reserves | | |
| Capital instruments including share premium accounts | 786,314 | 786,904 |
| Retained earnings | 1,664,204 | 1,668,483 |
| Interim profit | 169,523 | |
| Accumulated other comprehensive income (and other reserves) | -271,548 | -268,910 |
| Common tier I capital before regulatory adjustments | 2,348,493 | 2,186,476 |
| Common tier I capital: regulatory adjustments | | |
| Regulatory value adjustments | 0 | 0 |
| Intangible assets (net of related tax liability) | -975 | -1,373 |
| Cash flow hedge reserve | 774 | 760 |
| Cumulative gains and losses due to changes in own credit risk on fair valued liabilities | -1,355 | -961 |
| Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities | 9 | 11 |
| Value adjustments due to the requirement for prudent valuation | -1,249 | -1,275 |
| Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities | -46,082 | -34,044 |
| Insufficient coverage for non-performing exposures | -5,051 | -4,407 |
| Other foreseeable tax charges | -201 | -210 |
| Regulatory adjustments - transitional provisions | 24,751 | 44,045 |
| Adjustments to be made due to transitional regulations under IFRS 9 | 24,751 | 44,045 |
| Qualifying AT1 deductions that exceeds the AT1 capital of the institution | 0 | 0 |
| Additional CET1 deductions pursuant to article 3 CRR | -177,711 | -163,927 |
| Total regulatory adjustments | -207,091 | -161,381 |
| **Common equity tier I capital - CET1** | **2,141,402** | **2,025,095** |
| Additional tier I capital: instruments | | |
| Capital instruments including share premium accounts | 220,000 | 220,000 |
| Additional tier I capital before regulatory adjustments | 220,000 | 220,000 |
| Additional tier I capital: regulatory adjustments | | |
| Total regulatory adjustments | 0 | 0 |
| **Additional tier I capital - AT1** | **220,000** | **220,000** |
| **Tier I capital (CET1 + AT1)** | **2,361,402** | **2,245,095** |
| Tier II capital - instruments and provisions | | |
| Capital instruments including share premium accounts | 364,576 | 408,640 |
| Tier II capital before regulatory adjustments | 364,576 | 408,640 |
| Tier II capital: regulatory adjustments | | |
| Total regulatory adjustments | 0 | 0 |
| **Tier II capital - T2** | **364,576** | **408,640** |
| **Own funds total - TC (T1 + T2)** | **2,725,978** | **2,653,735** |

| | | |
|---|---|---|
| Common equity tier I capital ratio | 14.94 % | 14.24 % |
| Tier I capital ratio | 16.48 % | 15.79 % |
| Equity ratio | 19.02 % | 18.66 % |
| each in relation to total risk exposure amount | | |

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

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Risk weighted exposure amount - credit risk | 13,018,445 | 12,915,070 |
| Total risk exposure amount - settlement risk | 0 | 109 |
| Total risk exposure amount for position, foreign exchange and commodities risks | 30,292 | 20,971 |
| Total risk exposure amount for operational risk | 1,268,662 | 1,268,662 |
| Total risk exposure amount for credit valuation adjustment (cva) | 11,521 | 13,135 |
| **Total risk exposure amount** | **14,328,920** | **14,217,946** |

The table below shows the own funds determined according to the CRR, fully applying the Association 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 13.61 %, the Tier 1 capital ratio 15.15 %, and the equity ratio 17.70 %.

