HALF-YEAR MANAGEMENT REPORT

ASSOCIATION OF VOLKSBANKS

AS AT 30 JUNE 2024

KEY FIGURES OF THE ASSOCIATION OF VOLKSBANKS

Euro million		30 Jun 2024	31 Dec 2023	31 Dec 2022
Balance sheet				
	Total assets	**30,815**	**30,482**	**29,224**
	Loans and receivables customers	**22,946**	**22,738**	**22,116**
	Amounts owed to customers	**22,761**	**22,180**	**22,105**
	Debts evidenced by certificates	**3,249**	**3,281**	**1,682**
	Subordinated liabilities	**923**	**450**	**454**
Own funds				
	Common equity tier 1 capital (CET1)	2,390	2,332	2,025
	Additional tier 1 capital (AT1)	0	220	220
	Tier 1 capital (T1)	**2,390**	**2,552**	**2,245**
	Tier 2 capital (T2)	772	319	409
	Own funds	**3,161**	**2,872**	**2,654**
	Risk weighted exposure amount credit risk	14,349	13,762	12,915
	Total risk exposure amount market risk	21	28	21
	Total risk exposure amount operational risk	1,420	1,420	1,269
	Total risk for credit valuation adjustment	12	9	13
	Total risk exposure amount	**15,802**	**15,218**	**14,218**
	Common equity tier 1 capital ratio	**15.1 %**	**15.3 %**	**14.2 %**
	Tier 1 capital ratio	**15.1 %**	**16.8 %**	**15.8 %**
	Equity ratio	**20.0 %**	**18.9 %**	**18.7 %**
Income statement		**1-6/2024**	**1-6/2023**	**1-6/2022**
	Net interest income	327.0	343.5	203.6
	Risk provision	-84.0	-4.1	11.8
	Net fee and commission income	140.1	133.5	132.7
	Net trading income	4.9	3.1	2.0
	Result from financial instruments and investment properties	-4.0	-2.2	-4.2
	Other operating result	-19.9	-17.5	-16.9
	General administrative expenses	-283.8	-257.7	-237.9
	Result from companies measured at equity	0.8	3.9	-0.7
	Result for the period before taxes	**81.0**	**202.5**	**90.3**
	Income taxes	-8.6	-33.0	-14.2
	Result for the period after taxes	**72.4**	**169.5**	**76.2**
	Result attributable to non-controlling interest	0.0	0.0	0.0
	Result of the group for the period	**72.4**	**169.5**	**76.2**
	Operating result	**164.2**	**202.7**	**79.2**
Key ratios		**1-6/2024**	**1-6/2023**	**1-6/2022**
	Cost-income-ratio	**63.7 %**	**56.7 %**	**74.7 %**
	ROE before taxes	**6.1 %**	**16.5 %**	**7.8 %**
	ROE after taxes	**5.4 %**	**13.8 %**	**6.5 %**
	Net interest margin	**2.1 %**	**2.3 %**	**1.3 %**
	NPL ratio	**3.4 %**	**1.9 %**	**1.7 %**
	Leverage ratio	**7.3 %**	**7.2 %**	**6.6 %**
	Liquidity coverage ratio	**184.3 %**	**178.0 %**	**204.4 %**
	Net stable funding ratio	**135.2 %**	**132.0 %**	**137.3 %**
	Loan deposit ratio	**103.4 %**	**106.8 %**	**100.6 %**
	Coverage ratio I	**31.3 %**	**30.8 %**	**36.5 %**
	Coverage ratio III	**108.2 %**	**105.8 %**	**105.5 %**
Resources		**1-6/2024**	**1-6/2023**	**1-6/2022**
	Staff average	**3,119**	**3,033**	**3,099**
	Thereof domestic	3,119	3,033	3,099
		30 Jun 2024	**31 Dec 2023**	**31 Dec 2022**
	Staff at end of period	**3,128**	**3,108**	**3,033**
	Thereof domestic	3,128	3,108	3,033
	Number of branches	**232**	**232**	**236**
	Thereof domestic	232	232	236
	Number of customers	**961,719**	**966,082**	**987,933**

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

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Business development

Business development was successful for the Association of Volksbanks for the first half of 2024.

Interest income was maintained at a high level through reaching the interest rate target, while the higher average interest rates on deposits compared to the same period in the previous year led to a slight decline in net interest income to euro 327.0 million. By contrast, net fee and commission income increased by 4.9 % to euro 140.1 million. The increase in commissions is primarily attributable to the clearing business and payment services as well as to the securities and custody business.

The downside to the rapid and sharp rise in interest rates is primarily the increase in risk provisions. The situation on the Austrian real estate market remains a tense one. There continues to be a significant gap between supply and demand, or a big discrepancy in the price expectations between sellers and buyers. The high level of interest rates therefore continues to have a dampening effect on demand. The Austrian Credit Institutions - Real Estate Financing Measures (KIM) Regulation also continues to reduce the demand for private financing. High land and construction costs for new builds also leave little room for lower sales prices. All of these circumstances resulted in a deterioration in the quality of the real estate portfolio of the Association of Volksbanks in the first half of 2024, particularly in the residential property segment. The deterioration in retail and commercial real estate is not quite as clear cut. Apart from the effects of the general slowdown of the economy, the risk indicators were affected by credit losses from individual major exposures. Risk provisions in the Association amounted to euro -84 million at the half-year stage, of which around euro -54 million came from new NPLs and NPL revaluations (including direct write-offs). This resulted in rating downgrades and staging effects in the performing portfolio. Additions to risk provisions within the performing portfolio amounted to around euro -30 million. Please refer to the disclosures in the Notes in the Annual Report of the Association 2023 for information on the calculation of credit risk provisions.

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

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

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

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

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

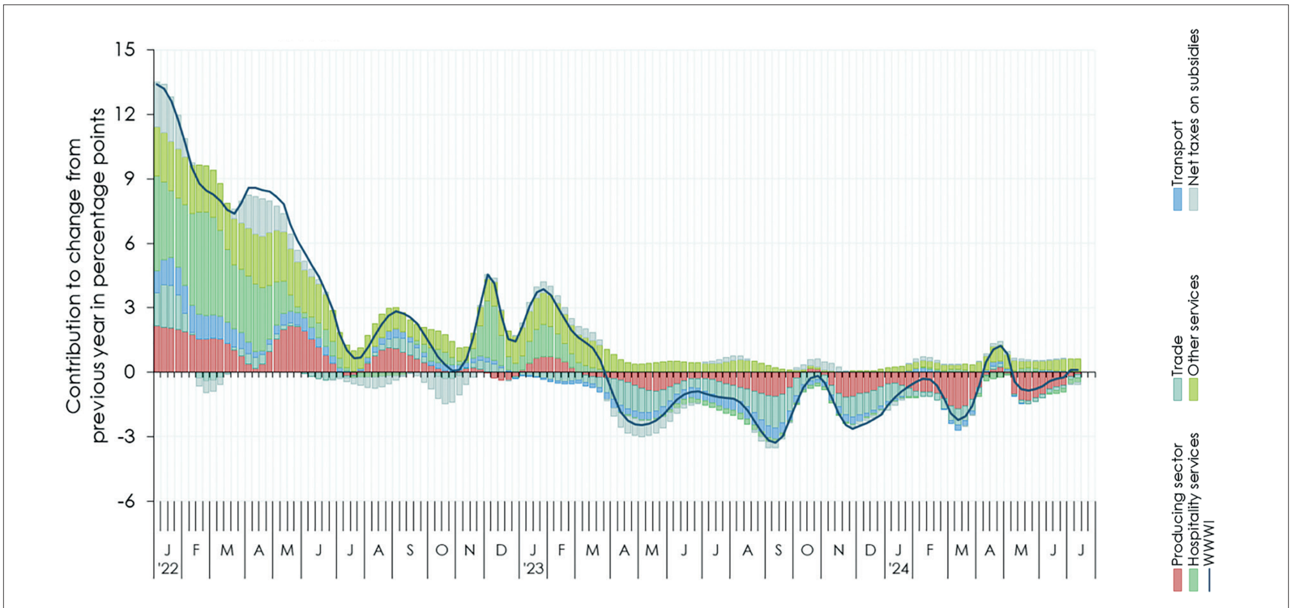
In April, the rating agency Moody's raised the credit rating of the Senior Unsecured bonds of VBW from A3 (positive outlook) to A2 (stable outlook). The Senior Unsecured and deposits ratings are therefore at the same level. All other ratings were confirmed as unchanged by Moody's, with the outlook stable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

Economic environment

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

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

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



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

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

Monetary policy and financial markets

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

Insolvencies

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

Credit market

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

Real estate market

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

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

Result of the Association for the first half of 2024

In the first half of 2024, the result of the Association before taxes amounts to euro 81.0 million (1-6/2023: euro 202.5 million), the result of the Association after taxes to euro 72.4 million (1-6/2023: euro 169.5 million) and the operating result to euro 164.2 million (1-6/2023: euro 202.7 million).

