

HALF-YEAR FINANCIAL REPORT

AS AT 30 JUNE 2016

KEY FIGURES

Euro million	30 Jun 2016	31 Dec 2015	31 Dec 2014
Statement of financial position			
Total assets	10,109	10,018	3,412
Loans and advances to customers	3,738	3,722	2,454
Amounts owed to customers	3,905	3,992	3,064
Debts evidenced by certificates	769	798	0
Subordinated liabilities	26	18	18
Own funds according to Basel III for the Volksbank Wien AG group			
Common equity tier 1 capital (CET1)	367	359	
Additional tier 1 capital (AT1)	0	0	
Tier 1 capital (T1)	367	359	
Tier 2 capital (T2)	8	10	
Own funds	376	370	
Risk weighted exposure amount - credit risk	2,065	2,025	
Total risk exposure amount market risk	193	188	
Total risk exposure amount operational risk	573	577	
Total risk for credit valuation adjustment	98	90	
Total risk exposure amount	2,930	2,881	
Common equity tier 1 capital ratio ¹⁾	12.5 %	12.5 %	
Tier 1 capital ratio ¹⁾	12.5 %	12.5 %	
Equity ratio ¹⁾	12.8 %	12.8 %	
Income statement			
	1-6/2016	1-6/2015	
Net interest income	50.4	25.5	
Risk provisions	-2.8	-2.7	
Net fee and commission income	17.4	17.6	
Net trading income	-2.7	0.1	
General administrative expenses	-97.4	-32.7	
Restructuring cost	0.0	0.0	
Other operating result	45.6	-0.1	
Income from financial investments	7.7	3.3	
Income from companies measured at equity	1.7	0.0	
Income from discontinued operation	0,0	0,0	
Result before taxes	20.0	11.0	
Income taxes	-4.8	-0,9	
Result after taxes	15.1	10.0	
Non-controlling interest	0.0	0.0	
Consolidated net income	15.1	10.0	
Key ratios ²⁾			
Operating cost-income-ratio	87.9 %	75.9 %	
ROE before taxes	10.0 %	11.0 %	
ROE after taxes	7.6 %	10.1 %	
ROE consolidated net income	7.6 %	10.1 %	
Resources			
Staff average	1,097	549	
of which domestic	1,097	549	
	30 Jun 2016	31 Dec 2015	
Staff at end of period	1,091	1,130	
of which domestic	1,091	1,130	
Number of sales outlets	63	64	
of which domestic	63	64	

As the legal obligation to set up consolidated financial statement of VBW starts with the contribution of the CO business unit as at 4 July 2015 no comparative figures for 2014 were displayed.

¹⁾ In relation to total risk

²⁾ The operating cost-income-ratio is the ratio between net interest income, net fee and commission income, net trading income, other operating result and general administrative expenses.

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Any role descriptions in this interim report that are used only in the masculine form apply analogously to the feminine form.
English translation by All Languages Alice Rabl GmbH.

HALF-YEAR MANAGEMENT REPORT FOR THE FIRST HALF OF 2016

Report on the business development and economic situation

Business development

Ever since the 2015 financial year, when the most fundamental reorganisation of the Association of Volksbanks through transformation of Österreichische Volksbanken-Aktiengesellschaft (VBAG) (remaining after the demerger) into a wind-down company resulted in the dissolution of the former association and in the formation of a new association, VOLKSBANK WIEN AG (VBW) has been the central organisation under section 30a Austrian banking act (BWG) of the new Austrian Association of Volksbanks; accordingly, it assumes extensive management and control functions and is also responsible, among others, for the risk and liquidity management across the Association. By letter dated 29 June 2016, the ECB granted unlimited approval of the Association of Volksbanks. Currently, no notice regarding a new SREP ratio is available for the newly approved Association of Volksbanks.

Within the scope of the reorganisation process throughout the Association, the Volksbanks will merge into eight regional providers of banking services and two specialist banks. Therefore, in the first half of 2016, additional contributions of banking operations were prepared. Of the four contributions to VBW planned for 2016, the first was carried out in July with Volksbank Weinviertel e.Gen. Moreover, the general meetings of Volksbank Niederösterreich Süd eG and of Volksbank Südburgenland eG approved the contributions in November 2016. The general meeting of Volksbank Marchfeld e.Gen. did not approve both the new association agreements and the merger with VBW. Therefore, in accordance with the existing association agreements, Volksbank Marchfeld e.Gen. was excluded from the Association of Volksbanks with effect from 24 May 2016.

Economic environment

In the first half of 2016, the Austrian economy developed quite dynamically. In the first quarter, according to a calculation by the Austrian Institute of Economic Research (WIFO), the economy grew by 0.4% in real terms and in the second quarter, according to a quick estimate, by 0.3% as compared to the previous quarter. A Eurostat calculation (adjusted in terms of seasons and workdays) resulted in a quarterly growth rate of 0.6% in the first and a stagnating figure in the second quarter.

The growth in GDP was based on domestic demand, there were no contributions to growth from foreign trade in the first half year. Consumer spending increased by 0.3% Q/Q in both quarters. Government spending showed a similar trend with growth rates of 0.3% and 0.2%, respectively. Gross investments were increasingly dynamic with an increase of 0.2% Q/Q in the first quarter and 0.6% Q/Q in the second quarter. Gross fixed asset investments increased more substantially at 0.9% Q/Q and 0.8% Q/Q, respectively. Accordingly, the stocks decreasing in line with this trend constitute a sound basis for growth in the second half of the year. Annual growth rates in Austria were 1.7% in the first and 1.2% in the second quarter.

There was a similar trend in the eurozone overall. The growth rates published by Eurostat, which were adjusted in terms of workdays and seasons, amounted to 0.6% Q/Q in the first quarter and 0.3% (quick estimate) in the second quarter. The corresponding annual growth rates amounted to 1.7% and 1.6%, respectively.

In the first six months of the year, the Austrian unemployment rate varied between 5.9% and 6.2%, according to an international method of calculation (Eurostat), thus remaining

on a historically increased level. However, starting out from markedly increased values, the unemployment rate showed a continuously decreasing tendency throughout the eurozone. While still around 10.4% at the beginning of the year, it was 10.1% in June (with seasonal adjustments).

According to the Harmonised Index of Consumer Prices (HICP), the inflation rate in Austria fell from 1.4% Y/Y in January to 0.6% in June in the course of the first half year. Although lower than the value targeted by the European Central Bank of below – but close to – 2%, inflation rates in Austria continued to be among the highest in the eurozone. In the first half year, the rates of price increases varied between -0.2% and 0.3% in the single-currency zone. In June, the inflation rate in the eurozone was 0.1%, with several member states – including Spain, Italy and the Netherlands – showing negative inflation rates.

