VOLKSBANK WIEN

HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE 2019

KEY FIGURES OF VOLKSBANK WIEN AG

Euro million	30 Jun 2019	31 Dec 2018	31 Dec 2017
Statement of financial position			
Total assets	**11,994**	**11,505**	**10,616**
Loans and receivables customers	**5,479**	**5,366**	**4,752**
Amounts owed to customers	**6,068**	**6,344**	**5,791**
Debts evidenced by certificates	**970**	**467**	**488**
Subordinated liabilities	**418**	**418**	**426**
Own funds according to Basel III for the VOLKSBANK WIEN AG group			
Common equity tier 1 capital (CET1)	582	594	533
Additional tier 1 capital (AT1)	220	0	0
Tier 1 capital (T1)	**802**	**594**	**533**
Tier 2 capital (T2)	407	406	407
Own funds	**1,209**	**1,000**	**941**
Risk weighted exposure amount - credit risk	3,500	3,189	2,721
Total risk exposure amount settlement risk	0	0	0
Total risk exposure amount market risk	88	86	112
Total risk exposure amount operational risk	552	552	579
Total risk for credit valuation adjustment	44	55	59
Other risk exposure amount	36	279	0
Total risk exposure amount	**4,220**	**4,161**	**3,470**
Common equity tier 1 capital ratio[1)]	**13.78 %**	**14.28 %**	**15.37 %**
Tier 1 capital ratio[1)]	**19.00 %**	**14.28 %**	**15.37 %**
Equity ratio[1)]	**28.64 %**	**24.04 %**	**27.11 %**
Income statement	**1-6/2019**	**1-6/2018**	**1-6/2017**
Net interest income	60.4	59.9	59.3
Risk provision	-4.3	-0.4	9.7
Net fee and commission income	27.3	24.6	24.6
Net trading income	-2.7	-0.1	5.0
Result from financial investments	14.7	2.6	-1.4
Other operating result	58.0	57.1	42.6
General administrative expenses	-107.2	-115.5	-106.8
Restructuring result	0.0	-0.1	0.0
Result from companies measured at equity	-0.2	0.3	-0.1
Result for the period before taxes	**45.9**	**28.5**	**32.8**
Income taxes	-1.5	0.6	0.0
Result for the period after taxes	**44.4**	**29.1**	**32.8**
Result attributable to non-controlling interest	0.0	0.0	0.0
Result of the group for the period	**44.4**	**29.1**	**32.8**
Key ratios[2)]			
Operating cost-income-ratio	**74.6 %**	**81.0 %**	**80.5 %**
ROE before taxes	**12.4 %**	**10.1 %**	**13.5 %**
ROE after taxes	**12.0 %**	**10.3 %**	**13.5 %**
ROE consolidated net income	**12.0 %**	**10.4 %**	**13.6 %**
Net interest margin	**1.0 %**	**1.1 %**	**1.2 %**
NPL ratio	**2.2 %**	**2.2 %**	**3.2 %**
Leverage ratio	**6.2 %**	**3.6 %**	**3.2 %**
Net stable funding ratio	**123.1 %**	**141.5 %**	**123.8 %**
Loan deposit ratio	**80.1 %**	**81.0 %**	**93.2 %**
Coverage ratio I	**29.4 %**	**27.2 %**	**23.8 %**
Coverage ratio III	**102.7 %**	**103.5 %**	**99.1 %**
Resources	**1-6/2019**	**1-6/2018**	**1-6/2017**
Staff average	**1,281**	**1,294**	**1,238**
Thereof domestic	1,281	1,294	1,238
	30 Jun 2019	**31 Dec 2018**	**31 Dec 2017**
Staff at end of period	**1,285**	**1,290**	**1,327**
Thereof domestic	1,285	1,290	1,327
Number of sales outlets	**70**	**70**	**78**
Thereof domestic	70	70	78
Number of customers	**354,438**	**360,545**	**372,396**

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 including non-controlling interest. The net interest margin shows the net interest income in relation to total assets. The NPL ratio indicates the portfolio of non-performing loans in relation to the total exposure of all loans to and receivables from customers. The leverage ratio indicates the business volume (CCF-weighted off-balance positions plus derivatives add-on, replacement value of derivatives, disallowance of derivative claims and financial volume) in relation to the tier 1 capital (CET1 + AT1). The net stable funding ratio indicates the available stable funding in relation to the necessary stable funding. The 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.

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HALF-YEAR FINANCIAL REPORT

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 2019

Report on the business development and economic situation

Business development

VOLKSBANK WIEN AG, as a member of the Austrian Association of Volksbanks, positions itself as a strong regional bank with a Retail and Corporate focus in Austria. As CO, VBW assumes extensive management and steering functions within the Association and is also responsible, among others, for risk and liquidity management across the Association.

At the end of February, VBW issued a 7-year covered bond totalling euro 500 million with an 0.375 % fixed coupon and a rating of Aaa by Moody's. The issue was met with great interest on the part of institutional investors and was oversubscribed some 3.2 times by more than 70 investors. Hence, VBW maintained its successful presence on the capital market, at the same time consolidating the stable liquidity position of the Association.

Early in April, VBW successfully managed to place another new issue on the market. The total volume of the issue, which was offered to institutional investors exclusively, was euro 220 million, the interest rate 7.75 % p.a. for the first 5 years. This contributes to further consolidating the capital base of VBW and of the Association.

Economic environment

In the first half of 2019, the development of the Austrian economy was less dynamic than in the relevant period of the previous year. According to calculations by the Austrian Institute of Economic Research (WIFO), the gross domestic product grew by 0.4 % Q/Q in the first quarter and by 0.3 % Q/Q in the second quarter. Hence, economic output has grown by 1.7 % Y/Y in real terms in the second quarter. The corresponding quarterly growth rates adjusted for season and workdays in compliance with Eurostat requirements amounted to 0.4 % Q/Q and 0.2 % Q/Q.

All GDP components increased. Private consumption increased in both quarters by 0.5 % Q/Q. Gross capital investments were somewhat slackening, but equally achieved a growth rate of 0.5 % Q/Q (Q1: 0.8 %) in the second quarter. Government spending, on the other hand, showed a somewhat restrained development with growth rates of 0.2 % Q/Q and 0.3 % Q/Q. At 1.1 % Q/Q, accommodation and gastronomy services were the GDP components that showed the strongest growth in both quarters. While losing some of its momentum, foreign trade showed a dynamic development as well: With 0.9 % Q/Q in the first quarter and 0.5 % in the second, exports grew at a faster pace overall than imports (+0.7 % Q/Q and +0.4 % Q/Q).

Residential property prices have shown a very dynamic development. According to OeNB data, real estate prices all over Austria were higher by 5.0 % in the first quarter of 2019 than one year before, and by 7.3 % in the second quarter of 2019. Within Austria, the development in Vienna was more dynamic than in the rest of Austria. Overall, prices in Vienna have increased by 5.5 % Y/Y in Q1 and by 9.8 % in Q2, with single-family homes increasing in price by only 2.3 % and 4.5 %, respectively, while new apartments (+5.1 % Y/Y and 8.8 % Y/Y, respectively) and pre-owned apartments (+5,8 % Y/Y and 10.4 % Y/Y, respectively) showed markedly higher price increases. Outside Vienna, there was an overall increase by 4.1 % Y/Y in the first and by 3.8 % in the second quarter. The prices of single-family homes rose by 5.4 % Y/Y and by 1.0 %, new freehold flats by 1.6 % Y/Y and 2.5 % Y/Y, respectively, and pre-owned freehold flats by 4.6 % Y/Y and 7.3 % Y/Y, respectively.

Austria's unemployment rate showed a decreasing trend in the first half of 2019. According to international calculation methods (Eurostat), it went down from 4.7 % in January to 4.5 % in June. Starting from markedly higher values, the unemployment rate registered a declining trend in the euro zone as well, falling from 7.8 % in January to 7.5 % in June.

