SEMI-ANNUAL REPORT

AS OF 30 JUNE 2020

CONSOLIDATED SEMI-ANNUAL MANAGEMENT REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Raiffeisenlandesbank Niederösterreich-Wien

Consolidated Semi-Annual Management Report

Overview of the First Half of 2020

The economic environment in the first half of 2020 was characterized by the following factors and events:

- The European Central Bank (ECB) held key interest rates (deposit facility rate) constant at the historically low level of -0.5% during the first half of 2020.
- From a monetary standpoint, the ECB is employing all instruments at its disposal to support the economy. Key interest rates have not been reduced since the outbreak of the corona pandemic, but the existing Asset Purchase Programme (APP) was expanded, and a new programme was introduced and has since been extended and increased ("Pandemic Emergency Purchase Programme" (PEPP). New liquidity measures (LTRO and PELTRO) were also announced and the conditions for the previously approved refinancing operations (TLTRO III) were substantially improved.
- Economic growth in Austria has collapsed as a result of the corona pandemic. The gross domestic product (GDP) fell by 12.5% during the second quarter and by 10.4% from April to June. The measures implemented to contain the pandemic have led to a standstill, above all in consumer-related areas like tourism, transportation, the retail sector and personal services as well as the arts, entertainment and recreation.
- The pandemic was also responsible for a sharp drop in investment activity. The government has launched a funding project to address this development, whereby applications for investment grants can be submitted beginning on 1 September 2020. The subsidy volume announced by the federal government totals EUR 1,000.0 million.

The following major events had a significant influence on RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) during the first half of the 2020 financial year:

Net interest income rose by 20.7% over the first half of 2019, whereby this significant growth resulted primarily from a 6.6% increase in loans and advances to retail customers and corporate clients. Earnings were also improved by a reduction in refinancing costs for securities issues and deposits as well as positive effects in the maturity transformation.

The liquidity position of RLB NÖ-Wien remains sound. However, the short-term investment of surplus liquidity with Oesterreichische Nationalbank (OeNB) had an adverse effect on net interest income due to the negative deposit rate of -0.5% per year.

Raiffeisen Bank International AG (RBI), a material investment held by RLB NÖ-Wien, reported solid operating development for the first half of 2020 but was faced with a year-on-year decline in earnings due to the challenges arising from COVID-19. The proportional share of earnings in the first half of 2020 equalled EUR 83.5 million (H1 2019: EUR 129.5 million). These results were contrasted by an impairment loss of EUR -297.0 million (H1 2019: EUR -54.0 million) to the carrying amount of the RBI investment. The net earnings contribution from RBI therefore totalled EUR -213.5 million (H1 2019: EUR 75.5 million).

The risk-related costs in the customer portfolio were also influenced by the consequences of the COVID-19 crisis. The valuation allowances for loans receivable as well as general allowances and liability provisions were substantially higher than the first half of 2019. Included here as of 30 June 2020 are additions of EUR -80.5 million (H1 2019: releases of EUR 8.5 million).

Profit after tax for the first half of 2020 totalled EUR -314.4 million (H1 2019: EUR 105.3 million).

In the financial institutions group of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H. (Raiffeisen-Holding NÖ-Wien), which includes RLB NÖ-Wien, the total Tier 1 ratio equals 17.2% and the total capital ratio 20.0%. These indicators clearly exceed the minimum legal requirements for capital as well as the regulatory authority's capital benchmarks.

The Economic Environment for the Banking Sector in the First Half of 2020

The global spread of the coronavirus triggered a simultaneous crash throughout the worldwide economy, above all during March and April 2020. An initial phase of recovery started in May and was also relatively consistent. The low point of the global recession was apparently reached in the second quarter.

The economic downturn in the USA will have a negative impact on the world's largest economy for many years. The GDP fell by 32.9% (annualized) from the first to the second quarter. (Based on the "European calculation method", i.e. not annualized, the GDP minus in the USA represents a decline of 9.5%.) A substantial drop of 5.0% (annualized) over the previous quarter was recorded at the beginning of the year. Consumer spending, investments and exports were massively affected during the spring by the consequences of the pandemic which, in view of the high number of new infections, is by no means over. The US Federal Reserve cut the prime rate corridor to a record low of 0-0.25% in two emergency meetings and approved a new bond buyback programme together with further massive easing measures. The government has also intervened with extensive fiscal support and approved four assistance packages with a volume of roughly USD 2.7 trillion.

Closed shops, cancelled events, interrupted supply chains: The measures implemented to counter the corona pandemic also led to a record collapse in the Eurozone. The economy contracted by 12.1% from the first to the second quarter, after a decline of 3.6% from the last quarter of 2019 to the first quarter of 2020. The GDP in Germany fell by 10.1%. The sharpest drop was recorded in Spain with 18.5%, followed by Portugal (-14.1%), France (-13.8%) and Italy (-12.4%; all indicators versus the previous quarter).

The ECB has taken all conceivable monetary steps to support the economy. Key interest rates have not been reduced since the onset of the corona pandemic, but the existing Asset Purchase Programme (APP) was expanded (in addition to monthly purchases of EUR 20 billion, additional securities with a total volume of EUR 120 billion will be purchased by the end of the year) and a new programme was introduced and extended ("Pandemic Emergency Purchase Programme", PEPP) with a current volume of EUR 1.35 trillion and a term lasting at least to the end of 2021). New liquidity measures (LTRO and PELTRO) were also announced and the conditions for the previously approved refinancing operations (TLTRO III) were substantially improved for the period from June 2020 to June 2021.

Despite the flood of liquidity and the related growth in the money supply, inflation is still expected to remain (too) low. The Eurozone HICP equalled 0.3% year-on-year in June. Low inflation rates are typical in recessionary phases but the following reasons, among others, could also play a role: Expectations for inflation over the medium- to long-term are unusually low; central banks would have sufficient possibilities to design more restrictive monetary policies in the event of rising inflation; and structural issues (digitalization, demography, savings glut) have a downward effect on prices.

The wide-ranging lockdown led to a drop of 10.7% in the Austrian economy versus the previous quarter from April to June. The Austrian Institute of Economic Research (Wifo) has spoken of a "recession of historical proportions". Added value in the retail sector, motor vehicle maintenance and repair, transportation, lodging and gastronomy fell by 27.8% year-on-year and caused nearly half of the GDP decline. In contrast, the momentum in information and communication, banking and insurance, real estate and housing as well as public administration has been relatively crisis-resistant.

In view of the worldwide increase in the number of infections and concerns over a second wave of the coronavirus, uncertainty remains high over the future development of the economy.

Earnings, Financial and Asset Position

Consolidated profit for the first half of 2020 versus the first half of 2019

The following tables can contain rounding differences.

€'000	01/01 - 30/06/2020	01/01 - 30/06/2019	Absolute +/(–) change	Absolute +/(–) change%
Net interest income	89,748	74,346	15,402	20.7
Net fee and commission income	27,981	29,364	(1,383)	(4.7)
Profit from equity-accounted investments	(217,041)	97,855	(314,896)	–
Profit/Loss from investments, financial and non-financial assets and liabilities	(41,254)	4,669	(45,923)	-
Other	(17,355)	(623)	(16,732)	>100
Operating income	*(157,921)*	*205,611*	*(363,532)*	-
Staff costs	(48,098)	(48,522)	424	(0.9)
Other administrative expenses	(52,935)	(53,303)	368	(0.7)
Depreciation/amortization/write-offs	(7,166)	(6,241)	(925)	14.8
Depreciation, amortization, personnel and operating expenses	*(108,199)*	*(108,066)*	*(133)*	*0.1*
Consolidated operating profit	(266,120)	97,545	(363,665)	-

Net interest income rose by 20.7% over the first half of 2019, whereby this significant growth resulted primarily from a 6.6% increase in loans and advances to retail customers and corporate clients. Earnings were also improved by a reduction in refinancing costs for securities issues and deposits as well as positive effects in the maturity transformation, which offset the negative effects from the ongoing low interest rate environment.

Net interest income in EUR million

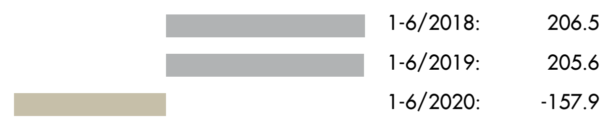
Net fee and commission income was slightly below the previous year at EUR 28.0 million (H1 2019: EUR 29.4 million). This decline was caused primarily by a reduction in the income from securities and payment transactions as well as an increase in brokerage costs.

The **profit from equity-accounted investments** – which is influenced by the earnings contribution from RBI – amounted to EUR -217.0 million in the first half of 2020 (H1 2019: EUR 97.9 million). The determining factor for the decline was the higher risk costs incurred by RBI due to the COVID-19 crisis. In addition to the proportional share of earnings from RBI (EUR 83.5 million; H1 2019: EUR 129.5 million), this position includes an impairment loss of EUR -297.0 million (H1 2019: EUR -54.0 million) to the carrying amount of the RBI investment. The contribution from the equity-accounted Raiffeisen Informatik amounted to EUR -3.5 million (H1 2019: EUR 22.4 million), whereby a substantial share of the positive prior year results is attributable to a deconsolidation following the sale of an investment.

The **profit/loss from investments and financial/non-financial assets and liabilities** totalled EUR -41.3 million in the first half of 2020 (H1 2019: EUR 4.7 million). This decline reflected the substantial turbulence on the market and the resulting negative valuation results for securities, derivatives and loans carried at fair value.

The position **Other**, which includes dividend income and other operating profit/(loss), fell by EUR -16.7 million year-on-year to EUR -17.4 million in the first half of 2020. The main reasons for this sharp drop included a substantial increase in liability provisions which are related to the position “impairment allowances“ and are generally attributable to the development of the general impairment allowances (Stage 1 and Stage 2). This income statement item position also includes the expenses for the stability levy (EUR 13.4 million) as well as the contribution to the European resolution fund and the deposit insurance fund (EUR 16.3 million) for the full 2020 financial year.

Operating income in EUR million



The position **"depreciation, amortization, personnel and operating expenses"** generally reflected the previous year at EUR 108.2 million (H1 2019: EUR 108.1 million).

The RLB NÖ-Wien Group recorded **consolidated operating profit** of EUR -266.1 million in the first half of 2020.

€'000	**01/01 - 30/06/2020**	01/01 - 30/06/2019	**Absolute +/(–) change**	**Absolute +/(–) change%**
Consolidated operating profit	(266,120)	97,546	(363,666)	-
Impairment losses or reversals of impairment losses to financial assets	(70,707)	6,212	(76,919)	-
Profit for the period before tax	***(336,827)***	*103,758*	***(440,585)***	-
Income tax	22,447	1,584	20,863	>100
Net profit for the period	**(314,380)**	105,342	**(419,722)**	-

The **net impairment loss/reversal of impairment to financial assets** amounted to EUR -70.7 million in the first half of 2020 (H1 2019: EUR 6.2 million). The increase in impairment losses resulted, above all, from general allowances (IFRS 9 Stage 1 and 2) following the adjustment of the macroeconomic parameters used to calculate the expected credit losses.

Profit before tax was negative at EUR -336.8 million in the first half of 2020 for the above reasons (H1 2019: EUR 103.8 million). After the deduction of income tax expense, **profit after tax** equalled EUR -314.4 million (H1 2019: EUR 105.3 million). Due to the negative results reported for the period, RLB NÖ-Wien will receive a credit for tax income of EUR 22.4 million from Raiffeisen-Holding NÖ-Wien based on the tax group and transfer agreement.

Profit for the period after tax in EUR million

Other comprehensive income of EUR -109.8 million leads to total comprehensive income for the first half of 2020. It includes, above all, the proportional share of negative effects (primarily FX effects) from the at-equity consolidation of RBI. **Total comprehensive income** amounted to EUR -424.2 million as of 30 June 2020 (H1 2019: EUR 155.3 million).

Segment Report

The basis for segment reporting in accordance with IFRS 8 is formed by the internal management reporting system of the RLB NÖ-Wien Group.

The segments include **Retail/Raiffeisen Association Services, Corporate Clients, Financial Markets, RBI, Raiffeisen Association and Other Investments**. The RBI Segment comprises the earnings contribution of RBI, including allocated refinancing and administrative expenses. The Raiffeisen Association Segment covers the services provided by RLB NÖ-Wien AG to the Raiffeisen Association (Raiffeisen banks). The Other Segment only includes a limited amount of expenses which cannot be allocated, e.g. the special payment for the bank levy.

The **Retail/Raiffeisen Association Services Segment** covers the retail banking business in the Vienna branches, which service personal banking, trade and business and self-employed customers. The segment offers various banking products and services for these customer groups, in particular for investments and financing. Private banking teams provide professional advice to high net worth personal banking customers in Vienna, while small and medium-sized businesses are supported by the trade and business teams. This segment recorded a pre-tax loss of EUR -20.6 million in the first half of 2020, compared with EUR -0.4 million in the previous year. The volume of loans and advances rose substantially by 15.9% to EUR 3.2 billion, which also led to an increase in net interest income. In the deposit business, however, the negative effect from the continued decline in the 3-month EURIBOR was greater and led to a year-on-year reduction of EUR 3.0 million in net interest income to EUR 26.9 million. Depreciation, amortization, personnel and operating expenses were EUR 1.1 million below the comparable prior year value at EUR 60.8 million. The current situation (COVID-19) led to an increase in impairment allowances to EUR -12.4 million (H1 2019: EUR +0.9 million), primarily due to general allowances for IFRS 9 Stage 1 and 2 items.

The **Corporate Clients Segment** recorded a pre-tax loss of EUR -32.3 million in the first half of 2020 (H1 2019: EUR 49.0 million). The volume of loans and advances rose by +4.2%, respectively +EUR 0.5 billion year-on-year, which led to a substantial increase in interest income. Net interest income improved to EUR 64.6 million (H1 2019: EUR 60.7 million). However, half-year results in this segment were negative due to the negative credit risk results of EUR -63.5 million (H1 2019: EUR +7.8 million), general risk allowances for IFRS 9 Stage 1 and 2 items (EUR -37.2 million), loans and advances carried at fair value (EUR -3.6 million) and higher individual impairment allowances (EUR -29.8 million).

The **Financial Markets Segment** generated a pre-tax loss of EUR -31.4 million in the first half of 2020 (H1 2019: EUR 14.3 million). Net interest income improved noticeably by EUR 14.1 million to EUR 23.0 million (H1 2019: EUR 8.8 million) due to the positive development of the maturity transformation and more favourable refinancing costs. The equity-accounted Raiffeisen Informatik, which is allocated to the Financial Markets Segment, reduced first half-year results by EUR -3.5 million (H1 2019: EUR 22.4 million). The sizeable year-on-year reduction in profit/loss from financial assets and liabilities to EUR -33.5 million (H1 2019: EUR +2.3 million) is attributable to valuation effects from securities and derivatives carried at fair value (COVID-19 effect).

RBI, a material investment of RLB NÖ-Wien, recorded a net pre-tax loss of EUR -239.1 million for the first half of 2020 in spite of solid operating development (H1 2019: EUR 50.2 million).

Results in the **Raiffeisen Association Segment** amounted to a pre-tax loss of EUR -0.2 million (H1 2019: EUR -0.1 million).

The **Other Investments Segment** recorded a pre-tax loss of EUR -0.5 million in the first half of 2020 (H1 2019: EUR 0.0 million).

The **Other Segment** includes, above all, the special bank levy of EUR -10.6 million as well as the subsequent contribution to the deposit protection scheme. Pre-tax results in this segment equalled EUR -13.1 million (H1 2019: EUR -9.3 million).

Consolidated Balance Sheet as of 30 June 2020

The balance sheet total of the RLB NÖ-Wien Group rose by EUR 1,506.3 million over the level on 31 December 2019 to EUR 29,110.4 million as of 30 June 2020.

Assets

The development of **loans and advances to customers** was positive in comparison with the previous year and totalled EUR 13,667.2 million as of 30 June 2020. The increase of EUR 354.3 million, or 2.7%, over the level on 31 December 2019 is primarily attributable to corporate financing.

Loans and advances to other banks amounted to EUR 2,707.8 million as of 30 June 2020 (2019: EUR 2,648.3 million) and were 2.2% higher than the previous year.

The total **interest in equity-accounted investments** declined to EUR 2,227.3 million during the first half of 2020 (2019: EUR 2,585.5 million).

Other assets totalled EUR 5,488.3 million, compared with EUR 3,668.0 million as of 31 December 2019. The year-on-year increase resulted chiefly from a higher volume of deposits with Oesterreichische Nationalbank (OeNB).

