



SMART HEADQUARTERS OF VOLKSBANK WIEN AG IN VIENNA-ERDBERG

“Volksbank Forum”: even more openness, transparency and sustainability at the new home of VOLKSBANK WIEN AG

Featuring state-of-the-art design, the new headquarters offer room for the company’s approximately 930 employees. A smart office building, easy accessibility and a great number of amenities for employees distinguish the new location. The new office arrangement creates room for improved communication and collaboration. The basis of this concept are an open design of the premises, flexible workstations (desk sharing), and remote work based on trust. A fitness room and a gym inside the building provide employees with healthy ways to balance office life and fitness, and there is also an in-house canteen. Additional measures, such as reducing paper usage, are also part of the sustainability concept.

KEY FIGURES OF VOLKSBANK WIEN AG

Euro million	30 Jun 2020	31 Dec 2019	31 Dec 2018
Statement of financial position			
Total assets	14,089	12,704	11,505
Loans and receivables customers	5,389	5,471	5,366
Amounts owed to customers	6,125	6,439	6,344
Debts evidenced by certificates	1,451	1,453	467
Subordinated liabilities	418	418	418
Own funds according to Basel III for the VOLKSBANK WIEN AG group			
Common equity tier 1 capital (CET1)	622	625	594
Additional tier 1 capital (AT1)	220	220	0
Tier 1 capital (T1)	842	845	594
Tier 2 capital (T2)	408	406	406
Own funds	1,250	1,251	1,000
Risk weighted exposure amount - credit risk	3,371	3,538	3,189
Total risk exposure amount market risk	49	85	86
Total risk exposure amount operational risk	530	530	552
Total risk for credit valuation adjustment	53	44	55
Other risk exposure amount	0	0	279
Total risk exposure amount	4,002	4,196	4,161
Common equity tier 1 capital ratio¹⁾	15.6 %	14.9 %	14.3 %
Tier 1 capital ratio¹⁾	21.1 %	20.1 %	14.3 %
Equity ratio¹⁾	31.2 %	29.8 %	24.0 %
Income statement			
	1-6/2020	1-6/2019	1-6/2018
Net interest income	61.4	60.4	59.9
Risk provision	-11.6	-4.3	-0.4
Net fee and commission income	28.7	27.3	24.6
Net trading income	1.5	-2.7	-0.1
Result from financial instruments and investment properties	-7.7	14.7	2.6
Other operating result	60.8	58.0	57.1
General administrative expenses	-100.8	-107.2	-115.5
Restructuring result	0.0	0.0	-0.1
Result from companies measured at equity	0.5	-0.2	0.3
Result for the period before taxes	32.7	45.9	28.5
Income taxes	-4.6	-1.5	0.6
Result for the period after taxes	28.1	44.4	29.1
Result attributable to non-controlling interest	0.0	0.0	0.0
Result of the group for the period	28.1	44.4	29.1
Key ratios²⁾			
Operating cost-income-ratio	65.7 %	74.6 %	81.0 %
ROE before taxes	7.2 %	12.4 %	10.1 %
ROE after taxes	6.2 %	12.0 %	10.3 %
ROE consolidated net income	6.2 %	12.0 %	10.4 %
Net interest margin	0.9 %	1.0 %	1.1 %
NPL ratio	2.1 %	2.2 %	2.2 %
Leverage ratio	5.5 %	6.2 %	3.6 %
Net stable funding ratio	144.2 %	123.1 %	141.5 %
Loan deposit ratio	72.4 %	80.1 %	81.0 %
Coverage ratio I	33.2 %	29.4 %	27.2 %
Coverage ratio III	103.0 %	102.7 %	103.5 %
Resources			
	1-6/2020	1-6/2019	1-6/2018
Staff average	1,266	1,281	1,294
Thereof domestic	1,266	1,281	1,294
	30 Jun 2020	31 Dec 2019	31 Dec 2018
Staff at end of period	1,274	1,268	1,290
Thereof domestic	1,274	1,268	1,290
Number of sales outlets	65	63	70
Thereof domestic	65	63	70
Number of customers	338,444	344,202	360,545

1) Equity ratios are displayed in relation to total risk.

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



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CONTENT

HALF-YEAR FINANCIAL REPORT

- | | |
|--|---|
| 6 Half-Year Management Report for the 1st half of 2020 | 16 Condensed statement of comprehensive income |
| 6 Report on the business development and economic situation | 17 Condensed statement of financial position as at 30 June 2020 |
| 9 Report on the company's future development and risks | 18 Condensed changes in the Group's equity |
| | 19 Condensed cash flow statement |
| | 21 Condensed Notes to the Financial Statements for the period from 1 January to 30 June 2020 |
| | 45 Compliance statement |
-

While every care has been taken to ensure that the data and information provided are correct, no liability is accepted for their completeness and accuracy.

In order to improve readability, any role descriptions in this report that are used only in the masculine form apply analogously to the feminine form.
English translation by All Languages Alice Rabl GmbH.

HALF-YEAR MANAGEMENT REPORT FOR THE FIRST HALF OF 2020

Report on the business development and economic situation

Business development

In the second quarter of 2020, the business development at VOLKSBANK WIEN AG (VBW) was influenced significantly by the outbreak of the Covid-19 pandemic. During this highly challenging period, the bank's readiness to serve its customers was ensured at all times, both with respect to personnel and in technical and organisational terms. Customer service was guaranteed on all channels based on quick and flexible solutions. Excellent teamwork between front office, account and credit managers and VB Services enabled the bank to quickly process urgent customer requests regarding deferments and interim financing solutions.

The assessment of any risks resulting from the Covid-19 pandemic was an essential reason for the risk provision of euro -12 million required in the reporting period increasing against the comparative period (euro -4 million).

Moreover, at euro -8 million, the result from financial instruments and investment properties has decreased by euro 23 million against the comparative period (1-6/2019: euro 15 million) due to the violent movements on the financial markets.

Among others, these special Covid-19-related effects caused the semi-annual result of VBW (euro 28 million) to decrease by euro 16 million compared to the first half of the previous year (30 June 2019: euro 44 million).

The most important capital market transaction in the first half of 2020 was the participation in the TLTRO III programme of the European Central Bank in the amount of euro 1.5 billion. The interest rate of the programme depends on eligible credit growth in the defined period under review.

Economic environment

In the previous year, the Austrian economy lost some of its momentum, but got off to a good start into 2020 with solid growth and low unemployment. During the first quarter, this development was suddenly interrupted by the Covid-19 pandemic and the restrictions of social and economic life required to cope with this crisis. An ever-increasing number of states were taking such measures, resulting in gaps in the supply chains already affected by the trade conflict. In Austria, sports facilities, the catering and accommodation sectors, most borders, and also – with only few exceptions – the retail sector were closed for several weeks and subsequently opened again step by step. Some of the hygiene regulations introduced with the lockdown were eased again. At the end of the first half of the year, restrictions and bans on events were still in place. In its World Economic Outlook dated 14 April 2020, under the heading "The Great Lockdown", the International Monetary Fund ranked the current crisis between the Great Depression of the 1930s and the Great Recession of 2009. This was followed by a cascade of downward revisions of GDP expectations by all major forecast institutions. According to Eurostat, the Austrian gross domestic product decreased by 2.4 % Q/Q in the first quarter, and the annual rate, too, dropped to -2.6 % (in the WIFO calculation even to -2.8 % Y/Y).

In the second quarter, the restrictions to contain the pandemic constituted an even greater burden on economic performance. By comparison with the previous period, the GDP shrank by 10.7 %, compared to the previous year by 12.8 % according to a quick WIFO estimate. All demand components, except for public consumption, delivered a negative contribution to growth, with the slump in private consumption being the most pronounced (-15.9 % Y/Y). Investments and exports declined markedly as well, to a similar extent as during the financial crisis of 2008/09. By economic sectors, economic performance was particularly poor in the trade, maintenance and repair of motor vehicles, transport, accommodation and catering sectors; among them, these sectors accounted for approximately half of the GDP slump. Due to their weighting, also the mining, goods manufacturing and utility industries delivered a major negative contribution, counterbalanced to a certain extent by the information and communication sectors, banking and insurance, real estate and housing, as well as public administration. The GDP slump was even more dramatic in the euro zone. After an annual rate of -3.1 % in the first quarter, a decline of real GDP by 15 % was recorded in the second quarter, according to a first Eurostat estimate.

Austrian residential real estate prices, usually delayed in reflecting general economic developments, continued to show a dynamic trend in the first quarter of 2020 as well. Across all regions and types of property, real estate prices increased by 3.4 % in the first three months of the year (according to OeNB data). And again, this increase was more pronounced in Vienna than in

the rest of Austria. The hike in prices for single-family homes was striking (10.4 % Y/Y), otherwise it was especially new freehold flats that buyers had to pay higher prices for (5.3 % Y/Y in Vienna, 3.5 % Y/Y in the rest of Austria). At the copy deadline on 31 July 2020, no data were available yet for the second quarter.