| Euro thousand | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| Common tier I capital: Instruments and reserves | | |
| Capital instruments including share premium accounts | 786,314 | 786,904 |
| Retained earnings | 1,664,204 | 1,668,483 |
| Interim profit | 169,523 | |
| Accumulated other comprehensive income (and other reserves) | -271,548 | -268,910 |
| Common tier I capital before regulatory adjustments | 2,348,493 | 2,186,476 |
| Common tier I capital: regulatory adjustments | | |
| Regulatory value adjustments | 0 | 0 |
| Intangible assets (net of related tax liability) | -975 | -1,373 |
| Cash flow hedge reserve | 774 | 760 |
| Cumulative gains and losses due to changes in own credit risk on fair valued liabilities | -1,355 | -961 |
| Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities | 9 | 11 |
| Value adjustments due to the requirement for prudent valuation | -1,249 | -1,275 |
| Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities | -46,082 | -34,044 |
| Insufficient coverage for non-performing exposures | -5,051 | -4,407 |
| Other foreseeable tax charges | -201 | -210 |
| Additional CET1 deductions pursuant to article 3 CRR | -177,711 | -163,927 |
| Total regulatory adjustments | -231,842 | -205,426 |
| **Common equity tier I capital - CET1** | **2,116,651** | **1,981,050** |
| Additional tier I capital: instruments | | |
| Capital instruments including share premium accounts | 220,000 | 220,000 |
| Additional tier I capital before regulatory adjustments | 220,000 | 220,000 |
| Additional tier I capital: regulatory adjustments | | |
| Total regulatory adjustments | 0 | 0 |
| **Additional tier I capital - AT1** | **220,000** | **220,000** |
| **Tier I capital (CET1 + AT1)** | **2,336,651** | **2,201,050** |
| Tier II capital - instruments and provisions | | |
| Capital instruments including share premium accounts | 364,576 | 408,640 |
| Tier II capital before regulatory adjustments | 364,576 | 408,640 |
| Tier II capital: regulatory adjustments | | |
| Total regulatory adjustments | 0 | 0 |
| **Tier II capital - T2** | **364,576** | **408,640** |
| **Own funds total - TC (T1 + T2)** | **2,701,227** | **2,609,690** |
| | | |
| Common equity tier I capital ratio | 14.80 % | 13.98 % |
| Tier I capital ratio | 16.34 % | 15.53 % |
| Equity ratio | 18.88 % | 18.41 % |
| each in relation to total risk exposure amount | | |

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

| Euro thousand | 30 Jun 2023 | 31 Dec 20,2 |
|---|---|---|
| Risk weighted exposure amount - credit risk | 12,993,694 | 12,871,025 |
| Total risk exposure amount - settlement risk | 0 | 109 |
| Total risk exposure amount for position, foreign exchange and commodities risks | 30,292 | 20,971 |
| Total risk exposure amount for operational risk | 1,268,662 | 1,268,662 |
| Total risk exposure amount for credit valuation adjustment (cva) | 11,521 | 13,135 |
| **Total risk exposure amount** | **14,304,169** | **14,173,901** |

VBW has concluded a banking association agreement with the Volksbanks in accordance with section 30a of the Austrian Banking Act. The purpose of this banking association agreement is to create a joint liability scheme between the primary sector institutions and to monitor and ensure compliance with the standards of the Austrian Banking Act at association level. According to article 10 CRR in conjunction with article 11 (4) CRR the CO must comply with the CRR´s own funds requirements based on the consolidated overall position of the CO and its affiliated institutions. The own funds of the Association of Volksbanks are calculated by aggregating VBW's own funds and those of the member institutions. When aggregating the included companies investments in Volksbanks and VBW, the aggregated carrying amounts of the investments are deducted from the aggregated equity components. Superior financial holding companies and holding companies, provided they fulfil the requirements of section 30a of the Austrian Banking Act, are also added and participations in these deducted. The aggregation as a group of companies which are legally separate entities, but under unified control without a parent company, means that the capital consolidation does not result in any minority interests. Subordinated companies are included in accordance with the method described below.

According to CRR, companies in the financial sector that are under the control of the parent or where the Group holds a majority of shares are fully consolidated. The carrying amount of institutions, financial institutions and subsidiaries providing banking-related auxiliary services that are controlled by the parent but not significant for the presentation of the group of credit institutions according to article 19 (1) of CRR is deducted from own funds. Subsidiaries which are managed jointly with non-Group companies are proportionately consolidated. Investments in companies in the financial sector with a share of between 10 % and 50 % that are not jointly managed are also deducted from own funds unless they are voluntarily consolidated on a pro rata basis. Investments in companies in the financial sector of less than 10 % are deducted from own funds considering the eligibility according to article 46 CRR. All other participations are included in the assessment base at their carrying amounts.