With levels between 1.7 % and 1.4 %, during the first six months of the year, the Austrian inflation rate according to the Harmonised Index of Consumer Prices (HICP) slightly exceeded the rate of price increases in the entire euro zone. In the common currency zone, they varied between 1.7 % (April) and 1.2 % (May).

The European Central Bank (ECB) left the key interest rate unchanged in the first half of 2019. The main refinancing rate continued to be 0.00 %, the interest rate for the prime refinancing facility 0.25 % and the deposit rate -0.40 %. The securities purchasing programme was ceased at the end of 2018. For the second half of the year, the central bank has announced a new edition of the targeted longer-term refinancing operations (TLTRO III).

Throughout the first half of the year, the three-month Euribor was constantly between -0.35 % and -0.30 %. In Austria, the yields in the 10-year maturity range varied between -0.06 % and 0.53 % and ended the first half of the year at a new record low of -0.057 %. In Germany, the 10-year yield was between -0.34 % and 0.28 %. At the end of June it reached -0.329 %.

Group result for the first half of 2019

The result of the VBW Group before taxes amounts to euro 46 million (1-6/2018: euro 29 million), the result of the group after taxes and minority shares to euro 44 million (1-6/2018: euro 29 million).

Net interest income in the amount of euro 60 million for the first half of 2019 has not changed relative to the comparative period (1-6/2018: euro 60 million). The increase in interest income from customers is opposed by higher interest expenses from derivative financial instruments, debts evidenced by certificates, rights of use under branch leases, as well as market-induced adjustments to loan agreements.

In the first half of 2019, at euro -4 million, the risk provisions item has deteriorated against the comparative period (euro -0.4 million). This effect essentially results from higher allocations to individual allowances for impairment.

The net fee and commission income in the reporting period amounts to euro 27 million, an increase by euro 2 million compared to the previous period (euro 25 million). The increase essentially results from higher fee and commission income from lending business.

Net trading income amounts to euro -3 million for the reporting period and has fallen against the previous year by euro -3 million. The decline is due to measurement results of trading book derivatives that are used for hedging banking book items.

The result from financial investments for the reporting period amounts to euro 15 million, thus exceeding the comparative period (1-6/2018: euro 3 million) by euro 12 million. The main effects responsible for the increase are the carrying amounts upon disposal due to realisation of an interest-rate derivative and/or disagio of a position in loans and receivables to customers, as well as PPA releases from the previous mergers.

The other operating result for the first half of 2019 amounts to euro 58 million (1-6/2018: euro 57 million). In addition to income from charge-out costs in the amount of euro 56 million, proceeds from the sale of tangible/intangible assets in the amount of euro 1 million were realised and provisions for interest claims from entrepreneur loans with floors were released in the amount of euro 1 million. In the previous year, the item included allocations to interest claims from entrepreneur loans with floors in the amount of euro -3 million; moreover, the previous year's item included income from the contribution of VB Horn in the amount of euro 8 million.

General administrative expenses of euro 107 million (1-6/2018: euro 116 million) have decreased by comparison with the previous year. Staff expenses of euro 60 million have remained unchanged by comparison with the previous year (1-6/2018: euro 60 million). In the sphere of administrative expenses, costs were reduced in almost all areas. Apart from the positive effect within administrative expenses for business premises, due to cancellation of leasing expenses [of] euro 2 million in the course of first-time application of the leasing standard (IFRS 16), substantial decreases were equally achieved in other expenses by euro 4 million, legal, auditing and consultancy expenses by euro 2.4 million, and IT expenses by euro 2.3 million. An opposing effect of the first-time application of the leasing standard (IFRS 16) was reported on depreciation of fixed assets (rights of use) in the amount of euro -2 million.

Due to the tax planning of the next four years, it was possible, in the reporting period, to recognise deferred tax assets for part of the tax loss carried forward. For tax loss carried forward in the amount of euro 175 million (31 December 2018: euro 204 million), no deferred tax assets are recognised as before. Deferred tax is recognised for the remaining valuation differences, especially in connection with the valuation of financial instruments.

Financial position

As at 30 June 2019, total assets amount to euro 12.0 billion and have increased primarily due to increases in loans and receivables to customers as well as loans and receivables to credit institutions, compared to the end of 2018 (euro 11.5 billion).

Loans and receivables to credit institutions amounting to euro 2.3 billion have increased compared to the end of the previous period (euro 2.0 billion). The increase essentially results from higher refinancing requirements of the banks of the Association.

As at 30 June 2019, loans and receivables to customers, less risk provisions, amount to euro 5.5 billion and have slightly increased compared to the end of the previous year (euro 5.4 billion) due to an expansion of business volume.

The financial investments of euro 2.2 billion at the reporting date increased mainly because of investments in bonds compared to the end of 2018 (euro 2.1 billion).

The increase in fixed assets by 0.1 billion is primarily due to the capitalisation of rights of use under branch leases.

Amounts owed to credit institutions have decreased by euro 0.2 billion to euro 2.9 billion compared to the end of 2018 (euro 3.1 billion).

Amounts owed to customers in the amount of euro 6.1 billion have decreased by euro 0.2 billion compared to the end of 2018 (euro 6.3 billion). The decrease results from lower savings and other deposits.

As at 30 June 2019, debts evidenced by securities amount to euro 1.0 billion and, due to the issue of the euro 500 million covered bond, have increased compared to 31 December 2018 (euro 0.5 billion).

As at 30 June 2019, equity amounts to euro 0.9 billion and has increased primarily due to the AT1 issue amounting to euro 220 million and the result for the period in the amount of [euro] 44 million, compared to the end of 2018 (euro 0.6 billion).

Financial performance indicators

As at 30 June 2019, the regulatory own funds of the VBW group of credit institutions amount to euro 1.2 billion (31 December 2018: euro 1.0 billion). As at 30 June 2019, the aggregate risk amount was euro 3.5 billion (31 December 2018: euro 3.2 billion). The CET 1 capital ratio in relation to total risk amounts to 13.8 % (31 December 2018: 14.3 %), the equity ratio in relation to total risk is 28.6 % (31 December 2018: 24.0 %). Regulatory own funds, aggregate 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 Notes.

Performance indicators	1-6/2019	1-6/2018	1-6/2017
Return on Equity before taxes	12.4 %	10.1 %	13.5 %
Return on Equity after taxes	12.0 %	10.3 %	13.5 %
Cost-income ratio	74.6 %	81.0 %	80.5 %

The ROE before taxes is determined as the quotient of result before taxes extrapolated to one year and the mean value of own funds 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 extrapolated to one year and the mean value of own funds 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

According to the economic forecast of the WIFO published late in June, the Austrian economy is expected to grow by 1.7 % this year, employment is going to increase noticeably, and unemployment is going to decrease slightly. According to WIFO, and in compliance with the Eurostat definition, it will be 4.6 % on annual average. In the current year, Austria's inflation rate is expected to reach 1.6 %, according to WIFO. However, this growth is expected to slow down around the turn of the year, as is also indicated by leading indicators such as the Purchasing Managers' Index calculated by IHS Markit/Bank Austria. Since March, this index has been below the limit of growth and has further decreased until July.

According to the interim forecast of the EU Commission published in July, economic growth in the euro zone is likely to amount to 1.2 % in the current year, and the average inflation rate will probably amount to 1.3 %. In the next year, too, economists still expect levels of 1.3 % and, hence, that the target inflation rate of a little under 2 % will not be achieved.

According to the ECB's Forward Guidance, key interest rate hikes are not on the agenda in the euro zone until and including the first half of 2020. Rather, the wording of the Forward Guidance with interest rates at the "present level or lower" is again such that even interest rate cuts are possible; and this was swiftly anticipated then by market interest rates. In this context, a staggering of the deposit rate is going to be considered. Additionally, the ECB intends to check the possibility of new net securities purchases and is going to carry out the new longer-term refinancing operations in seven quarterly tranches with a term of two years each from September onwards.