€m	30/06/2020	31/12/2019	Absolute +/(–) change	Absolute +/(–) change%
Financial assets at amortized cost	20,112	20,033	78	0.4
Of which debt instruments	3,730	4,060	(330)	(8.1)
Of which loans and advances to other banks	2,708	2,648	59	2.2
Of which loans and advances to customers	13,667	13,313	354	2.7
Of which other financial liabilities	6	12	(6)	(46.4)
Financial assets designated at fair value through profit or loss	1,259	1,302	(43)	(3.3)
Of which held for trading	1,111	1,140	(29)	(2.6)
Of which investments, immaterial shares in subsidiaries and associates	13	14	(2)	(10.9)
Of which debt instruments not held for trading	1	1	0	(5.0)
Of which loans and advances to customers not held for trading	135	147	(12)	(8.1)
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	5	(4)	9	-
Financial assets at fair value through other comprehensive income	19	19	0	1.0
Interest in equity-accounted investments	2,227	2,586	(358)	(13.9)
Other assets	5,488	3,668	1,820	49.6
ASSETS	**29,110**	27,604	**1,506**	**5.5**

Liabilities and Equity

Deposits from other banks rose by EUR 935.3 million, or 12.2%, to EUR 8,619.4 million as of 30 June 2020. This increase was based on the use of OeNB funds (TLTRO III) and on higher deposits from institutions in the Raiffeisen sector.

Deposits from customers, including savings deposits, reflected the previous year at EUR 8,994.0 million.

The total volume of **securitized liabilities, incl. Tier 2 capital,** equalled EUR 7,683.5 million and was EUR 522.3 million higher than the previous year. The increase was based, above all, on a covered bond issue (issue volume first half of 2020: EUR 500 million).

Equity declined by EUR 423.7 million during the first half-year to EUR 2,090.0 million as of 30 June 2020. This reduction was caused by the impact of the COVID-19 crisis on the valuation of securities and derivatives and on risk results and the resulting negative earnings. Equity was also reduced by foreign exchange effects at RBI which are recorded under other comprehensive income.

The volume of **other liabilities** increased by EUR 394.6 million to EUR 1,062.5 million due to a higher balance in clearing accounts as of 30 June 2020.

€m	30/06/2020	31/12/2019	Absolute +/(–) change	Absolute +/(–) change%
Financial liabilities measured at amortised cost	25,392	23,913	1,479	6.2
Of which deposits from other banks	8,619	7,684	935	12.2
Of which deposits from customers	8,994	8,972	22	0.2
Of which securitized liabilities (incl. Tier 2 capital)	7,684	7,161	522	7.3
Of which other financial liabilities	95	96	(1)	(1.1)
Financial liabilities designated at fair value through profit or loss	566	509	57	11.1
Equity	2,090	2,514	(424)	(16.9)
Other liabilities	1,063	668	395	59.1
LIABILITIES & EQUITY	**29,110**	27,604	**1,506**	5.5

Financial Performance Indicators

Performance Ratios

The **Group's cost/income ratio** – i.e. the ratio of operating expenses to operating income (incl. the profit (loss) from financial instrument and associates, and excl. impairment losses) – equalled 72.7% as of 30 June 2020.

The **Group's return on equity after tax** – i.e. the return on equity based on average equity – equalled -13.7% as of 30 June 2020.

Regulatory Capital

RLB NÖ-Wien does not represent a separate credit institution group in the sense of regulatory requirements and, as a group, is not subject to the regulatory requirements for banking groups because it is part of the Raiffeisen-Holding NÖ-Wien credit institution group. The following indicators were determined in accordance with the provisions of the Capital Requirements Regulation (CRR) and the Austrian Banking Act for the Raiffeisen-Holding NÖ-Wien credit institution group.

The consolidated regulatory equity of the Raiffeisen-Holding NÖ-Wien credit institution group is presented below:

Eligible capital as defined in Art. 72 in connection with Art. 18 of the CRR totalled EUR 2,921.7 million (2019: EUR 3,421.1 million). At 20.0% (2019: 22.3%), the Tier 1 ratio (for comprehensive risk) substantially exceeds the total capital requirement, including the buffer, of 17.10% established by the Supervisory Review and Evaluation Process (SREP). It includes the minimum capital requirement of 8% defined by Art. 92 of the CRR as well as an additional capital requirement of 5.60% which was established by the SREP. The capital buffer requirements consist of a system risk buffer of 1.00% and a capital conservation buffer of 2.50%.

Eligible capital comprises the following: The common equity Tier 1 ratio includes the superior credit institution's subscribed capital of EUR 124.0 million, appropriated capital reserves of EUR 907.7 million, retained earnings of EUR 1,478.3 million and various regulatory adjustments of EUR 5.2 million. After deductions of EUR -101.0 million, common equity Tier 1 capital equals EUR 2,414.2 million. The additional Tier 1 capital comprises an additional Tier 1 capital instrument of EUR 95.0 million. Tier 1 capital, after deductions, therefore totalled EUR 2,509.2 million (2019: EUR 2,997.1 million).

Tier 2 capital of EUR 412.4 million (2019: EUR 424.0 million) comprises eligible Tier 2 instruments of EUR 382.9 million, an addition of EUR 28.9 million for amounts guaranteed and participation capital of EUR 0.6 million which no longer qualifies as CET 1 capital.

Tier 1 capital as a per cent of eligible capital equalled 85.9% as of 30 June 2020 (2019: 87.6%).

The common equity Tier 1 ratio (CET1 ratio) equalled 16.5% as of 30 June 2020 (2019: 18.9%), and the Tier 1 ratio for the total risk of the Raiffeisen-Holding NÖ-Wien credit institution group equalled 17.2% (2019: 19.5%). The total capital ratio equalled 20.0% (2019: 22.3%).

Under a fully loaded analysis, the CET 1 ratio equalled 16.5% (2019: 18.9%), the T1 Ratio 17.2% (2019: 19.5%) and the total capital ratio 19.8% (2019: 22.0%).

Credit risk indicators

The following tables show the credit-impaired exposure based on the definition in "Implementing Technical Standard (ITS) on Supervisory Reporting (forbearance and non-performing exposures)", a guideline issued by the European Banking Authority (EBA). It covers both non-performing and performing exposure. Based on the definition change in the EBA standard which resulted from IFRS 9 (FINREP ANNEX III REV1/FINREP ANNEX V), deposits with central banks and demand deposits must be included in the calculation of the NPE and NPL ratios.

30/06/2020 €'000 Receivables categories	Credit exposure						Non Performing
		Amount	Risk provision	Collateral	NPE Ratio in %	Coverage Ratio I in %	Coverage Ratio II in %
Other Banks	6,065,287	670	670	0	0.0	100.0	100.0
Corporate customers	11,064,863	203,483	88,487	89,910	1.8	43.5	87.7
Retail exposures	2,196,724	105,919	63,688	26,024	4.8	60.1	84.7
Public sector exposures	5,850,392	0	0	0	0.0	0.0	0.0
Total	**25,177,266**	**310,072**	**152,844**	**115,934**	**1.2**	**49.3**	**86.7**

31/12/2019 €'000 Receivables categories	Credit exposure						Non Performing
		Amount	Risk provision	Collateral	NPE Ratio in %	Coverage Ratio I in %	Coverage Ratio II in %
Other Banks	6,027,960	670	670	0	0.0	100.0	100.0
Corporate customers	10,654,904	134,011	57,996	62,802	1.3	43.3	90.1
Retail exposures	2,082,883	101,114	60,599	24,965	4.9	59.9	84.6
Public sector exposures	4,535,463	0	0	0	0.0	0.0	0.0
Total	23,301,211	235,795	119,265	87,768	1.0	50.6	87.8

The non-performing exposure (NPE) ratio, which is calculated similar to the EBA Risk Indicator AQT_3.1, equalled 1.2% as of 30 June 2020 (31 December 2019: 1.0%). Coverage Ratio I is defined as the Stage 3 risk provision for non-performing credit exposure in relation to the total non-performing credit exposure, and Coverage Ratio II as the Stage 3 risk provision plus collateral (after haircuts) for non-performing credit exposure in relation to the total non-performing credit exposure. Coverage Ratio I equals 49.3% (31 December 2019: 50.6%) and Coverage Ratio II 86.7% (31 December 2019: 87.8%).

The NPL ratio, which is calculated similar to EBA Risk Indicator AQT_3.2 equalled 1.4% as of 30 June 2020 (31 December 2019: 1.2%).

€'000	Credit exposure		NPL		NPL Ratio in %	
	30/06/2020	31/12/2019	**30/06/2020**	31/12/2019	**30/06/2020**	31/12/2019
Total	21,443,488	19,237,349	310,072	235,795	1.4	1.2

Risk Assessment

The first six months of 2020 were influenced by the effects of the COVID-19 pandemic. The related developments also led to a change in the structure of risk reporting for this Half-Year Report 2020 by RLB NÖ-Wien.

Explanations of the financial risks to which the RLB NÖ-Wien Group is exposed and current developments as seen from the risk perspective are now presented as a separate section in the Notes. Reference is therefore made to Note (31) Risks arising from financial instruments, which provides information on financial risks as well as the current situation and effects of the COVID-19 pandemic.

Outlook on the Second Half-year 2020

The Economic Environment

Completely divergent trends in the number of new corona infections, restrictions, economic structures, debt levels, fiscal programmes and monetary stimuli have led to increasing uncertainty in the development of the global economy. The overall picture, however, remains unchanged: The economic recovery has started, but will not be consistent and central banks could continue their expansive strategies for a longer period due to the lack of inflationary pressure. In its June forecast for 2020, the International Monetary Fund (IMF) is predicting the largest recession since the Great Depression in the 1930s. Measures to contain the corona pandemic are expected to trigger a decline of 4.9% in global GDP this year, but catch-up effects are projected to drive growth by 5.4% in 2021. The IMF emphasizes that these current estimates are also connected with considerable uncertainty, and the data for 2021 could be much weaker in the event of a second corona wave.

Concerns over COVID-19 are growing throughout Europe. The gradual easing of restrictions has led, with a delay, to a rise in new infections, especially in countries like Spain and France. However, in contrast to the first wave, only selected, regionally limited restrictions have now been implemented. This approach will reduce the economic impact. Forecasts have been significantly downgraded, above all for countries particularly hard hit by the pandemic (including France, Italy and Spain). The respective declines are now projected to range up to 13%. GDP in the Eurozone is expected to drop by 10.2% this year and rise by 6.0% in 2021.

The world's largest economy, the USA, is forecasted to contract by 8.0% in 2020. Sizeable downturns are also predicted for Russia, Brazil and India. China, the world's second largest economy, where the epidemic first appeared and was initially contained, should record growth of 1.0% in 2020 and 8.2% in 2021.

Forecasts by the IMF indicate that the GDP in Great Britain will fall by 10.2% this year due to the pandemic – an economic downturn of the scope not seen in nearly a century. Next year, growth should recover to 6.3%. There has, however, been no progress to date on the "Brexit" negotiations with the EU, which means an increasing probability of an exit at the end of this year without a trade agreement.

The economic research institutes Wifo and IHS expect a GDP decline of 7.0%, respectively 7.3% for Austria this year, which would represent the most severe downturn in the post-war period. The Austrian economy should recover during 2021 (according to Wifo +4.3% and IHS +5.8%) unless there is a second major wave of infections with a large-scale lockdown. Despite this projected growth, a return to the pre-corona level is still not expected by the end of 2021. The uncertainty over a further outbreak of the pandemic is ever-present.

The ECB sees the risks related to growth and inflation as pointing downward. All actions taken during the corona crisis (low interest rates, bond buybacks and liquidity measures) will therefore be continued. The ECB Governing Council is still prepared to adjust all its instruments, where necessary, to ensure that inflation steadily returns to the target level. If the outlook for inflation is too weak, the ECB is expected to announce the further expansion and extension of the PEPP. Interest rates and yields can therefore be expected to remain at the current extremely low level for a longer period.

Outlook on the Development of RLB NÖ-Wien

The coming months will see continued concentration on the successful growth course in the financing business, in both the Corporate Clients Segment and the Retail and Raiffeisen Association Services Segment. Plans call for the further expansion of high-quality customer relationships through a focus on customers. Specially designed solutions will also be needed for borrowers affected by the corona crisis to master the tense financial situation.

A special focus will be placed on the following branches: lodging and gastronomy, education, services, transportation, art and events, and agriculture and forestry. Internal estimates by RLB NÖ-Wien indicate that short-term effects from COVID-19 can be expected in these branches. Effects on the financial and insurance sectors are also expected over the medium-term.

Another focal point involves the implementation of the new branch concept in Vienna. The goal is to develop a modern, practical branch network which meets the changing expectations and needs of the bank's customers. In keeping with the motto "Meine Stadtbank", RLB NÖ-Wien has designed a market presence that emphasizes its digital performance as well as close and personal customer service.

The advancement of digitalization represents an inseparable part of this customer orientation, not only in the form of products and services (Digital Regional Bank, DRB), but also in the simplification of transaction handling – which has become especially important and in demand by customers during the COVID-19 crisis.

As a bank for the Raiffeisen sector, the role of RLB NÖ-Wien as a synergy partner for the Lower Austrian Raiffeisen banks will be further expanded.

Vienna, 22 September 2020
The Managing Board

Klaus BUCHLEITNER m.p.
Chairman

Reinhard KARL m.p. Deputy Chairman	Andreas FLEISCHMANN m.p. Member of the Managing Board
Martin HAUER m.p. Member of the Managing Board	Michael RAB m.p. Member of the Managing Board

Consolidated Interim Financial Statements (acc. to IFRS)

Consolidated Statement of Comprehensive Income

Consolidated Income Statement

€'000	Notes	01/01 - 30/06/2020	01/01 - 30/06/2019
Net interest income	(1)	89,748	74,346
Interest income calculated according to the effective interest method*		139,090	131,940
Interest income not calculated according to the effective interest method*		72,017	98,563
Interest expense calculated according to the effective interest method*		(61,001)	(70,075)
Interest expense not calculated according to the effective interest method*		(60,357)	(86,082)
Net fee and commission income	(2)	27,981	29,364
Fee and commission income		42,115	42,360
Fee and commission expenses		(14,135)	(12,997)
Dividend income	(3)	168	1,967
Profit from equity-accounted investments	(4)	(217,041)	97,855
Depreciation, amortization, personnel and operating expenses	(5)	(108,199)	(108,065)
Profit/Loss from financial assets and liabilities	(6)	(41,244)	4,547
Of which profit/loss from financial assets at amortized cost		4,033	11,126
Profit/Loss from investments and non-financial assets	(7)	(10)	122
Net impairment loss/reversal of impairment to financial assets	(8)	(70,707)	6,212
Other operating profit/loss	(9)	(17,524)	(2,590)
Other operating income		26,705	27,140
Other operating expenses		(35,535)	(33,495)
Addition to or release of provisions		(8,693)	3,765
Profit for the period before tax		**(336,827)**	**103,758**
Income tax	(10)	22,447	1,584
Profit for the period after tax		**(314,380)**	**105,342**
Of which attributable to non-controlling interests		1	10
Of which attributable to equity owners of the parent		(314,381)	105,332

*) The presentation of the interest income and interest expense from derivatives in hedge accounting was adjusted in the second half of 2019 to allocate these items to the respective underlying transaction and thereby achieve a more precise economic presentation. The prior year data were adjusted to improve comparability (details are provided in Note (1) and in the Notes under "Restatement for changes in accounting policies").

Reconciliation to Consolidated Comprehensive Income

€'000	01/01 - 30/06/2020	01/01 - 30/06/2019
Profit for the period after tax	*(314,380)*	*105,342*
Items that will not be reclassified to profit or loss in later periods	***3,277***	*(7,115)*
Remeasurement of defined benefit pension plans	197	(5,530)
Fair value changes in equity instruments (through other comprehensive income)	(439)	95
Deferred taxes on items not reclassified to profit or loss	(259)	297
Proportional share of other comprehensive income from equity-accounted investments	3,776	(1,977)
Items that may be reclassified to profit or loss in later periods	***(113,108)***	*57,072*
Cash flow hedge reserve	(1,008)	(1,014)
Deferred taxes on items that may be reclassified to profit or loss	330	132
Proportional share of other comprehensive income from equity-accounted investments	(112,430)	57,954
Other comprehensive income	***(109,831)***	*49,957*
Consolidated comprehensive income	**(424,211)**	155,300
Of which attributable to non-controlling interests	1	10
Of which attributable to equity owners of the parent	(424,212)	155,290

*) The earnings effect in the current reporting period is based primarily on a foreign exchange effect in the material associate Raiffeisen Bank International (RBI).