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

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

## 6) Financial assets and liabilities

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

| Euro thousand | Amortised cost | Fair value through OCI | Fair value through profit or loss | Carrying amount – total | Fair value |
|---|---|---|---|---|---|
| **30 Jun 2023** | | | | | |
| Liquid funds | 3,111,859 | 0 | 0 | 3,111,859 | 3,111,859 |
| Loans and receivables credit institutions (gross) | 211,744 | 0 | 0 | 211,744 | |
| Loans and receivables credit institutions less accumulated impairment | 211,744 | 0 | 0 | 211,744 | 203,252 |
| Loans and receivables customers (gross) | 22,382,986 | 0 | 381,547 | 22,764,534 | |
| Accumulated impairment | -148,761 | 0 | 0 | -148,761 | |
| Loans and receivables customers less accumulated impairment | 22,234,226 | 0 | 381,547 | 22,615,773 | 21,743,714 |
| Assets held for trading | 0 | 0 | 25,533 | 25,533 | 25,533 |
| Financial investments (gross) | 2,596,697 | 102,822 | 3,487 | 2,703,007 | |
| Financial investments less accumulated impairment | 2,596,697 | 102,822 | 3,487 | 2,703,007 | 2,610,865 |
| Participations | 0 | 126,228 | 0 | 126,228 | 126,228 |
| Derivative instruments | 0 | 0 | 257,013 | 257,013 | 257,013 |
| **Financial assets total** | **28,154,526** | **229,051** | **667,581** | **29,051,158** | **28,078,465** |
| | | | | | |
| Amounts owed to credit institutions | 1,504,388 | 0 | 0 | 1,504,388 | 1,493,496 |
| Amounts owed to customers | 21,528,313 | 0 | 0 | 21,528,313 | 21,484,700 |
| Debts evidenced by certificates | 2,383,679 | 0 | 68,518 | 2,452,197 | 2,437,655 |
| Lease liabilities | 167,644 | 0 | 0 | 167,644 | 167,644 |
| Liabilities held for trading | 0 | 0 | 25,156 | 25,156 | 25,156 |
| Derivative instruments | 0 | 0 | 258,443 | 258,443 | 258,443 |
| Subordinated liabilities | 438,766 | 0 | 0 | 438,766 | 426,289 |
| **Financial liabilities total** | **26,022,789** | **0** | **352,117** | **26,374,906** | **26,293,383** |
| | | | | | |
| **31 Dec 2022** | | | | | |
| Liquid funds | 3,473,153 | 0 | 0 | 3,473,153 | 3,473,153 |
| Loans and receivables credit institutions (gross) | 123,049 | 0 | 0 | 123,049 | |
| Loans and receivables credit institutions less accumulated impairment | 123,049 | 0 | 0 | 123,049 | 117,050 |
| Loans and receivables customers (gross) | 22,133,939 | 0 | 396,364 | 22,530,304 | |
| Accumulated impairment | -141,263 | 0 | 0 | -141,263 | |
| Loans and receivables customers less accumulated impairment | 21,992,676 | 0 | 396,364 | 22,389,041 | 21,530,498 |
| Assets held for trading | 0 | 0 | 25,592 | 25,592 | 25,592 |
| Financial investments (gross) | 2,293,548 | 80,708 | 4,505 | 2,378,760 | |
| Financial investments less accumulated impairment | 2,293,548 | 80,708 | 4,505 | 2,378,760 | 2,288,175 |
| Participations | 0 | 126,898 | 0 | 126,898 | 126,898 |
| Derivative instruments | 0 | 0 | 273,097 | 273,097 | 273,097 |
| **Financial assets total** | **27,882,426** | **207,605** | **699,558** | **28,789,589** | **27,834,462** |
| | | | | | |
| Amounts owed to credit institutions | 1,812,239 | 0 | 0 | 1,812,239 | 1,798,967 |
| Amounts owed to customers | 22,105,335 | 0 | 0 | 22,105,335 | 22,090,063 |
| Debts evidenced by certificates | 1,614,228 | 0 | 67,301 | 1,681,529 | 1,691,656 |
| Lease liabilities | 171,893 | 0 | 0 | 171,893 | 171,893 |
| Liabilities held for trading | 0 | 0 | 27,835 | 27,835 | 27,835 |
| Derivative instruments | 0 | 0 | 272,887 | 272,887 | 272,887 |
| Subordinated liabilities | 454,062 | 0 | 0 | 454,062 | 423,639 |
| **Financial liabilities total** | **26,157,758** | **0** | **368,023** | **26,525,781** | **26,476,941** |