As for returns, they might decline even further – in the event of a new securities purchase programme or an even lower, staggered deposit rate. An abrupt global rise in interest rates would constitute a potential source of risk, especially for the real estate market, while for the financial industry any prolonged persistence of interest rates below zero per cent is associated with a yield risk.

One important element of uncertainty are global protectionist tendencies that have already manifested themselves in import duties on steel and aluminium being introduced by the United States and corresponding retaliation tariffs by the European Union. Additionally, the USA are caught in a trade conflict with China, which has resulted in customs duties being introduced and expanded. Even though the parties are still negotiating, an expansion, in the sense of increasing trade barriers to China or the trade conflict spreading to other countries or political spheres, cannot be excluded. Another source of risk is Great Britain's impending exit from the EU. Especially an exit that is not accompanied by further agreements (Hard Brexit) might cause economic turmoil both in the European Union and in Great Britain, with increasingly negative effects to be expected also within the Austrian economy, especially with a view to industrial activity, as would have to be expected from any persistent or expanding trade conflict.

As always, geopolitical conflicts may also potentially harm the currently moderate economic outlook even further. This includes, among others, tensions between the United States and Iran – sanctions imposed by the USA have already entered into force – and tensions between the United States and Turkey.

Business development

The focus of VBW on retail banking is meant to be continued, supported, in particular, by 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 achieving a cost-income ratio of 60 %, a CET 1 capital ratio of at least 12.25 %, 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 (RoE) of 8 %.

In spite of persistently high investments in the systems, higher costs of improving data quality and in spite of the still high regulatory cost, VBW intends to achieve an annual result in the two-digit million euro range for the 2019 business year. Despite planned growth, the CET 1 capital ratio is intended to remain above at around 12.25 % within the group in the second half of the year.

The low interest rate environment expected to continue in subsequent years calls for a streamlining of the cost structure and an increase of productivity. For this purpose, additional cooperation models 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 2018 annual financial report.

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HALF-YEAR FINANCIAL REPORT

Condensed statement of comprehensive income

INCOME STATEMENT	1-6/2019 Euro thousand	1-6/2018 Euro thousand	Changes Euro thousand	%
Interest and similar income	99,116	96,859	2,258	2.33 %
thereof using the effective interest method	91,580	87,911	3,669	4.17 %
Interest and similar expenses	-38,729	-36,996	-1,733	4.68 %
Net interest income	60,387	59,863	524	0.88 %
Risk provision	-4,310	-416	-3,894	> 200.00 %
Fee and commission income	39,927	38,960	967	2.48 %
Fee and commission expenses	-12,660	-14,319	1,659	-11.59 %
Net fee and commission income	27,267	24,641	2,626	10.66 %
Net trading income	-2,724	-53	-2,671	> 200.00 %
Result from financial investments	14,676	2,596	12,079	> 200.00 %
Other operating result	57,977	57,112	864	1.51 %
General administrative expenses	-107,245	-115,466	8,222	-7.12 %
Restructuring result	0	-85	85	-100.00 %
Result from companies measured at equity	-154	260	-414	-159.05 %
Result for the period before taxes	**45,875**	**28,453**	**17,421**	**61.23 %**
Income taxes	-1,490	620	-2,110	< -200.00 %
Result for the period after taxes	**44,385**	**29,073**	**15,312**	**52.67 %**
Result attributable to shareholders of the parent company (Consolidated net result)	**44,380**	**29,062**	**15,317**	**52.71 %**
thereof from continued operation	44,380	29,062	15,317	52.71 %
Result attributable to non-controlling interest	5	11	-6	-53.10 %
thereof from continued operation	5	11	-6	-53.10 %

Other comprehensive income

	1-6/2019 Euro thousand	1-6/2018 Euro thousand	Changes Euro thousand	%
Result for the period after taxes	**44,385**	**29,073**	**15,312**	**52.67 %**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Fair value reserve - equity instruments (including deferred taxes)	-866	-1,387	521	-37.55 %
Revaluation of own credit risk (including deferred taxes)	490	-1,918	2,408	-125.54 %
Total items that will not be reclassified to profit or loss	**-376**	**-3,306**	**2,929**	**-88.61 %**
Items that may be reclassified to profit or loss				
Fair value reserve - debt instruments (including deferred taxes)				
Change in fair value	4,267	-641	4,908	< -200.00 %
Net amount transferred to profit or loss	1	104	-103	-99.33 %
Change from companies measured at equity	474	-752	1,225	-163.02 %
Total items that may be reclassified to profit or loss	**4,741**	**-1,289**	**6,030**	**< -200.00 %**
Other comprehensive income total	**4,365**	**-4,594**	**8,959**	**-195.00 %**
Comprehensive income	**48,749**	**24,479**	**24,271**	**99.15 %**
Comprehensive income attributable to shareholders of the parent company	**48,744**	**24,468**	**24,276**	**99.22 %**
thereof from continued operation	48,744	24,468	24,276	99.22 %
Comprehensive income attributable to non-controlling interest	5	11	-6	-53.10 %
thereof from continued operation	5	11	-6	-53.10 %

Condensed statement of financial position as at 30 June 2019

	30 Jun 2019 Euro thousand	31 Dec 2018 Euro thousand	Changes Euro thousand	%
ASSETS				
Liquid funds	1,463,509	1,565,504	-101,995	-6.52 %
Loans and receivables credit institutions	2,247,203	1,986,640	260,563	13.12 %
Loans and receivables customers	5,478,848	5,365,676	113,172	2.11 %
Assets held for trading	63,762	60,496	3,266	5.40 %
Financial investments	2,203,040	2,091,440	111,599	5.34 %
Investment property	31,691	32,329	-639	-1.98 %
Companies measured at equity	38,155	37,835	320	0.84 %
Participations	47,542	43,073	4,470	10.38 %
Intangible assets	23,439	21,995	1,445	6.57 %
Tangible assets	142,707	66,632	76,075	114.17 %
Tax assets	65,470	61,718	3,752	6.08 %
Current taxes	5,705	4,541	1,163	25.62 %
Deferred taxes	59,765	57,177	2,588	4.53 %
Other assets	129,259	114,175	15,084	13.21 %
Assets held for sale	59,178	57,979	1,199	2.07 %
TOTAL ASSETS	**11,993,802**	**11,505,492**	**488,309**	**4.24 %**
LIABILITIES				
Amounts owed to credit institutions	2,910,607	3,060,759	-150,152	-4.91 %
Amounts owed to customers	6,068,273	6,344,232	-275,959	-4.35 %
Debts evidenced by certificates	969,671	466,675	502,996	107.78 %
Lease liabillities	79,807	0	79,807	100.00 %
Liabilities held for trading	82,687	75,416	7,271	9.64 %
Provisions	78,246	79,651	-1,405	-1.76 %
Tax liabilities	1,876	1,842	33	1.81 %
Current taxes	758	758	0	-0.02 %
Deferred taxes	1,118	1,085	33	3.08 %
Other liabilities	499,397	440,676	58,721	13.33 %
Subordinated liabilities	418,457	418,355	102	0.02 %
Equity	884,781	617,887	266,894	43.19 %
Shareholders' equity	880,914	614,001	266,913	43.47 %
Non-controlling interest	3,867	3,886	-19	-0.48 %
TOTAL LIABILITIES	**11,993,802**	**11,505,492**	**488,309**	**4.24 %**