Consolidated Balance Sheet

€'000	Notes	30/06/2020	31/12/2019
Cash, cash balances at central banks and other demand deposits	(11)	4,772,231	3,040,188
Financial assets held for trading	(12)	1,110,517	1,140,011
Derivatives		539,439	487,792
Other trading assets		571,078	652,219
Non-trading financial assets mandatorily at fair value through profit or loss	(13)	148,702	162,229
Financial assets at fair value through other comprehensive income	(14)	19,146	18,950
Financial assets at amortized cost	(15) (16)	20,111,573	20,033,364
Bonds		3,730,121	4,060,086
Loans and advances to other banks		2,707,810	2,648,319
Loans and advances to customers		13,667,206	13,312,952
Other assets		6,435	12,007
Derivatives - hedge accounting	(17)	466,093	405,674
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(18)	4,844	(3,922)
Interest in equity-accounted investments	(19)	2,227,326	2,585,515
Property and equipment	(20)	100,763	102,197
Investment property		2,293	2,451
Intangible assets	(21)	12,216	12,947
Deferred tax assets	(22)	16,157	259
Tax assets		146	107
Deferred tax assets		16,011	152
Other assets	(23)	118,544	104,248
Balance sheet assets		**29,110,406**	27,604,110

€'000	Notes	30/06/2020	31/12/2019
Financial liabilities held for trading	(24)	565,685	509,172
Derivatives		565,685	509,172
Financial liabilities measured at amortized cost	(25)	25,392,250	23,913,387
Deposits from other banks		8,619,384	7,684,088
Deposits from customers		8,994,049	8,971,709
Securitized liabilities		7,683,550	7,161,241
Other liabilities		95,267	96,349
Derivatives - hedge accounting	(26)	512,182	407,138
Provisions	(27)	119,550	120,457
Tax liabilities	(28)	3,315	7,687
Tax liabilities		3,315	2,664
Deferred tax liabilities		0	5,022
Other liabilities	(29)	427,464	132,649
Equity	(30)	2,089,960	2,513,620
Attributable to non-controlling interests		36	40
Attributable to equity owners of the parent		2,089,924	2,513,580
Balance sheet equity and liabilities		**29,110,406**	27,604,110

Consolidated Statement of Changes in Equity

€'000	Attributable to equity holders of the parent							
	Sub-scribed capital	Capital reserves	Retained earnings	Other compre-hensive income	Profit or loss attributable to equity owners of the parent	Equity attribute-able to owners of the parent	Non-control-ling interests	Total
Equity at 01/01/2019	*219,789*	*556,849*	*1,695,644*	*(416,535)*	*194,380*	*2,250,128*	*110*	*2,250,238*
Consolidated comprehensive income	0	0	0	49,957	105,332	155,289	10	155,300
Net profit/loss for the period	0	0	0	0	105,332	105,332	10	105,342
Other comprehensive income	0	0	0	49,957	0	49,957	0	49,957
Use of retained earnings	0	0	194,380	0	(194,380)	0	0	0
Dividends paid	0	0	(30,111)	0	0	(30,111)	(5)	(30,116)
Enterprise's interest in other changes in equity of equity-accounted investments	0	0	(5,972)	0	0	(5,972)	0	(5,972)
Equity at 30/06/2019	**219,789**	**556,849**	**1,853,942**	**(366,578)**	**105,332**	**2,369,335**	**114**	**2,369,449**
Equity at 01/01/2020	*219,789*	*556,849*	*1,844,625*	*(335,074)*	*227,391*	*2,513,581*	*40*	*2,513,620*
Consolidated comprehensive income	0	0	0	(109,831)	(314,381)	(424,212)	1	(424,211)
Net profit/loss for the period	0	0	0	0	(314,381)	(314,381)	1	(314,380)
Other comprehensive income	0	0	0	(109,831)	0	(109,831)	0	(109,831)
Use of retained earnings	0	0	227,391	0	(227,391)	0	0	0
Dividends paid	0	0	0	0	0	0	(5)	(5)
Enterprise's interest in other changes in equity of equity-accounted investments	0	0	556	0	0	556	0	556
Other changes	0	0	(82)	82	0	0	0	0
Equity at 30/06/2020	**219,789**	**556,849**	**2,072,489**	**(444,823)**	**(314,381)**	**2,089,924**	**36**	**2,089,960**

Consolidated Cash Flow Statement

€'000	Notes	01/01 - 30/06/2020	01/01 - 30/06/2019
Profit for the period after tax		***(314,380)***	*105,342*
Write-downs/(write-ups) of property and equipment and measurement of financial assets and equity investments		(83,494)	(135,459)
Profit from equity-accounted investments	(4)	217,041	(97,855)
Release of/addition to provisions and impairment allowances		80,742	(5,828)
(Gains)/losses on disposals of property and equipment and financial investments		(11,627)	(14,759)
Reclassification of net interest income, dividends and income taxes		(112,364)	(29,799)
Other adjustment (net)		(1,263)	5,897
Subtotal before change in assets/liabilities (operating)		***(225,346)***	*(172,461)*
Other demand deposits		(69,287)	(15,024)
Financial assets held for trading		47,334	(95,336)
Financial assets designated at fair value through profit or loss		11,926	2,621
Financial assets at amortized cost		(477,222)	(340,732)
Derivatives - hedge accounting		37,974	22,744
Other assets		(12,165)	7,143
Financial liabilities held for trading		52,187	181,079
Financial liabilities measured at amortized cost		1,465,532	329,374
Other provisions		(9,860)	(20,698)
Other liabilities		294,815	280,042
Interest received		209,238	246,227
Dividends received		33,316	71,217
Interest paid		(92,924)	(218,925)
Income taxes paid		119	(643)
Cash flow from operating activities		***1,265,636***	*276,626*
Cash receipts from sales of financial investments		551,224	216,987
Cash receipts from sales of property and equipment and intangible assets		251	924
Cash paid for financial investments		(140,194)	(169,064)
Cash paid for property and equipment and intangible assets		(1,595)	(614)
Cash flow from investing activities		***409,686***	*48,232*
Cash inflows from Tier 2 capital		313	138
Cash outflows from Tier 2 capital		(8,745)	(62,147)
Repayments from lease liabilities		(4,127)	(3,868)
Dividends paid		(5)	(30,116)
Cash flow from financing activities		***(12,564)***	*(95,993)*

€'000	01/01 - 30/06/2020	01/01 - 30/06/2019
Cash and cash equivalents at end of previous year	***915,352***	***1,230,702***
Cash flow from operating activities	1,265,636	276,626
Cash flow from investing activities	409,686	48,232
Cash flow from financing activities	(12,564)	(95,993)
Cash and cash equivalents at end of year	**2,578,110**	1,459,567

The following table reconciles cash and cash equivalents to the balance sheet position "cash, cash balances at central banks and other demand deposits" (also see Note 11).

€'000	30/06/2020	31/12/2019	30/06/2019
Cash	50,300	54,447	49,271
Balances with central banks	2,527,504	860,902	1,410,130
Other sight deposits from customers	306	2	166
Cash and cash equivalents	**2,578,110**	915,352	**1,459,567**
Other sight deposits from other banks	2,194,121	2,124,836	2,143,572
Total cash, cash balances at central banks and other demand deposits (Note 11)	**4,772,231**	3,040,188	3,603,139

The following transition calculation shows the development of Tier 2 capital and lease liabilities (reported on the balance sheet under “financial liabilities at amortized cost“) and their inclusion in the above cash flow statement.

€’000	At 01/01/2020	Initial application of IFRS 16	Cash changes	Non-Cash changes	At 30/06/2020
Tier 2 capital	601,748	0	(8,433)	7,564	600,879
Lease liabilities	94,802	0	(4,127)	2,850	93,525
Total	**696,550**	**0**	**(12,559)**	**10,414**	**694,405**

The comparative prior year data are shown below.

€’000	At 01/01/2019	Initial application of IFRS 16	Cash changes	Non-Cash changes	At 30/06/2019
Tier 2 capital	741,535	0	(62,009)	12,934	692,459
Lease liabilities	0	113,582	(3,868)	1,515	108,199
Total	**741,535**	**113,582**	**(65,877)**	**14,449**	**800,658**

Notes

General Information

These condensed consolidated interim financial statements of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) were prepared in agreement with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU.

The consolidated interim financial statements as of 30 June 2020 are in agreement with International Accounting Standard (IAS) 34, which defines the minimum content of an interim financial report and the accounting and measurement principles applicable to interim financial reporting. Accordingly, these consolidated interim financial statements should be read in connection with the consolidated financial statements for 2019 of RLB NÖ-Wien.

The preparation of interim financial reports involves judgments, estimates and assumptions that influence the recognition of assets and liabilities, the disclosure of contingent liabilities and the presentation of income and expenses. The exercise of judgment by management in applying the various accounting policies is also based on the goal defined for the consolidated financial statements, which is to provide meaningful information on the company's asset, financial and earnings positions as well as changes in the asset, financial and earnings positions in agreement with the applicable accounting standards. Apart from the treatment of circumstances and events resulting from the COVID-19 pandemic, these condensed consolidated interim financial statements are based on the same principles applied in preparing the consolidated financial statements as of 31 December 2019. Actual results may deviate from the estimated values.

All amounts are stated in thousands of euros (TEUR), unless indicated otherwise under a specific position. The tables and charts may include rounding differences. The changes shown in the tables are based on underlying data that is not rounded.

The number of consolidated subsidiaries and equity-accounted entities changed as follows during the reporting period.

Number of Entities	01/01 - 30/06/2020	01/01 - 30/06/2019	01/01 - 30/06/2020	01/01 - 30/06/2019
	Consolidated		Equity Method	
At 1 January	12	13	2	2
Changes during the period	0	0	0	0
At 30 June	**12**	13	**2**	2

No business combinations or disposals of operations were recognized during the first half of 2020.

As of 30 June 2020, there were no outstanding legal disputes which could endanger the continued existence of RLB NÖ-Wien as a going concern.

This interim financial report was neither audited nor reviewed by a chartered accountant.

COVID-19 disclosures in the consolidated interim financial statements of RLB NÖ-Wien

The disclosure of information and the implications related to the COVID-19 pandemic are generally presented in the sections which contain the related content and were materially influenced by the crisis. The following sections and positions on the consolidated income statement and consolidated balance sheet are directed to, respectively significantly influenced by this subject:

- Accounting policies related to COVID-19 circumstances and events
- Note (4) Profit from equity-accounted investments
- Note (6) Profit/loss from financial assets and liabilities:
    - Profit/loss from financial assets and liabilities carried at fair value through profit or loss
    - Profit/loss from modifications
- Note (8) Net impairment loss/reversal of impairment to financial assets
- Note (16) Risk provisions includes a separate sub-section on COVID-19 as well as macroeconomic data and sensitivity analyses in connection with the determination of the expected credit loss
- Note (31) Risks arising from financial instruments (Risk Report) is presented in these consolidated interim financial statements as a separate and extensive section with COVID-19 as the central issue.

Significant Accounting Policies

Accounting policies related to COVID-19 circumstances and events

Government moratoria and individual measures

The enactment of a special accompanying act ("2. COVID-19-Justiz-Begleitgesetz") by the Austrian Parliament gave consumers and micro-entrepreneurs the opportunity to defer principal and interest payments which become due between 1 April 2020 and 31 October 2020 for a period of seven months when servicing the loan cannot be reasonably expected due to the COVID-19 pandemic and the involved risk position existed prior to the outbreak of the pandemic. This legal regulation created a three-month extension for terms which would have ended on 30 June 2020. It is based on an "opt-in model", i.e. customers must actively request a payment deferral from the bank. In addition, RLB NÖ-Wien is giving involved customers the opportunity to adjust their contracts at a bilateral level (so-called voluntary deferral measures). The borrower is therefore not considered to be in default during the period in which payments are deferred.

Government moratoria as well as voluntary concessions lead to a change in the contractual payment flows from the underlying assets. The significant accounting policies described in the consolidated financial statements as of 31 December 2019 on the modification of contractual payment flows from debt instruments which are not carried at fair value through profit or loss remain valid in this connection. The modification results from government moratoria and individual measures are reported under "Profit/loss from modifications (see Note (6) Profit/loss from financial assets and liabilities) and are presented separately in this section. The changes in contractual payment flows are evaluated according to qualitative and quantitative criteria – by way of a present value comparison – to determine whether the modifications are substantial. Substantial modifications lead to the derecognition of the existing financial instrument and the recognition of a new, adjusted financial instrument. Since most of the COVID-19-related contract changes are temporary deferrals, they generally do not have any substantial present value effects that would result in derecognition.

Deferral measures are not automatically viewed as a trigger in evaluating a significant increase in the credit risk (SICR) but are assessed on an individual basis. RLB NÖ-Wien also applies the defined qualitative and quantitative evaluation criteria and thresholds to the stage allocation in connection with COVID-19 measures. Additional details on the determination of the expected credit losses is provided in Note (16) Risk provisions and in the Risk Report (see Note (31) Risks arising from financial instruments).

Government guarantees

The COVID-19 support measures include various programmes that are designed to counter the economic downturn and stabilize the economy through payment guarantees by public legal entities. RLB NÖ-Wien has granted government-guaranteed bridge loans in connection with the COVID-19 crisis (among others to ÖHT/Österreichische Hotel- und Tourismusbank, aws/Austria Wirtschaftsservice Gesellschaft mbH, COFAG/COVID-19 Finanzierungsagentur des Bundes GmbH), which are recognized as independent financial instruments. The financial guarantees for these newly granted loans are accounted for as an integral part of the financial instruments and not recognized separately. The value of the guarantee has no influence on whether there is a significant increase in the credit risk but does affect the amount of the expected credit losses. Additional details on COVID-19 bridge financing is provided in the Risk Report (see Note (31) Risks arising from financial instruments).

Restatement for changes in accounting policies

Net interest income

The presentation of the interest income and interest expense from derivatives in hedge accounting was adjusted during the second half of 2019 in accordance with IAS 8.14b; these items were allocated to the respective underlying transaction in order to achieve a more precise economic presentation. The prior year data were adjusted to improve comparability. A total of TEUR 69,989 was reclassified from interest income to interest expense in the second half of 2019. The interest result from derivatives in hedge accounting was allocated to interest income or interest expense for the underlying transaction based on the effective interest method. The following table reconciles interest result from the prior period.

Net interest income €'000	**01/01 - 30/06/2019**	**Restatement**	**01/01 - 30/06/2019 after restatement**
Interest income calculated according to the effective interest method	160,138	(28,198)	131,940
Interest income not calculated according to the effective interest method	140,354	(41,791)	98,563
Total interest income	*300,492*	*(69,989)*	*230,503*
Interest expense calculated according to the effective interest method	(111,665)	41,590	(70,075)
Interest expense not calculated according to the effective interest method	(114,481)	28,399	(86,082)
Total interest expenses	*(226,146)*	*69,989*	*(156,157)*
Net interest income	**74,346**	**0**	**74,346**

Application of new and revised standards and interpretations

The following new or revised standards and interpretations are effective for financial years beginning on or after 1 January 2020 and were reported in the consolidated financial statements for 2019. The following section explains the changes which have an effect on RLB-NÖ-Wien or which were announced during the first half of 2020.

IFRS 9/IAS39/IFRS7 Interest rate benchmark reform

Changes from the first phase of the "Interest Rate Benchmark" project – which provide for temporary relief in connection with specific accounting requirements, changes and assumptions for prospective assessments, effectiveness tests based on IAS 39 and IFRS 9 as well as the identification of risk components and additional disclosures under IFRS 7 – are applicable to financial years beginning on or after 1 January 2020. Phase 2 of the project (according to the IASB, applicable to financial years beginning on or after 1 January 2021) deals with the modification of primary financial instruments, additional issues and practical expedients for hedge accounting as well as new disclosure requirements for the risks arising from the IBOR reform. Earlier application is not planned. RLB NÖ-Wien is organizing and implementing the necessary process, IT and technical adjustments resulting from the application of the new benchmarks within the framework of an ongoing, interdepartmental bank project. Cleared derivatives and collateral accounts were successfully converted at the beginning of the second half-year and have a material effect on earnings. Compensation payments for valuation changes are recorded under the applicable fair value and, for hedged derivatives, treated as part of the ineffectiveness. The gradual adjustment of bilateral contracts and conversion of the derivatives concluded under the contracts with the counterparties is planned during this year.

IFRS 16 Accounting treatment of concessions resulting from the coronavirus pandemic

(Retrospective application planned for reporting periods beginning on or after 1 June 2020, EU endorsement open)

The changes create a practical expedient for lessees not to assess whether rent concessions granted in connection with the coronavirus pandemic (e.g. rental-free periods or temporary rental reductions) represent lease modifications. When the practical expedient is applied, the rent concessions are accounted for as if they were not lease modifications. These changes apply to rent concessions which reduce rents due on or before 30 June 2021 and have no effect on the consolidated financial statements of RLB NÖ-Wien.