In March, the European Central Bank decreased its main refinancing rate from 0.05% to 0.00%. The interest rate for the prime refinancing facility was reduced from 0.30% to 0.25%, the deposit rate from -0.30% to -0.40%. Moreover, an extension of the bond purchase programme as well as new targeted longer-term refinancing transactions (TLTRO2) were resolved upon. In the second quarter, no further monetary policy measures were taken. The 3-month EURIBOR was negative throughout the first half of the year, reaching new historic troughs in the period under review. It fell from 0.13% at the beginning of the year to -0.29% at the end of June. Even the yields of government bonds, up to now considered safe, continued their downward trend. The yield of 10-year federal bonds in Austria fell from 0.85% early in January to a new record low of 0.20% at the end of June. In Germany, yields in the 10-year maturity range even took on negative values. At the end of the first half year, it was -0.13%, as compared to 0.57% at the beginning of the year. The monetary easing implemented by the European Central Bank, the very hesitant tightening in the USA, and – most recently – the increased demand for safe government bonds caused by the Brexit vote in the United Kingdom were the factors mainly responsible for this development.

Consolidated result for the first half of 2016

Due to the contributions effected in the second half of 2015 and to the expansion of the scope of activities of VBW, in particular by taking over the function of central organisation (CO), the figures of the period under review are not fully comparable to those of the previous year.

The consolidated result before taxes of VBW amounts to euro 20 million (1-6/2015: euro 11 million). The consolidated result after taxes and non-controlling interest amounts to euro 15 million (1-6/2015: euro 10 million).

Net interest income for the first half of 2016 amounts to euro 50 million, thus exceeding the income for the reference period (1-6/2015: euro 25 million) by euro 25 million. The increase is essentially due to the CO segment.

The item risk provisions shows a stable result both for the first half of 2016 (euro -3 million) and for the reference period (euro -3 million). A slightly increased requirement for risk provisions for loans and advances in the first half of 2016 was partly compensated through release of provisions for risks.

Net fee and commission income in the period under review amounts to euro 17 million and decreased only slightly as compared to the previous period (1-6/2015: euro 18 million). The increase in income, especially in the area of securities trading, was offset through higher expenditure in credit transactions.

Net trading income for the period under review amounts to euro -3 million; since VBW did not do any trading prior to assuming the CO functions, the net trading income of the reference period includes the foreign exchange valuation of open foreign exchange positions in the amount of euro 0.1 million.

General administrative expenses of euro 97 million (1-6/2015: euro 33 million) constitute an increase as compared to the previous year. As compared to the end of 2015, the headcount decreased by 39 from 1,130 and now amounts to 1,091 employees. As at 30 June 2015, VBW had a staff of 539. The contributions of the CO business unit, of VB Ost and of VB OWD in the second half of 2015 have caused the increase since June 2015.

Other operating result for the first half of 2016 amounts to euro 46 million (1-6/2015: euro 0 million). Due to the assumption of the CO functions as at July 2015, the other operating income now includes the income from the allocation of the CO costs to the Volksbanks in the amount of euro 34 million. Moreover, VB Services, consolidated for the first time as at 4 July 2015, contributes to this increase in the amount of euro 13 million.

Income from financial investments for the period under review amounts to euro 8 million, thus exceeding the reference period (1-6/2015: euro 3 million) by euro 4 million. From the valuation of embedded interest derivatives in loans and advances to customers, a positive result in the amount of euro 9 million was reported in the first half of 2016. Additionally, expenses in the amount of euro -3 million are reported from the surplus of effective hedge relationships in the period under review. In the previous year, gains on sales of securities in the amount of euro 3 million were recorded.

In the period under review, income from companies measured at equity amounted to euro 2 million from taking over the pro rata result of the participations in IMMO-BANK AG and Volksbank Kärnten eG, which have been entered in the balance sheet at equity ever since the take-over of the CO business unit.

Due to the tax planning of the next four years, deferred tax assets were recognised in the period under review in respect of some tax losses carried forward. For tax losses carried forward in the amount of euro 360 million, no deferred tax assets were recognised. Deferred taxes were recognised for the remaining measurement differences, especially relating to the valuation of derivatives and securities.

Statement of financial position and own funds

As at 30 June 2016, total assets amounted to euro 10.1 billion and have slightly increased as compared to the end of 2015 (euro 10.0 billion).

As compared to the end of the previous period (euro 2.8 billion), loans and advances to credit institutions have decreased slightly to euro 2.7 billion. As at 30 June 2016, loans and advances to customers amount to euro 3.7 billion and have remained stable as compared to the end of the previous year (euro 3.7 billion).

At euro 1.7 billion, financial investments remained the same as at the end of 2015 (euro 1.7 billion).

As at 30 June 2016, the carrying amount of the participation measured at equity in IMMO-BANK AG is presented in assets held for sale, since the agreement on the sale of the shares had already been signed on the key date. The closing is expected for the second half of 2016.

At euro 4.1 billion, amounts owed to credit institutions have remained the same as compared to the end of 2015 (euro 4.1 billion). Amounts owed to customers, on the other hand, in the amount of euro 3.9 billion have slightly decreased as compared to the end of 2015 (euro 4.0 billion).

As at 30 June 2016, debts evidenced by certificates amount to euro 0.8 billion and have remained stable as compared to 31 December 2015 (euro 0.8 billion).

Due to the result for the first half of 2016 and an indirect contribution to VB Rückzahlungsgesellschaft mbH by VBW shareholders, equity has slightly increased as compared to the end of last year and amounts to euro 0.4 billion as at 30 June 2016.

As at 30 June 2016, the regulatory own funds of the VBW Group of credit institutions amount to euro 0.4 billion (31.12.2015: euro 0.4 billion). As at 30 June 2016, the total risk exposure amount was euro 2.9 billion (31.12.2015: euro 2.9 billion). The CET 1 ratio in relation to total risk amounts to 12.5% (31.12.2015: 12.5%), the equity ratio in relation to total risk is 12.8% (31.12.2015: 12.8%).

The Return on Equity (ROE) before taxes of the VBW Group for the first half of 2016 amounts to 10.0% (1-6/2015: 9.9%). The ROE before taxes is determined as the quotient of result before taxes and the average of equity as at the balance sheet date and the balance sheet date of the previous year. The ROE after taxes amounts to 7.6% for the period under review (1-6/2015: 8.9%). The ROE after taxes is determined as the quotient of result after taxes and the average of equity as at the balance sheet date and the balance sheet date of the previous year.

The operating cost-income ratio of the VBW Group amounts to 87.9% in the period under review (1-6/2015: 75.9%). The operating cost-income ratio is calculated from the net interest income, net fee and commission income, net trading income and other operating result in relation to general administrative expenses.

Report on the company's future development and risks

Future development of the company

Economic environment

According to the economic forecast of the Austrian Institute of Economic Research (WIFO) published in June, the Austrian economy is expected to grow by 1.6% this year. The main driving factor in this development is expected to be government and consumer spending. In spite of the economic recovery, the unemployment rate is nevertheless going to rise slightly, according to the WIFO; the Austrian inflation rate is expected to reach 1.2% this year.