Condensed changes in the Group's equity

Euro thousand	Subscribed capital	Capital reserves	Retained earnings	Fair value reserve [1)]	Own credit risk reserve [1)]	Shareholders' equity	Non-controlling interest	Equity
As at 1 January 2018	**132,894**	**215,313**	**170,225**	**45,174**		**563,606**	**3,893**	**567,499**
Impact of adopting IFRS 9	**0**	**0**	**173,640**	**-204,449**	**4,359**	**-26,450**	**0**	**-26,450**
As at 1 January 2018 restated	**132,894**	**215,313**	**343,865**	**-159,274**	**4,359**	**537,157**	**3,893**	**541,049**
Consolidated net income			29,062			29,062	11	29,073
Fair value reserve - equity instruments (including deferred taxes)				-1,387		-1,387		-1,387
Fair value reserve - debt instruments (including deferred taxes)				-537		-537		-537
Own credit risk reserve (including deferred taxes)					-1,918	-1,918		-1,918
Change from companies measured at equity			-62	-690		-752		-752
Comprehensive income	0	0	29,000	-2,614	-1,918	24,468	11	24,479
Capital increase	4,653	12,522				17,175		17,175
Dividends paid			-8,420			-8,420	-16	-8,436
Payment Shareholder		646				646		646
Reclassification fair value reserve due to sale			82	-82		0		0
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation			15			15	-19	-4
As at 30 June 2018	**137,547**	**228,481**	**364,543**	**-161,971**	**2,441**	**571,041**	**3,868**	**574,910**
As at 1 January 2019	**137,547**	**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	0	-866
Fair value reserve - debt instruments (including deferred taxes)				4,267		4,267	0	4,267
Own credit risk reserve (including deferred taxes)					490	490	0	490
Change from companies measured at equity			-1	475		474		474
Comprehensive income	0	0	44,378	3,876	490	48,744	5	48,749
Dividends paid			0			0	-16	-16
Additional tier 1 capital	217,741	0	0			217,741	0	217,741
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	**355,288**	**228,258**	**452,746**	**-158,390**	**3,012**	**880,914**	**3,867**	**884,781**

1) As at 30 June 2018, the revaluation reserve included deferred taxes of euro -141 thousand (31 March 2018: euro 0 thousand).
As at 30 June 2018, the fair value reserve included deferred taxes of euro 52,797 thousand (30 June 2018: euro -53,990 thousand).
As at 30 June 2018, the own credit risk reserve included deferred taxes of euro -1,004 thousand (30 June 2018: euro -814 thousand).

Condensed cash flow statement

In euro thousand	1-6/2019	1-6/2018
Cash and cash equivalents at the end of previous period (= liquid funds)	1,560,603	1,809,264
Cash flow from operating activities	6,529	268,212
Cash flow from investing activities	-326,669	-174,071
Cash flow from financing activities	218,145	-10,424
Cash and cash equivalents at the end of period	1,458,608	1,892,982

Details to cash and cash equivalents are shown in note 5).

Condensed Notes to the Financial Statements for the period from 1 January to 30 June 2019

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.

The interim financial statements of VBW as at 30 June 2019 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 2018. 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 2018 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

As at 1 January 2019 the regulations of accounting standard IFRS 16 – Leases took effect. Further details regarding initial application of IFRS 16 are illustrated below. Amendments to standards or interpretations have no impact on the interim financial statements of VBW.

Initially applied standards and interpretations

Standard	Content	Mandatory application	Significant effects on VBW
New standards and interpretations			
IFRS 16	Leases	As of BY 2019	Yes
IFRIC 23	Uncertainties over income tax treatments	As of BY 2019	No
Amendments to standards and interpretations			
IFRS 9	Prepayment features with negative compensation	As of BY 2019	No
IAS 19	Plan amendment, curtailment or settlement	As of BY 2019	No
IAS 28	Long-term interests in associates and joint ventures	As of BY 2019	No
Annual improvements of the IFRS (cycle 2015-2017)		As of BY 2019	No

Standards and interpretations to be applied in future

Standard	Content	Mandatory application	Significant effects on VBW
IAS 1 and IAS 8	Definition of materiality	As of BY 2020	No
IFRS 3	Business combinations	As of BY 2020	No
IFRS 17	Insurance contracts	As of BY 2021	No
Revising of the Conceptual Framework		As of BY 2020	No

BY- business year

IFRS 16 – Leases: In January 2016, the IASB published IFRS 16; application of this standard is mandatory for the first time with effect from 1 January 2019. The primary effects of the new standard are on the accounting of contracts of the lessee that are designated as operating lease. The standard provides for essential leases to be reported in the balance sheet of the lessee. Both an asset (right of use) and a leasing liability (contractual leasing payments) are entered in the balance sheet on the assets and the liabilities side, respectively.

On the provision date of the lease, a right of use and the leasing liability are posted in the balance sheet. The amount of recognition of the rights of use constitutes the present value of the leases. The present value was determined based on the contractual leasing payments, the respective residual terms and the incremental borrowing rate. For existing leases, an assessment is effected regularly as to whether any essential parameters have changed and if this has any effect on the amount of the leasing payments. If, for instance, any adjustments to the rental index occur, the leasing liability will be assessed anew. The newly determined present value will increase or reduce the original liability. As a rule, any such adjustments must be effected in the same amount with respect to the right of use. No variable leasing payments that are not linked to any index or interest rate were identified within the VBW Group.

The VBW Group has decided to apply modified retroactive recognition, which means that the previous year's comparative figures are not adjusted and, accordingly, adjustments are basically reported in retained earnings in the course of the transition. At the time of initial application, the rights of use and corresponding leasing liabilities within the Group are of the same amount; therefore no effects on equity will result from this at the time of first-time application. Moreover, use was made of the option not to enter any right of use on the assets side for short-term leases, as well as leases with low-value assets.

Accounting at the lessor will change only slightly as compared to IAS 17, except for more comprehensive information in the notes, and therefore no adjustments to the values are required.

Upon initial application of IFRS 16 as at 1 January 2019, rights of use in the amount of euro 80 million were posted as assets; correspondingly, leasing liabilities were recognised in the same amount. The rights of use primarily relate to buildings as well as parking and are reported in tangible assets.

In the statement of comprehensive income, in the first half of 2019, a higher burden of expenditure was incurred due to the splitting of leasing expenses into interest and depreciation, compared to linear distribution of expenses, in the amount of euro 0.4 million.

The following table shows the transition of lease commitments to lease liabilities as at 1 January 2019.

	Euro thousand
Operating lease commitments as at 31 Dec 2018	107,462
Discounting	-26,066
Discounted operating lease commitments as at 31 Dec 2018	**81,396**
Recognition exemption for leases of low-value assets	-859
Recognition exemption for short-term leases	-596
Lease liabilities as at 1 Jan 2019	**79,940**

The weighted average incremental borrowing rate for all lease liabilities to be recognized amounts to 2.04 % as at 1 January 2019.

2) Presentation and changes in the scope of consolidation

During the first half of the 2019 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 transfer of the shares to the federal government was effected on 28 January 2016. The federal government is obliged to transfer these shares back to the respective shareholders without consideration, as soon as the aggregate amount of distributions received by the federal government under the participation right and certain other creditable amounts reaches a certain level. Should the distributions under the federal government's participation right, as received by the federal government on contractually determined effective dates, fail to reach certain minimum amounts agreed (disposition event), taking account of certain creditable amounts (such as any distributions on the shares held by the federal government in VBW), then the federal government shall be entitled to freely dispose of said shares without any further consideration and to claim additional ordinary shares of VBW from the VBW shareholders, in the amount of 8 % of the share capital of VBW without any further consideration. 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 75 million have already been repaid as at 30 June 2019. Accordingly, the threshold existing at 31 December 2019 for the minimum repayment in the amount of euro 75 million was met prior to maturity.