Segment Reporting

01/01 - 30/06/2020 €'000	Retail/ Raiffeisen Association Services	Corporate Customers	Financial Markets	RBI	Raiffeisen Association	Other equity investments	Other	Total
Net interest income	26,927	64,625	22,974	(24,275)	0	(503)	0	89,748
Net fee and commission income	25,051	6,930	(5,715)	0	1,716	0	0	27,981
Dividend income	55	0	0	0	0	113	0	168
Profit from equity-accounted investments	0	0	(3,512)	(213,529)	0	0	0	(217,041)
Depreciation, amortization, personnel and operating expenses	(60,798)	(26,378)	(6,834)	(1,121)	(12,908)	(159)	0	(108,199)
Profit/Loss from financial assets and liabilities	211	(8,505)	(33,487)	0	536	0	0	(41,244)
Profit/Loss from investments and non-financial assets	0	6	0	0	0	(16)	0	(10)
Net impairment loss/reversal of impairment to financial assets	(12,432)	(58,470)	195	0	0	0	0	(70,707)
Other operating profit/loss	788	(10,480)	(5,014)	(220)	10,411	43	(13,052)	(17,524)
Profit for the period before tax	**(20,198)**	**(32,272)**	**(31,393)**	**(239,145)**	**(245)**	**(522)**	**(13,052)**	**(336,827)**
Income tax	(390)	(187)	0	0	0	(15)	23,039	22,447
Profit for the period after tax	**(20,588)**	**(32,459)**	**(31,393)**	**(239,145)**	**(245)**	**(537)**	**9,987**	**(314,380)**
Av. allocated capital (in EUR mill.)	219	874	770	425	0	14	0	2,302
Return on equity before tax	-	-	-	-	-	-	-	-
Cost/Income Ratio (incl. at equity)	> 100%	43.2%	-	1.9%	> 100%	-	-	72.7%

The comparative prior year data are as follows:

01/01 - 30/06/2019 €'000	Retail/ Raiffeisen Association Services	Corporate Customers	Financial Markets	RBI	Raiffeisen Association	Other equity investments	Other	Total
Net interest income	29,662	60,726	8,830	(24,721)	0	(151)	0	74,346
Net fee and commission income	25,818	6,501	(4,856)	0	1,901	0	0	29,364
Dividend income	100	1,844	0	0	0	23	0	1,967
Profit from equity-accounted investments	0	0	22,380	75,475	0	0	0	97,855
Depreciation, amortization, personnel and operating expenses	(61,852)	(25,675)	(7,691)	(440)	(12,307)	(100)	0	(108,065)
Profit/Loss from financial assets and liabilities	673	923	2,320	0	631	0	0	4,547
Profit/Loss from investments and non-financial assets	0	(8)	0	0	0	130	0	122
Net impairment loss/reversal of impairment to financial assets	878	7,813	(2,479)	0	0	0	0	6,212
Other operating profit/loss	4,366	(3,127)	(4,191)	(96)	9,692	75	(9,309)	(2,590)
Profit for the period before tax	(355)	48,997	14,313	50,218	(83)	(23)	(9,309)	103,758
Income tax	(291)	(138)	0	0	0	(9)	2,022	1,584
Profit for the period after tax	(646)	48,859	14,313	50,218	(83)	(32)	(7,287)	105,342
Av. allocated capital (in EUR mill.)	274	737	754	528	0	17	0	2,310
Return on equity before tax	-	13.4%	3.8%	19.2%	-	-	-	9.0%
Cost/Income Ratio (incl. at equity)	> 100%	38.4%	31.4%	0.4%	> 100%	> 100%	-	41.6%

Segment Reporting

Segment reporting is based on internal management performance calculations in the form of a multi-level contribution margin income statement. Income and expenses are allocated according to their origin. Income includes net interest income, net fee and commission income, net trading income and other operating profit/(loss). Net interest income is calculated on a market interest rate basis. The interest income from equity is determined by applying a theoretical interest rate, it is then allocated to the segments in accordance with regulatory capital requirements and presented under net interest income. The impairment allowances in the credit business include the net new creation of impairment allowances for credit risks and direct write-offs as well as the income from loans and advances previously written off. General administrative expenses include direct and indirect costs. Direct costs (staff costs and other administrative expenses) are the responsibility of the individual business segments, while indirect costs are assigned according to predefined allocation keys.

The segments are presented as independent companies with a separate capital base and profit responsibility. The basis for the definition of the individual segments is their responsibility for servicing the various customer groups of RLB NÖ-Wien.

The segments are presented as follows in accordance with IFRS 8:

- The Retail/Raiffeisen Association Segment includes the retail business in Vienna.

  This target group covers private individuals, small and medium-sized businesses and self-employed persons. The offering for personal and business banking customers consists primarily of standardized products like passbook accounts, savings deposits, time deposits, current and salary accounts, personal loans, overdrafts, mortgages and other special purpose loans.

- The Corporate Clients Segment covers business with corporate customers, special business and projects as well as transaction banking.

  This segment provides traditional credit services for corporate customers, corporate finance (project and investment financing, acquisition financing and property financing), trade and export financing, documentation services and financing for local authorities and financial institutions.

  Traditional credit services include working capital, investment and trade financing with a wide variety of financing instruments (e.g. current account loans, cash advances, direct loans, factoring, venture capital).

  Transaction Banking and Sales Management is responsible for processing export loans and foreign investments (e.g. export loans from export funds and Oesterreichische Kontrollbank as well as OeKB equity loans) as well as the structuring and settlement of letters of credit, collections and guarantees for Austrian and international clients. In addition, this department handles relations with correspondent banks (financial institutions) and international corporate customers.

  The activities of the Corporate Finance Department cover project and investment financing (specially tailored financing for specific business projects) in the Group's core market and a full range of subsidized credit products. Transactions are also carried out jointly with the European Investment Bank (EIB) and Kreditanstalt für Wiederaufbau (KfW).

- The Financial Markets Segment is responsible for the Group's treasury activities, above all earnings from the management of the banking book (maturity transformation) and trading book as well as the results of liquidity management.

The Treasury Department manages the Group's positions in on-balance sheet (e.g. money market deposits) and off-balance sheet interest rate- and currency-based products (forwards, futures and options). Included here are interest rate and foreign currency contracts, liquidity management and asset/liability management (maturity transformation). This department is also responsible for managing the RLB NÖ-Wien portfolios of bonds, funds and short-term and long-term alternative investments (combinations of securities products and derivatives).

Financial instrument trading is organized centrally and subject to strictly controlled limits. All proprietary trading is reported in this segment, while profit contributions from treasury transactions for customers are allocated to the other segments. The portion of the earnings contribution that exceeds the market price is allocated to the customer segments.

- The Raiffeisen Bank International Segment comprises the earnings contribution from RBI, incl. allocated refinancing and administrative costs. It also includes the investment in the RBI Group, which is carried at equity, with its related activities in Central and Eastern Europe.

- The Raiffeisen Association Segment includes the services provided by RLB NÖ-Wien AG for the Raiffeisen Association (Raiffeisen banks).

- The Other Investments Segment includes a portfolio of equity investments in banks and other financial institutions. The respective dividend income, refinancing costs and a proportional share of administrative expenses are allocated to this segment.

- The Other Segment only includes the limited expenses which cannot be allocated to one of the other segments, e.g. the special payment for the bank levy.

The RLB NÖ-Wien Group uses two central management benchmarks:

Return on equity represents the ratio of profit before tax to the average capital employed and shows the return on the capital used by the respective segment.

The cost/income ratio shows the cost efficiency of the individual segments. It is calculated by dividing general administrative expenses by operating profit/(loss) (incl. profit/(loss) from financial investments and associates and excl. impairment losses and impairment allowances).

Details on the Consolidated Income Statement

(1) Net interest income

Net interest income includes interest income and expenses as well as all similar recurring and non-recurring income and expenses. Interest and similar income, respectively expenses, are calculated according to the effective interest method and accrued accordingly. Negative interest on loans and advances to customers and other banks are included under interest and similar expenses, while positive interest on non-derivative financial liabilities from the banking business are included under interest and similar income and reported under net interest income.

Interest income includes interest income of TEUR 2,066 (H1 2019: TEUR 1,994) from impairment-adjusted loans and advances to customers and other banks.

€'000	01/01 - 30/06/2020	01/01 - 30/06/2019
Interest income		
Financial assets held for trading	70,335	96,794
Non-trading financial assets mandatorily at fair value through profit or loss	1,682	1,769
Financial assets carried at amortized cost - incl. related derivatives (interest rate risks)*	133,187	125,634
Other assets	92	0
Negative interest from liabilities	5,811	6,306
Total interest income	***211,107***	*230,503*
Interest expenses		
Financial liabilities held for trading	(60,357)	(86,082)
Financial liabilities carried at amortized cost - incl. related derivatives (interest rate risks)*	(45,026)	(57,086)
Other liabilities	(6,641)	(6,916)
Negative interest from financial assets	(9,335)	(6,073)
Total interest expenses	***(121,358)***	*(156,157)*
Net interest income	**89,748**	74,346

*) The presentation of the interest income and interest expense from derivatives in hedge accounting was adjusted in the second half of 2019 to allocate these items to the respective underlying transaction and thereby achieve a more precise economic presentation. The prior year data were adjusted to improve comparability (reclassification of TEUR 69,989 from interest expense to interest income in the first half of 2019; also see the section on "Restatement for changes in accounting policies" in the Notes).

(2) Net fee and commission income

Net fee and commission income covers the income and expenses to which the company is legally entitled for the provision of services. Fee and commission income from the credit business consists primarily of liability remuneration, commission income from securities and custodial and brokerage fees. Fee and commission expenses from the credit business consist chiefly of liability remuneration in connection with cover pool collateral. The fees arising from financial instruments which are carried at amortized cost and represent part of effective interest are recognized to net interest income over the respective term.

€'000	01/01 - 30/06/2020	01/01 - 30/06/2019
Securities	4,683	3,376
Custody business	4,006	3,899
Services for payment transactions	13,917	14,866
Brokerage commissions	6,757	7,473
Credit business	3,738	3,322
Other fee and commission income	9,015	9,425
Fee and commission income	***42,115***	*42,360*
Securities	(1,945)	(1,030)
Custody business	(547)	(601)
Services for payment transactions	(2,512)	(2,593)
Credit business	(6,372)	(5,585)
Other fee and commission expenses	(2,759)	(3,189)
Fee and commission expenses	***(14,135)***	*(12,997)*
Net fee and commission income	**27,981**	29,364

(3) Dividend income

This position includes the dividend income from securities and the income from unconsolidated company shares and investments. In accordance with IFRS 9.5.7.1A, dividends are recognized to profit or loss when there is a legal entitlement to receive payment.

€'000	01/01 - 30/06/2020	01/01 - 30/06/2019
Non-trading financial assets designated at fair value through profit or loss	5	1,867
Financial assets at fair value through other comprehensive income	164	100
Dividend income	**168**	1,967

(4) Profit from equity-accounted investments

The profit from equity-accounted investments represents the proportional share of profit or loss from the associates and equity-accounted investments in Raiffeisen Bank International AG (RBI) and Raiffeisen Informatik GmbH which flow into the consolidated financial statements of RLB NÖ-Wien.

€'000	01/01 - 30/06/2020	01/01 - 30/06/2019
Profit/loss from companies accounted for at equity	79,959	151,855
Revaluation gains/(losses) on equity-accounted investments	(297,000)	(54,000)
Profit from equity-accounted investments	**(217,041)**	97,855

The negative revaluation results of TEUR 297,000 (H1 2019: TEUR 54,000) are attributable to an impairment loss recognized to the investment in RBI.

The recoverable amount as of 31 December 2019 was determined as the value in use and resulted in the recognition of an impairment loss. An overall assessment of events as of 30 June 2020 provided objective indications of impairment as defined in IAS 28.41A to 28.41C in connection with IAS 36.12, which led to signs of a lower fair value. The equity-accounted investment in RBI was therefore tested for impairment as of 30 June 2020.

In accordance with IAS 36.114 in connection with IAS 36.18, the determining factor for impairment was the recoverable amount as the higher of the value in use and fair value less selling costs; this amount was compared with the at-equity carrying amount of the RBI investment. The RBI share was quoted at EUR 15.86 on 30 June 2020 (31 December 2019: EUR 22.39/share). The recoverable amount was determined as a value in use based on the present value of the expected cash flows (dividend discount model). The cash flows were derived from five-year forecasts which were valid at the time the impairment test was carried out. The cash flows realizable from the RBI investment were discounted with an average, risk-adjusted capitalization rate of 11.56% (31 December 2019: 10.91%). The decline in the value in use since 31 December 2019 is attributable to the change in the discount rate and, above all, to the reduced cash flow expectations for RBI over the coming years due to the COVID-19 crisis.

A comparison of the resulting value in use with the carrying amount led to the recognition of an impairment loss of TEUR 297,000 (H1 2019: TEUR 54,000) to the equity-accounted investment in RBI.

Potential valuation uncertainty related to key forecast assumptions – such as foreign exchange rates, risk costs, the cost-income ratio, sustainable earnings expectations and valuation parameters (e.g. the discount rate) – were evaluated as best as possible by management on the basis of sensitivity analyses and compared with externally available market data for plausibility where possible. The sensitivity analysis of the value in use included parameters for the change in valuation-relevant cash flows, the interest rate (market return) and the return on equity (terminal value, RoE TV).

A change of +/- 10% in all valuation-relevant cash flows leads to a change of approximately +/-10% in the value in use (31 December 2019: +/- 10%). A change of +/- 50 basis points in the market return would lead to a change of approximately -8.6%, respectively +10.2% (31 December 2019: -8.4% and +9.9%). An increase or decrease of 100 basis points in the RoE TV would have an impact of roughly +1.4%, respectively -1.7% on the value in use (31 December 2019: +1.5% and -1.8%). Every sensitivity and the related effect were calculated separately under the assumption that all other parameters remained unchanged.

The differences between the value in use and the market price are attributable to the generally weak demand for European bank stocks, negative reports over relevant markets (i.e. Russia), the complexity of the business model and the high illiquidity of the share.

(5) Depreciation, amortization, personnel and operating expenses

€'000	01/01 - 30/06/2020	01/01 - 30/06/2019
Write-downs of property, equipment and intangible assets	(7,166)	(6,241)
Staff costs	(48,098)	(48,522)
Other administrative expenses	(52,935)	(53,303)
Depreciation, amortization, personnel and operating expenses	**(108,199)**	(108,065)

(6) Profit/loss from financial assets and liabilities

The profit/loss from financial assets and liabilities includes all realized profits and losses as well as the results from the valuation of financial instruments.

€'000	01/01 - 30/06/2020	01/01 - 30/06/2019
Profit/loss from financial assets and liabilities not carried at fair value through profit or loss	***4,016***	*10,684*
Financial assets at amortized cost	4,033	11,126
Bonds	3,934	11,126
Other loans and advances	99	0
Financial liabilities measured at amortized cost	(17)	(442)
Profit/loss from financial assets and liabilities held for trading	***(40,216)***	*(8,310)*
Derivatives	(48,683)	(30,783)
Equity instruments	(1)	(81)
Bonds	8,468	22,554
Profit / loss from financial assets not held for trading, mandatorily at fair value	***(5,124)***	*1,554*
Equity instruments	(1,551)	71
Bonds	(50)	0
Other loans and advances	(3,523)	1,483
Profit/Loss from modifications	***(956)***	*0*
Profit / loss from hedge accounting	***(1,007)***	*(1,525)*
Foreign exchange transactions	***2,044***	*2,143*
Profit/Loss from financial assets and liabilities	**(41,244)**	4,547

Profit/loss from financial assets and liabilities not carried at fair value through profit or loss

The profit/loss from financial assets and liabilities carried at amortized cost include realized gains and losses from assets and liabilities. The sales of assets carried at amortized cost reflect the "hold to collect" business model applied by RLB NÖ-Wien. These sales are monitored with regard to frequency and on the basis of internally defined eligibility limits for the individual portfolio volumes and the realized results. Positive and negative results are not offset but evaluated on an individual transaction basis.

The profit/loss from financial assets and liabilities carried at amortized cost include realized gains and losses from the sale of bonds (TEUR 3,934; H1 2019: TEUR 11,126) and from the derecognition of loans and advances (TEUR 99; H1 2019: TEUR 0) as well as results from the repurchase or premature redemption of securities issued by RLB NÖ-Wien (TEUR -17; H1 2019: TEUR -442). The gains and losses from the sale of bonds carried at amortized cost result from sales under the "hold to collect" business model.

Profit/loss from financial assets and liabilities carried at fair value through profit or loss

The profit/loss from financial assets and liabilities carried at fair value through profit or loss or held for trading was influenced by the effects of the COVID-19 pandemic in the first half of 2020. The widening of spreads as a result of the crisis led, on the one hand, to negative trading results and high valuation losses from the securities position and, on the other hand, affected the valuation of loans and advances carried at fair value through profit or loss. Moreover, the downward trend in interest rates during the first half-year led to negative valuation effects in the derivatives area.

Profit/loss from modifications

The profit/loss from modifications shows the income and expenses which resulted from the adjustment of contractual cash flows. In the first half of 2020, the results of these modifications totalled TEUR -956 (H1 2019: TEUR 0). The following table shows the amortized cost before the changes to the modified financial instruments which did not lead to derecognition according to qualitative and quantitative criteria. This table also includes the profit/loss on modifications classified by their current assignment according to the impairment logic. Modified financial instruments with a pre-modification carrying amount of TEUR 2,202 (H1 2019: TEUR 0) and a modification effect of TEUR -7 (H1 2019: TEUR 0) which were assigned to Stage 2 or 3 are now assigned to Stage 1.

The share of the modification loss attributable to the COVID-19-related measures equals TEUR -675, whereby TEUR -626 resulted from individual measures and TEUR -49 from government moratoria.

The following table shows the modification effects for the current reporting period and as of 30 June 2020.

€'000	Stage 1	Stage 2-3	Total
Modification effect from financial assets	(46)	(910)	(956)
Carrying amount before modification of financial assets	500,525	550,860	1,051,386

The comparative data for 2019 and as of 31 December 2019 are as follows.