Company shutdowns and a lack of demand were promptly reflected on the labour market; in June the unemployment rate was still higher by 56.8 % than in the same period of the previous year. In May, according to an international calculation method (Eurostat definition), the unemployment rate was 5.4 %, thus higher by 0.9 percentage points than in May 2019. But the increase would have been even higher, if the reduced hours model, after adjustment to the new situation, had not prevented mass layoffs. According to data provided by the Federal Ministry of Labour, Family and Youth, in the week starting on 18 May 2020 some 1.868 million people were unemployed, in training or working reduced hours, with the major part (1.33 million) being accounted for by short-time work projects. In the following weeks, this figure noticeably decreased again – to approximately 0.845 million in the week starting on 6 July 2020. As regards the federal states, a marked West-East gradient was visible at the beginning of the crisis; Tyrol and Salzburg, in particular, were hit by a huge increase in unemployment.

The efforts of the European Central Bank to raise the level of inflation in Europe have failed due to the pandemic. In the common currency zone, harmonised consumer prices developed far less dynamically than in the months preceding the crisis; in May 2020 the inflation rate reached its interim bottom of 0.1 % Y/Y. In Austria, too, the upsurge in prices was moderate, but the rate was consistently above that of the euro zone. In May it rose to 0.6 % Y/Y, in June, however, at 1.1 % Y/Y it was again higher than in October or November 2019.

To counter a potential credit crunch and to avoid any major deviations of the yields of European government bonds, the European Central Bank has taken several monetary easing measures since March 2020. While the key interest rate was left unchanged on its low level of September 2019 (main refinancing rate 0.0 %, prime refinancing facility 0.25 %, deposit rate -0.5 %), bond purchases were extended on a grand scale. In March, banks were offered a bridging structure until the next regular TLTRO III tender, the bond purchases planned for 2020 (Asset Purchasing Programme, APP) were stepped up by euro 120 billion, net purchases of euro 20 billion a month had been scheduled already before that. Moreover, another securities purchasing programme – the Pandemic Emergency Purchase Programme – was issued, initially in the amount of euro 750 billion. In June this programme was increased to euro 1,350 billion. Late in April, the ECB also decided to ease the conditions for TLTRO III loans. Moreover, new refinancing facilities were issued that are not tied to the lending targets (non-targeted pandemic emergency longer-term refinancing operations, PELTRO).

The three-month Euribor presented itself highly volatile in March and April 2020, reaching its lowest value on 12 March (-0.49 %) and its highest value on 23 April (-0.16 %). The money market interest rate has continuously trended downward ever since. In Austria, yields in the 10-year maturity range have shown a similar trend, ranging between -0.45 % and 0.31 %. In Germany, the yields of 10-year government bonds ranged between -0.84 % and -0.17 %.

After the second longest EU summit in history, the 27 member states agreed on a stimulus package in July 2020, which still requires some mending upon request by the EU Parliament. The package comprises euro 1.8 trillion, of which 1.074 trillion are credited to the Multiannual Financial Framework (MFF). Euro 750 billion are reserved for the reconstruction fund; the Commission is going to issue bonds to finance the same. Another euro 390 billion of the package are meant to be distributed by way of the heavily contested non-repayable grants, the rest through emergency loans. The new euro bonds are expected to transform the market for safe bonds, as they might constitute a possible alternative, for instance, to the German benchmark bond. The package may still change due to resolutions passed by the European Parliament.

Group result for the first half of 2020

Net interest income in the amount of euro 61 million for the first half of 2020 has increased against the comparative period (1-6/2019: euro 60 million). The decrease in interest income from customers is accompanied by lower interest expenses from derivative financial instruments and deposits with the Oesterreichische Nationalbank.

The net fee and commission income in the reporting period amounts to euro 29 million, an increase by euro 2 million compared to the previous period (euro 27 million). The increase essentially results from higher fee and commission income from custody business.

Net trading income amounts to euro 1 million for the reporting period and has improved by euro 4 million compared to the previous year. The increase is due to measurement results of trading book derivatives that are used for hedging banking book items.

The other operating result for the first half of 2020 amounts to euro 61 million (1-6/2019: euro 58 million). In addition to income from charged-out costs in the amount of euro 37 million, this item primarily shows the proceeds from the sale of the former head office in 1090 Vienna, Kolingasse, in the amount of euro 23 million.

General administrative expenses of euro 101 million (1-6/2019: euro 107 million) have declined compared to the previous year. Staff expenses of euro 59 million have decreased by euro 1 million by comparison with the previous year (1-6/2019: euro 60 million). In the sphere of administrative expenses, costs were further reduced in almost all areas. Apart from the reduction of administrative expenses for business premises in the amount of euro 1 million, substantial decreases were achieved among others in legal, auditing and consultancy expenses by euro 4 million, and in IT expenses by euro 1 million.

Financial position

As at 30 June 2020, compared to the end of 2019 (euro 12.7 billion), total assets amount to euro 14.1 billion and have increased primarily due to increases in liquid funds (investment TLTRO III).

Loans and receivables to credit institutions amounting to euro 2.5 billion have remained constant compared to the end of the previous period (euro 2.5 billion).

As at 30 June 2020, loans and receivables to customers, less risk provisions, amount to euro 5.4 billion and have almost remained unchanged compared to the end of the previous year (euro 5.5 billion).

Financial investments of euro 2.4 billion at the reporting date increased mainly due to the portfolio of financial investments measured at amortised cost, compared to the end of 2019 (euro 2.2 billion).

Amounts owed to credit institutions have increased by euro 1.6 billion to euro 4.4 billion compared to the end of 2019 (euro 2.8 billion), essentially due to participation in the TLTRO III programme of the European Central Bank.

Amounts owed to customers in the amount of euro 6.1 billion have decreased by euro 0.3 billion compared to the end of 2019 (euro 6.4 billion). The decrease results from lower savings and other deposits.

As at 30 June 2020, debts evidenced by certificates amount to euro 1.5 billion and have remained stable compared to 31 December 2019 (euro 1.5 billion).

As at 30 June 2020, equity amounts to euro 0.9 billion and almost remained unchanged by comparison with the end of 2019 (euro 0.9 billion).

Financial performance indicators

As at 30 June 2020, the regulatory own funds of the VBW group of credit institutions amount to euro 1.3 billion (31 December 2019: euro 1.3 billion). As at 30 June 2020, the total risk amount was euro 4 billion (31 December 2019: euro 4.2 billion). The CET 1 capital ratio in relation to total risk amounts to 15.6 % (31 December 2019: 14.9 %), the equity ratio in relation to total risk is 31.2 % (31 December 2019: 29.8 %). Regulatory own funds, total risk 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 information contained in the Notes.

Performance indicators	1-6/2020	1-6/2019	1-6/2018
Return on Equity before taxes	7.2 %	12.4 %	10.1 %
Return on Equity after taxes	6.2 %	12.0 %	10.3 %
Cost-income ratio	65.7 %	74.6 %	81.0 %

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

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

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

Related party transactions

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

Report on the company's future development and risks

Future development of the company

Economic environment

In its economic forecast published in June 2020, the WIFO assumes only a brief period of recession of the Austrian economy, which, however, is expected to be all the more serious. The severity of the recession is due to the fact that both the supply and the demand side were badly affected by the crisis. Overall, the WIFO expects a GDP slump of 7 %, provided that we are already past the nadir and that recovery is quick. The recovery process is delayed by the asynchronous revival of the world economy. In 2021, the research institute expects a growth rate of 4.3 % in Austria, with the pre-pandemic level being likely to remain out of reach in 2021 as well. The Purchasing Managers' Index of IHS Markit/Bank Austria indicates some (slight) growth again for the Austrian industrial sector in July. According to the WIFO, the unemployment rate is going to increase to 5.5 % in 2020 (Eurostat method), hardly decreasing in 2021 (5.2 %). The detailed organisation of the short-time work model in the second half of the year and thereafter has not been taken into account in the model. In July, an extension of the programme by another six months until (and including) Q1 2021 was prepared. The short-time work model and the many interim financing instruments that are made available to companies by the Austrian government and the banks are expected to support the gradual restoration of economic activity in Austria over the next months. Inflation is likely to remain low in 2020 and amount to 0.6 % overall; in 2021, analysts expect the upsurge in prices to slightly accelerate again.

According to the macro-economic forecasts published by the ECB in June 2020, and to the OeNB forecast for Austria, the decline in GDP might even be somewhat more pronounced in 2020; the Central Bank expects the euro zone as a whole to shrink by 8.7 %. Considering the marked slump, the expected upturn in the two subsequent years is moderate (5.2 % and 3.3 %, respectively). In the current year, the inflation rate is estimated to be low at 0.3 %.

Due to the low inflation outlook, no key interest rate hikes are expected on the forecast horizon. Another extension of the bond purchasing programme is more likely; according to Christine Lagarde, the current volume of the PEPP would quite certainly be exhausted. The high level of borrowing of most European governments might counter the monetary easing policy and stabilise yields.