Against the background of a continuation of the expansive monetary policy, low oil prices, an improved situation on the labour market, and a certain easing in fiscal terms, economic recovery in the eurozone is expected to continue. According to the macroeconomic forecasts of the European Central Bank published in June, the gross domestic product of the eurozone will grow by 1.6% this year. However, the UK exit from the European Union may have a slightly restraining effect on growth this year already. Due to the low oil price (even if it has recovered slightly as compared to the trough in the first half of the year), inflation will remain low. Accordingly, the target inflation rate of the European Central Bank

will again be undercut, and accordingly no change of the expansive monetary policy is to be expected. Therefore, money and capital market interest rates are likely to remain low. Some of the risks for this economic outlook derive from the current geopolitical conflicts, the uncertainties surrounding the imminent exit negotiations between the United Kingdom and the European Union, as well as the difficulties within the Italian banking sector.

Forecast – mergers planned for 2016

On 19 July 2016, the contribution of the banking operation of Volksbank Weinviertel e.Gen. was entered in the Companies' Register. In the course of the contribution, a capital increase was carried out at VBW in the amount of euro 17 million. Moreover, VBW is planning to take over the banking operations of Volksbank Niederösterreich Süd eG and of Volksbank Südburgenland eG in November 2016.

Business development

After the successful completion of the immigon spin-off from the Association and take-over of the CO functions by VBW, the focus of VBW is primarily on growth in customer business. Additionally, cost savings potentials are meant to be exploited through the planned mergers, and the bank is meant to grow due to increased credit and commission business. The latter will also be supported by the cooperation agreement, started in the first half of the year, with Union Investment Austria GmbH and the new orientation of the branches. An annual result in the lower two-digit range is being aimed at.

Vienna, 29 August 2016



Gerald FLEISCHMANN
Chairman of the Managing Board



Josef PREISSEL
Deputy Chairman of the Managing Board



Wolfgang SCHAUER
Member of the Managing Board



Rainer BORNS
Member of the Managing Board

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Condensed statement of comprehensive income

Income statement	1-6/2016	1-6/2015	Changes	
	Euro thousand	Euro thousand	Euro thousand	%
Interest and similar income	61,268	35,525	25,744	72.47 %
Interest and similar expense	-10,824	-10,041	-783	7.80 %
Net interest income	50,444	25,484	24,960	97.95 %
Risk provisions	-2,819	-2,733	-86	3.16 %
Fee and commission income	31,639	18,890	12,749	67.49 %
Fee and commission expenses	-14,261	-1,287	-12,974	> 200.00 %
Net fee and commission income	17,378	17,603	-225	-1.28 %
Net trading income	-2,695	105	-2,800	< -200.00 %
General administrative expenses	-97,394	-32,691	-64,703	197.92 %
Other operating result	45,620	-129	45,749	< -200.00 %
Income from financial investments	7,727	3,322	4,405	132.61 %
Income from companies measured at equity	1,714	0	1,714	100.00 %
Result for the period before taxes	19,975	10,961	9,014	82.23 %
Income taxes	-4,825	-927	-3,899	> 200.00 %
Result for the period after taxes	15,149	10,034	5,115	50.98 %
Result attributable to shareholders of the parent company (Consolidated net result)	15,147	10,034	5,113	50.96 %
thereof from continued operations	15,147	10,034	5,113	50.96 %
thereof from discontinued operations	0	0	0	0.00 %
Result attributable to non-controlling interest	2	0	2	100.00 %
thereof from continued operations	2	0	2	100.00 %
thereof from discontinued operations	0	0	0	0.00 %
Other comprehensive income				
	1-6/2016	1-6/2015	Changes	
	Euro thousand	Euro thousand	Euro thousand	%
Result for the period after taxes	15,149	10,034	5,115	50.98 %
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Revaluation obligation of defined benefit plans (IAS 19)	-4,180	0	-4,180	100.00 %
Deferred taxes of revaluation IAS 19	1,045	0	1,045	100.00 %
Total items that will not be reclassified to profit or loss	-3,135	0	-3,135	100.00 %
Items that may be reclassified to profit or loss				
Currency reserve	0	0	0	100.00 %
Available for sale reserve (including deferred taxes)				
Change in fair value	-6,927	264	-7,191	< -200.00 %
Net amount transferred to profit or loss	322	-2,512	2,834	-112.82 %
Hedging reserve (including deferred taxes)				
Change in fair value (effective hedge)	0	0	0	0.00 %
Net amount transferred to profit or loss	0	0	0	0.00 %
Change in deferred taxes of untaxed reserves	0	0	0	0.00 %
Change from companies measured at equity	17	0	17	100.00 %
Total items that may be reclassified to profit or loss	-6,588	-2,248	-4,340	193.02 %
Other comprehensive income total	-9,723	-2,248	-7,475	> 200.00 %
Comprehensive income	5,426	7,786	-2,359	-30.30 %
Comprehensive income attributable to shareholders of the parent company	5,429	7,786	-2,357	-30.27 %
thereof from continued operations	5,429	7,786	-2,357	-30.27 %
thereof from discontinued operations	0	0	0	0.00 %
Comprehensive income attributable to non-controlling interest	-2	0	-2	100.00 %
thereof from continued operations	-2	0	-2	100.00 %
thereof from discontinued operations	0	0	0	0.00 %

Condensed statement of financial position as at 30 June 2016

	30 Jun 2016 Euro thousand	31 Dec 2015 Euro thousand	Changes Euro thousand	%
Assets				
Liquid funds	1,337,338	1,280,269	57,069	4.46 %
Loans and advances to credit institutions (gross)	2,747,932	2,794,241	-46,309	-1.66 %
Loans and advances to customers (gross)	3,737,596	3,722,212	15,384	0.41 %
Risk provisions (-)	-57,917	-68,782	10,865	-15.80 %
Trading assets	193,365	172,286	21,079	12.24 %
Financial investments	1,719,088	1,717,908	1,181	0.07 %
Investment property	35,643	35,852	-209	-0.58 %
Companies measured at equity	0	19,601	-19,601	-100.00 %
Participations	29,705	31,691	-1,987	-6.27 %
Intangible assets	33,030	35,946	-2,915	-8.11 %
Tangible fixed assets	116,291	120,579	-4,289	-3.56 %
Tax assets	32,862	30,462	2,400	7.88 %
Current tax assets	4,556	4,133	423	10.23 %
Deferred tax assets	28,307	26,329	1,977	7.51 %
Other assets	162,317	125,466	36,851	29.37 %
Assets held for sale	21,333	0	21,333	100.00 %
TOTAL ASSETS	10,108,583	10,017,732	90,851	0.91 %
Liabilities and Equity				
Amounts owed to credit institutions	4,129,340	4,071,299	58,042	1.43 %
Amounts owed to customers	3,904,683	3,992,500	-87,817	-2.20 %
Debts evidenced by certificates	769,257	798,362	-29,106	-3.65 %
Trading liabilities	530,437	447,361	83,077	18.57 %
Provisions	73,871	73,380	492	0.67 %
Tax liabilities	11,420	7,932	3,488	43.98 %
Current tax liabilities	2,232	200	2,032	> 200.00 %
Deferred tax liabilities	9,188	7,731	1,457	18.84 %
Other liabilities	260,272	212,799	47,473	22.31 %
Subordinated liabilities	25,543	17,674	7,869	44.52 %
Equity	403,760	396,426	7,334	1.85 %
Shareholders' equity	401,106	393,752	7,354	1.87 %
Non-controlling interest	2,654	2,674	-20	-0.75 %
Total Liabilities and Equity	10,108,583	10,017,732	90,851	0.91 %