€'000	Stage 1	Stage 2-3	Total
Modification effect from financial assets	98	2	100
Carrying amount before modification of financial assets	42,001	4,443	46,444

Profit/loss from hedge accounting

The profit/loss from hedge accounting shows the ineffectiveness in the hedges recognized by RLB NÖ-Wien (TEUR -1,007; H1 2019: TEUR -1,525). This amount includes TEUR -46,832 (H1 2019: TEUR -13,794) from the measurement of hedging derivatives and TEUR 45,825 (H1 2019: TEUR 12,269) from changes in the carrying amounts of the underlying transactions within the framework of hedge accounting. Additional details on hedge accounting are provided under Note (33) Hedge accounting.

(7) Profit/loss from investments and non-financial assets

This position shows the profit/loss on the derecognition or impairment of non-financial assets as well as the derecognition of rights of use following the termination of rental and operating leases. There were no such results from investments (deconsolidation effects) in the first half of 2020 or the first half of 2019.

€'000	01/01 - 30/06/2020	01/01 - 30/06/2019
Profit/loss from the derecognition of non-financial assets	105	122
Impairment losses or reversals of impairment losses to non-financial assets	(115)	0
Profit / loss from investments and non-financial assets	**(10)**	122

(8) Net impairment loss / reversal of impairment to financial assets

This position covers all income and expenses arising from valuation adjustments to financial instruments carried at amortized cost. The income and expenses related to other credit risks which were accounted for through provisions are included under other operating profit/loss. Additional details on the risk provisions are provided under Note (16) Risk provisions.

Note (16) also includes additional information on the negative development of impairment losses which resulted primarily from the COVID-19 crisis and on the EUR 31 million increase in impairment losses that resulted from the complete write-off of a liability in the first half of 2020.

€'000	01/01 - 30/06/2020	01/01 - 30/06/2019
Net impairment loss/reversal of impairment to financial assets at amortized cost	(70,707)	6,212
Bonds	69	(887)
Loans and advances	(70,783)	7,100
Trade receivables	7	0
Net impairment loss/reversal of impairment to financial assets	**(70,707)**	**6,212**

(9) Other operating profit/loss

Other operating profit/(loss) includes the results from the service and real estate subsidiaries and, among others, the income and expenses from non-banking activities. It also includes the annual contribution to the bank levy and settlement fund, the expenses arising from damages and the actual and uncertain obligations arising from compensation for damages related to potential customer complaints.

The negative results from the addition to or release of provisions consist primarily of provisions for obligations and guarantees given and are influenced to a significant degree by the COVID-19 crisis. Additional details are provided under Note (16).

Other expenses also include costs of TEUR 2,300 for the replenishment of the deposit security fund in connection with incidents which occurred in 2020. It represents one-fifth of the total replenishment amount that will result from these incidents, unless further outflows occur at a later date.

€'000	**01/01 - 30/06/2020**	**01/01 - 30/06/2019**
Other operating income	*26,705*	*27,140*
Revenue from service and real estate subsidiaries	12,881	14,451
Revenues from services provided to Raiffeisen banks	9,465	8,109
Other income	4,359	4,580
Other operating expenses	*(35,535)*	*(33,495)*
Bank levy	(13,350)	(12,916)
Resolution fund	(11,126)	(9,589)
Cost of materials and purchased services from service and real estate subsidiaries	(4,738)	(5,972)
Other expenses	(6,321)	(5,018)
Addition to or release of provisions	*(8,693)*	*3,765*
Other operating profit/loss	**(17,524)**	(2,590)

(10) Income tax

€'000	**01/01 - 30/06/2020**	**01/01 - 30/06/2019**
Current taxes	1,526	(1,115)
Deferred taxes	20,922	2,698
Income tax	**22,447**	1,584

Details on the Consolidated Balance Sheet

(11) Cash, cash balances at central banks and other demand deposits

€'000	30/06/2020	31/12/2019
Cash	50,300	54,447
Balances with central banks	2,527,504	860,902
Other demand deposits	2,194,427	2,124,838
Total	**4,772,231**	3,040,188

The cash balances at central banks include the statutory minimum reserve of TEUR 279,390 (2019: TEUR 272,772). This balance sheet position includes Stage 1 impairment losses of TEUR 1,567 (2019: TEUR 1,499).

(12) Financial assets held for trading

Derivatives that do not serve as hedging instruments in hedge relationships are assigned to this balance sheet position. Also included here are bonds which are held not to collect contractual cash flows, but to realize fair value in accordance with the underlying business model.

€'000	30/06/2020	31/12/2019
Derivatives	539,439	487,792
Bonds	571,078	652,219
Total	**1,110,517**	1,140,011

(13) Non-trading financial assets mandatorily at fair value through profit or loss

The equity instruments assigned to this valuation category consist entirely of investments which, according to their strategic focus, were not assigned to the category FVOCI (also see Note (14) Financial assets at fair value through other comprehensive income). The bonds, loans and advances to customers in this valuation category have contractual cash flows that do not consist entirely of interest and principal payments and must therefore be measured at fair value. Most of the equity instruments in this category are financial instruments with incongruent interest components.

€'000	30/06/2020	31/12/2019
Equity instruments	12,636	14,187
Bonds	942	991
Other loans and advances	135,125	147,051
Total	**148,702**	162,229

(14) Financial assets at fair value through other comprehensive income

These equity instruments consist primarily of investments in companies that provide ancillary services for banking operations or represent financial institutions. The optional presentation of the fair value changes in these instruments reflects the strategic focus. The equity instruments in this portfolio are not intended for sale over the long-term.

€'000	30/06/2020	31/12/2019
Equity instruments	19,146	18,950
Total	**19,146**	18,950

Dividends of TEUR 164 (2019: TEUR 100) were recognized from these equity instruments. There were no material sales from this asset category during the reporting period.

(15) Financial assets at amortized cost

This balance sheet position includes the debt instruments in the "hold to collect" business model which meet the cash flow criterion as well as the related risk provisions. Additional details are provided under Note (16) Risk provisions.

€'000	**30/06/2020**	**31/12/2019**
Bonds	***3,730,121***	***4,060,086***
Debt instruments from credit institutions	1,158,118	1,249,446
Debt instruments from customers	2,572,004	2,810,640
Other loans and advances	***16,375,016***	***15,961,270***
Loans and advances to other banks	2,707,810	2,648,319
Loans and advances to customers	13,667,206	13,312,952
Trade receivables	***6,435***	***12,007***
Total	**20,111,573**	20,033,364

(16) Risk provisions

The following tables provide detailed information on the development of impairment losses to loans and advances and to the bonds classified as financial assets at amortized cost. Details on the assessment, development and effects of the COVID-19 pandemic are provided in this section under "Calculation logic: 12-month ECL and lifetime ECL (Expected Credit Loss, "ECL")".

Impairment allowances for loans and advances to other banks, at amortized cost

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Opening balance sheet 01/01/2020	*3,571*	*0*	*670*	*0*	*0*	*4,242*
Increase due to new additions	3,637	0	0	0	0	3,637
Decreases due to disposals	(3,247)	0	0	0	0	(3,247)
Changes in credit risk	(391)	0	0	0	0	(391)
Foreign currency effects and other adjustments	(1)	0	0	0	0	(1)
Closing balance sheet 30/06/2020	**3,569**	**0**	**670**	**0**	**0**	**4,239**

The comparative prior year data are shown below:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Opening balance sheet 01/01/2019	2,600	0	670	0	0	3,270
Increase due to new additions	1,738	0	0	0	0	1,738
Decreases due to disposals	(1,006)	0	0	0	0	(1,006)
Changes in credit risk	932	0	0	0	0	933
Foreign currency effects and other adjustments	38	0	0	0	0	38
Closing balance sheet 30/06/2019	4,303	0	670	0	0	4,973

Impairment allowances for loans and advances to customers, at amortized cost

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Opening balance sheet 01/01/2020	*13,410*	*7,631*	*55,318*	*59,457*	*3,231*	*139,047*
Increase due to new additions	6,951	121	13	9	0	7,094
Decreases due to disposals	(428)	(379)	(537)	(459)	(91)	(1,893)
Changes resulting from reclassification between stages	(6,548)	4,298	2,115	135	0	0
Transfers to Stage 1	(7,599)	7,463	86	50	0	0
Transfers to Stage 2	1,009	(3,621)	2,052	560	0	0
Transfers to Stage 3	42	455	(23)	(475)	0	0
Changes in credit risk	17,387	13,936	29,021	6,644	127	67,115
Changes due to modifications, excl. disposal	0	0	(1)	(2)	0	(2)
Decreases due to use of impairment losses	0	0	(1,594)	(2,669)	0	(4,264)
Foreign currency effects and other adjustments	38	29	(33)	46	0	80
Closing balance sheet 30/06/2020	**30,810**	**25,637**	**84,302**	**63,161**	**3,267**	**207,177**

The comparative prior year data are shown below:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Opening balance sheet 01/01/2019	6,675	2,644	80,239	68,938	3,739	162,235
Increase due to new additions	1,571	217	0	0	0	1,787
Decreases due to disposals	(188)	(153)	(72)	(281)	0	(694)
Changes resulting from reclassification between stages	(3,061)	(2,420)	2,061	3,339	0	(82)
Transfers to Stage 1	(2,844)	375	807	1,541	0	(121)
Transfers to Stage 2	(217)	(2,860)	1,254	1,861	0	39
Transfers to Stage 3	0	64	0	(63)	0	1
Changes in credit risk	3,361	3,065	(8,969)	(223)	(397)	(3,163)
Decreases due to use of impairment losses	0	0	(12,384)	(6,193)	0	(18,577)
Foreign currency effects and other adjustments	(315)	12	335	107	1	140
Closing balance sheet 30/06/2019	8,043	3,364	61,211	65,686	3,343	141,647

The direct write-downs to loans receivable totalled TEUR -522 in the first half of 2020 (H1 2019: TEUR -1,156). Income, excluding the effects of changes in the risk provisions (e.g. income from loans receivable which were previously written off) amounted to TEUR 743 in the first half of 2020 (H1 2019: TEUR 6,674).

Impairment allowances for debt instruments issued by other banks, at amortized cost:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Opening balance sheet 01/01/2020	***1,169***	***0***	***0***	***0***	***0***	***1,169***
Increase due to new additions	225	0	0	0	0	225
Decreases due to disposals	(93)	0	0	0	0	(93)
Changes resulting from reclassification between stages	(15)	15	0	0	0	0
Transfers to Stage 1	(15)	15	0	0	0	0
Changes in credit risk	(289)	100	0	0	0	(189)
Foreign currency effects and other adjustments	4	0	0	0	0	4
Closing balance sheet 30/06/2020	**1,001**	**115**	**0**	**0**	**0**	**1,116**

The comparative prior year data are shown below:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Opening balance sheet 01/01/2019	*608*	*0*	*0*	*0*	*0*	*608*
Increase due to new additions	252	0	0	0	0	252
Decreases due to disposals	(58)	0	0	0	0	(58)
Changes in credit risk	220	0	0	0	0	220
Foreign currency effects and other adjustments	31	0	0	0	0	31
Closing balance sheet 30/06/2019	1,053	0	0	0	0	1,053

Impairment allowances for debt instruments issued by customers, at amortized cost:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Opening balance sheet 01/01/2020	*1,615*	*0*	*0*	*0*	*0*	*1,615*
Increase due to new additions	212	0	0	0	0	212
Decreases due to disposals	(220)	0	0	0	0	(220)
Changes in credit risk	(4)	0	0	0	0	(4)
Foreign currency effects and other adjustments	(4)	0	0	0	0	(4)
Closing balance sheet 30/06/2020	**1,599**	**0**	**0**	**0**	**0**	**1,599**

The comparative prior year data are shown below:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Opening balance sheet 01/01/2019	*992*	*0*	*0*	*0*	*0*	*992*
Increase due to new additions	125	0	0	0	0	125
Decreases due to disposals	(64)	0	0	0	0	(64)
Changes in credit risk	379	0	0	0	0	379
Foreign currency effects and other adjustments	4	0	0	0	0	4
Closing balance sheet 30/06/2019	1,436	0	0	0	0	1,436

Provision for granted commitments and financial guarantees

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	Total
Opening balance sheet 01/01/2020	***3,020***	***1,045***	***6,182***	***2,463***	***12,710***
Increase due to new additions	1,561	1	757	1	2,321
Decreases due to disposals	(438)	(195)	(109)	(377)	(1,119)
Changes resulting from reclassification between stages	(2,491)	2,734	(29)	(214)	0
Transfers to Stage 1	(2,605)	2,599	5	2	0
Transfers to Stage 2	97	(114)	3	14	0
Transfers to Stage 3	17	250	(38)	(229)	0
Changes in credit risk	4,031	5,834	(1,356)	60	8,569
Foreign currency effects and other adjustments	0	(3)	6	0	3
Closing balance sheet 30/06/2020	**5,683**	**9,417**	**5,452**	**1,932**	**22,484**

The comparative prior year data are shown below:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	Total
Opening balance sheet 01/01/2019	*1,422*	*549*	*8,124*	*2,629*	*12,724*
Increase due to new additions	513	142	253	167	1,075
Decreases due to disposals	(390)	(126)	(1,882)	(402)	(2,800)
Changes resulting from reclassification between stages	(107)	(2,271)	2,333	40	(6)
Transfers to Stage 1	(133)	77	0	16	(39)
Transfers to Stage 2	26	(2,351)	2,333	26	33
Transfers to Stage 3	0	2	0	(3)	0
Changes in credit risk	298	3,019	(3,097)	(737)	(516)
Foreign currency effects and other adjustments	(31)	23	16	(8)	0
Closing balance sheet 30/06/2019	1,705	1,336	5,748	1,689	10,477

Calculation logic: 12-month ECL and lifetime ECL (expected credit loss, "ECL")

RLB NÖ-Wien recognizes impairment losses for financial assets arising from debt instruments, with the exception of assets carried at fair value. Impairment losses are also recognized for off-balance sheet credit risks arising from financial guarantees and unused credit lines. These impairment losses are based on expected credit losses which reflect the following:

- An undistorted and probability-weighted amount that is based on various scenarios,
- the time value of money and
- plausible and comprehensible information on past events and current conditions as well as forecasts for future economic development which are available as of the valuation date.

An impairment allowance must be recognized for financial instruments which are classified under IFRS 9 at amortized cost (AC) or at fair value through other comprehensive income (FVOCI). This applies to loans and securities from the on-balance segment of the balance sheet as well as contingent liabilities and open credit commitments from the off-balance segment.

In accordance with the requirements of IFRS 9, financial instruments are measured according to the stage concept (Stages 1-3). The ECL for Stage 1 (good credit quality) and the lifetime ECL for Stage 2 (reduced credit quality) are calculated with complex models. These models utilize both historical and future-oriented information, in general based on the following formula: PD (probability of default) x LGD (loss given default) x EAD (exposure at default). The resulting expected credit losses are discounted back to the reporting date based on the effective interest rate.

Risk parameters under IFRS9

Segmentation

The credit risk-relevant assets held by RLB NÖ-Wien are allocated to appropriate portfolios. The parameters for the "high-default" portfolios are calculated at the portfolio level, while a more granular approach is applied to the "low-default" portfolios. In the portfolio for banks, a probability of default is calculated individually for each customer with the help of external data. The default probabilities for the "country" portfolio are calculated at the individual country level. Forecasted country default probabilities are used to derive PDs for all rating categories in order to assign reasonable PD curves to products with different credit ratings in the same country.

The LGD of the portfolios is estimated with the help of a component model, whereby a differentiation is made between the value of the underlying collateral and the LGD for the unsecured part. The CCF (credit conversion factor) model not only differentiates between the various customer groups, but also reflects the type of product.

Modelling

The multi-year PDs for the high-default portfolios were calculated with a continuous time Markov chain. Migration matrices were developed on the basis of rating information from the regulatory rating models and then used to determine the multi-year, through-the-cycle (TTC) default probabilities. These TTC-PD curves, together with future-oriented macroeconomic information, formed the basis for deriving the required point-in-time, future-oriented default probability.

The approaches applied to the low-default portfolios were based on external migration matrices with a subsequent PiT adjustment (country portfolio) or a direct PiT adjustment to the parameters relevant for rating (bank portfolio).

All point-in-time adjustments to the risk parameters (PD, LGD, CCF) were individually selected for the respective portfolio. Many different models were tested for this purpose, and the final model was selected from the best alternatives. The models are monitored regularly and validated annually. The results of the validation are translated into an action plan which is approved by management and subsequently implemented. This can lead to the adjustment of the models within the framework of the applicable modelling logic.

The exposure at default represents the amount expected to be outstanding at the time of default during the next 12 months (Stage 1) or over the remaining lifetime (Stage 2).

The calculation of this amount is based on the payment profile for the contractually agreed repayments. Early repayments which were not defined by the respective contract are included, if necessary, with a prepayment model. For open credit commitments, the exposure at default is calculated with a credit conversion factor (CCF) to develop the expected drawdown at the time of default.