The list of this year's uncertainties is long, those of the previous year remain unclear. Apart from the rapid spreading of the virus above all in the USA, in South America and the UK, which darkens the outlook for the global economy, the (trade) conflict between the USA and China is threatening to escalate even further. Internal political conflicts in the USA add to this situation, threatening to destabilise this consumption-centred country. A serious increase in poverty is expected on a global scale, which is going to be aggravated by both the pandemic and climate change. In Europe, a big risk factor has been eliminated by the EU states agreeing on the stimulus package; however, in the medium term the high level of borrowing is also associated with certain risks, and a trade agreement with Great Britain after the country's exit from the EU internal market is still out of sight.

Business development

The focus of VBW on retail banking is meant to be continued, supported, in particular, by the increasing digitisation of the sales process. In the course of medium-term planning, the Association of Volksbanks has set itself a number of strategic goals, the accomplishment, observance and/or undercutting/exceeding of which will be a management focus in the years to come. Among others, this includes improving the cost-income ratio, a core capital ratio (CET 1) of at least 12 %, a total capital ratio of at least 16 %, an NPL (non-performing loan) ratio of no more than 3 %, as well as a return on equity after taxes (RoE) of 8 %.

In spite of persistently high investments in the systems, higher costs of improving data quality, in spite of the still high regulatory cost, as well as increasing risk provisions due to the effects of the Covid-19 crisis on the customer portfolio, VBW intends to achieve a clearly positive annual surplus before changes in reserves for the 2020 business year. The CET 1 capital ratio is intended to remain at above 12 %. From today's perspective, a reduction of available distributable items is not expected in the individual financial statement of VBW.

The low interest rate environment expected to continue in subsequent years, as well as expectations regarding higher risk costs and lower demand for loans due to the Covid-19 crisis, as well as the anticipated burden from deposit protection cases continue to call for a streamlining of the cost structure and an increase of productivity. For this purpose, additional synergies are being evaluated within the Association of Volksbanks, among others.

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 2019 annual financial report.







CONTENT

HALF-YEAR FINANCIAL REPORT

- 16** Condensed statement of comprehensive income
 - 17** Condensed statement of financial position as at 30 June 2020
 - 18** Condensed changes in the Group's equity
 - 19** Condensed cash flow statement
 - 21** Condensed Notes to the Financial Statements for the period from 1 January to 30 June 2020
 - 45** Compliance statement
-

Condensed statement of comprehensive income

INCOME STATEMENT	1-6/2020	1-6/2019	Changes	
	Euro thousand	Euro thousand	Euro thousand	%
Interest and similar income	95,117	99,116	-4,000	-4.04 %
thereof using the effective interest method	89,031	91,580	-2,549	-2.78 %
Interest and similar expenses	-33,673	-38,729	5,056	-13.05 %
Net interest income	61,443	60,387	1,056	1.75 %
Risk provision	-11,623	-4,310	-7,313	169.67 %
Fee and commission income	41,629	39,927	1,702	4.26 %
Fee and commission expenses	-12,976	-12,660	-316	2.50 %
Net fee and commission income	28,653	27,267	1,386	5.08 %
Net trading income	1,453	-2,724	4,176	-153.34 %
Result from financial instruments and investment properties	-7,734	14,676	-22,409	-152.70 %
Other operating result	60,783	57,977	2,807	4.84 %
General administrative expenses	-100,754	-107,245	6,490	-6.05 %
Result from companies measured at equity	458	-154	612	< -200.00 %
Result for the period before taxes	32,680	45,875	-13,195	-28.76 %
Income taxes	-4,592	-1,490	-3,102	> 200.00 %
Result for the period after taxes	28,088	44,385	-16,297	-36.72 %
Result attributable to shareholders of the parent company (Consolidated net result)	28,082	44,380	-16,298	-36.72 %
thereof from continued operation	28,082	44,380	-16,298	-36.72 %
Result attributable to non-controlling interest	6	5	1	17.81 %
thereof from continued operation	6	5	1	17.81 %
Other comprehensive income				
	1-6/2020	1-6/2019	Changes	
	Euro thousand	Euro thousand	Euro thousand	%
Result for the period after taxes	28,088	44,385	-16,297	-36.72 %
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Fair value reserve - equity instruments (including deferred taxes)	-1,321	-866	-455	52.51 %
Revaluation of own credit risk (including deferred taxes)	-13	490	-503	-102.68 %
Total items that will not be reclassified to profit or loss	-1,334	-376	-958	> 200.00 %
Items that may be reclassified to profit or loss				
Fair value reserve - debt instruments (including deferred taxes)				
Change in fair value	107	4,267	-4,160	-97.50 %
Net amount transferred to profit or loss	-9	1	-10	< -200.00 %
Change from companies measured at equity	-650	474	-1,124	< -200.00 %
Total items that may be reclassified to profit or loss	-552	4,741	-5,293	-111.65 %
Other comprehensive income total	-1,887	4,365	-6,251	-143.23 %
Comprehensive income	26,201	48,749	-22,548	-46.25 %
Comprehensive income attributable to shareholders of the parent company	26,195	48,744	-22,549	-46.26 %
thereof from continued operation	26,195	48,744	-22,549	-46.26 %
Comprehensive income attributable to non-controlling interest	6	5	1	17.81 %
thereof from continued operation	6	5	1	17.81 %

Condensed statement of financial position as at 30 June 2020

	30 Jun 2020	31 Dec 2019	Changes	
	Euro thousand	Euro thousand	Euro thousand	%
ASSETS				
Liquid funds	3,268,920	1,913,513	1,355,407	70.83 %
Loans and receivables credit institutions	2,485,267	2,466,415	18,852	0.76 %
Loans and receivables customers	5,388,588	5,471,336	-82,748	-1.51 %
Assets held for trading	62,208	60,220	1,989	3.30 %
Financial investments	2,362,082	2,224,641	137,441	6.18 %
Investment property	32,715	33,059	-344	-1.04 %
Companies measured at equity	39,002	39,194	-192	-0.49 %
Participations	51,185	52,967	-1,781	-3.36 %
Intangible assets	21,632	22,597	-965	-4.27 %
Tangible assets	160,016	167,453	-7,437	-4.44 %
Tax assets	57,991	63,035	-5,043	-8.00 %
Current taxes	2,880	6,343	-3,463	-54.60 %
Deferred taxes	55,112	56,691	-1,580	-2.79 %
Other assets	158,563	132,939	25,623	19.27 %
Assets held for sale	362	56,482	-56,120	-99.36 %
TOTAL ASSETS	14,088,532	12,703,850	1,384,682	10.90 %
LIABILITIES				
Amounts owed to credit institutions	4,425,426	2,802,911	1,622,515	57.89 %
Amounts owed to customers	6,125,200	6,438,600	-313,401	-4.87 %
Debts evidenced by certificates	1,451,318	1,452,807	-1,489	-0.10 %
Lease liabilities	97,571	100,927	-3,357	-3.33 %
Liabilities held for trading	83,455	78,079	5,376	6.89 %
Provisions	78,609	78,771	-162	-0.21 %
Tax liabilities	3,245	1,757	1,488	84.70 %
Current taxes	2,088	758	1,330	175.49 %
Deferred taxes	1,158	999	158	15.85 %
Other liabilities	493,633	438,115	55,518	12.67 %
Subordinated liabilities	417,904	417,783	121	0.03 %
Equity	912,170	894,098	18,072	2.02 %
Shareholders' equity	908,330	890,230	18,099	2.03 %
Non-controlling interest	3,841	3,867	-27	-0.69 %
TOTAL LIABILITIES	14,088,532	12,703,850	1,384,682	10.90 %

Condensed changes in the Group's equity

	Subscribed capital	Additional tier 1 capital	Capital reserves	Retained earnings	Fair value reserve ¹⁾	Own credit risk reserve ¹⁾	Shareholders' equity	Non-controlling interest	Equity
Euro thousand									
As at 1 January 2019	137,547	0	227,836	408,363	-162,266	2,523	614,001	3,886	617,887
Consolidated net income				44,380			44,380	5	44,385
Fair value reserve - equity instruments (including deferred taxes)					-866		-866		-866
Fair value reserve - debt instruments (including deferred taxes)					4,267		4,267		4,267
Own credit risk reserve (including deferred taxes)						490	490		490
Change from companies measured at equity				-1	475		474		474
Comprehensive income	0	0	0	44,378	3,876	490	48,744	5	48,749
Capital increase	0	217,741					217,741		217,741
Dividends paid								-16	-16
Payment Shareholder			422				422		422
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation				5			5	-7	-2
As at 30 June 2019	137,547	217,741	228,258	452,746	-158,390	3,012	880,914	3,867	884,781
As at 1 January 2020	137,547	217,722	227,836	460,772	-155,747	2,100	890,230	3,867	894,098
Consolidated net income				28,082			28,082	6	28,088
Fair value reserve - equity instruments (including deferred taxes)					-1,321		-1,321	0	-1,321
Fair value reserve - debt instruments (including deferred taxes)					98		98	0	98
Own credit risk reserve (including deferred taxes)						-13	-13	0	-13
Change from companies measured at equity				-5	-646		-650		-650
Comprehensive income	0	0	0	28,078	-1,869	-13	26,195	6	26,201
Dividends paid ²⁾				-8,525			-8,525	-13	-8,538
Payment Shareholder			414				414		414
Reclassification fair value reserve due to sale				-206	206				
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation				15			15	-19	-4
As at 30 June 2020	137,547	217,722	228,249	480,133	-157,409	2,087	908,330	3,841	912,170

1) As at 30 June 2020, the fair value reserve included deferred taxes of euro 52,470 thousand (30 June 2019: euro 52,797 thousand).

