



ANNUAL
REPORT
2021

VKB | BANK

1. MANAGEMENT BOARD FOREWORD

The 2021 financial year:

Embarking on VKB's course for success.

When we took over the management of VKB-Bank in April 2021 as the new Management Board team, we had a fundamental question to answer: What course should we set for VKB-Bank to enable it to continue carrying out its role as an Austrian corporate and consulting bank independently and successfully? Low interest rates and expanding regulatory requirements are amongst the major challenges that medium-sized banks must face. In our era of online banking, and fuelled by COVID-19, our branch structure no longer met the needs of our customers. Our internal structure was not effectively aligned with the target group that we were founded to serve as a credit bank in 1873 – domestic craft businesses and farmers. In addition, by limiting ourselves to Upper Austria, we were by default excluding many successful medium-sized enterprises from neighbouring regions as a target group.

We dedicated 100 days to getting to know the bank, its employees, its processes and its structures in detail. This revealed one thing above all, namely that in addition to its strong capital base, its trustworthiness and its foundations as a cooperative, the thing that has always made VKB-Bank stand out is its agile structure, which allows decisions to be made rapidly, effectively and in the interests of our customers. We took this characteristic as the basis for our actions by redefining the challenges listed above as opportunities.

VKB-Bank is a medium-sized bank that is independent thanks its structure as a cooperative, which makes it perfectly suited to serving private middle-class individuals and medium-sized companies. By refocussing on private middle-class customers and medium-sized companies, we have further reinforced the strengths of VKB-Bank – independence, reliability, a strong capital base and agile customer focus.

To enable us to provide the best possible advice and services to these customer groups, we have adjusted the bank's structures in our regions and bolstered them with new experts. We have also created the Corporate Finance Team, enabling us to offer networked and regional expertise to ensure that we provide highly-qualified financial consultation to companies, particularly when it comes to trade subsidies, export subsidies, leasing, financing of real estate and projects, as well as structured financing and syndication. Our consulting model also proved to be in demand outside of Upper Austria, which is why we are now increasingly able to win over corporate customers in Lower Austria, Vienna, Salzburg and Styria.

By significantly expanding our consultation hours to 8 a.m. to 8 p.m., pooling our resources and extensively modernising our branches, we have reacted to our customers' needs for flexible and consulting-oriented banking that they can access from anywhere. Alongside this, we have laid the initial foundations for the VKB Team Digital, which will provide cross-regional and digital support for our private customers.

VKB-Bank has successfully embarked on its new course – you can see just how successfully in the balance sheet figures for the 2021 financial year laid out below. This level of business success was only possible in such a short period of time because VKB-Bank's approximately 600 employees have shown personal commitment and great openness to change throughout the pandemic. We in the VKB Management Board team therefore offer our thanks to each and every one of them. They and the members of our cooperative will continue to be the wind in our sails over the coming years as we pursue our course – the VKB course for success.