Net interest income fell from euro 343.5 million to euro 327.0 million in the first half of 2024 compared to the comparative period. However, interest and similar income increased from euro 462.7 million to euro 599.6 million on the income side and interest and similar expenses increased from euro -119.2 million to euro -272.6 million on the expenses side. The main reason for the increases was euro +94.8 million higher interest income from loans and receivables to customers and euro -130,6 million higher interest expenses to customers. Net interest income from Oesterreichische Nationalbank (OeNB) also increased by euro +38.0 million Moreover, there was an increase in interest expenses for debts evidenced by certificates by euro -21,0 million to euro -40,5 million (1-6/2023: euro -19.5 million) and for subordinated liabilities by euro -7.9 million to euro -19.3 million (1-6/2023: euro -11.3 million).

The risk provisions increased compared to the comparative period in the previous year by euro -79.9 million to euro -84.0 million (1-6/2023: euro -4.1 million). This is mainly reflected by net allocations for individual loan loss provisions (including direct write-offs and income from loans and receivables written off) totalling euro -54.2 million (1-6/2023: euro -6.8 million) and net allocations of euro -29.0 million (1-6/2023: net reversals of euro +1.1 million) in the portfolio loan loss provision. For off-balance-sheet business, net allocations of euro -0.7 million were effected (1-6/2023: net reversals of euro +1.7 million).

The net fee and commission income in the reporting period amounts to euro 140.1 million, which is a further improvement on the comparative period in the previous year (1-6/2023: euro 133.5 million). This increase was mainly due to the clearing business and payment transactions (euro +2.9 million), securities business (euro +2.3 million), as well as the custody business (euro +2.0 million). This compares to lower net fee and commission income from the lending business (euro -0.5 million).

Net trading income for the first half of 2024 amounted to euro 4.9 million, which is euro 1.8 million higher than in the same period of the previous year. While interest-rate related trading book derivatives have decreased to euro +0.9 million, the valuation result for foreign exchange derivatives as well as valuations of foreign currencies, foreign exchange and precious metals improved to euro +4.0 million.

The result from financial instruments and investment properties totalled euro -4.0 million for the reporting period and was therefore euro -1.7 million higher than in the comparative period (1-6/2023: euro -2.2 million). In the first half of 2024, the result from the measurement of fair value issues rose from euro -0.8 million to euro +1.6 million, whereas the fair value of interest rate swaps from hedging the issues fell to euro -1.9 million (1-6/2023: euro +1.1 million) which form an economic hedge. Furthermore, income from investments increased by euro +1.1 million to euro +3.2 million. The fair value measurements for capital guarantees improved by euro +2.3 million to euro +2.0 million and the measurements for loans and receivables recognised at fair value fell by euro -4.2 million to euro -6.6 million.

The other operating result for the first half of 2024 amounts to euro -19.9 million (1-6/2023: euro -17.5 million). As a result of the reduction in contribution payments to the deposit guarantee scheme and Single Resolution Fund (SRF) by euro +11.1 million to euro -9.1 million (1-6/2023: euro -20.2 million), the charged-out costs of VBW were also lower (euro -7.4 million). The increase is also attributable to the allocation to the provision for loss events at Volksbank Kärnten (euro +10.0 million).

At euro -283.8 million, general administrative expenses increased slightly compared to the same period in the previous year (1-6/2023: euro -257.7 million). Staff expenses rose by euro -14.3 million to euro -164.8 million due to the increase in headcount and collective bargaining agreements. Similarly, administrative expenses increased by euro -12.1 million to euro -104.9 million. The reasons for this include higher costs for IT projects (euro -7.3 million), higher expenditures for advertising and representation (euro -2.9 million) and higher project and consulting expenses (euro -2.2 million).

Taxes on income and earnings in the first half of 2024 amounted to euro -8.6 million (1-6/2023: euro -33.0 million). The tax expenditure includes deferred tax income in the amount of euro +3.9 million (1-6/2023: deferred tax expenditure of euro -11.8 million). Due to the tax planning of the next four years, it was possible to recognise deferred tax assets in the reporting period in the amount of euro 9.7 million (1-6/2023: euro 12.8 million) for part of the tax loss carryforwards. The current tax expense including tax expense from previous periods amounts to euro -12.5 million in the first half of 2024 (1-6/2023: euro -21.2 million).

Financial position

Total assets amounted to euro 30.8 billion as at 30 June 2024, which is euro 0.3 billion higher than the figure of euro 30.5 billion at the end of 2023, mainly due to acquisitions in the securities portfolio and a slight increase in customer volume.

The liquid funds in the amount of euro 3.2 billion are euro -0.2 billion lower than in the previous year.

Loans and receivables to credit institutions amounting to euro 0.2 billion have barely changed compared to the end of 2023 (euro 0.2 billion).

As at 30 June 2024, both loans and receivables to customers amounting to euro 22.9 billion (2022: euro 22.7 billion) and financial investments of euro 3.2 billion (2023: euro 2.9 billion) increased against the end of the previous year due to an increase in customer volume and to purchases of fixed-income securities respectively.

Amounts owed to credit institutions in the amount of euro 0.2 billion have decreased compared to 31 December 2023 (euro 0.8 billion) due to the decrease in amounts owed to the OeNB (euro -0.6 billion). The decrease is due to the full repayment of the TLTRO refinancing in the amount of euro 0.6 billion.

The increase in amounts owed to customers from euro 22.2 billion to euro 22.8 billion as at 30 June 2024 results from higher time deposits, thereby exceeding the reductions in checking account and uncommitted savings deposits.

Debts evidenced by certificates amounted to euro 3.3 billion as at 30 June 2024 and are unchanged on 31 December 2023.

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

Equity including non-controlling interests decreased by euro -165.9 million to euro 2.6 billion since the start of the year. This change is primarily due to the termination of the AT1 issue (euro -220 million), the distributions to shareholders (euro -13.0 million), the acquisition of treasury shares (euro -9.2 million), the coupon payment for the AT1 issue (euro -8.6 million) and the consolidated comprehensive income for the first half of 2024 (euro 86.0 million). The consolidated comprehensive income in the amount of euro 86.0 million consists of the net result for the first half of 2024 of euro 72.4 million and other comprehensive income of euro 13.6 million.

Financial performance indicators

The regulatory own funds of the group of credit institutions (the Association of Volksbanks), including the allocation of profits during the year, amount to euro 3.2 billion as at 30 June 2024 (31 December 2023: euro 2.9 billion). The total risk exposure amount as at 30 June 2024 is euro 15.8 billion (31 December 2023: euro 15.2 billion). The CET 1 capital ratio in relation to total risk amounts to 15.1 % (31 December 2023: 15.3 %), the own funds ratio in relation to total risk is 20.0 % (31 December 2023: 18.9 %).

Regulatory own funds, total risk exposure amount and the key indicators calculated therefrom were determined in accordance with the CRR (EU Regulation No. 575/2013). For more detailed information, please refer to Note 5).