As at 30 June 2020, the own credit risk reserve included deferred taxes of euro -696 thousand (30 June 2019: euro -1,004 thousand).

2) exclusively dividends paid of AT1-capital

Condensed cash flow statement

In euro thousand	1-6/2020	1-6/2019
Cash and cash equivalents at the end of previous period (= liquid funds)	1,908,612	1,560,603
Cash flow from operating activities	1,472,575	6,529
Cash flow from investing activities	-107,588	-326,669
Cash flow from financing activities	-9,581	218,145
Cash and cash equivalents at the end of period	3,264,019	1,458,608

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

Notes as at 30 June 2020.....	21
1) General information and accounting principles.....	21
2) Presentation and changes in the scope of consolidation.....	24
3) Notes to the income statement.....	25
4) Notes to the consolidated statement of financial position.....	28
5) Own funds.....	34
6) Financial assets and liabilities.....	37
7) Number of staff.....	40
8) Branches.....	41
9) Related party disclosures.....	41
10) Segment reporting by business segments.....	42
11) Subsequent events.....	43
12) Quarterly financial data.....	44

Notes as at 30 June 2020

1) General information and accounting principles

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

The interim financial statements of VBW as at 30 June 2020 were prepared on the basis of all IFRS/IAS standards published by the International Accounting Standards Board (IASB) applicable as at the reporting date, and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), in so far as these have also been adopted by the European Union in the endorsement process and their application is mandatory.

The interim financial statements do not contain all information required for full annual financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2019. 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 2019 with the exceptions stated below.

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

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

Accounting standards

Initially applied standards and interpretations

Standard	Content	Mandatory application	Significant effects on VBW
Amendments to standards and interpretations			
IAS 1 and IAS 8	Definition of materiality	As of BY 2020	No
Benchmark reform (IFRS 9, IAS 39 and IFRS 7)		As of BY 2020	No
Revising of conceptual framework		As of BY 2020	No

Standards and interpretations to be applied in the future

Standard	Content	Mandatory application	Significant effects on VBW
IAS 1	Classification of liabilities as current or non-current	As of BY 2022	No
Changes in IFRS 3 - Business combinations		As of BY 2022	No
IFRS 17	Insurance contracts	As of BY 2023	No

BY- business year

Accounting and valuation methods regarding Covid-19

The strong relationship of VBW with its customers and its close ties within the region have proven their worth also in times of the Covid-19 crisis. A large number of customers were granted relief measures due to Covid-19 in order to counter the liquidity bottlenecks caused by the lockdown and to cope with existence-threatening circumstances. These

measures include various kinds and combinations of deferments, term extensions, bridging loans, and increases of overdraft facilities for existing customers.

Impairment Stages 1 and 2 prior to post-model adjustments

Taking account of regulatory requirements (a.o. the EBA guidelines published on 25 March and 2 April 2020), the Covid-19-related measures, unless borrower-specific, are not necessarily/automatically interpreted as a significant increase of credit risk and assignment to Stage 2. The processes and rules for identifying borrower-specific forbearance measures were reviewed and adjusted in the course of the Covid-19 crisis. The result of the review was that, so far, all moratoriums introduced in Austria have met the conditions defined in the EBA guidelines. In some cases, the facilities granted were classified as borrower-specific, and accordingly a transfer from Stage 1 to Stage 2 was carried out. An allocation to risk provisions in the amount of approximately 30 % of the risk provisions formed in the performing sphere, due to borrower-specific forbearance measures, was taken into account in the semi-annual report 2020.

For this purpose, VBW uses internal rating systems to distinguish between borrowers whose credit rating was not significantly impaired by the current situation in the long term and those who are very seriously affected, making it unlikely that their credit rating will be restored to the level before the crisis. This rating downgrade and the associated allocations to risk provisions of approximately 45 % of provisions in the performing sphere correlate with customers' level of creditworthiness before the crisis, on the one hand, and with the Covid-19-related measures, on the other hand. Therefore, customers who had weaker credit ratings before the crisis and/or have made use of some kind of Covid-19-related relief tended to be considered to a greater extent in those allocations.

Accordingly, the share, due to the Covid-19 measures, of post-model adjustments for the "Performing" sphere of credits (Stages 1 and 2) in the amount of euro 0.9 million amounts to 75 %.

Post-model adjustments Stages 1 and 2

Under IFRS 9, expected credit losses are determined using future-oriented information, models and data.

If the solely model-based determination does not yield any proper result, for instance because certain developments are not (yet) reflected in the model or in the available data, the result of the model-based determination will be adjusted to account for these developments (post-model adjustments).

The serious consequences of the Covid-19 pandemic for the general economic environment and the currently high degree of uncertainty tend to increase the need for post-model adjustments when determining expected credit losses.

In the semi-annual report, a post-model adjustment (allocation to impairments) for customers designated as "Performing" (Stages 1 and 2) was accounted for in the total amount of euro 8.4 million. In doing so, individual sources of risk and/or uncertainty were identified, the exposures concerned were determined on individual transaction level, and the required allocation to risk provisions was quantified using statistical, business management or simulation-based models.

Immediately imminent, but not yet recognised defaults

The sub-portfolio of customers with Covid-19 relief measures also includes customers who were almost insolvent already before the crisis and were only temporarily "saved" from default due to Covid-19 deferments. To promptly account for these customers when creating the risk provisions, an allocation of euro 0.7 million was effected as post-model adjustment.

For customers under intensive supervision, an automated business analysis was carried out on the basis of debt and income ratios, then compared to and supplemented by qualitative single case analyses. In this way, the probability of immediately imminent classification as “unlikely-to-pay” and assignment to Stage 3 was estimated for each customer. An allocation in the amount of euro 0.4 million was determined to reflect the probability-weighted losses from this classification.

For the rest of the Covid-19 sub-portfolio, the default rate observed was compared to the default rate of the overall portfolio and an allocation in the amount of euro 0.3 million was derived using statistical/mathematical methods.

Non-updated ratings

Especially in case of Corporate Customers, the business records that may be used as a basis for the rating usually reflect the company’s financial situation during the previous year. Hence, the effects of the Covid-19 crisis are not yet reflected in the rating systems. In order to adequately take account of rating downgrades during the formation of risk provisions at the reporting date of 30 June 2020, those customers were identified who may be seriously affected by the crisis, with any sustainable restoration to pre-Covid-19 sales revenues appearing unlikely. Apart from customers with Covid-19 relief measures, the portfolio also includes customers with weaker balance sheet ratios, higher risk costs and customers with internal account conduct scores deteriorating since the beginning of the crisis. When determining the thresholds for assignment and the likeliness of rating migrations, the bank distinguishes between different industry sectors, also taking a regional approach, if necessary. The resulting post-model adjustment amounts to euro 2.0 million.

Adjustment of macro-economic scenarios according to ECB requirements

In response to the Covid-19 crisis, the ECB published recommendations to banks regarding the creation of impairments in April 2020. Banks are called upon to put greater weight on long-term risk assessments during determination of the risk parameters, in order to avoid any “excessive” creation of risk provisions.

Moreover, a central scenario published by the ECB must be taken into account.

In this context, the goals addressed by the ECB were the application of neutral macro-economic forecast figures, which are neither too optimistic nor “excessively” conservative, on the one hand, and ensuring a higher degree of consistency for risk provisions among EU banks, on the other hand.

Based on the macro-economic forecasts of the ECB published in June 2020 and on the macro-model of VBW, an increase of risk provisions in Stage 1 by 49 % and in Stage 2 by 27 % was simulated; 34 % or euro 5.7 million overall. The risk-mitigating effects of the Covid-19 relief measures of the Austrian government (reduced working hours, state guarantees etc.) were integrated and taken into account.

Impairments and post-model adjustments Stage 3

The positive developments in the sphere of defaulted customers have continued in spite of the Covid-19 crisis. In the case of many NPL exposures, settlement was carried out successfully and/or the previously formed risk provisions released in profit or loss. In the semi-annual report, a minor allocation to impairments for NPL (Stage 3) customers, including new defaults, in the total amount of euro 0.6 million was accounted for.

However, due to the Covid-19 crisis, it is expected that opportunities for the restructuring/recovery & resolution of defaulted customers will be (more) limited over the next 1 to 2 years. Especially for customers with prolonged NPL periods in the recovery & resolution category, as an increase in migrations to the legal category is expected, and consequently a rising number of bankruptcy proceedings. To account for these expectations in the context of risk provisions, an alloca-

tion amounting to euro 2.8 million was effected. All customers showing an NPL period of more than 3 years, without good conduct, were taken into account here. The effect of the transfer to the 'legal' category on the LGD parameter and subsequently on the requirement to carry out any impairments was quantified for these customers and shown as post-model adjustments.

Further details regarding determination of the expected credit risk costs of VBW in accordance with IFRS 9 are included in the Annual Report of the VBW Group as at 31 December 2019.