Scenarios and macroeconomic, future-oriented information

All risk parameters were calculated for three different scenarios:

- “baseline“ scenario – the expected economic development
- “optimistic“ scenario – somewhat better than the expected economic development
- “pessimistic“ scenario – somewhat more negative than the expected economic development

The ECL is calculated separately for each scenario. The final ECL represents a probability-weighted average of the individual scenario ECLs. The probabilities of occurrence for the scenarios and the macroeconomic forecasts were supplied and quality-assured by Moody’s Analytics.

COVID-19 pandemic

The current macroeconomic forecasts prepared by Moody’s Analytics for Austria include specific information on the effects of the COVID-19 crisis and the related government reactions (short-time work, etc.). This information was used to develop the calculation parameters. Moody's Analytics provides specific country scenarios as well as optimistic and pessimistic projections. The scenarios presented by the ECB in June 2020 for the Eurozone were used as a benchmark, whereby analyses generally show a similar development. These forecasts map a long-term trend. There were no changes in the models, and the criteria used to allocate a transaction to a particular stage were also not adjusted.

The significant increase in the Stage 1 and 2 risk provisions over the levels on 31 December 2019 is primarily attributable to the COVID-19 pandemic and the related macroeconomic scenarios. In the tables on the development of the risk provisions, this information is provided on the line “changes in credit risk“. There were also substantial transfers from Stage 1 to Stage 2 during the reporting period, whereby the majority were related to COVID-19.

Since the applied, weighted scenarios reflect the effects of COVID-19, there was no need for additional post-model adjustments or management overlays. The previous weighting of the optimistic - pessimistic - baseline scenarios at 30%-40%-30% also proved to be suitable in analysing the COVID-19 crisis, and the weighting used as of 31 December 2019 was therefore retained.

The following table shows the estimates for key economic indicators in Austria under various scenarios and reflects the strong impact of the crisis. This data flows into the calculation of the PD, LGD und CCF credit risk parameters, in part in modified form.

Variable	Szenario	2020	2021	2022
GDP - annual growth in %	baseline	(6.56)%	4.74%	3.15%
	optimistic	(3.85)%	4.00%	2.90%
	pessimistic	(9.23)%	3.07%	3.49%
Unemployment rate	baseline	6.40%	5.62%	4.94%
	optimistic	6.33%	5.43%	4.72%
	pessimistic	6.57%	6.58%	6.05%
Inflation	baseline	(1.51)%	3.29%	2.34%
	optimistic	(0.72)%	3.91%	2.52%
	pessimistic	(2.56)%	1.97%	2.36%
Long-term yield (10-year interest rate)	baseline	(0.21)%	(0.17)%	0.07%
	optimistic	(0.13)%	0.46%	1.23%
	pessimistic	(0.26)%	(0.50)%	(0.46)%
Private consumption - annual growth rate	baseline	(5.443)%	4,075%	2,318%
	optimistic	(5.310)%	4,496%	2,719%
	pessimistic	(5.678)%	1,215%	2,305%

Short-term yield (3M Euribor)	baseline	(0.36)%	(0.43)%	(0.43)%
	optimistic	(0.37)%	(0.40)%	0.31%
	pessimistic	(0.07)%	(0.43)%	(0.43)%
Stock index (Euro Stoxx)	baseline	115.60	120.88	144.39
	optimistic	120.75	139.61	161.14
	pessimistic	100.69	88.22	118.70
Government spending - as a % of GDP	baseline	20.51%	20.11%	19.74%
	optimistic	20.00%	19.75%	19.48%
	pessimistic	21.29%	20.95%	20.51%
Export rate	baseline	60.33%	57.43%	58.26%
	optimistic	59.05%	57.75%	59.45%
	pessimistic	61.09%	55.64%	55.07%
Residential property prices - annual growth rate	baseline	(0.05)%	3.25%	3.30%
	optimistic	0.66%	4.87%	3.30%
	pessimistic	(2.28)%	1.13%	3.30%

Significant increase in credit risk (“staging“)

IFRS 9 provides a three-stage approach for developing the risk provision:

Stage 1: Transactions with no significant increase in the credit risk since inception. The risk provision is based on the one-year ECL.

Stage 2: Transactions with a provable, significant increase in the credit risk since inception. The ECL is based on the remaining term.

Stage 3: Transactions in default or impaired. The risk provision is based on the remaining term.

Determination of a "significant increase in the credit risk“

The determination of a "significant increase in the credit risk“ is based on several criteria, whereby a differentiation is made between qualitative and quantitative indicators.

Qualitative criteria

- 30 days overdue: A significant increase in the credit risk is assumed when customers have a material payment which is more than 30 days overdue.
- Forbearance: Customers designated as "forbearance“ (deferral, etc.) are considered to have a significant increase in credit risk.
- Watch list: The customer has appeared in the early warning process. This represents an indicator for a significant increase in the credit risk.

Quantitative criteria

- The current, PiT-adjusted, annualized PD has doubled in comparison with the PiT-adjusted, annualized PD on the lending date.
- The current, PiT-adjusted, annualized PD has increased by more than 0.5 percentage points in comparison with the PiT-adjusted, annualized PD on the lending date.

The staging model used by RLB NÖ-Wien designates an increase in the credit risk of a transaction as significant when either one (or more) of the qualitative criteria or both quantitative criteria have been met. The "low credit risk“ exemption in the form of an absolute threshold of 0.5 percentage points was applied: an increase in the credit risk of a transaction is not considered significant if the PD has doubled, but the increase in the absolute default probability is less than 0.5 percentage points.

Sensitivity analysis risk provision

The risk provision for Stage 1 and 2 financial assets (active portfolio) is calculated for three scenarios (optimistic – baseline – pessimistic) based on the expected credit loss (ECL) method and weighted at a ratio of 30%-40%-30%. In order to illustrate the sensitivity of the risk provision, the following table shows the effect on each of the three scenarios at a weighting of 100%.

€m	30/06/2020	100% optimistic	100% baseline	100% pessimistic
Risk provisions Stage 1&2	77.8	51.1	72.5	111.9

The comparative prior year data are shown below.

€m	31/12/2019	100% optimistic	100% baseline	100% pessimistic
Risk provisions Stage 1&2	31.5	28.7	29.2	37.6

The risk provision is calculated over a one-year ECL (Stage 1) or the lifetime ECL (Stage 2) depending on the stage of the financial asset. For the sensitivity analysis, the following table shows the effect on the amount of the risk provision which would occur if 100% of the active portfolio were transferred to Stage 1 or to Stage 2. However, the probability that one of these two scenarios would actually occur is extremely unlikely.

€m	30/06/2020	100% in Stage 1	100% in Stage 2
Risk provisions Stage 1&2	77.8	71.5	127.9

The comparative prior year data are shown below.

€m	31/12/2019	100% in Stage 1	100% in Stage 2
Risk provisions Stage 1&2	31.5	28.5	94.3

(17) Derivatives – hedge accounting

Derivative financial instruments are reported as hedging instruments when the conditions for hedge accounting under IFRS 9 are met. In the future, RLB NÖ-Wien will no longer hedge any payment flows through cash flow hedges. The cash flow hedge reserve is therefore being released through profit or loss over the remaining term of the variable-yield loans, advances and deposits during the period in which the cash flows from the underlying transactions influence the respective period results. Details on the recognized fair value hedges, underlying transactions, hedging instruments and hedged risks is provided in Note (33) Hedge accounting.

€'000	30/06/2020	31/12/2019
Fair value hedges	466,093	405,674
Positive fair values of derivative financial instruments from micro-fair value hedges	466,031	401,035
Positive fair values of derivative financial instruments from portfolio-fair value hedges	61	4,639
Fair value hedges	**466,093**	405,674

(18) Fair value changes in the underlying transactions for portfolio hedges of interest rate risks

RLB NÖ-Wien has applied hedge accounting to hedge the fair value of a portfolio against interest rate risks as defined in IAS 39.AG114-AG132 since the 2019 financial year. Additional details can be found in Note (33) Hedge accounting.

€'000	30/06/2020	31/12/2019
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	**4,844**	(3,922)

(19) Interest in equity-accounted investments

This balance sheet position includes the shares in the following equity-accounted companies:

- Raiffeisen Bank International AG, Vienna (A)
- Raiffeisen Informatik GmbH & Co KG, Vienna (A)

Management has classified RBI as a significant associate: RLB NÖ-Wien is the primary shareholder of RBI since it holds 22.66% of that company's shares. RBI is the leading institution in the Raiffeisen banking group Austria and offers numerous services for its members. It holds and coordinates the individual Raiffeisen institutions' minimum reserve and statutory liquidity reserve and provides support for liquidity management.

€'000	30/06/2020	31/12/2019
Interest in equity-accounted investments	**2,227,326**	2,585,515

(20) Property and equipment

€'000	30/06/2020	31/12/2019
Property and equipment	***13,675***	*14,690*
Land and buildings - own use	2,583	2,694
Other property and equipment	10,975	11,880
IT hardware	117	116
Usage rights	***87,088***	*87,507*
Usage rights for land and buildings	86,507	86,896
Usage rights for autos and other tangible assets	581	611
Total	**100,763**	102,197

(21) Intangible assets

€'000	30/06/2020	31/12/2019
Purchased software and licenses	12,216	12,947
Total	**12,216**	12,947

(22) Tax assets

Deferred taxes have been measured since 2019 at the rate resulting from the surplus of temporary differences in the individual years (see the section on income tax under Significant Accounting Policies in the Notes to the consolidated financial statements as of 31 December 2019). As of 30 June 2020, deferred tax assets were also capitalized according to this method. An analysis of the measurement of deferred taxes in connection with the COVID-19 crisis indicated that this valuation method is appropriate and, consequently, no adjustments to the measurement were required.

€'000	**30/06/2020**	31/12/2019
Tax assets	146	107
Deferred tax assets	16,011	152
Total	**16,157**	259

(23) Other assets

Other assets include trust receivables related to the federal and provincial IPS (Institutional Protection Scheme), as well as receivables from the group tax charge and security deposits.

€'000	**30/06/2020**	31/12/2019
Trust receivables - federal and provincial IPS	36,710	37,369
Deposits	28,977	28,977
Prepayments made and accrued income	1,059	80
Semi- and finished goods/unfinished goods/inventories	1,145	1,505
Receivables from other taxes and duties	1,069	1,152
Miscellaneous other assets	49,583	35,163
Total	**118,544**	104,248

(24) Financial liabilities held for trading

This balance sheet position consists entirely of derivatives which do not serve as hedging instruments in hedge relationships.

€'000	30/06/2020	31/12/2019
Derivatives	565,685	509,172
Total	**565,685**	509,172

(25) Financial liabilities at amortized cost

€'000	30/06/2020	31/12/2019
Deposits from other banks	8,619,384	7,684,088
Demand deposits	3,745,111	3,635,704
Time deposits	4,874,273	4,048,384
Deposits from customers	8,994,049	8,971,709
Sight deposits	6,473,669	6,596,231
Time deposits	1,105,192	933,028
Savings deposits	1,415,188	1,442,451
Securitized liabilities	7,683,550	7,161,241
Issued bonds	7,082,670	6,559,492
Tier 2 capital	600,879	601,748
Other liabilities	95,267	96,349
Lease liabilities	93,525	94,802
Trade payables	1,743	1,547
Total	**25,392,250**	23,913,387

(26) Derivatives – hedge accounting

€'000	30/06/2020	31/12/2019
Fair value hedges	512,182	407,138
Negative fair values of derivative financial instruments from micro-fair value hedges	512,182	407,138
Total	**512,182**	407,138

(27) Provisions

€'000	30/06/2020	31/12/2019
Post-employment benefits	35,906	36,268
Termination benefits	21,871	26,729
Long-service bonuses	5,214	5,087
Restructuring	4,147	5,730
Pending legal and tax proceedings	19,170	17,566
Obligations and issued guarantees	22,484	12,710
Other provisions	10,758	16,367
Total	**119,550**	120,457

The additions to the provisions for obligations and issued guarantees were influenced by COVID-19, and the related development is explained in detail under Note (16) Risk provisions.

Other provisions also include provisions of TEUR 2,107 (2019: TEUR 2,842) for procedural costs and attorneys' fees. These items are related to consulting and information obligations connected with the sale or conclusion of financial products. Additional information on these proceedings and the related risk for the company, above all measures undertaken in this connection, is not disclosed in accordance with IAS 37.92 so as not to prejudice the outcome of the proceedings.

Provisions for restructuring measures – which are reported under termination benefits, respectively under restructuring – were reversed at a total of TEUR 5,863 in the first half of 2020 (2019: TEUR 3,108).

(28) Tax liabilities

€'000	30/06/2020	31/12/2019
Tax liabilities	3,315	2,664
Deferred tax liabilities	0	5,022
Total	**3,315**	7,687

(29) Other liabilities

€'000	30/06/2020	31/12/2019
Liabilities from other taxes and duties	5,871	7,817
Prepayments received and accrued expenses	998	80
Miscellaneous other liabilities	420,595	124,752
Total	**427,464**	132,649

Miscellaneous other liabilities consist primarily of outstanding invoices from the operating business which were paid after the end of the reporting period.

(30) Equity

€'000	30/06/2020	31/12/2019
Attributable to non-controlling interests	**36**	40
Attributable to equity owners of the parent	**2,089,924**	2,513,581
Share capital, paid in	219,789	219,789
Capital reserves	556,849	556,849
Other comprehensive income for the period (OCI)	(444,823)	(335,074)
Other comprehensive income for the period (OCI) - not recyclable	4,666	1,307
IAS 19 reserve (revaluation of net liability from defined benefit plans)	(21,934)	(21,814)
Share of other comprehensive income from associates, at equity	26,850	23,074
Financial assets - equity instruments at fair value through other comprehensive income	(250)	47
Other comprehensive income for the period (OCI) - recyclable	(449,489)	(336,381)
Cash flow hedge reserve	179	856
Share of other comprehensive income from associates and joint ventures, at equity	(449,667)	(337,237)
Retained earnings	2,072,489	1,844,625
Share of profit from associates, other changes in equity	(164,375)	(164,931)
Other retained earnings	2,236,864	2,009,556
Profit or loss attributable to equity owners of the parent	(314,381)	227,391
Equity	**2,089,960**	2,513,620

The following table shows the effects on other comprehensive income which are recorded under reserves and the amount of deferred taxes recognized under other comprehensive income:

€'000	IAS 19 reserve	Cash flow hedge reserve	Fair value OCI reserve	Total
At 01/01/2019	***(15,493)***	***2,833***	***225***	***(12,435)***
Unrealized gains/(losses) in the period	0	0	95	95
Gains/(losses) reclassified to profit or loss	0	(1,014)	0	(1,014)
Actuarial gains and losses	(5,530)	0	0	(5,530)
Tax effects	297	132	0	429
At 30/06/2019	***(20,726)***	***1,951***	***320***	***(18,455)***
At 01/01/2020	***(21,814)***	***856***	***47***	***(20,911)***
Unrealized gains/(losses) in the period	0	0	(439)	(439)
Gains/(losses) reclassified to profit or loss	0	(1,008)	0	(1,008)
Actuarial gains and losses	197	0	0	197
Tax effects	(317)	330	59	72
Other changes	0	0	82	82
At 30/06/2020	***(21,934)***	***179***	***(250)***	***(22,006)***

The release of the cash flow hedge through profit or loss is reported under net interest income. The fair value OCI reserve shows the measurement of investments which are assigned to this category based on their strategic focus (also see Note (14) Financial assets at fair value through other comprehensive income).

Other Disclosures

(31) Risks arising from financial instruments (Risk Report)

The business activities of a bank are connected with the acceptance of branch-specific risks. These risks are taken in accordance with the risk policy and strategy defined by RLB NÖ-Wien. The efficient identification, evaluation and management of risks represents a central focus of the bank's activities. Additional information on the handling of risk and the organization of risk management is provided in the 2019 Annual Report under "Risks arising from financial instruments (Risk Report)“. Risk management, as a corporate function, reports to the Managing Board member responsible for Risk Management/Accounting and consists of four departments: Models & Analytics, Risk/Data Service, Credit Risk Management and Administration. The group's overall perspective forms the focal point for the Raiffeisen Holding financial institution group in connection with the Internal Capital Adequacy Assessment Process (ICAAP).

The **Models & Analytics Department** is responsible for aggregated risk analysis (risk capacity analysis and stress testing), the selection and implementation of models, the analysis, monitoring and management of all risk areas, the internal control system (ICS) and the operational risk allocated to "non-financial risk“. Activities in the **Risk/Data Service Department** concentrate primarily on the optimization of the data structure for reporting, controlling and risk issues, and are accompanied by BCBS 239. Operational risk management is the responsibility of the **Credit Risk Management Department** and includes the management and analysis of loans during the approval procedure and throughout the entire term. This analysis is based on concrete facts derived from company data (financial reports and company analyses) and on the results of on-site visits and analyses in the individual companies. This department is supported by the **Administration Department**, which oversees the organizational part of the lending process.

A separate section – Recovery – reports to the Managing Board member responsible for Risk Management/Accounting and deals with customers in financial difficulties. This section provides recovery support and advising as well as resolution for customers with payment difficulties.

The models and methods used to quantify risk reflect the descriptions provided in the consolidated financial statements for 2019 under the section "Risk Report", apart from the quantification methods applied to investment risk. In this area, a new investment risk model was introduced during the first quarter of 2020.