Performance indicators	1-6/2024	1-6/2023	1-6/2022
Return on equity before taxes	6.1 %	16.1 %	7.8 %
Return on equity after taxes	5.4 %	13.5 %	6.5 %
Cost-income ratio	63.7 %	56.7 %	74.7 %

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

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

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

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

Related party transactions

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

Report on the future development and risks of the Association

Future development of the Association

Economic environment

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

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

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

Economic forecasts for 2024

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

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

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

Business development

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

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

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

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

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

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

Significant risks and uncertainties

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

Report on research and development

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

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

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

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

Vienna, 22 August 2024

CONSOLIDATED FINANCIAL STATEMENTS

ASSOCIATION OF VOLKSBANKS HALF-YEAR REPORT

Condensed statement of comprehensive income

INCOME STATEMENT	1-6/2024 Euro thousand	1-6/2023 Euro thousand	Changes Euro thousand	%
Interest and similar income	599,598	462,716	136,881	29.58 %
thereof using the effective interest method	568,270	438,789	129,482	29.51 %
Interest and similar expenses	-272,621	-119,235	-153,386	128.64 %
Net interest income	326,977	343,482	-16,505	-4.81 %
Risk provision	-83,965	-4,088	-79,877	> 200.00 %
Fee and commission income	152,926	145,345	7,581	5.22 %
Fee and commission expenses	-12,874	-11,817	-1,057	8.95 %
Net fee and commission income	140,051	133,528	6,524	4.89 %
Net trading income	4,877	3,084	1,792	58.12 %
Result from financial instruments and investment properties	-3,954	-2,217	-1,736	78.31 %
Other operating result	-19,883	-17,531	-2,352	13.42 %
General administrative expenses	-283,842	-257,661	-26,181	10.16 %
Result from companies measured at equity	779	3,941	-3,162	-80.23 %
Result for the period before taxes	**81,040**	**202,538**	**-121,498**	**-59.99 %**
Income taxes	-8,605	-33,014	24,410	-73.94 %
Result for the period after taxes	**72,436**	**169,524**	**-97,088**	**-57.27 %**
Result attributable to shareholders of the parent company	**72,436**	**169,523**	**-97,087**	**-57.27 %**
Result attributable to non-controlling interest	0	1	-1	-100.00 %

OTHER COMPREHENSIVE INCOME	1-6/2024 Euro thousand	1-6/2023 Euro thousand	Changes Euro thousand	%
Result for the period after taxes	**72,436**	**169,524**	**-97,088**	**-57.27 %**
Items that will not be reclassified to profit or loss				
Revaluation reserve (including deferred taxes)	0	206	-206	-100.00 %
Fair value reserve - equity instruments (including deferred taxes)	14,900	-337	15,237	< -200.00 %
Revaluation of own credit risk (including deferred taxes)	-78	394	-472	-119.70 %
Total items that will not be reclassified to profit or loss	**14,823**	**263**	**14,559**	**> 200.00 %**
Items that may be reclassified to profit or loss				
Fair value reserve - debt instruments (including deferred taxes)				
Change in fair value	-708	279	-987	< -200.00 %
Cash flow hedge reserve (including deferred taxes)				
Change in fair value (effective hedge)	-2,242	-69	-2,173	> 200.00 %
Net amount transferred to profit or loss	538	55	483	> 200.00 %
Change in deferred taxes arising from untaxed reserve	0	9	-9	-100.00 %
Change from companies measured at equity	1,184	-2,597	3,781	-145.58 %
Total items that may be reclassified to profit or loss	**-1,228**	**-2,323**	**1,095**	**-47.14%**
Other comprehensive income total	**13,595**	**-2,060**	**15,655**	**< -200.00 %**
Comprehensive income	**86,030**	**167,464**	**-81,434**	**-48.63 %**
Comprehensive income attributable to shareholders of the parent company	**86,030**	**167,463**	**-81,432**	**-48.63 %**
Comprehensive income attributable to non-controlling interest	0	1	-1	-100.00 %

Condensed statement of financial position as at 30 June 2024

	30 Jun 2024	31 Dec 2023	Changes	
	Euro thousand	Euro thousand	Euro thousand	%
ASSETS				
Liquid funds	3,251,771	3,434,659	-182,888	-5.32 %
Loans and receivables to credit institutions	198,000	234,118	-36,118	-15.43 %
Loans and receivables to customers	22,945,584	22,738,130	207,455	0.91 %
Assets held for trading	19,869	24,931	-5,062	-20.31 %
Financial investments	3,203,930	2,925,083	278,846	9.53 %
Investment property	36,777	36,777	0	0.00 %
Companies measured at equity	100,950	98,987	1,963	1.98 %
Participations	177,833	163,833	13,999	8.54 %
Intangible assets	783	869	-86	-9.90 %
Tangible assets	387,332	386,854	477	0.12 %
Tax assets	126,300	120,065	6,235	5.19 %
Current taxes	5,862	4,179	1,683	40.26 %
Deferred taxes	120,439	115,886	4,552	3.93 %
Other assets	364,830	317,089	47,740	15.06 %
Assets held for sale	1,437	306	1,131	> 200.00 %
TOTAL ASSETS	**30,815,396**	**30,481,704**	**333,692**	**1.09 %**
LIABILITIES				
Amounts owed to credit institutions	163,272	811,615	-648,343	-79.88 %
Amounts owed to customers	22,760,649	22,179,937	580,712	2.62 %
Debts evidenced by certificates	3,248,805	3,280,580	-31,776	-0.97 %
Lease liabillities	172,070	170,410	1,661	0.97 %
Liabilities held for trading	20,299	22,967	-2,668	-11.62 %
Provisions	186,930	176,093	10,837	6.15 %
Tax liabilities	33,539	31,926	1,613	5.05 %
Current taxes	29,432	27,961	1,471	5.26 %
Deferred taxes	4,107	3,965	142	3.59 %
Other liabilities	715,430	600,570	114,860	19.13 %
Subordinated liabilities	923,136	450,386	472,750	104.97 %
Total nominal value cooperative capital shares	5,220	5,818	-598	-10.28 %
Subscribed capital	280,895	282,198	-1,304	-0.46 %
Additional tier 1 capital	0	217,722	-217,722	-100.00 %
Reserves	2,305,151	2,251,480	53,670	2.38 %
Equity	2,591,265	2,757,219	-165,954	-6.02 %
Shareholders' equity	2,591,265	2,757,219	-165,954	-6.02 %
TOTAL LIABILITIES	**30,815,396**	**30,481,704**	**333,692**	**1.09 %**

Condensed changes in equity and cooperative capital shares

Euro thousand	Subscribed capital [1]	Additional tier 1 capital [3]	Capital reserves	Retained earnings and other reserves	Shareholders' equity	Non-controlling interest	Equity	Cooperative capital shares [2]	Equity and cooperative capital shares
As at 01 Jan 2023	**288,346**	**217,722**	**511,126**	**1,415,640**	**2,432,834**	**80**	**2,432,914**	**3,016**	**2,435,930**
Consolidated net income				169,523	169,523	1	169,524		169,524
Other comprehensive income	0	0	0	-2,060	-2,060	0	-2,060	0	-2,060
Comprehensive income	0	0	0	167,463	167,463	1	167,464	0	167,464
Redemption AT1 emission		0		0	0		0		0
Dividends paid				-6,194	-6,194		-6,194		-6,194
Coupon for the AT1 emission				-8,525	-8,525		-8,525		-8,525
Purchase own shares in Verbund	0		0	0	0		0	0	0
Change in cooperative capital and participation capital	-824			-4,211	-5,035		-5,035	-815	-5,849
Repurchase own shares [4]	-624			-2,376	-3,000		-3,000		-3,000
Change in treasury stocks participation capital	5		29	0	35		35	0	35
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation				-17	-17	17	0	0	0
As at 30 Jun 2023	**286,903**	**217,722**	**511,156**	**1,561,780**	**2,577,561**	**98**	**2,577,659**	**2,201**	**2,579,860**
As at 01 Jan 2024	**282,198**	**217,722**	**511,156**	**1,740,325**	**2,751,401**	**0**	**2,751,401**	**5,818**	**2,757,219**
Consolidated net income				72,436	72,436	0	72,436		72,436
Other comprehensive income	0	0	0	13,595	13,595	0	13,595	0	13,595
Comprehensive income	0	0	0	86,030	86,030	0	86,030	0	86,030
Redemption AT1 emission		-217,722		-2,278	-220,000		-220,000		-220,000
Dividends paid				-13,039	-13,039		-13,039		-13,039
Coupon for the AT1 emission				-8,525	-8,525		-8,525		-8,525
Purchase own shares in Verbund	-1,204		-2,926	-5,062	-9,192		-9,192	0	-9,192
Change in cooperative capital and participation capital	-49			-254	-302		-302	-598	-900
Repurchase own shares	0			0	0		0		0
Change in treasury stocks participation capital	-51		-276	0	-328		-328	0	-328
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation				0	0	0	0	0	0
As at 30 Jun 2024	**280,895**	**0**	**507,953**	**1,797,198**	**2,586,045**	**0**	**2,586,045**	**5,220**	**2,591,265**

1) Subscribed capital incl. participation capital and cooperative capital shares, pursuant to IFRIC 2 eligible as equity.
2) Cooperative capital shares, pursuant to IFRIC 2 not eligible as equity.
3) AT1-capital is shown in Additional tier 1 capital.
4) In the course of implementing the structural simplification concept for crisis situations within the Association of Volksbanks own shares were repurchased by VBW.