Condensed changes in the Group's equity

	1) Subscribed capital	Capital reserve	Retained earnings	IAS 39 valuation reserves 2) Available for sale reserve	Shareholders' equity	Non-controlling interest	Equity
Euro thousand							
As at 1 January 2015	74,198	42,544	79,111	3,232	199,086	0	199,086
Consolidated net income ³⁾			10,034		10,034	0	10,034
Change in deferred taxes arising from untaxed reserve			0		0		0
Revaluation obligation of defined benefit plans (IAS 19 including deferred taxes)			0		0	0	0
Available for sale reserve (including deferred taxes)				-2,248	-2,248	0	-2,248
Comprehensive income	0	0	10,034	-2,248	7,786	0	7,786
Kapitalerhöhung	0	0			0		0
Dividends paid			-6,791		-6,791	0	-6,791
As at 30 June 2015	74,198	42,544	82,354	984	200,080	0	200,080
As at 1 January 2016	114,481	154,162	109,935	15,174	393,752	2,674	396,426
Consolidated net income ³⁾			15,147		15,147	2	15,149
Change in deferred taxes arising from untaxed reserve			0		0		0
Revaluation obligation of defined benefit plans (IAS 19 including deferred taxes)			-3,130		-3,130	-5	-3,135
Available for sale reserve (including deferred taxes)				-6,605	-6,605	0	-6,605
Change from companies measured at equity			0	17	17		17
Comprehensive income	0	0	12,017	-6,589	5,429	-2	5,426
Capital increase	0	0			0		0
Dividends paid			-100		-100	-19	-119
Participation capital	-7,004	-845			-7,849		-7,849
Payment Shareholder		9,883			9,883		9,883
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation			-9		-9	1	-8
As at 30 June 2016	107,477	163,200	121,843	8,586	401,106	2,654	403,760

1) Subscribed capital corresponds to the figures reported in the financial statements of VOLKSBANK WIEN AG (VBW).

2) As at 30 June 2016, the available for sale reserve included deferred taxes of euro -2,862 thousand (30 June 2015: euro -5,058 thousand).

3) In 2016 (and 2015) the financial statements of VBW contain no currency translation differences resulted from the application of average rates of exchange in the income statement, whether for shareholders' equity nor for non-controlling interest.

Condensed cash flow statement

In euro thousand	1-6/2016	1-6/2015
Cash and cash equivalents at the end of previous period (= liquid funds)	1,280,269	31,057
Cash flow from operating activities	55,556	4,855
Cash flow from investing activities	-8,271	-1,633
Cash flow from financing activities	9,784	-6,781
Effect of currency translation	0	0
Cash and cash equivalents at the end of period (= liquid funds)	1,337,338	27,498

Condensed Notes to the Financial Statements for the period from 1 January to 30 June 2016

1) General information and accounting principles

VOLKSBANK WIEN AG (VBW), which has its registered office at Kolingasse 14-16, 1090 Vienna, is the parent company of national acting subsidiaries and the central organisation (CO) of the Austrian Volksbank sector. In addition to the sector business with Volksbanks, the priorities in private und corporate customer business are based in Austria.

VBW was obliged to produce consolidated financial statements for the first time as at 31 December 2015, as it exceeds the thresholds set out under section 246 of the Austrian Commercial Code (Unternehmensgesetzbuch - UGB). Furthermore, because VBW had acquired securities admitted to trading on a regulated market within the meaning of section 2 (37) of the Austrian Banking Act (Bankwesengesetz - BWG), VBW was obliged to prepare consolidated financial statements under international accounting standards. Pursuant to section 245a UGB, VBW was therefore preparing consolidated financial statements under International Financial Reporting Standards (IFRS) for the first time as at 31 December 2015.

The interim financial statements of VBW as at 30 June 2016 were prepared on the basis of all IFRS/IAS standards published by the International Accounting Standards Board (IASB) applicable as at the reporting date, and all interpretations (IFRIC/SIC) of the International Financial Reporting Interpretations Committee and the Standing Interpretations Committee, in so far as these have also been adopted by the European Union in the endorsement process and their application is mandatory. These interim financial statements fulfil the requirements of IAS 34 - Interim Financial Reporting.

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 2015. 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 2015.

These condensed consolidated interim financial statements have not been reviewed by the statutory auditor.

The accounts have been prepared on the assumption that it will remain a going concern. The interim consolidated financial statements have been drawn up in euro as this is the Group's functional currency. All figures are indicated in thousands of euros, unless specified otherwise. The following tables may contain rounding differences.

Going concern

The primary banks of the Austrian Volksbank sector created a banking association pursuant to section 30a BWG in 2012 with the conclusion of the 2012 banking association agreement, to better meet both the economic challenges of a changing market environment and increasing regulatory requirements.

The primary banks of the Austrian Volksbank sector adopted a resolution in autumn 2014 to strategically restructure the Association of Volksbanks, in order to ensure a sustainable Association of Volksbanks retaining its core competency as a regionally rooted financial services provider.

Beside the splitting up of the former Österreichische Volksbanken-Aktiengesellschaft (VBAG) and the leveraging of potential synergies within the Association of Volksbanks a further core element of the restructuring is the binding creation of a target structure made up of eight regional banks and two specialist banks, to be implemented mainly through mergers of primary banks by 31 December 2017. This structure is intended to enable the Association of Volksbanks to operate on capital markets over the medium term. Of the four contributions to VBW planned for 2016, the first was carried out in July with Volksbank Weinviertel e.Gen. Moreover, the general meetings of Volksbank Niederösterreich Süd eG and of Volksbank Südburgenland eG approved the contributions in November 2016. The general meeting of Volksbank Marchfeld e.Gen. did not approve both the new association agreements and the merger with VBW. Therefore, in accordance with the existing association agreements, Volksbank Marchfeld e.Gen. was excluded from the Association of Volksbanks with effect from 24 May 2016.