From a business and risk viewpoint, the first half of 2020 – after an initially very good outlook – was influenced by the dynamics and consequences of the COVID-19 crisis. The information in this Risk Report is intended primarily to show the effects of the COVID-19 crisis on RLB NÖ-Wien during the first half of 2020. The quantitative details are designed to better explain these effects. The information in the Risk Report included in the consolidated financial statements as of 31 December 2019 applies to all other general descriptions concerning the risk strategy, culture and management (also see the comments at the beginning of this Risk Report).

COVID-19 pandemic

The outbreak of the COVID-19 virus in the Chinese province of Hubei at the end of 2019 has grown into a global pandemic. In reaction to the exponential spread of the virus with its accompanying high death rates and related pressure on healthcare systems, many countries took steps to massively restrict civil liberties and economic activity. Included here, in particular, are the shutdown of entire business sectors (essentially all areas apart from basic supplies like food, pharmaceuticals, etc.), the implementation of in part rigid curfews, bans on events and certain areas as well as the (re)introduction of border controls. Starting from its origins in China, the COVID-19 pandemic continues to have a major impact on the European Union. The virus has spread across all continents and resulted in severe consequences, above all for developing countries with weaker medical care systems.

Most countries, including Austria, implemented restrictions to slow the spread of the COVID-19 pandemic – for example, curfews and business shutdowns which massively limited social and business life. The restrictions on civil liberties and economic activity have had a severe negative impact on the global economy, and the resulting economic setback has now exceeded the 2008 financial crisis. The major capital markets recorded sharp downturns of 50% or more within two weeks. COVID-19 has plunged the global economy into a severe recession that extensive monetary and fiscal measures were also unable to prevent.

The financial measures passed as part of the COVID-19 Act in Austria (short-time work, deferrals, guarantees, bridge loans etc.) provide essential assistance which can moderate, but not prevent the financial impact of the COVID-19 crisis. The restrictions on public life have, for the most part, been lifted but have not led to a complete easing of the economic situation. Policymakers, central banks and regulators have reacted with measures to cushion the adverse effects of the increasingly negative economic development which include multi-billion social and business aid programmes, interest rate cuts and credit repayment moratoria.

Macroeconomic environment and markets

The new corona virus and the measures implemented to contain the COVID-19 pandemic have led to severe distortions on the financial markets and plunged the global economy into the most serious recession since World War II. The extensive monetary and fiscal support packages implemented, in part very quickly, by central banks and governments across the world were also unable to prevent these developments.

The strong downturn on the stock markets in March was followed by a record-breaking recovery through mid-2020, but there are growing doubts over the sustainability of this rally because the low point in the last major crises was only passed after several months – if not years. On the bond market, the long end of the interest rate curve has been very volatile: The high risk aversion which resulted from the rapid spread of the corona virus was responsible for a drop in the yields on 10-year German federal bonds to a new all-time low of -0.909% on 9 March. However, the ECB resolution in favour of monetary easing supported a fast upward correction. The COVID-19 crisis has strengthened previous expectations of a longer low-interest phase, and positive yields remain unlikely in the coming years. Massive movements have also been recorded on the credit, raw materials and currency markets.

The sharp drop in energy prices was also reflected in a substantial decline in inflation rates. The pressure on prices will initially remain independent of any oil-related special effect – as is normal in recessions – and a deflationary phase with a temporary slip into negative rates is not expected for the time-being. The effects of the corona crisis on the development of prices over the medium- and longer-term cannot be realistically estimated at the present time due to the dependence on many different factors – not least on the further course of the pandemic.

Österreichische Nationalbank (OeNB) maintains that the measures implemented to contain COVID-19 have led to a worldwide recession that is manifested in a simultaneous supply and demand shock with an accompanying slump in economic output in the industrial and emerging countries and by a downward slide in the oil price. The reactions to these developments range from a collapse in consumer spending, investments and exports as well as unemployment that has risen to the highest level in recent decades. However, the wide-ranging use of short-time work options has lessened the loss of income in Austria. The GDP gap in this country at the end of July 2020 shows that the economic activity level, which was roughly 4.5% below the previous year, is improving slowly but steadily. These general reference points also indicate that, from the bank's risk perspective, it remains to be seen whether or to what extent the financial strength of the private sector, industry and SMUs will support the sustainable servicing of outstanding credits in the near future or whether there will be a dramatic increase in credit defaults.

Reactions by the regulatory authorities

As seen from the regulatory perspective, the corona crisis led primarily to two occasionally contrary developments. On the one hand, plans for regulatory relief were considered at both the European and national levels while, on the other hand, increased information requirements by the authorities led to additional work.

Term deferments, among other measures, were mandated by the national regulatory authority, on-site audits were carried out by the OeNB and the MREL procedure[1] was suspended. The ECB communicated at the European level, among others, that credit institutions could allow the capital conservation buffer and LCR thresholds to fall below the required levels. Moreover, individual provisions from the EU Banking Package were moved forward to provide support for credit institutions in the crisis (key word: SMU factor).

These relief measures were also helpful for RLB NÖ-Wien during the highpoint of the crisis, but the large number of inquiries and increased reporting requirements by the regulatory authorities created an additional workload for the Managing Board and involved departments. Joint weekly meetings with the OeNB, FMA and bank management on COVID-19-related developments and measures led to further analysis and reporting requirements during the crisis.

Risk management in the COVID-19 crisis – Business Continuity Management (BCM)

The COVID-19 crisis required a change in the bank's management procedures. In addition to regular management and risk management, existing groups increased the frequency of their meetings and further committees were established for the bank's management:

- Managing Board:
  Meetings were increased to daily intervals at the height of the COVID-19 crisis:
- Allocation Committee Liquidity:
  See the detailed information on liquidity risk
- Team Health Protection:
  See the following information

RLB NÖ-Wien, Raiffeisen-Holding NÖ-Wien and the Raiffeisen-Holding NÖ-Wien Group were confronted with particular challenges within a very short time as a result of the COVID-19 crisis which involved the health of their employees as well as the economic situation and decisively changed future perspectives.

In contrast to normal business and risk procedures (as described in the above-mentioned Risk Report to the 2019 consolidated financial statements), additional groups were established to deal with the effects of the COVID-19 crisis. These groups were responsible for issuing instructions and taking strategic decisions for business operations such as security, incl. IT security, and risk minimization.

The first step in Business Continuity Management (BCM) by the
R-Holding NÖ-Wien Group involved a decision by the Managing Board of RLB NÖ-Wien and the management of R-Holding NÖ-Wien in their function as a crisis staff to establish a "**Team Health Protection**". This team was installed at the end of February 2020, even before the announcement of information and measures by the government. The crisis staff includes representatives from all relevant areas, beginning with the Managing Board and management as well as security, BCM and IT managers, representatives of the Lower Austrian Raiffeisen banks, representatives from the Vienna branch offices, corporate communications, the company physician and psychologists, and the Staff Council. Under the direction of the Head of Human Resources, the crisis staff defined the following goals for the correct continuation of business operations in this challenging situation:

- Protection of employees' health
- Protection of ongoing business operations
- Protection of infrastructure

[1] Minimum Requirement for Own Funds and Eligible Liabilities – this procedure is intended to ensure that banks can be correctly liquidated if necessary.

The existing Business Impact Analyse (BIA), which defines critical processes and the required resources, allowed business processes to quickly continue in an adjusted form. Business operations were able to proceed under these more difficult conditions due to the use of a spare trading room for Treasury, the distribution of teams among different floors and buildings as well as home office (with full technical equipment) for most of the staff. As part of a system-relevant sector, special focus was placed on maintaining full operations in the branch offices and uninterrupted access to the customer contact centres. Smooth and continuous operations in the branch offices were ensured by the fast implementation of protective measures and efficient staff scheduling and the protection of the branches by security guards.

Activities continue to focus on the adaptation of business processes, the evaluation of the needs of customers and staff for protection and as the assessment of providers functionality.

Internal Capital Adequacy Assessment Process (ICAAP) and stress testing

The starting point for efficient risk management in the R-Holding NÖ-Wien Group and, consequently, also in RLB NÖ-Wien is an appropriate and clearly defined risk strategy that is adapted annually and approved by the Managing Board. The core of this strategy is formed by the definition of the risk appetite, meaning the proportion of capital which is dedicated to risk. The central element of risk measurement and management is the risk capacity analysis, which quantifies and aggregates the individual types of risk and the relevant cover pool.

The economic perspective of RLB NÖ-Wien, which compares the quantified risk with the available cover pool, is evaluated quarterly (dynamic adjustment). Risk is quantified at a confidence level of 99.9%, which represents the probability with which potential losses will not exceed economic capital (represents the risk appetite) within a one-year time horizon. The risk appetite is determined annually in the form of overall bank limits (at the bank level and at the level of the individual risk types) and approved by the Managing Board. The utilization of this risk capacity is monitored quarterly through a risk capacity analysis by the Risk Circle, the committee responsible for risk management at the overall bank level. In the event any limits are exceeded, a clearly defined action and escalation process is triggered.

A risk landscape is prepared as part of the annual risk inventory and includes all relevant risks and sub-risks which are relevant for the R-Holding NÖ-Wien Group (and therefore also for RLB NÖ-Wien). The materiality of the risks and sub-risks forms the criterion for inclusion in the risk landscape.

RLB NÖ-Wien monitors the following types of risk, including the related sub-risks:
- Credit risk
- Country risk
- CVA risk
- Investment risk
- Market risk
- Non-financial risk
- Liquidity risk
- Macroeconomic risk
- Other risks

This Risk Report as of 30 June 2020 provides detailed information on the types of risk which comprise the major component of materiality and have a substantial influence on the bank through COVID-19 crisis.

The utilization of the risk capacity in Pillar II has risen substantially, as expected. This increase reflects, above all, the strong dependence on the RBI investment and the sharp rise in the credit spread risk and market risk. The risk capacity analysis is presented and discussed quarterly in the Risk Circle and appropriate measures are implemented where necessary.

The risk capacity analysis and stress tests are fully integrated in risk management, capital management and planning processes in the R-Holding NÖ-Wien Group (which includes die RLB NÖ-Wien). The stress tests are presented and discussed semi-annually in the Risk Circle and strategic measures are developed. The reports presented, resolutions passed and measures developed at the quarterly Risk Circle meetings are subsequently approved by the Managing Board.

The current crisis led to a review of the risk capacity analysis and stress tests in connection with the consequences and impact of the COVID-19 crisis. As expected, this review shows a strain in the capacity utilization due to the pandemic.

The results of the stress tests reflect the risk capacity analysis and confirm that investments, loans and the credit spread risk are the primary risk drivers for the R-Holding NÖ-Wien Group. The bank's risk-bearing capacity remains intact under every scenario. The risk appetite at the RLB sub-group level was temporarily increased from 85% to 90%. This picture was again confirmed by the results of the COVID-19 real case scenario and the bundle of measures ordered by the Managing Board.

Credit risk

The COVID-19 pandemic and the resulting economic restrictions led to extensive measures in the credit portfolio of RLB NÖ-Wien during the first half of 2020. Consumers and small businessmen/-women who were negatively affected financially by the COVID-19 crisis were given the right to defer principal payments between 1 April 2020 and 30 June 2020 as part of a legal moratorium (so-called legal deferral measures). Furthermore, RLB NÖ-Wien concluded bilateral agreements with private and corporate customers affected by the COVID-19 crisis for contract adjustments (so-called voluntary deferral measures). In June 2020, the Austrian government extended the legal moratorium to 31 October 2020. Most of the customers who took advantage of the legal deferral measures up to 30 June 2020 also applied for this extension.

In addition to the adjustment of existing credit agreements, support was given to credit customers through bridge financing and the pre-financing of short-time payroll expenses in the event of liquidity shortages resulting from the COVID-19 crisis. Borrowers who meet certain requirements qualify for 80% to 100% loan guarantees from government agencies (ÖHT, aws, COFAG, etc.).

The processes used by RLB NÖ-Wien to identify default under CRR Article 178 and the forbearance classification under CRR Article 47b were not changed by the COVID-19 crisis. Individual reviews are still based on the existing criteria.

In accordance with the applicable EBA Guideline (EBA/GL/2020/02), forbearance actions were only taken in connection with legal deferral measures on an exception basis. Most of the transactions with voluntary deferrals and bridge loans are classified as forborne. Since neither the qualitative nor the quantitative criteria were adapted in the IFRS 9 stage allocation, these customers were classified as Stage 2 for the calculation of the risk provision as of 30 June 2020 (additional information on risk provisions is provided under Note 16).

Voluntary deferrals covered a credit exposure of EUR 710 million as of 30 June 2020. Of this total, EUR 664 million were classified as forborne under CRR Article 47b. A credit exposure of EUR 3 million from customers with voluntary deferral measures was subsequently classified as in default under CRR Article 178.

Legal deferrals covered a credit exposure of EUR 175 million as of 30 June 2020. Of this total, EUR 11 million were classified as forborne under CRR Article 47b. A credit exposure of EUR 0.1 million from customers with legal deferral measures was subsequently classified as in default under CRR Article 178.

COVID-19 bridge financing and credits covered a credit exposure of EUR 115 million, while the pre-financing of short-time payroll expenses represented a credit exposure von EUR 8 million. Forty per cent of these loans were covered by government guarantees as of 30 June 2020 (ÖHT, aws, COFAG, u.a.).

In view of the COVID-19 pandemic and to reduce the negative effects on credit risk, RLB NÖ-Wien has also introduced a variety of measures:

- Early termination of country lines for new business in the countries most affected at the beginning of the crisis
- Adjustments to the offered product catalogue
- Introduction of stricter lending criteria for real estate financing
- Monitoring of customers with COVID-19 measures as part of the early warning systems
- Daily monitoring of the consumer credit business

- Branch analyses and stress tests
- Expansion of and increase in the frequency of management reporting

Market risk (incl. credit spread risk)

Market risk and here, above all, credit spread risk as the dominant sub-risk were subject to strong fluctuations and tensions due to the COVID-19 crisis. The following table shows the VaR (99% VaR, 1 day) for the market risk in the trading book, classified by type or risk and including correlations. 31 December 2019 was consciously selected as the comparative date here in view of the COVID-19 crisis.

€'000	VaR at 30/06/2020	Average-VaR	VaR at 31/12/2019
Currency risk	12	8	11
Interest rate risk	94	133	160
Price risk	11	9	13
Credit spread risk	97	149	107
Total	**166**	**237**	177

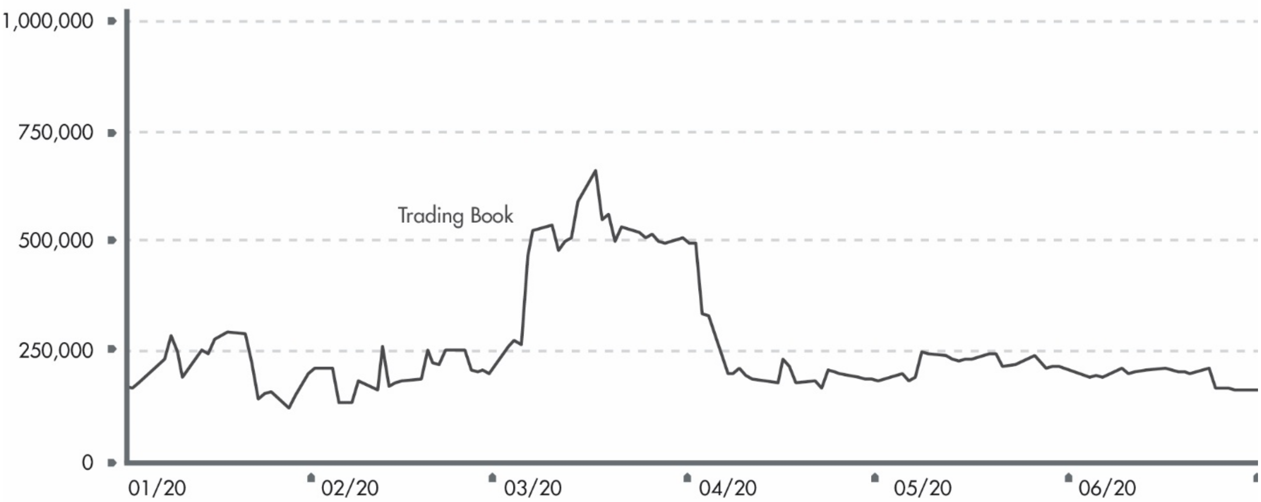
Market values are used to calculate the VaR (99% VaR, 1 day) for the market risk in the trading book.

The COVID-19 crisis and the sell-off in March 2020 also led to strong fluctuations and a significant (in the trading book, temporary) increase in the market risk – and here especially in the credit spread risk as the most dominant sub-risk. The VaR in the trading book rose from approximately TEUR 177 at year-end 2019 to a maximum of TEUR 662 on 16 March 2020. The limit guidelines then triggered the stop-loss procedure, which prevented a further increase in risk. The risk positions in the trading book were closed, and the risk was reduced below TEUR 250 by the beginning of April.