Condensed cash flow statement

Euro thousand	1-6/2024	1-6/2023
Cash and cash equivalents at the end of previous period (= liquid funds)	3,434,659	3,473,153
Cash flow from operating activities	-72,391	-36,979
Cash flow from investing activities	-330,678	-291,920
Cash flow from financing activities	220,387	-32,410
Effect of currency translation	-206	15
Cash and cash equivalents at the end of period	3,251,771	3,111,859

Notes as at 30 June 2024

1) General Information and accounting principles

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

The interim financial statements as at 30 June 2024 are prepared in accordance with all the latest valid versions of the IFRS/IAS as at the reporting date, as published by the International Accounting Standards Board (IASB). The interim financial statements also comply with all interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and Standing Interpretations Committee (SIC), if adopted by the European Union in its endorsement process and additional requirements pursuant to section 245a of the Austria Commercial Code (Unternehmensgesetzbuch, UGB) and section 59a of the Austrian Banking Act.

Regarding the exceptions to the application of individual IFRS we refer to the Association’s financial statements as at 31 December 2023.

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

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

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

The interim financial statements do not contain all information required for full annual financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2023. The accounting policies estimates and assumptions on which these financial statements are based are the same as those used in the preparation of the consolidated financial statements as at 31 December 2023, with the exception of changes and amendments that are explained in the accounting principles.

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

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

Accounting standards

Initially applied standards and interpretations

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

Standards and interpretations to be applied in the future

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

Annual Improvements to IFRS Accounting Standards - Volume 11

The amendments relate to the following standards:

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

The impact on the annual financial statements is analysed.

2) Presentation and changes in the scope of consolidation

In the first half of 2024 there were no changes in the scope of consolidation of the Association of Volksbanks.

3) Notes to the income statement

Net interest income

Euro thousand	1-6/2024	1-6/2023
Interest and similar income from	599,598	462,716
Deposits with credit institutions (incl. central banks)	68,235	42,399
Credit and money market transactions with credit institutions	2,242	2,313
Credit and money market transactions with customers	476,084	381,267
Bonds and other fixed-income securities	31,075	20,116
Derivative instruments	21,962	16,621
Interest and similar expenses for	-272,621	-119,235
Liquid funds	-10,047	-22,236
Deposits from credit institutions	-6,779	-5,338
Deposits from customers	-178,395	-47,823
Debts evidenced by certificates	-40,479	-19,509
Subordinated liabilities	-19,261	-11,343
Derivative instruments	-16,575	-11,325
Lease liabilities	-1,432	-1,276
Valuation result - modification	-4	-485
Valuation result - derecognition	351	100
Net interest income	**326,977**	**343,482**

Net interest income according to IFRS 9 categories

Euro thousand	1-6/2024	1-6/2023
Interest and similar income from	599,598	462,716
Financial assets measured at amortised cost	567,643	438,425
Financial assets measured at fair value through OCI	627	364
Financial assets measured at fair value through profit or loss - obligatory	9,365	7,307
Derivative instruments	21,962	16,621
Interest and similar expenses for	-272,621	-119,235
Financial liabilities measured at amortised cost	-254,681	-106,029
Financial liabilities measured at fair value through profit or loss - designated	-1,712	-1,496
Derivative instruments	-16,575	-11,325
Valuation result - modification	-4	-485
Valuation result - derecognition	351	100
Net interest income	**326,977**	**343,482**

Risk provision

Euro thousand	1-6/2024	1-6/2023
Changes in risk provision	-83,685	-5,846
Changes in provision for risks	-678	1,677
Direct write-offs of loans and receivables	-1,614	-2,100
Income from loans and receivables previously written off	2,052	2,226
Valuation result modification / derecognition	-40	-44
Risk provision	**-83,965**	**-4,088**

Net fee and commission income

Euro thousand	1-6/2024	1-6/2023
Fee and commission income	152,926	145,345
Lending business	10,145	9,921
Securities and custody business	53,435	49,134
Payment transactions	66,573	63,261
Foreign exchange, foreign notes and coins and precious metals transactions	607	555
Financial guarantees	2,971	3,242
Other services	19,195	19,231
Fee and commission expenses	-12,874	-11,817
Lending business	-1,721	-978
Securities and custody business	-4,013	-3,966
Payment transactions	-7,072	-6,693
Financial guarantees	-6	-25
Other services	-62	-155
Net fee and commission income	**140,051**	**133,528**

Other services mainly include brokerage commission für brokering loans to TeamBank AG Nürnberg. Net fee and commission income includes fee and commission income in the amount of euro 154 thousand (1-6/2023: euro 128 thousand) for trust agreements.

Net trading income

Euro thousand	1-6/2024	1-6/2023
Equity-related transactions	6	1
Exchange-rate-related transactions	4,009	1,913
Interest-rate-related transactions	862	1,170
Net trading income	**4,877**	**3,084**

Result from financial instruments and investment properties

Euro thousand	1-6/2024	1-6/2023
Other result from financial instruments	**-4,866**	**-3,075**
Result from financial investments and other financial assets and liabilities measured at fair value through profit or loss	-8,041	-5,186
Valuation measured at fair value through profit or loss - obligatory	-9,633	-4,410
Loans and receivables to credit to institutions and customers	-6,609	-2,386
Securities	25	133
Result from other derivative instruments	-1,764	-556
Result from fair value hedge	-1,270	-1,601
Result (ineffectiveness) from cash flow hedge	-15	0
Valuation measured at fair value through profit or loss - designated	1,588	-780
Debts evidenced by certificates	1,588	-780
Income from equities and other variable-yield securities	4	4
Result from financial investments and other financial assets and liabilities measured at fair value through OCI	3,175	2,111
Income from participations	3,175	2,111
Result from investment properties	**912**	**858**
Income from investment properties and operating leases	912	759
Valuation investment properties	0	99
Result from financial instruments and investment properties	**-3,954**	**-2,217**

Other operating result

Euro thousand	1-6/2024	1-6/2023
Other operating income	8,483	10,943
Other operating expenses	-17,374	-6,268
Deconsolidation result from consolidated affiliates	0	-1
Regulatory expenses	-10,993	-22,205
Other operating result	**-19,883**	**-17,531**

Regulatory expenses include primarily the stability tax in the amount of euro -1,862 thousand (1-6/2023: euro -1,964 thousand), contributions to the deposit guarantee scheme in the amount of euro -7,249 thousand (1-6/2023: euro -11,938 thousand) and contributions to the Single Resolution Fund in the amount of euro -1,881 thousand (1-6/2023: euro -8,303 thousand).

In the 2023 financial year, the line “Taxes and levies on banking business” within the item Other operating result was renamed “Regulatory expenses”. In this context, regulatory costs (contributions to the deposit guarantee scheme and the Single Resolution Fund) amounting to euro -9,130 thousand (1-6/2023: euro -20,241 thousand) were reclassified from administrative expenses to regulatory expenses in Other operating result. The comparative figures for the previous year have been restated.