3) Notes to the income statement

Net interest income

Euro thousand	1-6/2019	1-6/2018
Interest and similar income from	99,116	96,859
Credit and money market transactions with credit institutions	6,332	5,210
Credit and money market transactions with customers	66,443	64,732
Fixed-income securities	20,435	20,759
Derivative instruments	5,907	6,158
Interest and similar expenses for	-38,729	-36,996
Liquid funds	-3,420	-3,956
Deposits from credit institutions (including central banks)	-2,611	-3,029
Deposits from customers	-1,966	-3,009
Debts evidenced by certificates	-7,179	-6,737
Subordinated liabilities	-5,656	-5,636
Derivative instruments	-15,838	-14,628
Lease liabillities	-785	0
Valuation result - modification	-1,265	0
Valuation result - derecognition	-9	0
Net interest income	**60,387**	**59,863**

Net interest income according to IFRS 9 categories

Euro thousand	1-6/2019	1-6/2018
Interest and similar income from	99,116	96,859
Financial assets measured at amortised cost	88,305	82,509
Financial assets measured at fair value through OCI	3,275	5,402
Financial assets measured at fair value through profit or loss - obligatory	1,629	2,790
Derivative instruments	5,907	6,158
Interest and similar expenses for	-38,729	-36,996
Financial liabilities measured at amortised cost	-20,068	-20,811
Financial liabilities measured at fair value through profit or loss - designated	-1,548	-1,557
Derivative instruments	-15,838	-14,628
Valuation result - modification	-1,265	0
Valuation result - derecognition	-9	0
Net interest income	**60,387**	**59,863**

Due to the trend of money market interest rates towards negative reference rates, interest income of euro 4,942 thousand (1-6/2018: euro 4,425 thousand) and interest expenses of euro -4,501 thousand (1-6/2018: euro -5,088 thousand) were realised in the first half of 2019 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 91,580 thousand (1-6/2018: euro 87,911 thousand) is calculated using the effective interest rate method.

Risk provisions

Euro thousand	1-6/2019	1-6/2018
Changes in risk provision	-5,435	-2,400
Changes in provision for risks	121	-251
Direct write-offs of loans and receivables	-76	-11
Income from loans and receivables previously written off	1,370	2,247
Valuation result modification / derecognition	-290	0
Risk provision	**-4,310**	**-416**

Net fee and commission income

Euro thousand	1-6/2019	1-6/2018
Fee and commission income	39,927	38,960
Lending business	3,618	1,925
Securities and custody business	13,313	13,281
Payment transactions	17,151	17,707
Foreign exchange, foreign notes and coins and precious metals transactions	18	11
Financial guarantees	828	977
Other services	4,998	5,059
Fee and commission expenses	-12,660	-14,319
Lending business	-6,973	-7,486
Securities and custody business	-3,123	-4,106
Payment transactions	-2,463	-2,374
Financial guarantees	-89	-343
Other services	-13	-11
Net fee and commission income	**27,267**	**24,641**

Net fee and commission income includes management fees for trust agreements in the amount of euro 94 thousand (1-6/2018: euro 110 thousand).

Net trading income

Euro thousand	1-6/2019	1-6/2018
Equity related transactions	16	32
Exchange rate related transactions	1,022	587
Interest rate related transactions	-3,762	-672
Net trading income	**-2,724**	**-53**

Result from financial investments

Euro thousand	1-6/2019	1-6/2018
Result from financial investments measured at fair value through profit or loss	8,237	350
Valuation of financial investments measured at fair value through profit or loss - obligatory	2,193	-4,021
Loans and receivables credit institutions and customers	1,865	-4,584
Securities	271	759
Investment property	58	-195
Valuation financial investments measured at fair value through profit or loss - designated	-4,908	1,077
Debts evidenced by certificates	-4,908	1,077
Income from equities and other variable-yield securities	82	81
Result from other derivative instruments	10,869	3,213
Result from financial investments measured at amortised cost	7,834	10
Realised gains from disposal	7,834	10
Result from financial investments measured at fair value through OCI	919	2,196
Realised losses from disposal	-1	-104
Income from participations	920	2,300
Result from fair value hedge	-3,745	-1,373
Valuation of underlying instruments	79,914	-5,340
Valuation of derivatives	-83,659	3,967
Rental income from investment property and operating lease	1,430	1,413
Result from financial investments	**14,676**	**2,596**

Other operating result

Euro thousand	1-6/2019	1-6/2018
Other operating income	69,964	71,876
Other operating expenses	-11,079	-13,832
Taxes and levies on banking business	-908	-932
Other operating result	**57,977**	**57,112**

Apart from income from cost allocations, other operating income includes allocations for services provided by VB Services amounting to euro 9 million (1-6/2018: euro 11 million). In the previous year income in the amount of euro 8 million was generated by contribution of VB Horn.

Other operating expenses include the release of provisions for repayment of negative interest in the amount of euro 641 thousand. In the previous year this position included provisions in the amount of euro -3 million for interest claims from corporate loans with floors.

Other taxes mainly comprise the bank levy amounting to euro -0.9 million (1-6/2018: euro -0.8 million).

General administrative expenses

Euro thousand	1-6/2019	1-6/2018
Staff expenses	-60,380	-60,447
Wages and salaries	-44,833	-43,489
Expenses for statutory social security	-11,678	-11,604
Fringe benefits	-957	-1,035
Expenses for retirement benefits	-1,298	-1,380
Allocation to provision for severance payments and pension funds	-1,613	-2,939
Administrative expenses	-41,688	-50,932
Office space expenses	-3,184	-4,828
Office supplies and communication expenses	-966	-515
Advertising, PR and promotional expenses	-1,586	-1,444
Legal, advisory and consulting expenses	-9,528	-11,911
IT expenses	-18,583	-20,862
Contribution to the deposit guarantee	-3,413	-2,980
Sundry administrative expenses (including training expenses for staff)	-4,428	-8,393
Depreciation and reversal of impairment	-5,177	-4,087
Depreciation	-3,537	-4,087
Right of use - lease depreciation	-1,639	0
General administrative expenses	**-107,245**	**-115,466**

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 175 million (31 Dec 2018: euro 204 million), no deferred tax assets were recognised.

4) Notes to the consolidated statement of financial position

Liquid funds

Euro thousand	30 Jun 2019	31 Dec 2018
Cash in hand	46,412	54,603
Balances with central banks	1,417,097	1,510,901
Liquid funds	**1,463,509**	**1,565,504**

Transition from liquid funds to cash and cash equivalents

Euro thousand	30 Jun 2019	31 Dec 2018
Liquid funds	1,463,509	1,565,504
Restricted cash and cash equivalents	-4,901	-4,901
Cash and cash equivalents	**1,458,608**	**1,560,603**

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. 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 2019	31 Dec 2018
Loans and receivables credit institutions		
Amortised cost	2,247,090	1,986,448
Fair value through profit or loss	181	259
Gross carrying amount	2,247,271	1,986,707
Risk provisions	-68	-67
Net carrying amount	**2,247,203**	**1,986,640**
Loans and receivables customers		
Amortised cost	5,348,858	5,216,727
Fair value through profit or loss	182,359	199,431
Gross carrying amount	5,531,217	5,416,158
Risk provisions	-52,369	-50,482
Net carrying amount	**5,478,848**	**5,365,676**
Loans and receivables credit institutions and customers	**7,726,051**	**7,352,316**

Risk provisions

The following table shows the development of risk provisions for loans to 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	Purchased originated or credit-impaired	Total
As at 1 Jan 2018	5,284	6,162	37,192	0	48,638
Increases due to origination and acquisition	398	34	208	0	641
Decreases due to derecognition	-670	-721	-2,720	0	-4,111
Changes due to change in credit risk	-58	2,487	2,922	0	5,351
Changes due to modifications without derecognition	0	0	0	0	0
Changes due to update in the institution´s methodology for estimation	0	0	0	0	0
Decrease in allowance account due to write-offs	0	0	-14	0	-14
Other adjustments	269	149	784	0	1,202
As at 30 Jun 2018	**5,223**	**8,111**	**38,372**	**0**	**51,707**
As at 1 Jan 2019	4,960	6,906	39,172	0	51,038
Increases due to origination and acquisition	397	83	458	0	938
Decreases due to derecognition	-267	-428	-1,385	0	-2,080
Changes due to change in credit risk	-342	648	6,307	0	6,614
Thereof transfer to stage 1	2,129	-2,318	189	0	
Thereof transfer to stage 2	2,202	-2,309	107	0	
Thereof transfer to stage 3	0	0	0	0	
Changes due to modifications without derecognition	0	0	0	0	0
Changes due to update in the institution´s methodology for estimation	0	0	0	0	0
Decrease in allowance account due to write-offs	0	0	-3,638	0	-3,638
Other adjustments	1	6	73	0	80
As at 30 Jun 2019	**4,750**	**7,216**	**40,987**	**0**	**52,953**