Mag. Markus Auer



Mag. Maria Steiner



Mag. Alexander Seiler

2. INCOME STATEMENT VKB GROUP

Income statement VKB Group				31/12/2021	31/12/2020
		EUR	EUR	EUR	Thousand EUR
1. Interest and similar earnings				45,379,206.43	46,571
Of which:					
From fixed-interest securities		2,829,616.89			2,903
2. Interest and similar expenses				-3,903,001.20	-4,998
I. NET INTEREST YIELD				41,476,205.23	41,573
3. Earnings from securities and shareholdings				1,591,888.02	1,211
a) Earnings from shares, other equity rights and securities without fixed interest		740,049.01			609
b) Earnings from shareholdings		68,590.69			121
c) Earnings from associated companies		783,248.32			482
4. Commission income				31,422,482.54	31,764
5. Commission expenses				-1,030,384.43	-1,391
6. Earnings/expenses from financial transactions				652,379.42	607
7. Other operating income				4,229,307.36	3,124
II. OPERATING INCOME				78,341,878.14	76,888
8. General administrative expenses				-55,968,887.51	-57,151
a) Personnel expenses			-38,662,032.05		-39,278
Of which:					
aa) Wages and salaries		-27,088,435.45			-25,455
bb) Expenses for statutory social security contributions and wage-dependent duties and mandatory contributions		-7,314,961.67			-7,113
cc) Other social security expenses		-684,287.35			-911
dd) Expenses for retirement benefits and support		-2,531,682.29			-2,497
ee) Allocation/closing of pension provision		-348,664.07			-2,384
ff) Expenses for severance pay and payments to company staff pension funds		-694,001.22			-918
b) Other administrative expenses (material expenses)			-17,306,855.46		-17,872
9. Value adjustments on the assets listed under asset items 9 and 10				-4,832,678.38	-4,929
10. Other operating expenses				-6,790,033.42	-4,222
III. OPERATING EXPENSES (total items 8 to 10)				-67,591,599.31	-66,302
IV. OPERATING RESULT				10,750,278.83	10,586
11./12. Balance of the appropriation to and liquidation of value adjustments on receivables and provisions for contingencies and for credit risks				1,811,249.96	-5,466
13./14. Balance of the appropriation to and liquidation of value adjustments on securities assessed as financial investments, as well as on shareholdings and shares in affiliated companies				1,653,836.99	-762
V. RESULT FROM ORDINARY BUSINESS				14,215,365.78	4,358
15. Taxes on income and earnings				-3,285,848.38	-1,247
16. Other taxes not included in item 16				-343,526.82	-346
VI. GROUP ANNUAL NET PROFIT				10,585,990.58	2,765
17. Changes in reserves				-10,131,281.83	-2,673
VII. GROUP ANNUAL PROFIT				454,708.75	92
18. Profit carried forward				6,759.34	348
VIII. GROUP ACCUMULATED PROFIT				461,468.09	439

3. BALANCE SHEET VKB GROUP

Balance sheet VKB Group		ASSETS		
	EUR	EUR	31/12/2021 EUR	31/12/2020 Thousand EUR
1. Cash assets, credit with central banks			222,254,667.15	326,664
2. Debt instruments of public authorities permitted for refinancing at central banks			216,448,742.33	184,159
Debt instruments of public authorities and similar securities	216,448,742.33			184,159
3. Receivables from credit institutions			8,194,095.89	16,354
Maturing daily	8,194,095.89			16,354 ¹
4. Receivables from customers			2,588,900,621.55	2,490,348
5. Bonds and other fixed-interest securities			201,433,030.92	235,112
From other issuers	201,433,030.92			235,112
6. Shares and other securities without fixed interest			16,008,703.61	18,297
7. Shareholdings			2,069,895.85	2,032
Of which:				
In credit institutions	591,861.69			592
8. Shares in affiliated companies			2,376,654.77	4,007
Of which:				
In associated companies	2,376,654.77			4,007
9. Intangible fixed assets			4,472,365.00	4,726
10. Property, plant and equipment			34,803,931.04	35,610
Of which:				
Property and buildings used by the bank as part of its own work	28,142,328.60			26,824
11. Other assets			60,022,036.43	50,540
12. Accruals and deferrals			7,721.50	18
13. Deferred tax assets			14,327,907.76	11,695
Total assets			3,371,320,373.80	3,379,561
1. Foreign assets			327,201,992.62	330,350

¹) Adjustment to previous year's figure.