Detailed description of other operating income and other operating expenses:

Euro thousand	1-6/2024	1-6/2023
Income from allocation of costs	2,798	3,274
Realised gains from disposal of fixed assets and security properties	240	3,593
Rental and leasing income	2,220	2,059
Insurance benefits from claims	1,405	0
Others	1,820	2,018
Other operating income	**8,483**	**10,943**
Allocation of costs	-2,721	-3,606
Realised losses from disposal of fixed assets and security properties	-184	-415
Claims	-12,542	-640
Other taxes	-1,139	-837
Others	-788	-770
Other operating expenses	**-17,374**	**-6,268**

The item Claims relates primarily to the allocation to a provision for possible claims arising from a malversation.

General administrative expenses

Euro thousand	1-6/2024	1-6/2023
Staff expenses	-164,776	-150,504
Wages and salaries	-124,273	-113,413
Expenses for statutory social security	-31,336	-29,106
Fringe benefits	-2,244	-1,945
Expenses for retirement benefits	-3,848	-3,170
Allocation to provision for severance payments and pension funds	-3,076	-2,870
Administrative expenses	-104,932	-92,792
Office space expenses	-9,508	-10,333
Office supplies and communication expenses	-2,506	-2,580
Advertising, PR and promotional expenses	-11,776	-8,881
Legal, advisory and consulting expenses	-13,523	-11,336
IT expenses	-58,486	-51,157
Other administrative expenses (including training expenses)	-9,133	-8,504
Depreciation and reversal of impairment	-14,134	-14,366
Depreciation	-9,554	-10,172
Impairment/reversal of impairment	-155	0
Rights of use - lease amortisation	-4,425	-4,194
General administrative expenses	**-283,842**	**-257,661**

Income taxes

In the first half of the 2024 business year deferred tax assets for tax loss carryforwards in the amount of euro 9,720 thousand (1-6/2023: euro 12,787 thousand) were recognised.

4) Notes to the consolidated statement of financial positions

Liquid funds

Euro thousand	30 Jun 2024	31 Dec 2023
Cash in hand	152,898	172,996
Balances with central banks	3,098,873	3,261,663
Liquid funds	**3,251,771**	**3,434,659**

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

Loans and receivables to credit institutions and customers

Euro thousand	30 Jun 2024	31 Dec 2023
Loans and receivables to credit institutions		
Amortised cost	198,011	234,134
Gross carrying amount	198,011	234,134
Risk provision	-12	-16
Net carrying amount	**198,000**	**234,118**
Loans and receivables to customers		
Amortised cost	23,053,975	22,740,145
Fair value through profit or loss	385,743	390,007
Gross carrying amount	23,439,718	23,130,152
Fair value changes in the underlying items for portfolio hedges of interest rate risks	-81,717	-62,241
Risk provision	-412,416	-329,781
Net carrying amount	**22,945,584**	**22,738,130**
Loans and receivables to credit institutions and customers	**23,143,584**	**22,972,248**

Sensitivity analysis

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

Euro thousand 30 Jun 2024	Positive change in fair value	Negative change in fair value
Change in risk markup +/- 10 bp	1,057	-1,049
Change in risk markup +/- 100 bp	10,928	-10,160
Change in rating 1 stage down / up	846	-1,283
Change in rating 2 stages down / up	1,433	-3,391
31 Dec 2023		
Change in risk markup +/- 10 bp	1,124	-1,116
Change in risk markup +/- 100 bp	11,621	-10,803
Change in rating 1 stage down / up	846	-1,344
Change in rating 2 stages down / up	1,352	-3,367

Risk provision

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

Euro thousand	Loan loss provision - Stage 1	Loan loss provision - Stage 2	Loan loss provision - Stage 3	Total
As at 01 Jan 2023	**55,047**	**79,511**	**141,263**	**275,820**
Increases due to origination and acquisition	3,962	1,531	394	5,887
Decreases due to derecognition	-1,209	-2,620	-2,723	-6,551
Changes due to change in credit risk	-3,317	-2,686	13,361	7,358
Thereof transfer to stage 1	6,383	-6,379	-4	
Thereof transfer to stage 2	-7,712	7,941	-228	
Thereof transfer to stage 3	-62	-3,111	3,173	
Changes due to modifications without derecognition	0	0	0	0
Post-model adjustment	245	36	0	281
Decrease in allowance account due to write-offs	0	0	-4,832	-4,832
Other adjustments	-249	-1,033	1,298	15
As at 30 Jun 2023	**54,480**	**74,737**	**148,761**	**277,978**
As at 01 Jan 2024	**47,676**	**71,122**	**211,702**	**330,501**
Increases due to origination and acquisition	2,033	1,587	2,584	6,203
Decreases due to derecognition	-479	-1,516	-2,414	-4,409
Changes due to change in credit risk	-16,857	55,638	66,209	104,990
Thereof transfer to stage 1	4,394	-4,391	-3	
Thereof transfer to stage 2	-21,048	21,248	-200	
Thereof transfer to stage 3	-64	-3,557	3,621	
Changes due to modifications without derecognition	0	0	-5,800	-5,800
Post-model adjustment	-4,670	-10,111	0	-14,781
Decrease in allowance account due to write-offs	0	0	-3,368	-3,368
Other adjustments	-126	-7,586	7,506	-206
As at 30 Jun 2024	**27,578**	**109,135**	**276,418**	**413,131**

Assets held for trading

Euro thousand	30 Jun 2024	31 Dec 2023
Bonds and other fixed-income securities	1,207	3,996
Equities and other variable-yield securities	0	19
Positive fair values of derivative instruments	18,662	20,915
Interest-rate-related transactions	18,662	20,915
Assets held for trading	**19,869**	**24,931**

VBW as the CO maintains a trading book. The face values of the trading book as at 30 June 2024 amount to euro 998,447 thousand (31 Dec 2023: euro 861,351 thousand).

Financial investments

Euro thousand	30 Jun 2024	31 Dec 2023
Financial investments		
Amortised cost	3,108,282	2,825,755
Fair value through OCI	92,772	96,414
Fair value through profit or loss	3,569	3,608
Risk provision	-694	-694
Carrying amount	**3,203,930**	**2,925,083**

Participations

Euro thousand	30 Jun 2024	31 Dec 2023
Investments in unconsolidated affiliates	13,669	14,464
Investments in companies with participating interests	8,450	8,147
Investments in other participations	155,714	141,222
Participations	**177,833**	**163,833**

Sensitivity analysis

Participations measured by using the DCF method

Euro thousand		Proportional fair value		
			Interest rate	
30 Jun 2024		-0.50 %	Actual	0.50 %
	-10.00 %	12,969	12,565	12,195
Income component	**Actual**	13,962	**13,512**	13,102
	10.00 %	14,955	14,461	14,009
31 Dec 2023				
	-10.00 %	13,104	12,687	12,307
Income component	**Actual**	14,112	**13,649**	13,227
	10.00 %	15,120	14,611	14,146

Participations measured at net assets

Euro thousand	Proportional fair value		
30 Jun 2024	If assumption is decreased	Actual	If assumptions is increased
Net assets (10 % change)	17,364	**19,283**	21,222
31 Dec 2023			
Net assets (10 % change)	17,564	**19,515**	21,468

Participations measured based on external appraisals

Euro thousand			
30 Jun 2024	**Lower band**	**Actual**	**Upper band**
Proportional fair value	121,669	**135,180**	148,707
31 Dec 2023			
Proportional fair value	108,731	**120,809**	132,893

Other assets

Euro thousand	30 Jun 2024	31 Dec 2023
Deferred items	52,501	5,409
Other receivables and assets	90,485	61,886
Positive fair values of derivative instruments	221,843	249,795
Other assets	**364,830**	**317,089**

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 2024	31 Dec 2023
Tangible assets	1,437	0
Other assets	0	306
Assets held for sale	**1,437**	**306**

This item relates to sale of a property belonging to VBW.

Amounts owed to credit institutions

Euro thousand	30 Jun 2024	31 Dec 2023
Central banks	11	616,157
Other credit institutions	163,261	195,458
Amounts owed to credit institutions	**163,272**	**811,615**

Amounts owed to credit institutions are measured at amortised cost.