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 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	3	-3
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 2018

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	3	-3
Change in rating 1 stage down / up	0	0
Change in rating 2 stages down / up	0	-1

Loans and receivables customers
30 Jun 2019

Euro thousand	Positive change in fair value	Negative change in fair value
Change in risk markup +/- 10 bp	821	-813
Change in risk markup +/- 100 bp	8,557	-7,809
Change in rating 1 stage down / up	194	-661
Change in rating 2 stages down / up	1,161	-1,223

Loans and receivables customers
31 Dec 2018

Euro thousand	Positive change in fair value	Negative change in fair value
Change in risk markup +/- 10 bp	860	-852
Change in risk markup +/- 100 bp	8,964	-8,194
Change in rating 1 stage down / up	408	-511
Change in rating 2 stages down / up	1,184	-1,145

Assets held for trading

Euro thousand	30 Jun 2019	31 Dec 2018
Fixed-income securities	3,887	6,067
Equities and other variable-yield securities	41	86
Positive fair values of derivative instruments	59,835	54,343
Exchange rate related transactions	26	26
Interest rate related transactions	59,809	54,317
Assets held for trading	**63,762**	**60,496**

Since acquisition of the CO function the company maintains a trading book. As at 30 June 2019 the volume of the trading book amounts to euro 3,212,098 thousand (31 Dec 2018: euro 3,560,190 thousand).

Financial investments

Euro thousand	30 Jun 2019	31 Dec 2018
Financial investments		
Amortised cost	2,034,701	1,707,603
Fair value through OCI	124,582	337,242
Fair value through profit or loss	44,258	47,060
Gross carrying amount	2,203,541	2,091,904
Risk provision	-501	-464
Net carrying amount	**2,203,040**	**2,091,440**

Participations

Euro thousand	30 Jun 2019	31 Dec 2018
Investments in unconsolidated affiliates	3,207	3,225
Investments in companies with participating interest	3,941	3,948
Investments in other companies	40,394	35,900
Participations	**47,542**	**43,073**

Sensitivity analysis

Participations measured by using the DCF method

Proportional market value in euro thousand		Interest rate		
30 Jun 2019		**-0.50 %**	**Actual**	**0.50 %**
Income component	-10.00 %	12,473	11,830	11,256
	Actual	13,746	**13,033**	12,395
	10.00 %	15,020	14,235	13,533

31 Dec 2018		**-0.50 %**	**Actual**	**0.50 %**
Income component	-10.00 %	12,616	11,959	11,372
	Actual	13,906	**13,175**	12,523
	10.00 %	15,195	14,391	13,674

Participations measured by net assets

Euro thousand	Proportional market value		
30 Jun 2019	**If assumption is decreased**	**Actual**	**If assumptions is increased**
Net assets (10 % change)	4,009	**4,454**	4,900

31 Dec 2018	**If assumption is decreased**	**Actual**	**If assumptions is increased**
Net assets (10 % change)	4,009	**4,454**	4,900

Participations measured based on external appraisals

Euro thousand 30 Jun 2019	Lower band	Actual	Upper band
Proportional market value	24,196	**26,698**	29,201

31 Dec 2018	Lower band	Actual	Upper band
Proportional market value	20,039	**22,097**	24,120

Other assets

Euro thousand	30 Jun 2019	31 Dec 2018
Deferred items	4,549	943
Other receivables and assets	26,969	26,401
Positive fair values of derivative instruments	97,741	86,831
Other assets	**129,259**	**114,175**

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 2019	31 Dec 2018
Investment property	354	79
Tangible assets	58,824	57,803
Other assets	0	97
Assets held for sale	**59,178**	**57,979**

Amounts owed to credit institutions

Euro thousand	30 Jun 2019	31 Dec 2018
Central banks	182,264	310,342
Other credit institutions	2,728,343	2,750,417
Amounts owed to credit institutions	**2,910,607**	**3,060,759**

Amounts owed to credit institutions are measured at amortised cost.

Amounts owed to customers

Euro thousand	30 Jun 2019	31 Dec 2018
Savings deposits	2,081,178	2,175,697
Other deposits	3,987,094	4,168,535
Amounts owed to customers	**6,068,273**	**6,344,232**

Amounts owed to customers are measured at amortised cost.

Debts evidenced by certificates

Euro thousand	30 Jun 2019	31 Dec 2018
Bonds		
Amortised cost	859,048	360,100
Fair value through profit or loss - designated	110,623	106,575
Debts evidenced by certificates	**969,671**	**466,675**

Liabilities held for trading

Euro thousand	30 Jun 2019	31 Dec 2018
Negative fair values of derivative instruments		
Exchange rate related transactions	2	4
Interest rate related transactions	82,685	75,412
Liabilities held for trading	**82,687**	**75,416**

Provisions

Euro thousand	30 Jun 2019	31 Dec 2018
Provisions for post-employment benefits	60,333	60,143
Provisions for off-balance and other risks	3,974	4,099
Stage 1	428	476
Stage 2	553	465
Stage 3	2,993	3,158
Other provisions	13,940	15,409
Provisions	**78,246**	**79,651**

Other liabilities

Euro thousand	30 Jun 2019	31 Dec 2018
Deferred items	22	76
Other liabilities	51,831	57,126
Negative fair values of derivative instruments	447,544	383,473
Other liabilities	**499,397**	**440,676**

Subordinated liabilities

Euro thousand	30 Jun 2019	31 Dec 2018
Subordinated capital	402,518	402,416
Supplementary capital	15,939	15,939
Subordinated liabilities	**418,457**	**418,355**

Subordinated liabilities are measured at amortised cost.

Equity

In April 2019 VBW issued additional tier 1 capital (AT1 emission) with an issue volume of euro 220 million. These notes are perpetual and have no scheduled maturity date. The coupon has been set at 7.75 % p.a. for the first five years - paid on a semi-annual basis. The rate will be subsequently reset every five years. In addition, VBW may, at its sole discretion, redeem the notes, but not before five years after the date of their issuance, on specified call redemption dates. On account of their terms and conditions, the additional tier 1 capital has been qualified as equity in accordance with IAS 32.

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 2019	31 Dec 2018
Common tier I capital: Instruments and reserves		
Capital instruments including share premium accounts	341,416	341,416
Retained earnings	377,706	380,421
Accumulated other comprehensive income (and other reserves)	-92,819	-97,606
Amount of capital instruments subject to phase out from CET1	6,272	8,363
Common tier I capital before regulatory adjustments	632,574	632,594
Common tier I capital: regulatory adjustments		
Regulatory value adjustments	0	0
Intangible assets (net of related tax liability)	-23,439	-21,995
Value adjustments due to the requirement for prudent valuation	-1,199	-1,338
Amount exceeding the threshold of 17.65 %	-12,326	-5,526
Qualifying AT1 deductions that exceeds the AT1 capital of the institution	0	0
Additional CET 1 deductions pursuant to article 3 CRR	-12,898	-9,434
Total regulatory adjustments	-50,915	-38,292
Common equity tier I capital - CET1	**581,660**	**594,302**
Additional tier I capital: instruments		
Capital instruments including share premium accounts	220,000	0
Additional tier I capital before regulatory adjustments	220,000	0
Additional tier I capital: regulatory adjustments		
Qualifying AT1 deductions that exceeds the AT1 capital of the institution	0	0
Total regulatory adjustments	0	0
Additional tier I capital - AT1	**220,000**	**0**
Tier I capital (CET1 + AT1)	**801,660**	**594,302**
Tier II capital - instruments and provisions		
Capital instruments including share premium accounts	407,151	405,991
Capital instruments subject to phase out from tier II	0	0
Tier II capital before regulatory adjustments	407,151	405,991
Tier II capital: regulatory adjustments		
Total regulatory adjustments	0	0
Tier II capital - T2	**407,151**	**405,991**
Own funds	**1,208,811**	**1,000,293**
Common equity tier I capital ratio (tier I)	13.78 %	14.28 %
Tier I capital ratio	19.00 %	14.28 %
Equity ratio	28.64 %	24.04 %
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 2019	31 Dec 2018
Risk weighted exposure amount - credit risk	3,499,563	3,188,634
Total risk exposure amount - settlement risk	12	33
Total risk exposure amount for position, foreign exchange and commodities risks	88,133	85,885
Total risk exposure amount for operational risk	552,151	552,151
Total risk exposure amount for credit valuation adjustment (cva)	44,380	55,024
Other risk exposure amount	35,907	279,376
Total risk exposure amount	**4,220,147**	**4,161,104**