The ECB approved the Association of Volksbanks as a banking association pursuant to section 30a BWG with VBW as the CO. The approval was resolved on 2 July 2015 and is valid up to 30 June 2016. By letter dated 29 June 2016, the ECB granted unlimited approval of the Association of Volksbanks. As yet, no new SREP ratio has been stipulated for the newly approved Association of Volksbanks.

VBW as the central organisation in accordance with section 30a BWG is part of the banking association (joint liability and liquidity association). 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 BWG, on the basis of the consolidated financial position (section 30a (7) BWG). VBW must continue to comply with all applicable regulatory provisions on a single-entity basis and at Group level. The members of the Association of Volksbanks have joint, unlimited liability and have contractually agreed to bear the costs and risks of the CO on a pro rata basis.

2) Presentation and changes in the scope of consolidation

In the first half of 2016 no changes in the scope of consolidation of the VBW Group occurred.

3) Subsequent events

On 19 July 2016, the contribution of the banking operation of Volksbank Weinviertel e.Gen. was entered in the Companies' Register. In the course of the contribution, a capital increase was carried out at VBW in the amount of euro 17 million. Moreover, VBW is planning to take over the banking operations of Volksbank Niederösterreich Süd eG and of Volksbank Südburgenland eG in November 2016.

4) Notes to the income statement

Net interest income

Euro thousand	1-6/2016	1-6/2015
Interest and similar income	61,268	35,525
Interest and similar income from	57,512	34,897
liquid funds	25	0
credit and money market transactions with credit institutions	1,476	3,167
credit and money market transactions with customers	49,849	30,187
debt securities	171	753
derivatives in the investment book	5,992	790
Current income from	2,227	325
equities and other variable-yield securities	206	323
other affiliates	200	0
investments in other companies	1,821	2
Income from operating lease and investment property	1,529	302
rental income investment property	1,529	302
Interest and similar expenses of	-10,824	-10,041
deposits from credit institutions (including central banks)	-3,851	-132
deposits from customers	-6,023	-8,630
debts evidenced by certificates	-711	0
subordinated liabilities	-240	-248
derivatives in the investment book	0	-1,031
Net interest income	50,444	25,484

Net interest income according to IAS 39 categories:

Euro thousand	1-6/2016	1-6/2015
Interest and similar income	61,268	35,525
Interest and similar income from	57,512	34,897
derivatives in the investment book	5,992	790
financial investments not at fair value through profit or loss	51,520	34,107
financial investments available for sale	-417	753
financial investments at amortised cost	51,353	33,354
of which unwinding of risk provisions	628	0
financial investments held to maturity	584	0
Current income from	2,227	325
financial investments available for sale	2,227	325
Operating lease operations and investment property	1,529	302
Interest and other similar expenses of	-10,824	-10,041
derivatives in the investment book	0	-1,031
financial investments at amortised cost	-10,824	-9,010
Net interest income	50,444	25,484

Due to the trend of money market interest rates towards negative reference rates, interest income of euro 8,713 thousand (1-6/2015: euro 0 thousand) and interest expenses of euro -5,717 thousand (1-6/2015: euro 0 thousand) were realised in the first half of 2016 business year. Negative interest income is reported in interest expenses and negative interest expenses are reported in interest income, so that all results from negative interest rates are shown gross.

The main reasons for the negative interest rates are, firstly, the reduction in the ECB's deposit rate (penalty rate), the negative effect of which is euro -1,901 thousand (1-6/2015: euro 0 thousand) and otherwise primarily involve CHF/EUR swaps.

Risk provisions

Euro thousand	1-6/2016	1-6/2015
Allocation to risk provisions	-8,142	-9,374
Release of risk provisions	10,332	7,787
Allocation to provisions for risks	-374	-2,890
Release of provisions for risks	3,109	708
Direct write-offs of loans and advances	-9,131	-130
Income from loans and receivables previously written off	1,386	1,166
Risk provisions	-2,819	-2,733

Net fee and commission income

Euro thousand	1-6/2016	1-6/2015
Fee and commission income from	31,639	18,890
lending operations	4,346	4,140
securities businesses	14,043	5,047
payment transactions	9,012	6,951
from foreign exchange, foreign notes and coins and precious metals transactions	1,758	750
other banking services	2,480	2,002
Fee and commission expenses from	-14,261	-1,287
lending operations	-8,258	-245
securities businesses	-4,945	-353
payment transactions	-1,027	-675
from foreign exchange, foreign notes and coins and precious metals transactions	0	-3
other banking services	-31	-11
Net fee and commission income	17,378	17,603

Net fee and commission income does not include any income or expenses from financial investments designated at fair value through profit or loss.

Net trading income

Euro thousand	1-6/2016	1-6/2015
Equity related transactions	-16	0
Exchange rate related transactions	2,015	105
Interest rate related transactions	-4,693	0
Net trading income	-2,695	105

General administrative expenses

Euro thousand	1-6/2016	1-6/2015
Staff expenses	-48,917	-20,101
Other administrative expenses	-42,301	-11,335
Depreciation of fixed tangible and intangible assets	-6,177	-1,255
General administrative expenses	-97,394	-32,691

Other operating result

Euro thousand	1-6/2016	1-6/2015
Other operating income and expenses	50,785	325
Other taxes	-5,165	-453
Other operating result	45,620	-129

Other operating income and expenses are added up in the table above.

In the reporting period, other operating income includes allocations of the CO costs to the Volksbanks amounting to euro 34 million. Furthermore, allocations for services by VB Services amounting to euro 13 million are contained. In the comparative period, no income was generated by these allocations because the CO function and the VB Services became part of the VBW Group only by the assumption of the CO business unit on 4 July 2015.

Other taxes mainly comprise the banking levy amounting to euro -5 million, which also has been paid by VBW since the second half of 2015.

Income from financial investments

Euro thousand	1-6/2016	1-6/2015
Result from fair value hedges	-2,650	0
Result from revaluation of underlying instruments	59,098	0
Loans and advances to credit institutions and customers	-887	0
Debt securities	77,497	0
Amounts owed to credit institutions and customers	-50	0
Debts evidenced by certificates	-17,463	0
Result from revaluation of derivatives	-61,749	0
Result from valuation of other derivatives in the investment book	10,644	810
Exchange rate related transactions	1,723	-718
Interest rate related transactions	8,995	1,528
Credit related transactions	-34	0
Other transactions	-40	0
Result from available for sale financial investments (including participations)	-320	2,512
Realised gains / losses	-322	2,512
Income from revaluation	2	0
Result from assets for operating lease and investment property assets as well as other financial investments	53	0
Change in value investment property	53	0
Income from financial investments	7,727	3,322

In the first half of 2016, an amount of euro -322 thousand (1-6/2015: euro 2,512 thousand) previously recognised in the available for sale reserve was reclassified and shown in the income statement.