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

Amounts owed to customers

Euro thousand	30 Jun 2024	31 Dec 2023
Savings deposits	3,670,455	4,190,213
Other deposits	19,090,197	17,989,328
Fair value changes in the underlying items for portfolio hedges of interest rate risks	-3	395
Amounts owed to customers	**22,760,649**	**22,179,937**

Amounts owed to customers are measured at amortised cost.

Debts evidenced by certificates

Euro thousand	30 Jun 2024	31 Dec 2023
Bonds	3,248,805	3,280,580
Amortised cost	3,179,166	3,210,454
Fair value through profit or loss - designated	69,638	70,126
Debts evidenced by certificates	**3,248,805**	**3,280,580**

The item Bonds - measured at fair value through profit or loss comprises the redemption amount at maturity of euro 50,000 thousand (31 Dec 2023: euro 50,000 thousand), the fair value measurement and the interest accruals (including interest accruals for a zero-coupon bond).

In the first half of 2024, the fair value change of own credit risk in the amount of euro -78 thousand (1-6/2023: euro 394 thousand) was reported in other comprehensive income. The cumulative amount of the fair value change of own credit risk was euro 1,822 thousand (1-6/2023: euro 1,355 thousand).

In the first half of 2024, the Association floated five (1-6/2023: six) issues with a total face value of euro 207,500 thousand (1-6/2023: euro 767,500 thousand).

Liabilities held for trading

Euro thousand	30 Jun 2024	31 Dec 2023
Negative fair values of derivative instruments		
Interest-rate-related transactions	20,299	22,967
Liabilities held for trading	**20,299**	**22,967**

Provisions

Euro thousand	30 Jun 2024	31 Dec 2023
Provisions for employment benefits	139,872	138,669
Provisions for off-balance and other risks	25,647	25,102
Stage 1	2,837	4,493
Stage 2	11,149	8,646
Stage 3	11,661	11,963
Other provisions	21,411	12,323
Provisions	**186,930**	**176,093**

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

Other liabilities

Euro thousand	30 Jun 2024	31 Dec 2023
Deferred items	4,184	2,601
Other liabilities	491,969	326,735
Negative fair values of derivative instruments	219,277	271,235
Other liabilities	**715,430**	**600,570**

Subordinated liabilities

Euro thousand	30 Jun 2024	31 Dec 2023
Subordinated capital	921,529	448,641
Supplementary capital	1,607	1,745
Subordinated liabilities	**923,136**	**450,386**

Subordinated liabilities are measured at amortised cost.

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

Equity

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

Euro thousand	Retained earnings	Other reserves: IAS 19 reserve	Revaluation reserve	Fair value reserve - equity instruments	Fair value reserve - debt instruments	Cash flow hedge reserve	Own credit risk reserve	Retained earnings and other reserves
As at 01 Jan 2023	**2,341,281**	**-12,653**	**2,294**	**-907,828**	**-7,655**	**-760**	**961**	**1,415,640**
Consolidated net income	169,523							169,523
Other comprehensive income	9	0	206	-2,934	279	-14	394	-2,060
Redemption AT1 emission	0							0
Dividends paid	-6,194							-6,194
Coupon for the AT1 emission	-8,525							-8,525
Purchase own shares in Verbund	0							0
Change in cooperative capital and participation capital	-4,211							-4,211
Repurchase own shares	-2,376							-2,376
Reclassification fair value reserve due to sale	-931			931				0
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation	-17							-17
As at 30 Jun 2023	**2,488,559**	**-12,653**	**2,500**	**-909,831**	**-7,377**	**-774**	**1,355**	**1,561,780**
As at 01 Jan 2024	**2,619,463**	**-16,174**	**2,545**	**-864,332**	**-4,947**	**1,871**	**1,899**	**1,740,325**
Consolidated net income	72,436							72,436
Other comprehensive income	0	0	0	16,084	-708	-1,704	-78	13,595
Redemption AT1 emission	-2,278							-2,278
Dividends paid	-13,039							-13,039
Coupon for the AT1 emission	-8,525							-8,525
Purchase own shares in Verbund	-5,062							-5,062
Change in cooperative capital and participation capital	-254							-254
Repurchase own shares	0							0
Reclassification fair value reserve due to sale	-1,570			1,570				0
Change due to reclassifications shown under non-controlling interest, capital increases and deconsolidation	0							0
As at 30 Jun 2024	**2,661,171**	**-16,174**	**2,545**	**-846,678**	**-5,656**	**168**	**1,822**	**1,797,198**

5) Own funds

The table below shows the own funds of the Association of credit institutions, as determined according to the CRR, including the allocation of profits during the year and less planned distributions. The CET1 capital ratio without allocation of profits during the year is 14.66 %, the Tier 1 capital ratio 14.66 %, and the equity ratio 19.55 %.

Euro thousand	30 Jun 2024	31 Dec 2023
Common Tier 1 capital: Instruments and reserves		
Capital instruments including share premium accounts	777,251	781,709
Retained earnings	1,916,256	1,923,206
Interim profit	72,436	0
Accumulated other comprehensive income (and other reserves)	-180,293	-195,457
Common Tier 1 capital before regulatory adjustments	2,585,650	2,509,457
Common Tier 1 capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-783	-869
Cash flow hedge reserve	-168	-1,871
Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	-1,822	-1,899
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	5	5
Value adjustments due to the requirement for prudent valuation	-1,230	-1,330
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-65,855	-56,460
Insufficient coverage for non-performing exposures	-10,096	-5,867
Other foreseeable tax charges	-201	-201
Regulatory adjustments - transitional provisions	13,874	20,525
Adjustments to be made due to transitional regulations under IFRS 9	13,874	20,525
Additional CET1 deductions pursuant to article 3 CRR	-129,690	-129,449
Total regulatory adjustments	-195,966	-177,416
Common equity Tier 1 capital - CET1	**2,389,684**	**2,332,041**
Additional Tier 1 capital: instruments		
Capital instruments including share premium accounts	0	220,000
Additional Tier 1 capital before regulatory adjustments	0	220,000
Additional Tier 1 capital - AT1	**0**	**220,000**
Tier 1 capital (CET1 + AT1)	**2,389,684**	**2,552,041**
Tier 2 capital - instruments and provisions		
Capital instruments including share premium accounts	771,601	319,495
Tier 2 capital before regulatory adjustments	771,601	319,495
Tier 2 capital - T2	**771,601**	**319,495**
Own funds total - TC (T1 + T2)	**3,161,285**	**2,871,536**
Common equity tier I capital ratio	15.12 %	15.32 %
Tier I capital ratio	15.12 %	16.77 %
Equity ratio	20.01 %	18.87 %
each in relation to total risk exposure amount		

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

Euro thousand	30 Jun 2024	31 Dec 2023
Risk weighted exposure amount - credit risk	14,349,117	13,762,343
Total risk exposure amount for position, foreign exchange and commodities risks	21,337	27,599
Total risk exposure amount for operational risk	1,419,566	1,419,566
Total risk exposure amount for credit valuation adjustment (cva)	11,812	8,932
Total risk exposure amount	**15,801,832**	**15,218,439**

The table below shows the own funds determined according to the CRR, fully applying the Association of credit institutions, including the allocation of profits during the year and less planned distributions. The CET1 capital ratio without allocation of profits during the year is 14.59 %, the Tier 1 capital ratio 14.59 %, and the equity ratio 19.48 %.