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

Euro thousand	30 Jun 2019	31 Dec 2018
Common tier I capital: Instruments and reserves		
Capital instruments including share premium accounts	341,416	341,416
Retained earnings	377,706	380,421
Accumulated other comprehensive income (and other reserves)	-92,819	-97,606
Common tier I capital before regulatory adjustments	626,302	624,231
Common tier I capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-23,439	-21,995
Cash flow hedge reserve	0	0
Value adjustments due to the requirement for prudent valuation	-1,199	-1,338
Deferred tax assets arising from temporary difference (amount above 10 % threshold, net of related tax liability)	0	0
Amount exceeding the threshold of 17.65 %	-12,916	-7,002
Additional CET 1 deductions pursuant to article 3 CRR	-12,898	-9,434
Total regulatory adjustments	-52,132	-39,768
Common equity tier I capital - CET1	**574,170**	**584,463**
Additional tier I capital: instruments		
Capital instruments including share premium accounts	220,000	0
Additional tier I capital: regulatory adjustments		
Qualifying AT1 deductions that exceeds the AT1 capital of the institution	0	0
Total regulatory adjustments	0	0
Additional tier I capital - AT1	**220,000**	**0**
Tier I capital (CET1 + AT1)	**794,170**	**584,463**
Tier II capital - instruments and provisions		
Capital instruments including share premium accounts	413,423	414,354
Tier II capital before regulatory adjustments	413,423	414,354
Tier II capital: regulatory adjustments		
Total regulatory adjustments	0	0
Tier II capital - T2	**413,423**	**414,354**
Own funds	**1,207,593**	**998,817**
Common equity tier I capital ratio (tier I)	13.62 %	14.06 %
Tier I capital ratio	18.83 %	14.06 %
Equity ratio	28.64 %	24.02 %
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 2019	31 Dec 2018
Risk weighted exposure amount - credit risk	3,496,519	3,184,944
Total risk exposure amount - settlement risk	12	33
Total risk exposure amount for position, foreign exchange and commodities risks	88,133	85,885
Total risk exposure amount for operational risk	552,151	552,151
Total risk exposure amount for credit valuation adjustment (cva)	44,380	55,024
Other risk exposure amount	35,907	279,376
Total risk exposure amount	**4,217,103**	**4,157,414**

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 2019 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 2019					
Liquid funds	1,463,509	0	0	1,463,509	1,463,509
Loans and receivables credit institutions (gross)	2,247,090	0	181	2,247,271	
Individual loan loss provision	0	0	0	0	
Loans and receivables credit institutions less individual loan loss provision	2,247,090	0	181	2,247,271	2,247,712
Loans and receivables customers (gross)	5,348,858	0	182,359	5,531,217	
Individual loan loss provision	-40,987	0	0	-40,987	
Loans and receivables customers less individual loan loss provision	5,307,871	0	182,359	5,490,230	5,648,207
Assets held for trading	0	0	63,762	63,762	63,762
Financial investments (gross)	2,034,701	124,582	44,258	2,203,541	
Individual loan loss provision	0	0	0	0	
Financial investments less individual loan loss provision	2,034,701	124,582	44,258	2,203,541	2,242,576
Participations	0	47,542	0	47,542	47,542
Derivative instruments	0	0	97,741	97,741	97,741
Financial assets total	**11,053,171**	**172,124**	**388,300**	**11,613,595**	**11,811,048**
Amounts owed to credit institutions	2,910,607	0	0	2,910,607	2,910,256
Amounts owed to customers	6,068,273	0	0	6,068,273	6,077,245
Debts evidenced by certificates	859,048	0	110,623	969,671	990,781
Lease liabilities	79,807	0	0	79,807	79,807
Liabilities held for trading	0	0	82,687	82,687	82,687
Derivative instruments	0	0	447,544	447,544	447,544
Subordinated liabilities	418,457	0	0	418,457	422,334
Financial liabilities total	**10,336,192**	**0**	**640,854**	**10,977,046**	**11,010,653**

Euro thousand	Amortised cost	Fair value through OCI	Fair value through profit or loss	Carrying amount - total	Fair value
31 Dec 2018					
Liquid funds	1,565,504	0	0	1,565,504	1,565,504
Loans and receivables credit institutions (gross)	1,986,448	0	259	1,986,707	
Individual loan loss provision	0	0	0	0	
Loans and receivables credit institutions less individual loan loss provision	1,986,448	0	259	1,986,707	1,987,214
Loans and receivables customers (gross)	5,216,727	0	199,431	5,416,158	
Individual loan loss provision	-39,172	0	0	-39,172	
Loans and receivables customers less individual loan loss provision	5,177,555	0	199,431	5,376,986	5,440,426
Assets held for trading	0	0	60,496	60,496	60,496
Financial investments (gross)	1,707,603	337,242	47,060	2,091,904	
Individual loan loss provision	0	0	0	0	
Financial investments less individual loan loss provision	1,707,603	337,242	47,060	2,091,904	2,103,389
Participations	0	43,073	0	43,073	43,073
Derivative instruments	0	0	86,831	86,831	86,831
Financial assets total	**10,437,110**	**380,314**	**394,076**	**11,211,501**	**11,286,932**
Amounts owed to credit institutions	3,060,759	0	0	3,060,759	3,060,677
Amounts owed to customers	6,344,232	0	0	6,344,232	6,365,419
Debts evidenced by certificates	360,100	0	106,575	466,675	481,956
Lease liabilities	0	0	0	0	0
Liabilities held for trading	0	0	75,416	75,416	75,416
Derivative instruments	0	0	383,473	383,473	383,473
Subordinated liabilities	418,355	0	0	418,355	403,752
Financial liabilities total	**10,183,446**	**0**	**565,464**	**10,748,909**	**10,770,692**

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 2019				
Loans and receivables credit institutions	0	0	181	181
Loans and receivables customers	0	0	182,359	182,359
Assets held for trading	1,291	62,471	0	63,762
Financial investments	127,532	6,605	34,703	168,840
Fair value through profit or loss	2,951	6,605	34,703	44,258
Fair value through OCI	124,582	0	0	124,582
Participations	0	0	47,499	47,499
Fair value through OCI - designated	0	0	47,499	47,499
Derivative instruments	0	97,741	0	97,741
Financial assets total	**128,823**	**166,816**	**264,741**	**560,380**
Debts evidenced by certificates	0	0	110,623	110,623
Liabilities held for trading	0	82,687	0	82,687
Derivative instruments	0	447,544	0	447,544
Financial liabilities total	**0**	**530,231**	**110,623**	**640,854**

Euro thousand	Level 1	Level 2	Level 3	Total
31 Dec 2018				
Loans and receivables credit institutions	0	0	259	259
Loans and receivables customers	0	0	199,431	199,431
Assets held for trading	4,703	55,793	0	60,496
Financial investments	342,498	7,352	34,451	384,301
Fair value through profit or loss	5,257	7,352	34,451	47,060
Fair value through OCI	337,242	0	0	337,242
Participations	0	0	43,027	43,027
Fair value through OCI - designated	0	0	43,027	43,027
Derivative instruments	0	86,831	0	86,831
Financial assets total	**347,201**	**149,976**	**277,167**	**774,345**
Debts evidenced by certificates	0	0	106,575	106,575
Liabilities held for trading	0	75,416	0	75,416
Derivative instruments	0	383,473	0	383,473
Financial liabilities total	**0**	**458,889**	**106,575**	**565,464**

Due to immateriality participations with a carrying amount of euro 44 thousand (2018: euro 46 thousand) were measured at amortised cost.