### Fair value hierarchy

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

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

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

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

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

| Euro thousand | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **30 Jun 2023** | | | | |
| Loans and receivables customers | 0 | 0 | 381,547 | 381,547 |
| Assets held for trading | 2,774 | 22,759 | 0 | 25,533 |
| Financial investments | 105,058 | 1,252 | 0 | 106,310 |
| Fair value through profit or loss | 2,927 | 560 | 0 | 3,487 |
| Fair value through OCI | 102,131 | 691 | 0 | 102,822 |
| Participations | 0 | 0 | 125,925 | 125,925 |
| Fair value through OCI - designated | 0 | 0 | 125,925 | 125,925 |
| Derivative instruments | 0 | 257,013 | 0 | 257,013 |
| **Financial assets total** | **107,832** | **281,024** | **507,472** | **896,328** |
| | | | | |
| Debts evidenced by certificates | 0 | 0 | 68,518 | 68,518 |
| Liabilities held for trading | 0 | 25,156 | 0 | 25,156 |
| Derivative instruments | 0 | 258,443 | 0 | 258,443 |
| **Financial liabilities total** | **0** | **283,599** | **68,518** | **352,117** |
| | | | | |
| **31 Dec 2022** | | | | |
| Loans and receivables customers | 0 | 0 | 396,364 | 396,364 |
| Assets held for trading | 544 | 25,048 | 0 | 25,592 |
| Financial investments | 82,941 | 2,272 | 0 | 85,212 |
| Fair value through profit or loss | 2,952 | 1,553 | 0 | 4,505 |
| Fair value through OCI | 79,988 | 719 | 0 | 80,708 |
| Participations | 0 | 0 | 126,594 | 126,594 |
| Fair value through OCI - designated | 0 | 0 | 126,594 | 126,594 |
| Derivative instruments | 0 | 273,097 | 0 | 273,097 |
| **Financial assets total** | **83,485** | **300,417** | **522,958** | **906,860** |
| | | | | |
| Debts evidenced by certificates | 0 | 0 | 67,301 | 67,301 |
| Liabilities held for trading | 0 | 27,835 | 0 | 27,835 |
| Derivative instruments | 0 | 272,887 | 0 | 272,887 |
| **Financial liabilities total** | **0** | **300,722** | **67,301** | **368,023** |

Due to immateriality, participations with a carrying amount of euro 304 thousand (31 December 2022: euro 304 thousand) were measured at amortised cost.

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

In the first half of 2023, as well as 2022, there were no reclassifications of financial instruments between Level 1 and 2.