2) Presentation and changes in the scope of consolidation

During the first half of the 2020 business year there were no changes in the scope of consolidation within the VBW Group.

Participation right of the federal government

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

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

According to its contractual obligations towards the federal government, VBW must submit to the Volksbanks a proposal for the total amount to be distributed with respect to the federal government's participation right by RZG in the subsequent calendar year and for the total amount of the primary banks' contributions required for this purpose (indirect contributions of the Volksbanks and direct contribution of VBW to RZG) by 30 November of each year. VBW is charged according to the share of its retail segment in the Association of Volksbanks (total assets UGB/BWG). Of the repayment amount of euro 300 million that was promised to the federal government, euro 76 million have already been repaid as at 30 June 2020. Accordingly, the threshold existing at 31 December 2019 for the minimum repayment in the amount of euro 75 million was met prior to maturity. The next threshold at 31 December 2021 is euro 200 million.

3) Notes to the income statement

Net interest income

Euro thousand	1-6/2020	1-6/2019
Interest and similar income from	95,117	99,116
Credit and money market transactions with credit institutions	3,886	6,332
Credit and money market transactions with customers	67,838	66,443
Fixed-income securities	18,430	20,435
Derivative instruments	4,961	5,907
Interest and similar expenses for	-33,673	-38,729
Liquid funds	-650	-3,420
Deposits from credit institutions (including central banks)	-2,379	-2,611
Deposits from customers	-1,770	-1,966
Debts evidenced by certificates	-8,204	-7,179
Subordinated liabilities	-5,697	-5,656
Derivative instruments	-13,462	-15,838
Lease liabilities	-915	-785
Valuation result - modification	-609	-1,265
Valuation result - derecognition	13	-9
Net interest income	61,443	60,387

Net interest income according to IFRS 9 categories

Euro thousand	1-6/2020	1-6/2019
Interest and similar income from	95,117	99,116
Financial assets measured at amortised cost	87,810	88,305
Financial assets measured at fair value through OCI	1,221	3,275
Financial assets measured at fair value through profit or loss - obligatory	1,124	1,629
Derivative instruments	4,961	5,907
Interest and similar expenses for	-33,673	-38,729
Financial liabilities measured at amortised cost	-18,077	-20,068
Financial liabilities measured at fair value through profit or loss - designated	-1,538	-1,548
Derivative instruments	-13,462	-15,838
Valuation result - modification	-609	-1,265
Valuation result - derecognition	13	-9
Net interest income	61,443	60,387

Due to the trend of money market interest rates towards negative reference rates, interest income of euro 2,626 thousand (1-6/2019: euro 4,942 thousand) and interest expenses of euro 1,866 thousand (1-6/2019: euro 4,501 thousand) were realised in the first half of 2020 business year. Negative interest income is reported in interest expenses and negative interest expenses are reported in interest income, so that all results are shown gross.

Interest and similar income from financial assets measured at amortised cost and measured at fair value through OCI in the amount of euro 89,031 thousand (1-6/2019: euro 91.580 thousand) is calculated using the effective interest rate method.

Risk provision

Euro thousand	1-6/2020	1-6/2019
Changes in risk provision	-13,168	-5,435
Changes in provision for risks	8	121
Direct write-offs of loans and receivables	-362	-76
Income from loans and receivables previously written off	1,918	1,370
Valuation result modification / derecognition	-18	-290
Risk provision	-11,623	-4,310

Net fee and commission income

Euro thousand	1-6/2020	1-6/2019
Fee and commission income	41,629	39,927
Lending business	3,962	3,618
Securities and custody business	15,502	13,313
Payment transactions	16,529	17,151
Foreign exchange, foreign notes and coins and precious metals transactions	69	18
Financial guarantees	738	828
Other services	4,829	4,998
Fee and commission expenses	-12,976	-12,660
Lending business	-6,866	-6,973
Securities and custody business	-3,869	-3,123
Payment transactions	-2,134	-2,463
Financial guarantees	-97	-89
Other services	-10	-13
Net fee and commission income	28,653	27,267

Net fee and commission income includes management fees for trust agreements in the amount of euro 49 thousand (1-6/2019: euro 94 thousand).

Net trading income

Euro thousand	1-6/2020	1-6/2019
Equity related transactions	-7	16
Exchange rate related transactions	1,045	1,022
Interest rate related transactions	414	-3,762
Net trading income	1,453	-2,724

Result from financial instruments and investment properties

Euro thousand	1-6/2020	1-6/2019
Other result from financial instruments	-8,965	13,187
Result from financial investments and other financial assets and liabilities measured at fair value through profit or loss	-5,553	-2,690
Valuation measured at fair value through profit or loss - obligatory	-3,277	2,135
Loans and receivables credit institutions and customers	-3,476	1,865
Securities	199	271
Valuation measured at fair value through profit or loss - designated	-2,284	-4,908
Debts evidenced by certificates	-2,284	-4,908
Income from equities and other variable-yield securities	8	82
Result of financial investments and other financial assets and liabilities measured at amortised cost	-8	7,834
Realised gains from disposal	70	7,834
Realised losses from disposal	-78	0
Result from financial investments and other financial assets and liabilities measured at fair value through OCI	1,110	919
Realised gains from disposal	9	0
Realised losses from disposal	0	-1
Income from participations	1,101	920
Result from other derivative instruments	-3,242	10,869
Result from fair value hedge	-1,272	-3,745
Valuation of underlying instruments	32,518	79,914
Valuation of derivatives	-33,791	-83,659
Result from investment properties	1,231	1,489
Rental income from investment property and operating lease	1,266	1,430
Valuation investment properties	-35	58
Result from financial instruments and investment properties	-7,734	14,676

Other operating result

Euro thousand	1-6/2020	1-6/2019
Other operating income	76,093	69,964
Other operating expenses	-14,280	-11,079
Taxes and levies on banking business	-1,029	-908
Other operating result	60,783	57,977

Taxes and levies on banking business mainly comprise the bank levy amounting to euro -1 million (1-6/2019: euro -0.9 million).

Detailed description of other operating income and other operating expenses

Euro thousand	1-6/2020	1-6/2019
Income from allocation of costs	50,626	68,096
Realised gains from disposal of fixed assets and security properties	23,508	1,509
Others	1,960	359
Other operating income	76,093	69,964

Euro thousand	1-6/2020	1-6/2019
Allocation of costs	-12,156	-11,469
Realised losses from disposal of fixed assets and security properties	-338	-602
Allocation/release of provision for negative interest	629	642
Allocation/release of provision for legal costs	109	146
Others	-2,525	204
Other operating expenses	-14,280	-11,079

General administrative expenses

Euro thousand	1-6/2020	1-6/2019
Staff expenses	-59,082	-60,380
Wages and salaries	-44,628	-44,833
Expenses for statutory social security	-11,646	-11,678
Fringe benefits	-757	-957
Expenses for retirement benefits	-1,270	-1,298
Allocation to provision for severance payments and pension funds	-781	-1,613
Administrative expenses	-34,674	-41,688
Office space expenses	-1,841	-3,184
Office supplies and communication expenses	-1,161	-966
Advertising, PR and promotional expenses	-1,231	-1,586
Legal, advisory and consulting expenses	-5,948	-9,528
IT expenses	-17,255	-18,583
Contribution to the deposit guarantee	-3,695	-3,413
Single Resolution Fund	-1,716	-1,455
Other administrative expenses (including training expenses for staff)	-1,827	-4,428
Depreciation and reversal of impairment	-6,998	-5,177
Depreciation	-4,664	-3,537
Right of use - lease depreciation	-2,334	-1,639
General administrative expenses	-100,754	-107,245

Income taxes

In the current business year deferred tax assets for tax loss carryforwards in the amount of euro 2.4 million were amortised.

4) Notes to the consolidated statement of financial position

Liquid funds

Euro thousand	30 Jun 2020	31 Dec 2019
Cash in hand	50,253	48,787
Balances with central banks	3,218,667	1,864,726
Liquid funds	3,268,920	1,913,513

In the first half of 2020 the VBW participated in the TLTRO III programm of the European Central Bank. This increased the balances with as well as the amounts owed to central banks in the amount of euro 1.5 billion.