In 2019 financial instruments with a carrying amount of euro 685 thousand (2018: euro 1,186 thousand), which were measured at fair value level 2 as at 31 December 2018 were reclassified to level 1 financial instruments due to an increase in trading activity.

Furthermore, financial instruments with a carrying amount of euro 1,110 thousand (2018: euro 0 thousand) measured at fair value level 1 as at 31 December 2018 were reclassified to level 2 since funding is derived from external prices of liquid products and neither directly observable market data nor an active market exists for these issues.

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.

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 speads 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

Euro thousand	Loans and receivables credit institutions	Loans and receivables customers	Financial investments	Participations	Financial assets total	Debts evidenced by certificates	Financial liabilities total
As at 01 Jan 2018	522	167,877	33,780	43,161	245,341	104,827	104,827
Change in the scope of consolidation	0	38,810	0	1,334	40,144	0	0
Additions	0	13,272	97	0	13,369	1,118	1,118
Disposals	-11	-24,464	0	-48	-24,523	0	0
Valuation							
Through profit or loss	0	-4,585	926	0	-3,658	-1,077	-1,077
Through OCI	0	0	0	-1,919	-1,919	2,558	2,558
As at 30 Jun 2018	**511**	**190,910**	**34,803**	**42,529**	**268,754**	**107,426**	**107,426**
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
Valuation							
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**

The valuations shown in the table above are included in the item income from financial investments (income statement) or the fair value reserve (other comprehensive income). The valuations recorded in the income statement include holdings of financial assets to the amount of euro 1,904 thousand (1-6/2018: euro -3,564 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 2019 financial investments include participation certificates with a carrying amount of euro 34,703 thousand (31 Dec 2018: euro 34,451 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 interest to be paid on these shares in the future is calculated by means of a variable coupon, consisting of the 3-month EURIBOR 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 2020 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 2019 Euro thousand	Positive change in fair value	Negative change in fair value
Change in maturity + 1 year	0	-1,835
Change in markup +/- 100 BP	468	-448
Change in redemption - 5 %	0	-1,505

31 Dec 2018 Euro thousand	Positive change in fair value	Negative change in fair value
Change in maturity + 1 year	0	-1,361
Change in markup +/- 100 BP	612	-601
Change in redemption - 5 %	0	-1,502

7) Number of staff

Number of staff employed during the business year

	Average number of staff		Number of staff at end of period	
	1-6/2019	1-6/2018	30 Jun 2019	31 Dec 2018
Employees	1,275	1,288	1,279	1,282
Workers	6	6	6	8
Total number of staff	**1,281**	**1,294**	**1,285**	**1,290**

All staff is domestic.

8) Branches

	30 Jun 2019	31 Dec 2018
Domestic	70	70
Total number of branches	**70**	**70**

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 2019				
Loans and receivables credit institutions	0	0	22,916	0
Loans and receivables customers	113	1,598	0	0
Fixed-income securities	0	0	364	406,912
Amounts owed to credit institutions	0	0	184,731	0
Amounts owed to customers	3,768	896	27,448	0
Provisions	0	1	6	0
Transactions	3,740	3,768	281,131	0
31 Dec 2018				
Loans and receivables credit institutions	0	0	34,228	0
Loans and receivables customers	159	1,625	0	0
Fixed-income securities	0	0	271	593,466
Amounts owed to credit institutions	0	0	173,297	0
Amounts owed to customers	4,157	215	61,984	0
Provisions	0	3	6	0
Transactions	4,110	3,966	302,585	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.

Loans to and receivables from credit institutions contain transactions with the Volksbank-Sector amounting to euro 1,762,725 thousand (31 Dec 2018: euro 1,532,367 thousand) and amounts owed to credit institutions include transactions with the Volksbank-Sector amounting to euro 2,527,810 thousand (31 Dec 2018: euro 2,536,449 thousand).

10) Segment reporting by business segments

1-6/2019 Euro thousand	Retail	CO	Consolidation	Total
Net interest income	51,572	8,815	0	60,387
Risk provisions	-8,853	4,543	0	-4,310
Net fee and comission income	28,979	-1,755	43	27,267
Net trading income	109	-2,832	0	-2,724
Result from financial investments	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
Restructuring result	0	0	0	0
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**
30 Jun 2019				
Total assets	**6,595,963**	**6,843,240**	**-1,445,401**	**11,993,802**
Loans and receivables customers	5,245,770	282,737	-49,659	5,478,848
Companies measured at equity	28,250	9,905	0	38,155
Amounts owed to customers	5,340,279	811,726	-83,733	6,068,273
Debts evidenced by certificates, including subordinated liabilities	113,773	1,274,355	0	1,388,128

1-6/2018 Euro thousand	Retail	CO	Consolidation	Total
Net interest income	52,846	7,017	0	59,863
Risk provisions	-3,201	2,786	0	-416
Net fee and comission income	27,021	-2,410	30	24,641
Net trading income	157	-210	0	-53
Result from financial investments	-3,638	7,820	-1,585	2,596
Other operating result	5,977	71,547	-20,411	57,112
General administrative expenses	-75,785	-61,648	21,967	-115,466
Restructuring result	-160	75	0	-85
Result from companies measured at equity	579	-318	0	260
Result for the period before taxes	**3,795**	**24,658**	**0**	**28,453**
Income taxes	5,409	-4,789	0	620
Result for the period after taxes	**9,205**	**19,868**	**0**	**29,073**
31 Dec 2018				
Total assets	**6,466,527**	**6,447,649**	**-1,408,683**	**11,505,492**
Loans and receivables customers	5,151,092	264,826	-50,243	5,365,676
Companies measured at equity	29,077	8,759	0	37,835
Amounts owed to customers	5,396,956	1,013,883	-66,607	6,344,232
Debts evidenced by certificates, including subordinated liabilities	114,562	770,468	0	885,030

11) Subsequent events

No reportable events or development occured until the date of publication of the half-year financial report.

12) Quarterly financial data

Euro thousand	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018
Net interest income	30,904	29,483	28,098	36,767	30,084
Risk provision	-6,327	2,017	5,651	-403	1,773
Net fee and commission income	13,656	13,611	16,544	12,638	11,982
Net trading income	-2,675	-49	-720	1,762	567
Result from financial investments	8,473	6,202	6,726	-151	-3,151
Other operating result	28,658	29,319	19,838	23,215	28,519
General administrative expenses	-49,139	-58,106	-51,574	-55,218	-52,775
Restructuring result	-10	10	-3,942	0	-85
Result from companies measured at equity	-392	238	3,882	391	-447
Result for the period before taxes	**23,149**	**22,725**	**24,504**	**19,002**	**16,467**
Income taxes	-2,300	810	1,226	-3,313	914
Result for the period after taxes	**20,849**	**23,536**	**25,729**	**15,689**	**17,381**
Result attributable to shareholders of the parent company (Consolidated net result)	**20,846**	**23,534**	**25,718**	**15,685**	**17,374**
Result attributable to non-controlling interest	3	2	12	4	7

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, 27 August 2019

Gerald Fleischmann
Chairman of the Managing Board

Retail Branches, General Secretariat, Real Estate Financing, Communication/Marketing,
Front Office Service Center/Customer Service Center, Organisation & IT, HR Management, Private Banking/Treasury,
Transition „Adler" & Strategy, Corporate Financing, Sales Management
Area of responsibility Joint Managing Board: Compliance, Audit

Rainer Borns
Deputy Chairman of the Managing Board

Control, Financial Data Steering, Finance, Capital and Stakeholder Management,
Legal, VB Services for Banks Facilitymanagement
Area of responsibility Joint Managing Board: Compliance, Audit

Thomas Uher
Deputy Chairman of the Managing Board

Digitalisation, Credit risk management, Risk controlling,
VB Services for Banks/Loan Processing & Handling
Area of responsibility Joint Managing Board: Compliance, Audit


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