Euro thousand	1-6/2016	1-6/2015
Result from financial investments, which are measured at fair value through profit and loss	8,047	810
Fair value hedges	-2,650	0
Other derivatives in the investment book	10,644	810
Investment property assets	53	0
Result from financial investments, which are not measured at fair value and result from financial investments, which are not measured at fair value through profit and loss	-320	2,512
Realised gains / losses	-322	2,512
Available for sale financial investments	-322	2,512
Income from revaluation	2	0
Available for sale financial investments	2	0
Income from financial investments	7,727	3,322

Income taxes

Due to the tax planning of the next four years, deferred tax assets were recognised in respect of some tax losses carried forward in the period under review. For tax losses carried forward in the amount of euro 360 million, no deferred tax assets were recognised. Deferred taxes were recognised for the remaining measurement differences, especially relating to the valuation of derivatives and securities.

5) Notes to the consolidated statement of financial positions

Loans and advances to credit institutions and customers

Euro thousand	30 Jun 2016	31 Dec 2015
Loans and advances to credit institutions	2,747,932	2,794,241
Loans and advances to customers	3,737,596	3,722,212
Loans and advances to credit institutions and customers	6,485,528	6,516,454

Loans and advances to credit institutions and customers are measured at amortised cost.

Risk provisions

Euro thousand	Individual impairment credit institutions	Individual impairment customers	Portfolio based allowance	Total
As at 1 Jan 2015	0	31,114	4,088	35,202
Currency translation	0	237	63	300
Unwinding	0	0	0	0
Utilisation	0	-5	0	-5
Release	0	-7,787	-1,652	-9,439
Addition	0	8,869	2,157	11,026
As at 30 Jun 2015	0	32,428	4,656	37,084
As at 1 Jan 2016	0	61,954	6,828	68,782
Currency translation	0	-44	-10	-54
Unwinding	0	-628	0	-628
Utilisation	0	-7,992	0	-7,992
Release	0	-10,332	0	-10,332
Addition	0	8,101	40	8,142
As at 30 Jun 2016	0	51,059	6,858	57,917

Loans and advances to customers include non-interest-bearing receivables amounting to euro 81,782 thousand (30 Jun 2015: euro 56,079 thousand). The additions include an amount of euro 0 thousand (30 Jun 2015: euro 952 thousand), which is caused by allocation due to interest past-due. Portfolio based allowances are related to loans and advances to customers.

Trading assets

Euro thousand	30 Jun 2016	31 Dec 2015
Debt securities	23,134	7,479
Positive fair value from derivatives	170,231	164,807
exchange rate related transactions	0	710
interest rate related transactions	170,231	164,097
Trading assets	193,365	172,286

Since the acquisition of CO functions the company maintains a trading book. The volume of the trading book as at 30 June 2016 amounts to euro 5,274,382 thousand (31 Dec 2015: euro 5,682,617 thousand).

Financial investments

Euro thousand	30 Jun 2016	31 Dec 2015
Financial investments available for sale	1,630,313	1,637,976
Debt securities	1,574,537	1,584,288
Equity and other variable-yield securities	55,775	53,688
Financial investments loans & receivables	0	414
Financial investments held to maturity	88,775	79,518
Financial investments	1,719,088	1,717,908

Financial investments held to maturity also include deferred interest of euro 1,289 thousand (31 Dec 2015: euro 1,383 thousand).

Investment property

Euro thousand	30 Jun 2016	31 Dec 2015
Investment property	35,643	35,852

Participations

Euro thousand	30 Jun 2016	31 Dec 2015
Investments in unconsolidated affiliates	599	579
Participating interests	2,616	2,616
Investments in other companies	26,490	28,496
Participations	29,705	31,691

Participations in companies whose fair value cannot be reliably determined are carried at cost net of any impairment. Participations with a carrying amount of euro 20,832 thousand (31 Dec 2015: euro 22,859 thousand) were measured at market value.

Other assets

Euro thousand	30 Jun 2016	31 Dec 2015
Deferred items	551	1,211
Other receivables and assets	39,819	24,068
Positive fair value from derivatives in the investment book	121,947	100,186
Other assets	162,317	125,466

Assets held for sale

This item summarises assets that are intended for sale in accordance with IFRS 5. The displayed amount is composed as follows.

Euro thousand	30 Jun 2016	31 Dec 2015
Companies measured at equity	21,333	0
Assets held for sale	21,333	0

Amounts owed to credit institutions

Euro thousand	30 Jun 2016	31 Dec 2015
Central banks	174,331	78,054
Other credit institutions	3,955,010	3,993,244
Amounts owed to credit institutions	4,129,340	4,071,299

Amounts owed to credit institutions are measured at amortised cost.

Amounts owed to customers

Euro thousand	30 Jun 2016	31 Dec 2015
Saving deposits	1,562,655	1,622,678
Other deposits	2,342,028	2,369,822
Amounts owed to customers	3,904,683	3,992,500

Amounts owed to customers are measured at amortised cost.

Debts evidenced by certificates

Euro thousand	30 Jun 2016	31 Dec 2015
Bonds	769,257	798,362
Debts evidenced by certificates	769,257	798,362

Debts evidenced by certificates are measured at amortised cost. The decrease of euro 29,105 thousand compared to the end of 2015 is essentially attributable to repayments.

Trading liabilities

Euro thousand	30 Jun 2016	31 Dec 2015
Negative fair values from derivatives		
Exchange rate related transactions	15,691	15,320
Interest rate related transactions	514,746	432,040
Trading liabilities	530,437	447,361

Other liabilities

Euro thousand	30 Jun 2016	31 Dec 2015
Deferred items	186	248
Other liabilities	65,728	41,477
Negative fair values from derivatives in the investment book	194,359	171,074
Other liabilities	260,272	212,799

Subordinated liabilities

Euro thousand	30 Jun 2016	31 Dec 2015
Subordinated liabilities	10,463	10,443
Supplementary capital	15,080	7,231
Subordinated liabilities	25,543	17,674

6) Own funds

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

Euro thousand	30 Jun 2016	31 Dec 2015
Paid-up capital instruments (less own CET1 instruments)	236,432	236,432
Reserves	164,184	163,988
Transitional adjustments due to grandfathered CET1 Capital instruments	7,004	4,903
Minority interest	1,056	1,591
Deduction and adjustments	-49,003	-60,116
Transitional adjustments to CET1 Capital	7,512	12,448
Common equity tier 1 Capital (CET1)	367,185	359,246
AT1 capital and qualifying AT1 instruments issued by subsidiaries	0	0
Deduction and adjustments	13,237	21,567
Transitional adjustments to AT1 Capital	-13,237	-21,567
Additional tier 1 Capital (AT1)	0	0
Tier 1 Capital (T1=CET1+AT1)	367,185	359,246
T2 capital and qualifying T2 instruments issued by subsidiaries	8,688	12,109
Deduction and adjustments	-200	-1,700
Transitional adjustments to T2 Capital	0	0
Tier 2 Capital (T2)	8,488	10,409
Own funds	375,673	369,655
Common equity tier 1 capital ratio (tier 1) ¹⁾	12.53 %	12.47 %
Tier 1 capital ratio ¹⁾	12.53 %	12.47 %
Equity ratio ¹⁾	12.82 %	12.83 %
¹⁾ in relation to total risk exposure amount		