Development of level 3 fair values of financial assets and liabilities

| Euro thousand | Loans and receivables credit institutions | Loans and receivables customers | Participations | Financial assets total | Debts evidenced by certificates | Financial liabilities total |
|---|---|---|---|---|---|---|
| **As at 01 Jan 2022** | **59** | **346,154** | **130,270** | **476,483** | **86,179** | **86,179** |
| Additions | 0 | 68,522 | 1 | 68,523 | 967 | 967 |
| Disposals | 0 | -36,185 | -3 | -36,188 | 0 | 0 |
| Valuation | | | | | | |
| Through profit or loss | 0 | -9,322 | 0 | -9,322 | -13,149 | -13,149 |
| Through OCI | 0 | 0 | 543 | 543 | -867 | -867 |
| **As at 30 Jun 2022** | **59** | **369,170** | **130,811** | **500,040** | **73,129** | **73,129** |
| | | | | | | |
| **As at 01 Jan 2023** | **0** | **396,364** | **126,594** | **522,958** | **67,301** | **67,301** |
| Additions | 0 | 15,554 | 0 | 15,554 | 932 | 932 |
| Disposals | 0 | -27,985 | -7 | -27,991 | 0 | 0 |
| Valuation | | | | | | |
| Through profit or loss | 0 | -2,386 | 0 | -2,386 | 780 | 780 |
| Through OCI | 0 | 0 | -662 | -662 | -495 | -495 |
| **As at 30 Jun 2023** | **0** | **381,547** | **125,925** | **507,472** | **68,518** | **68,518** |

The valuations shown in the table above are included in the item result from financial instruments and investment properties (income statement) or fair value reserve (other comprehensive income). The valuations recorded in the income statement include holdings financial assets and liabilities in the amount of euro -3,018 thousand (1-6/2022: euro 3,923 thousand) at the reporting date.

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

## 7) Number of staff

Number of staff employed during the business year

| | Average number of staff | | Number of staff at end of period | |
|---|---|---|---|---|
| | 1-6/2023 | 1-6/2022 | 30 Jun 2023 | 31 Dec 2022 |
| Employees | 3,010 | 3,076 | 3,018 | 3,011 |
| Workers | 23 | 24 | 23 | 22 |
| **Total number of staff** | **3,033** | **3,099** | **3,041** | **3,033** |

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

## 8) Branches

| | 30 Jun 2023 | 31 Dec 2022 |
|---|---|---|
| **Branches domestic** | **233** | **236** |

## 9) Related party disclosures

| Euro thousand | Unconsolidated affiliates | Companies in which the Group has a participating interest | Companies measured at equity | Companies which exercise a significant influence on the parent as shareholders |
|---|---|---|---|---|
| **30 Jun 2023** | | | | |
| Loans and receivables customers | 6,048 | 13,075 | 0 | 0 |
| Bonds and other fixed-income securities | 0 | 0 | 0 | 0 |
| | | | | |
| Amounts owed to customers | 7,573 | 8,246 | 26,725 | 0 |
| Provisions | 12 | 0 | 4 | 0 |
| Contingent liabilities arising from guarantees | 1,500 | 0 | 11,094 | 0 |
| Transactions | 15,374 | 24,519 | 29,725 | 0 |
| | | | | |
| **31 Dec 2022** | | | | |
| Loans and receivables customers | 6,101 | 26,140 | 0 | 0 |
| Bonds and other fixed-income securities | 0 | 0 | 0 | 457,854 |
| | | | | |
| Amounts owed to customers | 8,343 | 18,720 | 40,929 | 0 |
| Provisions | 15 | 0 | 55 | 0 |
| Contingent liabilities arising from guarantees | 1,500 | 0 | 11,094 | 0 |
| Transactions | 17,216 | 21,968 | 40,960 | 0 |

Total related party 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 up irrespective of whether plus or minus figures.