Balance sheet VKB Group

LIABILITIES

	EUR	EUR	31/12/2021 EUR	31/12/2020 Thousand EUR
1. Accounts payable to credit institutions			118,244,527.50	69,722
a) Maturing daily		8,031,259.66		19,966 ¹
b) With agreed term or notice period		110,213,267.84		49,756 ¹
2. Accounts payable to customers			2,615,981,381.88	2,689,779
a) Savings deposits		983,319,668.98		1,018,175
Of which:				
aa) Maturing daily	767,494,413.23			731,198 ¹
bb) With agreed term or notice period	215,825,255.75			286,976 ¹
b) Other liabilities		1,632,661,712.90		1,671,604
Of which:				
aa) Maturing daily	1,610,762,604.95			1,624,453 ¹
bb) With agreed term or notice period	21,899,107.95			47,151 ¹
3. Securitised liabilities			98,844,837.26	99,945
Other securitised liabilities		98,844,837.26		99,945
4. Other liabilities			78,169,197.21	71,395
5. Accruals and deferrals			7,033,429.23	7,432
6. Provisions			68,466,307.50	66,903
a) Provisions for severance pay		10,459,628.61		10,996
b) Provisions for pensions		46,348,318.37		46,040
c) Tax provisions		1,333,281.00		844
d) Other provisions		10,325,079.52		9,023
6a. Fund for general banking risks			500,000.00	500
7. Tier 2 capital as per Part 2, Title 1, Chapter 4 of Regulation (EU) no 575/2013			16,000,000.00	16,000
8. Subscribed capital			8,254,824.00	8,289
9. Retained earnings			359,364,401.12	349,156
a) Statutory reserves		5,070,705.58		5,068
b) Other reserves		354,293,695.54		344,088
10. Group accumulated profit			461,468.09	439
Total liabilities			3,371,320,373.80	3,379,561
1. Contingencies			209,455,832.96	191,852
Liabilities from warranties and liability from the provision of securities		209,455,832.96		191,852
2. Credit risks			515,145,166.00	476,550
Non-utilised credit lines		489,307,554.06		437,009
Binding credit commitments		25,837,611.94		39,541
3. Liabilities from fiduciary transactions			100,321,673.61	84,220
4. Eligible capital as per Part 2 of Regulation (EU) no 575/2013			378,157,968.53	381,246
Tier 2 capital as per Part 2, Title 1, Chapter 4 of Regulation (EU) no 575/2013		11,887,899.27		16,000
5. Own funds requirements as per Article 92 of Regulation (EU) no 575/2013 (including transitional arrangements in accordance with Art. 500 CRR)			2,355,478,368.61	2,160,580
- Own funds requirements as per Article 92(1)a of Regulation (EU) no 575/2013 Common Equity Tier 1 capital ratio		15.51%		16.51%
- Own funds requirements as per Article 92(1)b of Regulation (EU) no 575/2013 Tier 1 capital ratio		15.51%		16.51%
- Own funds requirements as per Article 92(1)c of Regulation (EU) no 575/2013 Total capital ratio		16.05%		17.65%
6. Foreign liabilities			54,073,476.49	55,071

¹⁾ Adjustment to previous year's figure.

4. INCOME STATEMENT VOLKSKREDITBANK AG

Income statement VKB-Bank

	EUR	EUR	31/12/2021 EUR	31/12/2020 Thousand EUR
1. Interest and similar earnings			42,869,142.12	44,401
Of which:				
From fixed-interest securities	2,829,616.89			2,903
2. Interest and similar expenses			-3,905,693.94	-5,001
I. NET INTEREST YIELD			38,963,448.18	39,400
3. Earnings from securities and shareholdings			2,953,761.95	1,950
a) Earnings from shares, other equity rights and securities without fixed interest		740,049.01		609
b) Earnings from shareholdings		68,590.69		121
c) Earnings from shares in affiliated companies		2,145,122.25		1,221
4. Commission income			31,422,482.54	31,764
5. Commission expenses			-1,030,384.43	-1,391
6. Earnings/expenses from financial transactions			652,379.42	607
7. Other operating income			4,905,977.49	3,481
II. OPERATING INCOME			77,867,665.15	75,812
8. General administrative expenses			-56,084,918.35	-56,943
a) Personnel expenses		-38,662,032.05		-39,278
Of which:				
aa) Wages and salaries	-27,088,435.45			-25,455
bb) Expenses for statutory social security contributions and wage-dependent duties and mandatory contributions	-7,314,961.67			-7,113
cc) Other social security expenses	-684,287.35			-911
dd) Expenses for retirement benefits and support	-2,531,682.29			-2,497
ee) Allocation/closing of pension provision	-348,664.07			-2,384
ff) Expenses for severance pay and payments to company staff pension funds	-694,001.22			-918
b) Other administrative expenses (material expenses)		-17,422,886.30		-17,664
9. Value adjustments on the assets listed under asset items 9 and 10			-4,309,325.54	-4,425
10. Other operating expenses			-6,790,033.42	-3,919
III. OPERATING EXPENSES (total items 8 to 10)			-67,184,277.31	-65,286
IV. OPERATING RESULT			10,683,387.84	10,525
11./12. Balance of the appropriation to and liquidation of value adjustments on receivables and provisions for contingencies and for credit risks			1,833,152.86	-5,272
13./14. Balance of the appropriation to and liquidation of value adjustments on securities assessed as financial investments, as well as on shareholdings and shares in affiliated companies			1,653,836.99	-762
V. RESULT FROM ORDINARY BUSINESS			14,170,377.69	4,491
15. Taxes on income and earnings			-2,908,946.50	-1,440
16. Other taxes not included in item 16			-343,526.82	-346
VI. ANNUAL NET PROFIT			10,917,904.37	2,706
17. Changes in reserves			-9,000,000.00	-1,730
Of which:				
Allocation of the liability reserve as per Section 57(5) BWG (Austrian Banking Act)	-1,945,000.00			-430
VII. ANNUAL PROFIT			1,917,904.37	976
18. Profit carried forward			15,099.37	39
VIII. ACCUMULATED PROFIT			1,933,003.74	1,015