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

Euro thousand	30 Jun 2016	31 Dec 2015
Risk weighted exposure amount - credit risk	2,065,124	2,025,354
Total risk exposure amount for position, foreign exchange and commodities risks	193,686	188,413
Total risk exposure amount for operational risk	573,059	576,920
Total risk for credit valuation adjustment (cva)	98,485	90,030
Total risk exposure amount	2,930,354	2,880,717

In accordance with IFRS reporting, the scope of consolidation differs from the scope of consolidation under CRR as the IFRS provides for the inclusion of other entities not belonging to the financial sector. According to CRR, companies in the financial sector that are under the control of the parent or where the Group holds a majority of shares either direct or indirect, are fully consolidated. The carrying amount of institutions, financial institutions and subsidiaries providing banking related auxiliary services that are controlled by the parent but that are not significant for the presentation of the group of credit institutions according to section 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 section 46 CRR. All other participating interests are included in the assessment base at their carrying amounts.

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

In the first half of 2016, 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.

7) Financial assets and liabilities

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

Euro thousand	Held for trading	At fair value through profit or loss	Held to maturity	Available for sale	Amortised cost	Carrying amount - total	Fair value
30 Jun 2016							
Liquid funds	0	0	0	0	1,337,338	1,337,338	1,337,338
Loans and advances to credit institutions	0	0	0	0	2,747,932	2,747,932	
Loans to credit institutions less individual impairments	0	0	0	0	2,747,932	2,747,932	2,746,141
Loans and advances to customers	0	0	0	0	3,737,596	3,737,596	
Individual impairments to customers	0	0	0	0	-51,059	-51,059	
Loans to customers less individual impairments	0	0	0	0	3,686,537	3,686,537	3,574,119
Trading assets	193,365	0	0	0	0	193,365	193,365
Financial investments	0	0	88,775	1,630,313	0	1,719,088	1,724,579
Participations	0	0	0	29,705	0	29,705	29,705
Derivatives - investment book	121,947	0	0	0	0	121,947	121,947
Financial assets total	315,312	0	88,775	1,660,017	7,771,807	9,835,912	9,727,193
Amounts owed to credit institutions	0	0	0	0	4,129,340	4,129,340	4,132,325
Amounts owed to customers	0	0	0	0	3,904,683	3,904,683	3,878,773
Debts evidenced by certificates	0	0	0	0	769,257	769,257	773,738
Trading liabilities	530,437	0	0	0	0	530,437	530,437
Derivatives - investment book	194,359	0	0	0	0	194,359	194,359
Subordinated liabilities	0	0	0	0	25,543	25,543	23,510
Financial liabilities total	724,796	0	0	0	8,828,823	9,553,619	9,533,141

Euro thousand	Held for trading	At fair value through profit or loss	Held to maturity	Available for sale	Amortised cost	Carrying amount - total	Fair value
31 Dec 2015							
Liquid funds	0	0	0	0	1,280,269	1,280,269	1,280,269
Loans and advances to credit institutions	0	0	0	0	2,794,241	2,794,241	
Loans to credit institutions less individual impairments	0	0	0	0	2,794,241	2,794,241	2,794,594
Loans and advances to customers	0	0	0	0	3,722,212	3,722,212	
Individual impairments to customers	0	0	0	0	-61,954	-61,954	
Loans to customers less individual impairments	0	0	0	0	3,660,259	3,660,259	3,515,807
Trading assets	172,286	0	0	0	0	172,286	172,286
Financial investments	0	0	79,518	1,637,976	414	1,717,908	1,718,505
Participations	0	0	0	31,691	0	31,691	31,691
Derivatives - investment book	100,186	0	0	0	0	100,186	100,186
Financial assets total	272,472	0	79,518	1,669,667	7,735,183	9,756,840	9,613,338
Amounts owed to credit institutions	0	0	0	0	4,071,299	4,071,299	4,077,102
Amounts owed to customers	0	0	0	0	3,992,500	3,992,500	3,981,281
Debts evidenced by certificates	0	0	0	0	798,362	798,362	805,277
Trading liabilities	447,361	0	0	0	0	447,361	447,361
Derivatives - investment book	171,074	0	0	0	0	171,074	171,074
Subordinated liabilities	0	0	0	0	17,674	17,674	14,284
Financial liabilities total	618,435	0	0	0	8,879,835	9,498,269	9,496,378

The table below shows all 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 2016				
Trading assets	12,152	181,213	0	193,365
Financial investments	1,531,470	94,168	0	1,625,639
available for sale	1,531,470	94,168	0	1,625,639
Participations	0	14,939	5,893	20,832
Derivatives - investment book	0	121,947	0	121,947
Total	1,543,622	412,268	5,893	1,961,783
Trading liabilities	0	530,437	0	530,437
Derivatives - investment book	0	194,359	0	194,359
Total	0	724,796	0	724,796
31 Dec 2015				
Trading assets	0	172,286	0	172,286
Financial investments	1,508,739	97,503	0	1,606,242
available for sale	1,508,739	97,503	0	1,606,242
Participations	0	17,331	5,528	22,859
Derivatives - investment book	0	100,186	0	100,186
Total	1,508,739	387,306	5,528	1,901,573
Trading liabilities	0	447,361	0	447,361
Derivatives - investment book	0	171,074	0	171,074
Total	0	618,435	0	618,435

Available for sale financial investments totalling euro 4,674 thousand (31 Dec 2015: euro 31,733 thousand) and participations totalling euro 8,872 thousand (31 Dec 2015: euro 8,832 thousand) are measured at amortised cost because their fair value cannot be reliably determined. Instruments measured at cost with a carrying amount of euro 0 thousand (31 Dec 2015: euro 290 thousand) were sold in the first half of 2016. A result of euro 0 thousand (2015: euro 7 thousand) was realised. The fair value cannot reliably be determined as there is no active market for these securities and it is not possible to make a reasonable assessment of the probabilities of different fair value estimates. This mainly involves assets that were issued in the sector.

In the first half of 2016, financial instruments with a carrying amount of euro 6 thousand (31 Dec 2015: euro 17 thousand), which were still measured at Level 2 market value as at 31 December 2015, were reclassified as Level 1 financial instruments due to an increase in trading activity of these instruments. On the other hand, Level 1 financial instruments in the amount of euro 0 thousand (31 Dec 2015: euro 15,477 thousand) were reclassified into Level 2 due to a decrease in market trading activity.

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.