Transition from liquid funds to cash and cash equivalents

Euro thousand	30/06/2020	31/12/2019
Liquid funds	3,268,920	1,913,513
Restricted cash and cash equivalents	-4,901	-4,901
Cash and cash equivalents	3,264,019	1,908,612

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

Loans and receivables credit institutions and customers

Euro thousand	30 Jun 2020	31 Dec 2019
Loans and receivables credit institutions		
Amortised cost	2,485,184	2,466,343
Fair value through profit or loss	119	119
Gross carrying amount	2,485,303	2,466,462
Risk provision	-36	-47
Net carrying amount	2,485,267	2,466,415
Loans and receivables customers		
Amortised cost	5,314,695	5,360,537
Fair value through profit or loss	141,207	166,419
Gross carrying amount	5,455,902	5,526,955
Risk provision	-67,314	-55,619
Net carrying amount	5,388,588	5,471,336
Loans and receivables credit institutions and customers	7,873,856	7,937,751

Sensitivity analysis

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

The following table shows the changes in fair value after adjustment of input factors:

Loans and receivables credit institutions**30 Jun 2020**

Euro thousand	Positive change in fair value	Negative change in fair value
Change in risk markup +/- 10 bp	0	0
Change in risk markup +/- 100 bp	1	-1
Change in rating 1 stage down / up	0	0
Change in rating 2 stages down / up	0	0

Loans and receivables credit institutions**31 Dec 2019**

Euro thousand	Positive change in fair value	Negative change in fair value
Change in risk markup +/- 10 bp	0	0
Change in risk markup +/- 100 bp	2	-2
Change in rating 1 stage down / up	0	0
Change in rating 2 stages down / up	0	-1

Loans and receivables customers**30 Jun 2020**

Euro thousand	Positive change in fair value	Negative change in fair value
Change in risk markup +/- 10 bp	614	-609
Change in risk markup +/- 100 bp	6,401	-5,850
Change in rating 1 stage down / up	68	-106
Change in rating 2 stages down / up	113	-263

Loans and receivables customers**31 Dec 2019**

Euro thousand	Positive change in fair value	Negative change in fair value
Change in risk markup +/- 10 bp	727	-721
Change in risk markup +/- 100 bp	7,584	-6,923
Change in rating 1 stage down / up	154	-237
Change in rating 2 stages down / up	253	-578

Risk provision

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

Euro thousand	Loan loss provision - Stage 1	Loan loss provision - Stage 2	Loan loss provision - Stage 3	Total
As at 01 Jan 2019	4,960	6,906	39,172	51,038
Increases due to origination and acquisition	397	83	458	938
Decreases due to derecognition	-267	-428	-1,385	-2,080
Changes due to change in credit risk	-342	648	6,307	6,614
Decrease in allowance account due to write-offs	0	0	-3,638	-3,638
Other adjustments	1	6	73	80
As at 30 Jun 2019	4,750	7,216	40,987	52,953
As at 01 Jan 2020	4,245	11,157	40,712	56,113
Increases due to origination and acquisition	62	34	43	139
Decreases due to derecognition	-41	-140	-49	-231
Changes due to change in credit risk	-362	872	1,634	2,145
Decrease in allowance account due to write-offs	0	0	-1,628	-1,628
Post-Model Adjustments	8,431	0	2,749	11,180
Other adjustments	1	10	69	80
As at 30 Jun 2020	12,336	11,932	43,529	67,797

Assets held for trading

Euro thousand	30 Jun 2020	31 Dec 2019
Fixed-income securities	3,004	1,873
Equities and other variable-yield securities	52	40
Positive fair values of derivative instruments	59,152	58,307
Exchange rate related transactions	26	28
Interest rate related transactions	59,126	58,279
Assets held for trading	62,208	60,220

Since acquisition of the CO function the company maintains a trading book. As at 30 June 2020 the volume of the trading book amounts to euro 1,965,626 thousand (31 Dec 2019: euro 3,048,018 thousand).

Financial investments

Euro thousand	30 Jun 2020	31 Dec 2019
Financial investments		
Amortised cost	2,252,950	2,067,451
Fair value through OCI	70,035	118,232
Fair value through profit or loss	39,539	39,400
Gross carrying amount	2,362,524	2,225,083
Risk provision	-442	-442
Net carrying amount	2,362,082	2,224,641

Participations

Euro thousand	30 Jun 2020	31 Dec 2019
Investments in unconsolidated affiliates	3,267	3,267
Investments in companies with participating interest	3,822	3,972
Investments in other companies	44,096	45,728
Participations	51,185	52,967

Sensitivity analysis

Participations measured by using the DCF method

Proportional market value

Euro thousand	Interest rate			
30 Jun 2020	-10.00 %	-0.50 %	Actual	0.50 %
Income component	11,289	10,750	10,264	11,298
	Actual	12,437	11,837	11,298
	10.00 %	13,585	12,926	12,333
31 Dec 2019	-0.50 %	Actual	0.50 %	
	-10.00 %	13,026	12,335	11,719
Income component	Actual	14,367	13,600	12,915
	10.00 %	15,708	14,864	14,111

Participations measured by net assets

Euro thousand	Proportional market value		
30 Jun 2020	If assumption is decreased	Actual	If assumptions is increased
Net assets (10 % change)	4,119	4,577	5,035
31 Dec 2019	If assumption is decreased	Actual	If assumptions is increased
Net assets (10 % change)	4,119	4,577	5,035

Participations measured based on external appraisals

Euro thousand	Proportional market value		
30 Jun 2020	Lower band	Actual	Upper band
Proportional market value	27,844	30,781	33,718
31 Dec 2019	Lower band	Actual	Upper band
Proportional market value	27,844	30,781	33,718

Other assets

Euro thousand	30 Jun 2020	31 Dec 2019
Deferred items	5,697	1,977
Other receivables and assets	20,125	34,018
Positive fair values of derivative instruments	132,740	96,944
Other assets	158,563	132,939

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 2020	31 Dec 2019
Investment property	344	0
Tangible assets	18	56,482
Assets held for sale	362	56,482

As at 31 December 2019, the carrying amount of the former head office in 1090 Vienna, Kolingasse, was reported in assets held for sale. The property was sold by 3V-Immobilien Errichtungs-GmbH, a subsidiary of VBW, to Kolingasse 14-

16 Liegenschaftsverwaltung GmbH. The sale becoming effective in January 2020, the result derived from it is now reported in the other operating result.

Amounts owed to credit institutions

Euro thousand	30 Jun 2020	31 Dec 2019
Central banks	1,687,237	83,437
Other credit institutions	2,738,189	2,719,475
Amounts owed to credit institutions	4,425,426	2,802,911

Amounts owed to credit institutions are measured at amortised cost.

Amounts owed to customers

Euro thousand	30 Jun 2020	31 Dec 2019
Savings deposits	1,891,940	1,982,268
Other deposits	4,233,259	4,456,332
Amounts owed to customers	6,125,200	6,438,600

Amounts owed to customers are measured at amortised cost.

Debts evidenced by certificates

Euro thousand	30 Jun 2020	31 Dec 2019
Bonds		
Amortised cost	1,359,926	1,342,499
Fair value through profit or loss - designated	91,392	110,308
Debts evidenced by certificates	1,451,318	1,452,807

For the purpose of optimising the portfolio of ECB-eligible collateral, VBW issued an 8-year covered bond with variable interest rate (interest rate period equal to 3-month Euribor) and a Moody's rating of Aaa in March 2020. The volume amounted to euro 250 million and was meant, among others, to replace 2 issues retained at the same time, with a total volume of euro 120 million.

Liabilities held for trading

Euro thousand	30 Jun 2020	31 Dec 2019
Negative fair values of derivative instruments		
Exchange rate related transactions	1	4
Interest rate related transactions	83,454	78,076
Liabilities held for trading	83,455	78,079

Provisions

Euro thousand	30 Jun 2020	31 Dec 2019
Provisions for post-employment benefits	62,789	62,498
Provisions for off-balance and other risks	4,648	4,674
Stage 1	620	623
Stage 2	1,110	1,024
Stage 3	2,919	3,027
Other provisions	11,173	11,600
Provisions	78,609	78,771

Other liabilities

Euro thousand	30 Jun 2020	31 Dec 2019
Deferred items	335	51
Other liabilities	55,144	50,235
Negative fair values of derivative instruments	438,154	387,829
Other liabilities	493,633	438,115

Subordinated liabilities

Euro thousand	30 Jun 2020	31 Dec 2019
Subordinated capital	402,757	402,636
Supplementary capital	15,147	15,147
Subordinated liabilities	417,904	417,783

Subordinated liabilities are measured at amortised cost.

5) Own funds

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

Euro thousand	30 Jun 2020	31 Dec 2019
Common tier I capital: Instruments and reserves		
Capital instruments including share premium accounts	341,416	341,416
Retained earnings	408,542	409,962
Accumulated other comprehensive income (and other reserves)	-89,224	-87,957
Amount of capital instruments subject to phase out from CET1	4,181	6,272
Common tier I capital before regulatory adjustments	664,915	669,693
Common tier I capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-21,632	-22,597
Value adjustments due to the requirement for prudent valuation	-1,108	-1,109
CET1 instruments of financial sector entities where the institution has a significant investment	-605	-606
Amount exceeding the threshold of 17.65 %	-4,934	-6,381
Additional CET 1 deductions pursuant to article 3 CRR	-14,169	-14,169
Total regulatory adjustments	-42,449	-44,862
Common equity tier I capital - CET1	622,466	624,831
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		
Additional tier I capital - AT1	220,000	220,000
Tier I capital (CET1 + AT1)	842,466	844,831
Tier II capital - instruments and provisions		
Capital instruments including share premium accounts	407,512	406,278
Tier II capital before regulatory adjustments	407,512	406,278
Tier II capital: regulatory adjustments		
Tier II capital - T2	407,512	406,278
Own funds - TC (T1 + T2)	1,249,978	1,251,109
Common equity tier I capital ratio (tier I)	15.55 %	14.89 %
Tier I capital ratio	21.05 %	20.13 %
Equity ratio	31.23 %	29.82 %
each in relation to total risk exposure amount		