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

## 10) Segment reporting by business segments

| 1-6/2023<br>Euro thousand | CO | Vienna | Lower Austria | Styria | Carinthia |
|---|---|---|---|---|---|
| Net interest income | -4,404 | 90,480 | 49,964 | 36,110 | 22,379 |
| Risk provision | 569 | 2,474 | -5,907 | -1,544 | -662 |
| Net fee and comission income | -2,746 | 34,955 | 18,937 | 13,174 | 7,963 |
| Net trading income | 1,241 | 66 | 305 | 279 | 133 |
| Result from financial instruments and investment properties | -897 | 225 | 711 | 555 | -158 |
| Other operating result | 102,821 | 3,243 | 1,458 | 26 | 655 |
| General administrative expenses | -69,847 | -78,607 | -45,068 | -31,109 | -19,944 |
| Result from companies measured at equity | 0 | 3,946 | -4 | 0 | 0 |
| **Result for the period before taxes** | **26,736** | **56,782** | **20,396** | **17,493** | **10,365** |
| Income taxes | 1,026 | -8,090 | -4,830 | -2,618 | -2,463 |
| **Result for the period after taxes** | **27,762** | **48,692** | **15,566** | **14,875** | **7,901** |
| **30 Jun 2023** | | | | | |
| **Total assets** | **9,054,323** | **6,834,260** | **3,661,050** | **2,819,644** | **1,506,356** |
| Loans and receivables customers | 91,085 | 5,631,126 | 3,002,688 | 2,386,983 | 1,200,034 |
| Companies measured at equity | 0 | 46,858 | 6,971 | 4,577 | 5,742 |
| Amounts owed to customers | 631,361 | 5,500,071 | 3,068,374 | 1,907,571 | 1,349,984 |
| Debts evidenced by certificates, including subordinated liabilities | 2,788,517 | 94,474 | 1,701 | 1,700 | 6,789 |
| **1-6/2022** | | | | | |
| Net interest income | 5,709 | 49,368 | 29,686 | 21,853 | 12,316 |
| Risk provision | 1,030 | 3,926 | 2,173 | 1,404 | 2,109 |
| Net fee and comission income | -3,121 | 34,075 | 17,824 | 12,816 | 7,797 |
| Net trading income | 1,013 | 143 | 172 | 115 | 114 |
| Result from financial instruments and investment properties | 4,691 | -2,162 | -259 | -305 | -1,028 |
| Other operating result | 84,097 | 5,262 | 452 | 243 | 943 |
| General administrative expenses | -62,046 | -71,063 | -40,464 | -29,945 | -18,753 |
| Result from companies measured at equity | 0 | -700 | 30 | 0 | 0 |
| **Result for the period before taxes** | **31,374** | **18,849** | **9,614** | **6,181** | **3,498** |
| Income taxes | -1,592 | -4,413 | -2,333 | -757 | -855 |
| **Result for the period after taxes** | **29,781** | **14,436** | **7,280** | **5,424** | **2,643** |
| **31 Dec 2022** | | | | | |
| **Total assets** | **8,832,508** | **6,726,795** | **3,657,631** | **2,776,588** | **1,520,847** |
| Loans and receivables customers | -538 | 5,498,507 | 2,996,741 | 2,354,400 | 1,177,945 |
| Companies measured at equity | 0 | 45,514 | 6,971 | 4,577 | 5,742 |
| Amounts owed to customers | 1,045,308 | 5,746,913 | 3,095,084 | 1,849,209 | 1,376,455 |
| Debts evidenced by certificates, including subordinated liabilities | 2,028,110 | 94,474 | 1,701 | 1,755 | 6,789 |