5. BALANCE SHEET VOLKSKREDITBANK AG

Balance sheet VKB-Bank		ASSETS		
	EUR	EUR	31/12/2021 EUR	31/12/2020 Thousand EUR
1. Cash assets, credit with central banks			222,254,667.15	326,664
2. Debt instruments of public authorities permitted for refinancing at central banks			216,448,742.33	184,159
Debt instruments of public authorities and similar securities		216,448,742.33		184,159
3. Receivables from credit institutions			8,194,095.89	16,354
Maturing daily		8,194,095.89		16,354 ¹
4. Receivables from customers			2,549,314,723.23	2,448,090
5. Bonds and other fixed-interest securities			201,433,030.92	235,112
From other issuers		201,433,030.92		235,112
6. Shares and other securities without fixed interest			16,008,703.61	18,297
7. Shareholdings			1,525,959.47	1,489
Of which:				
In credit institutions		591,861.69		592
8. Shares in affiliated companies			20,121,150.84	20,121
9. Intangible fixed assets			5,283,590.22	5,080
10. Property, plant and equipment			28,257,268.61	27,189
Of which:				
Property and buildings used by the bank as part of its own work		23,919,485.43		22,429
11. Other assets			56,728,083.46	53,934
12. Deferred tax assets			14,691,607.60	11,695
Total assets			3,340,261,623.33	3,348,183
1. Foreign assets			327,201,992.62	330,350

¹) Adjustment to previous year's figure.