Euro thousand	**30 Jun 2024**	**31 Dec 2023**
Common Tier 1 capital: Instruments and reserves		
Capital instruments including share premium accounts	777,251	781,709
Retained earnings	1,916,256	1,923,206
Interim profit	72,436	0
Accumulated other comprehensive income (and other reserves)	-180,293	-195,457
Common Tier 1 capital before regulatory adjustments	2,585,650	2,509,457
Common Tier 1 capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-783	-869
Cash flow hedge reserve	-168	-1,871
Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	-1,822	-1,899
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	5	5
Value adjustments due to the requirement for prudent valuation	-1,230	-1,330
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-65,855	-56,460
Insufficient coverage for non-performing exposures	-10,096	-5,867
Other foreseeable tax charges	-201	-201
Additional CET1 deductions pursuant to article 3 CRR	-129,690	-129,449
Total regulatory adjustments	-209,840	-197,941
Common equity Tier 1 capital - CET1	**2,375,810**	**2,311,516**
Additional Tier 1 capital: instruments		
Capital instruments including share premium accounts	0	220,000
Additional Tier 1 capital before regulatory adjustments	0	220,000
Additional Tier 1 capital - AT1	**0**	**220,000**
Tier 1 capital (CET1 + AT1)	**2,375,810**	**2,531,516**
Tier 2 capital - instruments and provisions		
Capital instruments including share premium accounts	771,601	319,495
Tier 2 capital before regulatory adjustments	771,601	319,495
Tier 2 capital - T2	**771,601**	**319,495**
Own funds total - TC (T1 + T2)	**3,147,411**	**2,851,011**
Common equity tier I capital ratio	15.05 %	15.21 %
Tier I capital ratio	15.05 %	16.65 %
Equity ratio	19.93 %	18.75 %
each in relation to total risk exposure amount		

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

Euro thousand	**30 Jun 2024**	**31 Dec 2023**
Risk weighted exposure amount - credit risk	14,335,988	13,745,961
Total risk exposure amount for position, foreign exchange and commodities risks	21,337	27,599
Total risk exposure amount for operational risk	1,419,566	1,419,566
Total risk exposure amount for credit valuation adjustment (cva)	11,812	8,932
Total risk exposure amount	**15,788,704**	**15,202,057**

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

According to the CRR, companies in the financial sector that are under the control of the parent or where the Group holds a majority of shares either direct or indirect, are fully consolidated. Institutions, financial institutions and providers of ancillary services that are subject to control but are not material for the presentation of the credit institution group in accordance with Article 19(1) CRR are deducted from own funds provided that they exceed the threshold value.

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

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

In the first half of the 2024 business year, no substantial, practical or legal obstacles existed which would have prevented the transfer of equity or the repayment of liabilities between the parent institution and companies subordinated to the former.

6) Financial assets and liabilities

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

Euro thousand	Amortised cost	Fair value through OCI	Fair value through profit or loss	Carrying amount - total	Fair value
30 Jun 2024					
Liquid funds	3,251,771	0	0	3,251,771	3,251,771
Loans and receivables to credit institutions (gross)	198,011	0	0	198,011	
Loans and receivables to credit institutions less impairment	198,011	0	0	198,011	194,424
Loans and receivables to customers (gross)	23,053,975	0	385,743	23,439,718	
Impairment	-276,418	0	0	-276,418	
Loans and receivables to customers less impairment	22,777,557	0	385,743	23,163,300	22,573,329
Assets held for trading	0	0	19,869	19,869	19,869
Financial investments (gross)	3,108,282	92,772	3,569	3,204,624	
Financial investments less impairment	3,108,282	92,772	3,569	3,204,624	3,127,511
Participations	0	177,833	0	177,833	177,833
Derivative instruments	0	0	221,843	221,843	221,843
Financial assets total	**29,335,621**	**270,605**	**631,024**	**30,237,250**	**29,566,580**
Amounts owed to credit institutions	163,272	0	0	163,272	159,207
Amounts owed to customers	22,760,652	0	0	22,760,652	22,676,540
Debts evidenced by certificates	3,179,166	0	69,638	3,248,805	3,266,831
Lease liabilities	172,070	0	0	172,070	172,070
Liabilities held for trading	0	0	20,299	20,299	20,299
Derivative instruments	0	0	219,277	219,277	219,277
Subordinated liabilities	923,136	0	0	923,136	919,854
Financial liabilities total	**27,198,297**	**0**	**309,214**	**27,507,511**	**27,434,079**
31 Dec 2023					
Liquid funds	3,434,659	0	0	3,434,659	3,434,659
Loans and receivables to credit institutions (gross)	234,134	0	0	234,134	
Loans and receivables to credit institutions less impairment	234,134	0	0	234,134	225,869
Loans and receivables to customers (gross)	22,740,145	0	390,007	23,130,152	
Impairment	-211,702	0	0	-211,702	
Loans and receivables to customers less impairment	22,528,444	0	390,007	22,918,450	22,504,941
Assets held for trading	0	0	24,931	24,931	24,931
Financial investments (gross)	2,825,755	96,414	3,608	2,925,777	
Financial investments less impairment	2,825,755	96,414	3,608	2,925,777	2,850,704
Participations	0	163,833	0	163,833	163,833
Derivative instruments	0	0	249,795	249,795	249,795
Financial assets total	**29,022,992**	**260,248**	**668,341**	**29,951,581**	**29,454,733**
Amounts owed to credit institutions	811,615	0	0	811,615	784,971
Amounts owed to customers	22,179,542	0	0	22,179,542	22,245,813
Debts evidenced by certificates	3,210,454	0	70,126	3,280,580	3,269,249
Lease liabilities	170,410	0	0	170,410	170,410
Liabilities held for trading	0	0	22,967	22,967	22,967
Derivative instruments	0	0	271,235	271,235	271,235
Subordinated liabilities	450,386	0	0	450,386	440,965
Financial liabilities total	**26,822,407**	**0**	**364,327**	**27,186,734**	**27,205,610**

Fair value hierarchy

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

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

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

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

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

Euro thousand	Level 1	Level 2	Level 3	Total
30 Jun 2024				
Loans and receivables to customers	0	0	385,743	385,743
Assets held for trading	1,207	18,662	0	19,869
Financial investments	95,101	1,241	0	96,341
Fair value through profit or loss	2,984	585	0	3,569
Fair value through OCI	92,117	656	0	92,772
Participations	0	0	177,531	177,531
Fair value through OCI - designated	0	0	177,531	177,531
Derivative instruments	0	221,843	0	221,843
Financial assets total	**96,308**	**241,745**	**563,274**	**901,327**
Debts evidenced by certificates	0	0	69,638	69,638
Liabilities held for trading	0	20,299	0	20,299
Derivative instruments	0	219,277	0	219,277
Financial liabilities total	**0**	**239,576**	**69,638**	**309,214**
31 Dec 2023				
Loans and receivables to customers	0	0	390,007	390,007
Assets held for trading	4,016	20,915	0	24,931
Financial investments	98,757	1,265	0	100,023
Fair value through profit or loss	3,021	587	0	3,608
Fair value through OCI	95,736	678	0	96,414
Participations	0	0	163,530	163,530
Fair value through OCI - designated	0	0	163,530	163,530
Derivative instruments	0	249,795	0	249,795
Financial assets total	**102,773**	**271,975**	**553,536**	**928,285**
Debts evidenced by certificates	0	0	70,126	70,126
Liabilities held for trading	0	22,967	0	22,967
Derivative instruments	0	271,235	0	271,235
Financial liabilities total	**0**	**294,201**	**70,126**	**364,327**

Participations in the amount of euro 302 thousand (31 Dec 2023: euro 304 thousand) were measured at amortised cost due to their immateriality.

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

In the first half of 2024, as in the previous year, there were no reclassifications of financial instruments between levels 1 and 2.

Development of level 3 fair values of financial assets and liabilities:

Euro thousand	Loans and receivables to customers	Participations	Financial assets total	Debts evidenced by certificates	Financial liabilities total
As at 01 Jan 2023	**396,364**	**126,594**	**522,958**	**67,301**	**67,301**
Additions	15,554	0	15,554	932	932
Disposals	-27,985	-7	-27,991	0	0
Valuation					
Through profit or loss	-2,386	0	-2,386	780	780
Through OCI	0	-662	-662	-495	-495
As at 30 Jun 2023	**381,547**	**125,925**	**507,472**	**68,518**	**68,518**
As at 01 Jan 2024	**390,007**	**163,530**	**553,536**	**70,126**	**70,126**
Additions	22,973	0	22,973	999	999
Disposals	-20,628	-1,101	-21,729	0	0
Valuation					
Through profit or loss	-6,609	0	-6,609	-1,588	-1,588
Through OCI	0	15,102	15,102	101	101
As at 30 Jun 2024	**385,743**	**177,531**	**563,274**	**69,638**	**69,638**

The measurements mapped 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). Of the measurements recognised in the income statement, an amount of euro -4,939 thousand (30 Jun 2023: euro -3,018 thousand) relates to the holdings of financial assets and liabilities as at the balance sheet date.