| Upper Austria | Salzburg | Tyrol | Vorarlberg | ÖÄAB | Consolidation | Total |
|---|---|---|---|---|---|---|
| 29,174 | 44,545 | 42,583 | 17,856 | 14,798 | -4 | 343,482 |
| 510 | -2,498 | 4,597 | -692 | -934 | 0 | -4,088 |
| 14,569 | 15,144 | 19,105 | 9,022 | 4,232 | -826 | 133,528 |
| 128 | -4 | 252 | 695 | -11 | 0 | 3,084 |
| -876 | 255 | -416 | -407 | 238 | -1,447 | -2,217 |
| 227 | -468 | 395 | 38 | -56 | -105,628 | 2,711 |
| -31,762 | -34,723 | -39,588 | -21,782 | -11,937 | 106,466 | -277,902 |
| 0 | 0 | 0 | 0 | 0 | 0 | 3,941 |
| **11,970** | **22,251** | **26,928** | **4,729** | **6,330** | **-1,440** | **202,538** |
| -1,867 | -5,270 | -6,386 | -1,135 | -1,381 | -1 | -33,014 |
| **10,103** | **16,981** | **20,542** | **3,594** | **4,949** | **-1,441** | **169,524** |
| | | | | | | |
| **2,598,420** | **3,070,075** | **3,448,528** | **1,985,325** | **1,059,054** | **-6,478,358** | **29,558,678** |
| 2,110,906 | 2,465,556 | 2,898,361 | 1,725,548 | 863,655 | -13,000 | 22,362,940 |
| 15,963 | 10,340 | 43 | 20 | 5,063 | 0 | 95,578 |
| 2,171,855 | 2,469,061 | 2,378,223 | 1,121,724 | 951,768 | -21,888 | 21,528,105 |
| 803 | 14,706 | 7,223 | 17,979 | 0 | -42,929 | 2,890,963 |
| | | | | | | |
| 17,583 | 23,981 | 24,392 | 12,641 | 6,093 | -19 | 203,603 |
| 1,677 | -3,915 | 3,301 | 316 | -248 | 0 | 11,773 |
| 14,729 | 16,383 | 19,048 | 9,051 | 4,398 | -309 | 132,689 |
| 103 | -4 | 21 | 295 | 24 | 0 | 1,996 |
| -512 | -876 | 2,052 | -902 | 235 | -5,120 | -4,186 |
| 692 | 102 | 511 | 370 | 11 | -87,530 | 5,155 |
| -29,673 | -31,396 | -33,967 | -20,045 | -10,819 | 88,149 | -260,020 |
| 0 | 0 | 0 | 0 | 0 | 0 | -670 |
| **4,600** | **4,276** | **15,358** | **1,725** | **-306** | **-4,828** | **90,340** |
| 659 | -1,018 | -3,777 | -431 | 426 | -73 | -14,165 |
| **5,259** | **3,257** | **11,581** | **1,293** | **120** | **-4,901** | **76,175** |
| | | | | | | |
| **2,599,482** | **3,075,093** | **3,501,230** | **1,993,108** | **1,059,246** | **-6,518,353** | **29,224,176** |
| 2,118,476 | 2,458,058 | 2,950,157 | 1,730,487 | 843,795 | -12,041 | 22,115,988 |
| 15,963 | 10,340 | 43 | 20 | 5,063 | 0 | 94,234 |
| 2,100,144 | 2,419,380 | 2,431,889 | 1,089,536 | 978,829 | -27,649 | 22,105,097 |
| 803 | 14,720 | 7,223 | 22,982 | 0 | -42,966 | 2,135,591 |

## 11) Subsequent events

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

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

## 12) Quarterly financial data

| Euro thousand | 4-6/2023 | 1-3/2023 | 10-12/2022 | 7-9/2022 | 4-6/2022 |
|---|---|---|---|---|---|
| Net interest income | 177,302 | 166,180 | 155,138 | 108,831 | 103,427 |
| Risk provision | 2,480 | -6,567 | -40,089 | -2,986 | 5,405 |
| Net fee and commission income | 67,697 | 65,831 | 62,141 | 60,575 | 65,587 |
| Net trading income | 1,139 | 1,945 | 1,266 | 751 | 949 |
| Result from financial investments and investment properties | -512 | -1,705 | -3,333 | -7,451 | -4,239 |
| Other operating result | 1,015 | 1,695 | -70,783 | 1,415 | 5,547 |
| General administrative expenses | -128,969 | -148,934 | -119,765 | -119,778 | -104,031 |
| Result from companies measured at equity | 365 | 3,576 | 154 | -71 | 59 |
| **Result for the period before taxes** | **120,517** | **82,021** | **-15,270** | **41,286** | **72,705** |
| Income taxes | -27,175 | -5,840 | 23,301 | -10,621 | -16,995 |
| **Result for the period after taxes** | **93,343** | **76,181** | **8,031** | **30,665** | **55,710** |
| **Result attributable to shareholders of the parent company (Consolidated net result)** | **93,342** | **76,181** | **8,006** | **30,665** | **55,711** |
| Result attributable to non-controlling interest | 1 | 0 | 25 | 0 | 0 |

Vienna, 24 August 2023

**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 Association of Volksbanks 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.