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

Euro thousand	30 Jun 2020	31 Dec 2019
Risk weighted exposure amount - credit risk	3,370,804	3,537,507
Total risk exposure amount - settlement risk	151	0
Total risk exposure amount for position, foreign exchange and commodities risks	48,823	84,611
Total risk exposure amount for operational risk	529,542	529,542
Total risk exposure amount for credit valuation adjustment (cva)	52,690	44,462
Total risk exposure amount	4,002,011	4,196,121

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

Euro thousand	30 Jun 2020	31 Dec 2019
Common tier I capital: Instruments and reserves		
Capital instruments including share premium accounts	341,416	341,416
Retained earnings	408,542	409,962
Accumulated other comprehensive income (and other reserves)	-89,224	-87,957
Amount of capital instruments subject to phase out from CET1	0	0
Common tier I capital before regulatory adjustments	660,733	663,421
Common tier I capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-21,632	-22,597
Value adjustments due to the requirement for prudent valuation	-1,108	-1,109
CET1 instruments of financial sector entities where the institution has a significant investment	-1,023	-1,233
Amount exceeding the threshold of 17.65 %	-5,328	-6,972
Additional CET 1 deductions pursuant to article 3 CRR	-14,169	-14,169
Total regulatory adjustments	-43,261	-46,080
Common equity tier I capital - CET1	617,473	617,341
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		
Additional tier I capital - AT1	220,000	220,000
Tier I capital (CET1 + AT1)	837,473	837,341
Tier II capital - instruments and provisions		
Capital instruments including share premium accounts	411,693	412,550
Tier II capital before regulatory adjustments	411,693	412,550
Tier II capital: regulatory adjustments		
Tier II capital - T2	411,693	412,550
Own funds - TC (T1 + T2)	1,249,166	1,249,891
Common equity tier I capital ratio (tier I)	15.44 %	14.72 %
Tier I capital ratio	20.94 %	19.97 %
Equity ratio	31.23 %	29.81 %
each in relation to total risk exposure amount		

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

Euro thousand	30 Jun 2020	31 Dec 2019
Risk weighted exposure amount - credit risk	3,368,775	3,534,462
Total risk exposure amount - settlement risk	151	0
Total risk exposure amount for position, foreign exchange and commodities risks	48,823	84,611
Total risk exposure amount for operational risk	529,542	529,542
Total risk exposure amount for credit valuation adjustment (cva)	52,690	44,462
Total risk exposure amount	3,999,981	4,193,077

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 the 2020 business year, no substantial, practical or legal obstacles existed which would have prevented the transfer of equity or the repayment of liabilities between the parent institution and institutions subordinated to the former.

6) Financial assets and liabilities

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

Euro thousand	Amortised cost	Fair value through OCI	Fair value through profit or loss	Carrying amount - total	Fair value
30 Jun 2020					
Liquid funds	3,268,920	0	0	3,268,920	3,268,920
Loans and receivables credit institutions (gross)	2,485,184	0	119	2,485,303	
Individual loan loss provision	0	0	0	0	
Loans and receivables credit institutions less individual loan loss provision	2,485,184	0	119	2,485,303	2,494,477
Loans and receivables customers (gross)	5,314,695	0	141,207	5,455,902	
Individual loan loss provision	-43,529	0	0	-43,529	
Loans and receivables customers less individual loan loss provision	5,271,167	0	141,207	5,412,374	5,514,633
Assets held for trading	0	0	62,208	62,208	62,208
Financial investments (gross)	2,252,950	70,035	39,539	2,362,524	
Individual loan loss provision	0	0	0	0	
Financial investments less individual loan loss provision	2,252,950	70,035	39,539	2,362,524	2,373,417
Participations	0	51,185	0	51,185	51,185
Derivative instruments	0	0	132,740	132,740	132,740
Financial assets total	13,278,221	121,221	375,813	13,775,255	13,897,580
Amounts owed to credit institutions	4,425,426	0	0	4,425,426	4,425,605
Amounts owed to customers	6,125,200	0	0	6,125,200	6,105,543
Debts evidenced by certificates	1,359,926	0	91,392	1,451,318	1,741,397
Lease liabilities	97,571	0	0	97,571	97,571
Liabilities held for trading	0	0	83,455	83,455	83,455
Derivative instruments	0	0	438,154	438,154	438,154
Subordinated liabilities	417,904	0	0	417,904	396,989
Financial liabilities total	12,426,026	0	613,002	13,039,028	13,288,714
31 Dec 2019					
Liquid funds	1,913,513	0	0	1,913,513	1,913,513
Loans and receivables credit institutions (gross)	2,466,343	0	119	2,466,462	
Individual loan loss provision	0	0	0	0	
Loans and receivables credit institutions less individual loan loss provision	2,466,343	0	119	2,466,462	2,462,935
Loans and receivables customers (gross)	5,360,537	0	166,419	5,526,955	
Individual loan loss provision	-40,712	0	0	-40,712	
Loans and receivables customers less individual loan loss provision	5,319,825	0	166,419	5,486,244	5,278,507
Assets held for trading	0	0	60,220	60,220	60,220
Financial investments (gross)	2,067,451	118,232	39,400	2,225,083	
Individual loan loss provision	0	0	0	0	
Financial investments less individual loan loss provision	2,067,451	118,232	39,400	2,225,083	2,268,382
Participations	0	52,967	0	52,967	52,967
Derivative instruments	0	0	96,944	96,944	96,944
Financial assets total	11,767,132	171,198	363,102	12,301,432	12,133,468
Amounts owed to credit institutions	2,802,911	0	0	2,802,911	2,802,946
Amounts owed to customers	6,438,600	0	0	6,438,600	6,418,938
Debts evidenced by certificates	1,342,499	0	110,308	1,452,807	1,469,803
Lease liabilities	100,927	0	0	100,927	100,927
Liabilities held for trading	0	0	78,079	78,079	78,079
Derivative instruments	0	0	387,829	387,829	387,829
Subordinated liabilities	417,783	0	0	417,783	436,597
Financial liabilities total	11,102,721	0	576,216	11,678,938	11,695,119

Fair value hierarchy

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

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

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

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

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

Euro thousand	Level 1	Level 2	Level 3	Total
30 Jun 2020				
Loans and receivables credit institutions	0	0	119	119
Loans and receivables customers	0	0	141,207	141,207
Assets held for trading	2,261	59,947	0	62,208
Financial investments	72,289	5,266	32,019	109,574
Fair value through profit or loss	2,254	5,266	32,019	39,539
Fair value through OCI	70,035	0	0	70,035
Participations	0	0	51,153	51,153
Fair value through OCI - designated	0	0	51,153	51,153
Derivative instruments	0	132,740	0	132,740
Financial assets total	74,550	197,953	224,497	497,001
Debts evidenced by certificates	0	0	91,392	91,392
Liabilities held for trading	0	83,455	0	83,455
Derivative instruments	0	438,154	0	438,154
Financial liabilities total	0	521,610	91,392	613,002
31 Dec 2019				
Loans and receivables credit institutions	0	0	119	119
Loans and receivables customers	0	0	166,419	166,419
Assets held for trading	597	59,623	0	60,220
Financial investments	120,519	5,553	31,559	157,632
Fair value through profit or loss	2,288	5,553	31,559	39,400
Fair value through OCI	118,232	0	0	118,232
Participations	0	0	52,927	52,927
Fair value through OCI - designated	0	0	52,927	52,927
Derivative instruments	0	96,944	0	96,944
Financial assets total	121,116	162,120	251,024	534,260
Debts evidenced by certificates	0	0	110,308	110,308
Liabilities held for trading	0	78,079	0	78,079
Derivative instruments	0	387,829	0	387,829
Financial liabilities total	0	465,908	110,308	576,216

Due to immateriality participations with a carrying amount of euro 33 thousand (2019: euro 40 thousand) were measured at amortised cost.

In the first half of 2020, as in 2019, there have not been any reclassifications of financial instruments, neither from Level 2 fair values to Level 1 fair values nor from Level 1 to Level 2.

When determining market values for level 2 financial investments, VBW only uses prices based on observable market data. If systems deliver price information for inactive traded positions, this is checked based on secondary market data such as credit spreads 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.

Development of level 3 fair values of financial assets and liabilities

EUR Tsd.	Loans and receivables credit institutions	Loans and receivables customers	Financial investments	Participations	Financial assets total	Debts evidenced by certificates	Financial liabilities total
As at 01 Jan 2019	259	199,431	34,451	43,027	277,167	106,575	106,575
Change in the scope of consolidation	0	0	0	0	0	0	0
Additions	0	259	112	21	391	0	0
Disposals	-80	-19,193	0	-8	-19,281	-207	-207
Revaluation							
Through profit or loss	1	1,863	140	0	2,005	4,908	4,908
Through OCI	0	0	0	4,459	4,459	-653	-653
As at 30 Jun 2019	181	182,359	34,703	47,499	264,741	110,623	110,623
As at 01 Jan 2020	119	166,419	31,559	52,927	251,024	110,308	110,308
Change in the scope of consolidation	0	0	0	0	0	0	0
Additions	0	334	0	0	334	0	0
Disposals	0	-22,070	0	-12	-22,081	-21,217	-21,217
Revaluation							
Through profit or loss	-1	-3,476	460	0	-3,016	2,284	2,284
Through OCI	0	0	0	-1,762	-1,762	18	18
As at 30 Jun 2020	119	141,207	32,019	51,153	224,497	91,392	91,392

The valuations shown in the table above are included in the item income from financial instruments and investment properties (income statement) or the fair value reserve (other comprehensive income). The valuations recorded in the income statement include holdings of financial assets and liabilities to the amount of euro -497 thousand (1-6/2019: euro 6,811 thousand) at the reporting date.