Balance sheet VKB-Bank

LIABILITIES

	EUR	EUR	31/12/2021 EUR	31/12/2020 Thousand EUR
1. Accounts payable to credit institutions			118,244,527.50	69,722
a) Maturing daily		8,031,259.66		19,966 ¹
b) With agreed term or notice period		110,213,267.84		49,756 ¹
2. Accounts payable to customers			2,650,642,138.54	2,721,604
a) Savings deposits		983,319,668.98		1,018,175
Of which:				
aa) Maturing daily	767,494,413.23			731,198 ¹
bb) With agreed term or notice period	215,825,255.75			286,976 ¹
b) Other liabilities		1,667,322,469.56		1,703,429
Of which:				
aa) Maturing daily	1,645,423,361.61			1,652,277 ¹
bb) With agreed term or notice period	21,899,107.95			51,152 ¹
3. Securitised liabilities			98,844,837.26	99,945
Other securitised liabilities		98,844,837.26		99,945
4. Other liabilities			48,602,797.19	44,000
5. Accruals and deferrals			2,409,412.78	2,782
6. Provisions			67,907,992.58	66,841
a) Provisions for severance pay		10,459,628.61		10,996
b) Provisions for pensions		46,348,318.37		46,040
c) Tax provisions		1,350,000.00		844
d) Other provisions		9,750,045.60		8,962
6a. Fund for general banking risks			500,000.00	500
7. Tier 2 capital as per Part 2, Title 1, Chapter 4 of Regulation (EU) no 575/2013			16,000,000.00	16,000
8. Subscribed capital			30,000,000.00	30,000
9. Capital reserves			6,178,566.57	6,179
a) Tied-up		72,672.83		73
b) Not tied-up		6,105,893.74		6,106
10. Retained earnings			256,581,283.48	249,122
a) Statutory reserve		10,000,000.00		10,000
b) Other reserves		246,581,283.48		239,122
11. Liability reserve as per Section 57(5) BWG (Austrian Banking Act)			42,417,063.69	40,472
12. Accumulated profit			1,933,003.74	1,015
Total liabilities			3,340,261,623.33	3,348,183
1. Contingencies			209,455,832.96	191,852
Liabilities from warranties and liability from the provision of securities		209,455,832.96		191,852
2. Credit risks			530,065,853.65	509,493
Non-utilised credit lines		500,928,241.71		466,652
Binding credit commitments		29,137,611.94		42,841
3. Liabilities from fiduciary transactions			100,321,673.61	84,220
4. Eligible capital as per Part 2 of Regulation (EU) no 575/2013			347,043,617.59	346,830
Tier 2 capital as per Part 2, Title 1, Chapter 4 of Regulation (EU) no 575/2013		16,000,000.00		16,000
5. Own funds requirements as per Article 92 of Regulation (EU) no 575/2013 (including transitional arrangements in accordance with Art. 500 CRR)			2,344,058,419.32	2,148,244
- Own funds requirements as per Article 92(1)a of Regulation (EU) no 575/2013 - Common Equity Tier 1 capital ratio		14.10%		15.12%
- Own funds requirements as per Article 92(1)b of Regulation (EU) no 575/2013 - Tier 1 capital ratio		14.10%		15.12%
- Own funds requirements as per Article 92(1)c of Regulation (EU) no 575/2013 - Total capital ratio		14.81%		16.14%
6. Foreign liabilities			54,073,476.49	55,071

¹) Adjustment to previous year's figure.

6. VKB GROUP: AN OVERVIEW OF THE FIGURES

In millions of EUR	2019	2020	2021
Balance sheet figures			
Balance sheet total	3,139.0	3,379.6	3,371.3
Business volume	5,037.8	5,296.1	5,319.7
Loans to clients	2,437.3	2,490.3	2,588.9
Primary funds	2,600.4	2,805.7	2,730.8
Equity	354.9	357.9	368.1
Own funds figures			
Overall risk	2,131.9	2,160.6	2,355.5
Chargeable own funds	361.6	381.2	378.2
Of which TIER 1	349.7	356.8	365.3
Total capital ratio in %	16.96%	17.65%	16.05%
Common Equity Tier 1 capital ratio in %	16.40%	16.51%	15.51%
Capital assets ratio (CAR) in %	11.14%	10.56%	10.84%
Income statement figures			
Operating result	11.2	10.6	10.8
Operating income	76.4	76.9	78.3
Net interest income	44.4	41.6	41.5
Services result	27.2	31.0	31.0
Operating expenses	-65.2	-66.3	-67.6
Operating profit	10.6	4.4	14.2
Group annual net profit	7.7	2.8	10.6
Cost income ratio (CIR) in %	85.3%	86.2%	86.3%
Company figures			
Operating result compared to the average balance sheet total in %	0.37%	0.32%	0.32%
Return on equity after tax in % (basis: annual net profit)	2.20%	0.78%	2.92%
Return on assets after tax in % (basis: annual net profit)	0.25%	0.08%	0.31%
Average number of employees by headcount	593.8	591.8	584.2
Branch offices	34	34	34

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Head office, media owner and publisher: Volkskreditbank AG, Rudigierstraße 5–7, 4010 Linz, Austria
Email: service@vkb-bank.at, www.vkb-bank.at, Telephone: +43 732 76 37-0, Fax: +43 732 76 37-1484
BIC VKBLAT2L, Company register no: FN76096g, Company register court: Linz Regional Court, VAT no: ATU23004503, GIIN: YL48A1.99999.SL.040
Location of printing and production: Linz, Austria
More information about publications is permanently and freely available at: <http://www.vkb-bank.at/de/impressum.html>

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