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

7) Number of staff

Number of staff employed during the business year:

	Average number of staff		Number of staff at end of period	
	1-6/2024	1-6/2023	30 Jun 2024	31 Dec 2023
Employees	3,099	3,010	3,108	3,086
Workers	20	23	20	22
Total number of staff	**3,119**	**3,033**	**3,128**	**3,108**

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

8) Branches

	30 Jun 2024	31 Dec 2023
Branches domestic	**232**	**232**

9) Related party disclosures

Euro thousand	Unconsolidated affiliates	Companies in which the Group has a participating interest	Companies measured at equity
30 Jun 2024			
Loans and receivables to customers	3,675	6,530	0
Amounts owed to customers	6,944	8,987	36,906
Provisions	6	0	0
Contingent liabilities arising from guarantees	1,500	0	0
Transactions	12,187	17,539	33,393
31 Dec 2023			
Loans and receivables to customers	3,663	6,517	0
Amounts owed to customers	8,992	7,734	33,291
Provisions	6	0	4
Contingent liabilities arising from guarantees	1,500	0	11,094
Transactions	13,437	24,801	28,170

Business transactions are measured as the average receivables and liabilities from/to credit institutions and customers. The calculation is based on the figures at the quarterly reporting dates during the period under review, which are summed up irrespective of whether the figures are positive or negative (plus/minus).

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

10) Segment reporting by business segments

1-6/2024 Euro thousand	CO	Vienna	Lower Austria	Styria	Carinthia
Net interest income	-7,419	87,695	46,221	37,468	22,438
Risk provision	245	-26,876	-24,960	-6,567	-610
Net fee and commission income	3,123	35,102	19,172	12,494	8,333
Net trading income	3,832	109	137	84	111
Result from financial instruments and investment properties	6,808	1,540	-1,318	-2,150	-314
Other operating result	103,264	-1,643	-388	-814	-9,521
General administrative expenses	-82,158	-78,154	-43,844	-30,325	-19,939
Result from companies measured at equity	0	779	0	0	0
Result for the period before taxes	**27,696**	**18,552**	**-4,981**	**10,190**	**499**
Income taxes	3,338	-2,345	1,257	-2,224	-115
Result for the period after taxes	**31,034**	**16,207**	**-3,724**	**7,965**	**384**
30 Jun 2024					
Total assets	**8,942,767**	**7,271,329**	**3,773,174**	**2,821,203**	**1,586,041**
Loans and receivables to customers	30,478	5,918,172	3,104,377	2,369,075	1,198,337
Companies measured at equity	0	52,074	6,565	4,577	5,742
Amounts owed to customers	636,412	5,719,462	3,269,840	2,139,749	1,400,700
Debts evidenced by certificates, including subordinated liabilities	3,934,061	219,377	1,701	1,300	6,789

1-6/2023	CO	Vienna	Lower Austria	Styria	Carinthia
Net interest income	-4,404	90,480	49,964	36,110	22,379
Risk provision	569	2,474	-5,907	-1,544	-662
Net fee and commission income	-2,746	34,955	18,937	13,174	7,963
Net trading income	1,241	66	305	279	133
Result from financial instruments and investment properties	-897	225	711	555	-158
Other operating result	102,778	-2,271	-1,560	-1,854	-560
General administrative expenses	-69,804	-73,094	-42,050	-29,228	-18,730
Result from companies measured at equity	0	3,946	-4	0	0
Result for the period before taxes	**26,736**	**56,782**	**20,396**	**17,493**	**10,365**
Income taxes	1,026	-8,090	-4,830	-2,618	-2,463
Result for the period after taxes	**27,762**	**48,692**	**15,566**	**14,875**	**7,901**
31 Dec 2023					
Total assets	**9,438,089**	**6,932,437**	**3,719,667**	**2,823,796**	**1,551,822**
Loans and receivables to customers	40,876	5,788,031	3,065,935	2,393,408	1,220,011
Companies measured at equity	0	50,111	6,565	4,577	5,742
Amounts owed to customers	940,728	5,613,899	3,154,508	2,051,726	1,381,397
Debts evidenced by certificates, including subordinated liabilities	3,630,520	94,474	1,701	1,300	6,789

Upper Austria	Salzburg	Tyrol	Vorarlberg	ÖÄAB	Consolidation	Total
26,672	44,346	38,492	16,909	14,151	4	326,977
-7,495	-7,423	-6,702	-2,386	-1,190	0	-83,965
14,869	15,700	18,794	8,581	4,390	-507	140,051
120	-1	100	370	16	-2	4,877
1,231	536	524	-78	280	-11,011	-3,954
-731	-776	-492	-763	-386	-107,634	-19,883
-31,512	-34,533	-38,386	-21,563	-11,569	108,140	-283,842
0	0	0	0	0	0	779
3,154	**17,849**	**12,330**	**1,069**	**5,692**	**-11,011**	**81,040**
-463	-3,930	-2,662	-186	-1,273	-2	-8,605
2,691	**13,919**	**9,668**	**883**	**4,420**	**-11,013**	**72,436**
2,643,132	**3,153,036**	**3,506,061**	**2,005,038**	**1,157,868**	**-6,044,253**	**30,815,396**
2,159,911	2,577,433	2,944,469	1,727,902	924,157	-8,727	22,945,584
16,253	10,358	43	20	5,317	0	100,950
2,298,568	2,530,947	2,462,279	1,271,583	1,042,186	-11,078	22,760,649
0	6,616	37,131	12,368	0	-47,402	4,171,941

29,174	44,545	42,583	17,856	14,798	-4	343,482
510	-2,498	4,597	-692	-934	0	-4,088
14,569	15,144	19,105	9,022	4,232	-826	133,528
128	-4	252	695	-11	0	3,084
-876	255	-416	-407	238	-1,447	-2,217
-1,837	-2,775	-1,931	-1,090	-804	-105,628	-17,531
-29,698	-32,416	-37,262	-20,655	-11,189	106,466	-257,661
0	0	0	0	0	0	3,941
11,970	**22,251**	**26,928**	**4,729**	**6,330**	**-1,440**	**202,538**
-1,867	-5,270	-6,386	-1,135	-1,381	-1	-33,014
10,103	**16,981**	**20,542**	**3,594**	**4,949**	**-1,441**	**169,524**
2,598,664	**3,095,040**	**3,495,050**	**1,988,499**	**1,095,275**	**-6,256,636**	**30,481,704**
2,120,537	2,516,907	2,961,904	1,729,767	909,935	-9,181	22,738,130
16,253	10,358	43	20	5,317	0	98,987
2,204,431	2,458,459	2,298,670	1,196,987	902,256	-23,124	22,179,937
0	14,692	7,223	17,435	0	-43,167	3,730,967

11) Subsequent events

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

12) Quarterly financial data

Euro thousand	4-6/2024	1-3/2024	10-12/2023	7-9/2023	4-6/2023
Net interest income	163,404	163,574	179,835	181,763	177,302
Risk provision	-56,285	-27,680	-88,068	27,151	2,480
Net fee and commission income	69,494	70,557	65,360	63,472	67,697
Net trading income	3,644	1,232	1,233	996	1,139
Result from financial instruments and investment properties	-1,279	-2,675	-720	1,847	-512
Other operating result	-6,445	-13,438	10,098	-1,469	1,015
General administrative expenses	-142,994	-140,848	-144,752	-133,275	-128,969
Result from companies measured at equity	595	184	-990	-215	365
Result for the period before taxes	**30,134**	**50,906**	**21,995**	**140,271**	**120,517**
Income taxes	-1,780	-6,825	29,015	-34,498	-27,174
Result for the period after taxes	**28,354**	**44,081**	**51,011**	**105,774**	**93,342**
Result attributable to shareholders of the parent company	**28,354**	**44,081**	**51,011**	**105,774**	**93,342**
Result attributable to non-controlling interests	0	0	0	-1	1

Vienna, 22 August 2024

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