During valuation of loans and receivables, the cash flows of the loans are discounted 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.

As at 30 Jun 2020 financial instruments and investment properties include participation certificates with a carrying amount of euro 31,587 thousand (31 Dec 2019: euro 31,127 thousand) which are allocated to level 3 of the fair value hierarchy. They are not traded on any active market and only allow for alternative measurement by means of unobservable input parameters.

Measurement is effected using the Hull-White one factor model within the scope of a Monte Carlo simulation, with the model being calibrated to the current environment of market data (interest rate and volatility) on a daily basis. The inter-

est to be paid on these shares in the future is calculated by means of a variable coupon, consisting of the 3-month EU-RIBOR as base rate and a markup that constitutes an unobservable input. Other unobservable input factors included in the valuation are the duration and the expected redemption rate of the participation certificates.

End of December 2021 is assumed as the estimated final maturity. The extended redemption period results from the Managing Board's assessment that a redemption by the Volksbanks of the participation capital held by VB Regio as an asset is subject to approval by the ECB. Only after such approval will VB Regio be able to redeem its own participation certificates. Moreover, a valuation report is required for the redemption of participation certificates in each case.

Based on the liquidity base of the issuer, a redemption rate of 100 is assumed. This assumption is supported by the asset impairment test performed. Discounting of cash flows is effected using a 3-month EURIBOR base rate plus markup reflecting the cost of capital.

The following table shows the changes of fair value after adjustment of these input factors

30 Jun 2020 Euro thousand	Positive change in fair value	Negative change in fair value
Change in maturity + 1 year	0	-1,539
Change in markup +/- 100 BP	442	-435
Change in redemption - 5 %	0	-1,552

31 Dec 2019 Euro thousand	Positive change in fair value	Negative change in fair value
Change in maturity + 1 year	0	-1,367
Change in markup +/- 100 BP	614	-604
Change in redemption - 5 %	0	-1,508

7) Number of staff

Number of staff employed during the business year

	Average number of staff		Number of staff at end of period	
	1-6/2020	1-6/2019	30 Jun 2020	31 Dec 2019
Employees	1,260	1,275	1,268	1,262
Workers	6	6	6	6
Total number of staff	1,266	1,281	1,274	1,268

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

8) Branches

	30 Jun 2020	31 Dec 2019
Domestic	65	63
Total number of branches	65	63

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 2020				
Loans and receivables credit institutions	0	0	22,225	0
Loans and receivables customers	217	1,598	0	0
Fixed-income securities	0	0	0	405,986
Amounts owed to credit institutions	0	0	201,960	0
Amounts owed to customers	5,310	352	22,364	0
Provisions	0	3	6	0
Transactions	4,693	3,452	243,837	0
31 Dec 2019				
Loans and receivables credit institutions	0	0	44,327	0
Loans and receivables customers	163	1,598	0	0
Fixed-income securities	0	0	273	405,802
Amounts owed to credit institutions	0	0	189,861	0
Amounts owed to customers	4,504	1,950	22,547	0
Provisions	0	3	6	0
Transactions	4,126	3,415	256,580	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. Disclosures are limited to securities of the issuer republic of Austria. The simplification option allowed by IAS 24.26 for companies in the sphere of the public sector was exercised.

Loans and receivables credit institutions contain transactions with the Volksbank-Sector amounting to euro 2,052,848 thousand (31 Dec 2019: euro 2,049,334 thousand) and amounts owed to credit institutions include transactions with the Volksbank-Sector amounting to euro 2,501,636 thousand (31 Dec 2019: euro 2,494,491 thousand).

10) Segment reporting by business segments

1-6/2020

Euro thousand	Retail	CO	Consolidation	Total
Net interest income	50,425	11,018	0	61,443
Risk provision	-10,674	-949	0	-11,623
Net fee and commission income	31,009	-2,389	33	28,653
Net trading income	196	1,257	0	1,453
Result from financial instruments and investment properties	-1,660	-6,074	0	-7,734
Other operating result	117	80,297	-19,631	60,783
General administrative expenses	-67,196	-53,156	19,598	-100,754
Result from companies measured at equity	35	423	0	458
Result for the period before taxes	2,253	30,426	0	32,680
Income taxes	-648	-3,944	0	-4,592
Result for the period after taxes	1,605	26,483	0	28,088

30 Jun 2020

Total assets	6,485,226	8,878,820	-1,275,513	14,088,532
Loans and receivables customers	5,202,610	193,159	-7,181	5,388,588
Companies measured at equity	30,078	8,925	0	39,002
Amounts owed to customers	5,390,070	869,793	-134,663	6,125,200
Debts evidenced by certificates, including subordinated liabilities	112,981	1,756,241	0	1,869,222

1-6/2019

Euro thousand	Retail	CO	Consolidation	Total
Net interest income	51,572	8,815	0	60,387
Risk provision	-8,853	4,543	0	-4,310
Net fee and commission income	28,979	-1,755	43	27,267
Net trading income	109	-2,832	0	-2,724
Result from financial instruments and investment properties	6,079	10,272	-1,676	14,676
Other operating result	3,856	77,215	-23,094	57,977
General administrative expenses	-76,644	-55,328	24,727	-107,245
Result from companies measured at equity	11	-165	0	-154
Result for the period before taxes	5,110	40,765	0	45,875
Income taxes	3,174	-4,663	0	-1,490
Result for the period after taxes	8,283	36,102	0	44,385

31 Dec 2019

Total assets	6,541,971	7,572,113	-1,410,234	12,703,850
Loans and receivables customers	5,276,454	244,157	-49,275	5,471,336
Companies measured at equity	30,460	8,734	0	39,194
Amounts owed to customers	5,254,294	1,280,697	-96,391	6,438,600
Debts evidenced by certificates, including subordinated liabilities	112,981	1,757,609	0	1,870,591

11) Subsequent events

As at 14 July 2020, pursuant to section 57 (1) Austrian General Administrative Procedures Act in combination with section 70 (2) (4) Austrian Banking Act, the Austrian Financial Market Authority has completely banned Commerzialbank Mattersburg im Burgenland AG (“Commerzialbank”) from continuing its business operations with immediate effect. Subsequently, bankruptcy proceedings were instituted on 28 July 2020.

Within the scope of statutory legal provisions, the deposit guarantee and investor compensation scheme protects the claims of Commerzialbank customers. As a member institution, VBW will incur a future financial burden in connection with the required allocation to the deposit guarantee fund. The amount of any such burden is not known yet.

VBW does not have any direct exposure to Commerzialbank.

12) Quarterly financial data

Euro thousand	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019
Net interest income	32,892	28,551	29,069	30,549	30,904
Risk provision	-9,752	-1,871	-1,717	-1,151	-6,327
Net fee and commission income	12,624	16,029	14,544	13,982	13,656
Net trading income	528	924	1,844	-1,408	-2,675
Result from financial instruments and investment properties	6,909	-14,643	1,986	1,224	8,473
Other operating result	21,036	39,747	10,413	29,138	28,658
General administrative expenses	-43,644	-57,110	-55,882	-50,334	-49,139
Restructuring result	0	0	0	0	-10
Result from companies measured at equity	-11	469	-239	-108	-392
Result for the period before taxes	20,582	12,097	18	21,891	23,149
Income taxes	-6,863	2,272	-7,375	-1,887	-2,300
Result for the period after taxes	13,719	14,369	-7,356	20,004	20,849
Result attributable to shareholders of the parent company (Consolidated net result)	13,715	14,367	-7,373	20,005	20,846
Result attributable to non-controlling interest	4	2	16	-1	3

COMPLIANCE STATEMENT

VOLKSBANK WIEN AG

Statement of all legal representatives

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

Vienna, 24 August 2020



Gerald Fleischmann

Chairman of the Managing Board

Retail Branches, General Secretariat, Real Estate Financing, Communication/Marketing,
Organisation & IT, HR Management, Private Banking/Treasury, Transition "Adler" & Strategy,
Corporate Financing, Sales Management



Rainer Borns

Deputy Chairman of the Managing Board

Control, Financial Data Steering, Finance, Capital and Stakeholder Management, Legal,
VB Infrastructure and Real Estate Facility Management, VB Infrastructure and Real Estate Property Management



Thomas Uher

Deputy Chairman of the Managing Board

Digital Transformation, Credit Risk Management, Risk Controlling,
VB Services for Banks Processing, VB Services for Banks MSC/KSC and Processing of Loans

Area of responsibility Joint Managing Board

Compliance, Audit