Development of Level 3 fair values financial assets

Euro thousand	Participations
As at 1 Jan 2015	0
Changes in the scope of consolidation	6,636
Valuation	
through profit and loss	0
through other comprehensive income	-1,108
As at 31 Dec 2015	5,528
Changes in the scope of consolidation	0
Valuation	
through profit and loss	0
through other comprehensive income	365
As at 30 Jun 2016	5,893

The valuations shown in the table above are included in the item income from financial investments (income statement) or available for sale reserve (other comprehensive income). The valuations recorded in the income statement include holdings of financial assets to the amount of euro 0 thousand (2015: euro 0 thousand) at the reporting date.

In terms of sensitivity analyses for level 3 market values under participations, factors that increase or decrease value are determined in alternative valuation scenarios by varying income estimates and income-based parameters within a range to 20 %. In the event of a beneficial movement, market value changes by euro 1,006 thousand (31 Dec 2015: euro 979 thousand), while a detrimental movement leads to a change of euro -1,006 thousand (31 Dec 2015: euro -979 thousand).

8) Number of staff

Number of staff employed during the business year

	Average number of staff		Number of staff at end of period	
	1-6/2016	1-6/2015	30 Jun 2016	31 Dec 2015
Domestic	1,097	549	1,091	1,130
Total number of staff	1,097	549	1,091	1,130

9) Branches

	30 Jun 2016	31 Dec 2015
Domestic	63	64
Total number of branches	63	64

10) Related party disclosures

Euro thousand	Unconsolidated affiliates	Companies in which the Group has a participating interest	Associated companies	Companies which exercise a significant influence on the parent as shareholders
30 Jun 2016				
Loans and advances to credit institutions	0	0	339,598	0
Loans and advances to customers	313	12,538	0	0
Risk provisions (-)	0	-52	0	0
Debt securities	0	0	11,189	852,079
Amounts owed to credit institutions	0	58,099	485,693	0
Amounts owed to customers	2,461	15,987	0	0
Provisions	0	7	0	0
Transactions	2,700	711,695	197,148	0
31 Dec 2015				
Loans and advances to credit institutions	0	0	300,610	0
Loans and advances to customers	440	9,863	0	0
Risk provisions (-)	0	0	0	0
Debt securities	0	0	6,775	765,655
Amounts owed to credit institutions	0	109,055	333,452	0
Amounts owed to customers	2,387	13,957	0	0
Provisions	0	0	0	0
Transactions	4,054	188,229	450,105	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, which are summed together irrespective of whether plus or minus figures.

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

The Republic of Austria exercises a significant influence on the VBW Group as a shareholder.

As at 30 June 2016, loans and advances to credit institutions and to customers contained transactions with the Volksbank-Sector amounting to euro 2,018,679 thousand (31 Dec 2015: euro 2,307,310 thousand) and amounts owed to credit institutions and owed to customers included transactions with the Volksbank-Sector amounting to euro 3,688,587 thousand (31 Dec 2015: euro 3,742,698 thousand).

11) Segment reporting by business segments

Euro thousand	Retail	CO	Consolidation	Total
Net interest income				
1-6/2016	32,113	19,779	-1,449	50,444
1-6/2015	25,484	0	0	25,484
Risk provisions				
1-6/2016	-6,561	3,741	0	-2,819
1-6/2015	-2,733	0	0	-2,733
Net fee and commission income				
1-6/2016	18,689	-1,324	13	17,378
1-6/2015	17,603	0	0	17,603
Net trading income				
1-6/2016	90	-2,648	-137	-2,695
1-6/2015	105	0	0	105
General administrative expenses				
1-6/2016	-47,304	-62,351	12,260	-97,394
1-6/2015	-32,691	0	0	-32,691
Other operating result				
1-6/2016	2,017	54,291	-10,688	45,620
1-6/2015	-1,259	0	0	-1,259
Income from financial investments				
1-6/2016	12	7,716	0	7,727
1-6/2015	3,322	0	0	3,322
Income from companies measured at equity				
1-6/2016	0	1,714	0	1,714
1-6/2015	0	0	0	0
Annual result before taxes				
1-6/2016	-944	20,919	0	19,975
1-6/2015	9,831	0	0	9,831
Income taxes				
1-6/2016	346	-5,172	0	-4,825
1-6/2015	-927	0	0	-927
Annual result after taxes				
1-6/2016	-598	15,747	0	15,149
1-6/2015	8,904	0	0	8,904
Total assets				
30 Jun 2016	3,758,006	6,938,483	-587,906	10,108,583
31 Dec 2015	3,643,487	7,201,284	-827,039	10,017,732
Loans and advances to customers				
30 Jun 2016	3,082,789	654,807	0	3,737,596
31 Dec 2015	3,025,194	697,018	0	3,722,212
Companies measured at equity				
30 Jun 2016	0	0	0	0
31 Dec 2015	0	19,601	0	19,601
Amounts owed to customers				
30 Jun 2016	3,280,779	623,904	0	3,904,683
31 Dec 2015	3,255,742	736,758	0	3,992,500
Debts evidenced by certificates, including subordinated liabilities				
30 Jun 2016	37,592	757,208	0	794,800
31 Dec 2015	25,391	790,645	0	816,036

12) Quarterly financial data

Euro thousand	4-6/2016	1-3/2016	10-12/2015	7-9/2015	4-6/2015
Net interest income	24,368	26,075	28,286	16,292	12,404
Risk provisions	-222	-2,597	6,669	9,822	-2,367
Net fee and commission income	9,023	8,355	6,205	6,252	8,619
Net trading income	187	-2,882	7,058	-83	105
General administrative expenses	-44,251	-53,143	-41,060	-48,409	-16,347
Restructuring cost	0	0	-321	0	0
Other operating result	22,377	23,243	-1,507	17,428	362
Income from financial investments	5,871	1,856	8,929	-3,741	3,550
Income from companies measured at equity	1,715	-1	-3,598	-2,933	0
Result for the period before taxes	19,069	906	10,662	-5,371	6,327
Income taxes	-4,579	-246	6,851	6,865	226
Result for the period after taxes	14,489	660	17,513	1,494	6,553
Result attributable to shareholders of the parent company (Consolidated net result)	14,491	656	17,499	1,488	6,553
Result attributable to non-controlling interest	-2	4	14	6	0

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed half year financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed half year financial statements and of the principal risks and uncertainties for the remaining six months of the financial year.

Vienna, 29 August 2016

Gerald FLEISCHMANN
Chairman of the Managing Board
General Secretariat, Organisation/IT,
HR Management, Press Office, Risk Control, Banking Association Strategy

Josef PREISSEL
Deputy Chairman of the Managing Board
Compliance Office, Property Subsidiaries, Integration/Operational Risk Governance,
Legal, Audit, Association Risk Management, Risk Retail/SME,
Reorganisation Management, VB Services for Banks

Wolfgang SCHAUER
Member of the Managing Board
Major Commercial, Marketing/Communication,
Regional Management/Branches, Treasury,
Sales Management, Front Office Service Center

Rainer BORNS
Member of the Managing Board
Finance