The following graph shows the major developments in the trading book from 1 January 2019 to 30 June 2020. This specific time frame was selected to show the effects of the COVID-19 crisis in comparison with the normal development of business, as was seen in 2019.

Value at Risk in the Trading Book in 2020

in EUR



Market values are used to calculate the VaR (99% VaR, 1 day) for the market risk in the trading book.

Due to the cutback in the size of the trading book during 2019, the additional measures introduced during the COVID-19 crisis reduced the VaR in the trading book to a level below year-end 2019 as of 30 June 2020.

The following table shows the monthly VaR in the first half of 2020 for the entire gone concern market risk of RLB NÖ-Wien for the risk capacity analysis, classified by type of risk and including correlations. In view of the COVID-19 crisis, 31 December 2019 was intentionally selected as the comparative date.

€'000	VaR at 30/06/2020	Average-VaR	VaR at 31/12/2019
Currency risk	2,419	3,660	2,730
Interest rate risk	151,660	156,477	127,584
Price risk	279	230	239
Credit spread risk	485,071	426,234	280,490
Total	**617,664**	**502,345**	258,095

Market values are used to calculate the gone concern VaR (99.9% VaR, 250 days) for the overall market risk of RLB NÖ-Wien.

The increase in the gone concern VaR is primarily attributable to the significant rise in the credit spread risk, which has grown substantially due to the higher volatilities and has a negative effect on the risk capacity under Pillar 2. In order to reduce the risk position, several tranches of securities were sold during the first half of 2020.

Liquidity risk

With regard to liquidity risk, the current situation under the COVID-19 crisis differs substantially from the financial market crisis of 2007. The threat scenarios that accompanied the financial crisis were influenced by assumptions of a reduction in liabilities (deposits), while the situation surrounding the COVID-19 crisis involves a negative effect on the asset side for RLB NÖ-Wien due to government-supported COVID-19 financing, deferrals and legal moratoria and pre-financing for AMS[2] short-time work.

The issue of liquidity therefore represented a focal point of liquidity management and liquidity risk management at the height of the COVID-19 crisis and the related uncertainty over the development and design of liquidity requirements in connection with theCOVID-19 crisis. In addition to the existing liquidity stress scenarios (reputation, system and combined crisis), three further COVID-19-related liquidity stress scenarios were developed at an early point. These new scenarios were monitored daily and reported to the full Managing Board. A separate team, the **"Allocation Committee Liquidity"**, was also established for the entire Raiffeisen NÖ-Wien Group at the beginning of April 2020.

The bridge financing, deferrals and other moratoria-related financing during the crisis required the definition of new framework conditions for the credit business in this special time. The Allocation Committee reviewed, discussed, coordinated and released these commitments, above all in line with liquidity requirements, for processing and approval by other committees. The refinancing capacity of new business not related to COVID-19 was also considered.

The committee met twice each week from the beginning of April 2020 to mid-June 2020. In mid-June 2020, these activities were reintegrated in the standard defined processes and committees.

[2] AMS – Arbeitsmarktservice (Austrian Public Employment Service)

All available liquid assets were transferred to the OeNB custody collateral account to guarantee the greatest possible access to the liquidity buffer. Appropriate clean-up measures and the easing of ECB haircuts on credit claims have supported a sound increase of approximately EUR 1 billion in the available liquidity buffer in recent weeks.

Potential threat scenarios, especially concerning the uncertainty over the effects of the COVID-19 lockdown on assets and the impact of government aid packages, were identified at an early stage.

The Managing Board implemented appropriate countermeasures to increase operating liquidity and to focus on the refinancing capacity for new credit production.

RLB NÖ-W concentrated on the management of its core business during the COVID-19 crisis and decided to reduce the focus on new customer acquisition for the next two to three months until there is greater certainty over the liquidity requirements of existing customers.

The following table shows the structural liquidity of RLB NÖ-Wien as of 30 June 2020:

€'000 Maturity band	**Gap (absolute)**	**GoA**	**GoA limit**	**Accumulated from behind**	**S-LFT**	**S-LFT limit**
18 months	139,871	2.1%	(10.0)%	346,274	111.5%	> 80%
2 years	739,905	3.0%	(10.0)%	206,403		
3 years	(2,093,851)	0.8%	(10.0)%	(533,502)	117.4%	> 70%
5 years	(68,265)	(0.1)%	(10.0)%	1,560,349	107.5%	> 60%
7 years	1,341,724	5.2%	(10.0)%	1,628,615		
10 years	(3,117,266)	-	-	286,890	132.6%	> 50%
15 years	511,260	-	-	3,404,157		
20 years	927,398	-	-	2,892,897		
30 years	1,818,473	-	-	1,965,499		
> 30 years	147,026	-	-	147,026		

Structural liquidity as of 30 June 2020 shows an increase in net cash flows in the earlier time bands, whereby the main driver for this increase was the conclusion of a new ECB tender (maturity in June 2023). The development of the refinancing concentration risks and structural liquidity transformation is stable compared with December 2019.

The main impact of the COVID-19 crisis on the structural liquidity of RLB NÖ-Wien is the increase in the liquidity position in keeping with operational and structural limits. Due to the moderate volume of deferrals and moratoria, this effect on structural liquidity is manageable.

The following table shows the structural liquidity of RLB NÖ-Wien as of 31 December 2019:

€'000 Maturity band	Gap (absolute)	GoA	GoA limit	Accumulated from behind	S-LFT	S-LFT limit
18 months	(660,125)	(1.8)%	(10.0)%	153,136	113.8%	> 80%
2 years	374,203	1.9%	(10.0)%	813,261		
3 years	(1,433,035)	4.2%	(10.0)%	439,058	115.2%	> 70%
5 years	(20,176)	0.3%	(10.0)%	1,872,093	102.4%	> 60%
7 years	809,875	3.4%	(10.0)%	1,892,269		
10 years	(2,812,400)	-	-	1,082,394	118.0%	> 50%
15 years	1,114,868	-	-	3,894,795		
20 years	857,237	-	-	2,779,927		
30 years	1,586,988	-	-	1,922,690		
> 30 years	335,702	-	-	335,702		

As of 30 June 2020, the LCR of RLB NÖ-Wien equalled 148.89% (2019: 137.50%). The decisive factor for this improvement was the increase in highly liquid assets – in particular, central bank reserves - since December 2019. In addition, the development of deposits and other liabilities remained stable during this six-month period.

The following table shows the quantitative data as of 30 June 2020 in comparison with 31 December 2019:

		All currencies 30/06/2020	31/12/2019
Liquidity buffer		7,615,655	6,352,679,070
Net liquidity outflow		5,114,968	4,619,978,842
MINIMUM LIQUIDITY RATIO (LIQUIDITY COVERAGE RATIO LCR)		**148.89%**	137.50%
	Total unweighted amount	*Total weighted amount*	*Total weighted amount*
HIGH-QUALITY LIQUID ASSETS			
Level 1 - assets excl. extremely high quality covered bonds	9,457,803,511	6,873,372,753	5,535,666,105
Level 1 - extremely high quality covered bonds	781,536,649	726,829,083	794,932,100
Level 2A - assets	102,436	87,071	0
Level 2B - assets	30,732,357	15,366,179	22,080,865
Liquidity buffer	**10,270,174,954**	**7,615,655,086**	6,352,679,070
CASH OUTFLOWS	-	-	
Outflows from unsecured transactions/deposits	14,403,162,062	6,187,953,134	5,831,806,311
1.1 Personal banking customer deposits	4,423,796,648	356,219,723	348,048,391
1.2 Operational deposits	3,255,569,951	2,752,215,556	2,710,339,778
1.3 Excess operational deposits	0	0	n.a.*
1.4 Non-operational deposits	4,241,587,037	2,087,654,523	1,867,519,879
1.5 Additional outflows (i.a. outflows from derivatives)	861,205,714	861,205,714	760,643,623
1.6 Committed facilities	816,504,041	76,371,385	91,330,915
1.7 Other products and services	758,162,224	7,949,787	8,134,233
1.8 Other liabilities	46,336,446	46,336,446	45,789,492
Outflows from secured lending and capital market-driven transactions	0	0	0
TOTAL OUTFLOWS	**14,403,162,062**	**6,187,953,134**	5,831,806,311

		All currencies 30/06/2020	31/12/2019
CASH INFLOWS	-	-	
Inflows from unsecured transactions/deposits	1,357,638,889	1,072,985,478	1,211,827,468
1.1 monies due from non-financial customers (except for central banks)	159,106,542	84,213,977	244,725,596
1.2 monies due from central banks and financial customers	421,893,321	212,132,475	121,750,196
1.3 inflows corresponding to outflows in accordance with promotional loan commitments	0	0	0
1.4 monies due from trade financing transactions	0	0	0
1.5 monies due from securities maturing within 30 days	31,980,244	31,980,244	196,308,873
1.6 Loans and advances with an undefined contractual end date	0	0	0
1.7 monies due from positions in major index equity instruments provided that there is no double counting with liquid assets	0	0	0
1.8 inflows from the release of balances held in segregated accounts in accordance with regulatory requirements for the protection of customer trading assets	0	0	0
1.9 inflows from derivatives	744,658,782	744,658,782	649,042,802
1.10 inflows from undrawn credit or liquidity facilities provided by members of a group or an institutional protection scheme where the competent authorities have granted permission to apply a higher inflow rate	0	0	0
1.11 Other inflows	0	0	0
Inflows from secured lending and capital market-driven transactions	0	0	0
TOTAL INFLOWS	**1,357,638,889**	**1,072,985,478**	1,211,827,468
Inflows subject to 75% Cap	1,357,638,889	1,072,985,478	1,211,827,468
Fully exempt inflows	0	0	0
NET LIQUIDITY OUTFLOW	**13,045,523,174**	**5,114,967,657**	4,619,978,842

Investment risk

RLB NÖ-Wien continues to hold only strategic equity investments within the Raiffeisen sector and other equity investments that support banking operations. The largest equity investment is the interest in RBI, the leading institution in the Raiffeisen sector, whereby RLB NÖ-Wien holds shares directly as well as indirectly. Investments are also held in R-IT (the informatics subsidiary) as well as various leasing investments and subsidiaries active in the settlement business.

Diligent and detailed investment management and controlling form the basis for the systematic management of investments (Information is provided in the 2019 consolidated financial statements of RLB NÖ-Wien under the section "Risks arising from financial instruments (Risk Report)").

Equity investment risks can have the following effect on RLB NÖ-Wien:

- Reduction of undisclosed reserves
- Loss of dividends
- Write-downs/write-offs of book values
- Loss on sale, assumption of losses

A new model for the assessment of investment risk was developed together with an external specialist and introduced in the first quarter of 2020. This simulation tool uses historical volatilities to evaluate the changes in the market capitalization of peer companies and the base interest rate.

The determination of a potential loss in the (market) value of the simulated investments at a certain confidence level (95% and 99.9%) in the sense of value-at-risk is based on the assumption of a normal distribution. The new investment risk model also transfers the calculated risk premiums to the value in use of the investments. The risk potential is still viewed at the individual and portfolio levels.

This new model risk is now used to generate a quarterly evaluation of investment risk based on an extreme case (95.0%) and a liquidation case (99.9%). The investment risk cover pools are also calculated as part of this evaluation and transferred to the risk capacity analysis which is calculated regularly at the overall bank level.

From the investment risk perspective of RLB NÖ-Wien, the COVID-19 crisis initially shows an impact on the investments in Raiffeisen Bank International AG (RBI) and Raiffeisen Informatik
(R-IT). Close, continuous monitoring and appropriate measures are the response to this development.

The following table shows the carrying amounts of the equity investments held by RLB NÖ-Wien together with the weighted and cumulative rating as of 30 June 2020 and 31 December 2019. As the comparative date, 31 December 2019 was selected to show the effects of the COVID-19 crisis.

€ '000	Carrying amount 30/06/2020	Percentage held	Rating	Carrying amount 31/12/2019	Percentage held	Rating
Investments in other banks	2,247,107	99.5%	1.0	2,605,333	99.5%	1.0
Investments in banking-related fields	11,726	0.5%	2.0	13,042	0.5%	2.0
Total equity investments	**2,258,832**	**100.0%**	**1.0**	2,618,375	100.0%	1.0

* See Note (13), Note (14), and Note (19); "Bank investments" include equity-accounted companies (reported under Note (19)), credit institutions and other entities belonging to the CRR financial institutions group. The remaining shares are included under "investments in banking-related fields". The list of investments does not include the shares in R-Holding because they are part of the CRR financial institutions group and are therefore not viewed as risk positions of the RLB sub-group.

The reduction in the carrying amounts of investments resulted primarily from impairment loss recognized to RBI AG in the first half of 2020 and from the change in the proportional share of equity in Raiffeisen-Informatik. This impairment loss and the reduction in the value in use (also see Note (4) for additional details) since 31 December 2019 are attributable to the change in the discount rate and, above all, to the reduced cash flow expectations for RBI over the coming years due to the current COVID-19 crisis.

Non-financial risk

The last risk inventory also included the re-allocation of risks. Beginning with the 2020 financial year, non-financial risk (NFR) is defined as a separate type for risk strategy and risk management by the R-Holding NÖ-Wien Group (and therefore also RLB NÖ-Wien). This new risk type includes the former type "operational risk" (incl. IT risk and legal risk) as well as the new sub-risk type "outsourcing risk" and compliance risk and model risk, which previously represented sub-risk types under "other risks". (Information on the sub-risk types is provided in the 2019 consolidated financial statements of RLB NÖ-Wien under the section "Risks arising from financial instruments (Risk Report)").

Non-financial risk now flows into the risk capacity analysis in place of the risk type "operational risk".

The COVID-19 crisis was naturally evident in NFR through a variety of related measures. One of the most important instruments during this crisis was a functioning Business Continuity Management (BCM). Additional information on this subject is provided at the beginning of the Risk Report under "Risk management in the COVID-19 crisis – Business Continuity Management (BCM)". RLB NÖ-Wien has implemented sufficient processes and frameworks as part of the BCM, which are available to everyone for use as needed. The suitability of the BCM is regularly evaluated through emergency testing, and the results are then reported to the Managing Board. At all times, and especially during crises, RLB NÖ-Wien works, among others, to ensure the smooth and efficient functioning of IT and system security. Increased steps have also been taken to prevent fraud. IT risks are depicted through risk scenarios in the IT risk management framework. The goals of this framework are to define and assess the IT risks to which the company is exposed and to manage these risks with specific actions and appropriate controls. The risks and controls from the IT risk management framework are mapped in the company's internal control and OP risk system.

Internal control system - ICS

RLB NÖ-Wien has implemented an internal control system (ICS) which includes a detailed description of ICS procedures as the basis for the ongoing documentation of the bank's risk-relevant processes and the related control measures. Responsibilities and roles in the ICS and the related control activities are clearly defined. Regular reports are issued on the design and development of the ICS in the Raiffeisen-Holding NÖ-Wien Group. The COVID-19 crisis has led to the development and implementation of new processes and controls in internal guidelines to meet the related legal requirements.

(32) Fair value of financial instruments

Fair value of financial instruments carried at fair value

Fair value measurement is based on a hierarchy (fair value hierarchy) of different levels. Level I valuations are based on available market prices (generally for securities and derivatives traded on exchanges and in functioning markets). All other financial instruments are measured with valuation models, above all present value or generally accepted option pricing models. Valuations for Level II use input factors that are directly or indirectly based on observable market data. Level III valuations use models that calculate fair value based on the bank's own internal assumptions or external valuation sources.

An active market is a market in which asset or liability transactions take place with sufficient frequency and volume to provide continuous pricing information. The indicators for an active market can also include the number, update frequency and/or the quality of quotes (e.g. by banks or stock exchanges). In addition, narrow bid/ask spreads and quotes by market participants within a certain corridor can also be signs of an active market.

RLB NÖ-Wien uses generally accepted, well-known valuation models to measure derivatives. Over-the-counter (OTC) derivatives such as interest rate swaps, cross currency swaps and forward rate agreements are measured using the discounted cash flow model (DCF) that is generally applied to these products. OTC options such as foreign exchange or interest rate options are measured with standard market valuation models, e.g. the Garman-Kohlhagen model, Bachelier or Black '76.

The counterparty default risk for non-collateralized OTC derivatives is included through a credit value adjustment (CVA) which represents the costs of hedging this risk on the market. The CVA is calculated by multiplying the expected positive exposure of the derivative (EPE), the counterparty's probability of default (PD) and the loss given default (LGD). The EPE is determined by simulation, while the LGD and PD are based on market data (credit default swap (CDS) spreads, if these spreads are directly available for the respective counterparty or if they can be determined by mapping the counterparty's credit standing to reference counterparties). The debt value adjustment (DVA) represents an adjustment for the company's own default probability. The calculation method is similar to the CVA, but the expected negative fair value (ENE or expected negative exposure) is used instead of the expected positive exposure.

All parameters that flow into the valuation (e.g. interest rates, volatilities) are regularly evaluated and determined on the basis of independent market data information systems.

The bonds held by RLB NÖ-Wien are principally valued according to tradable market prices. In cases where quoted prices are not available, the securities are measured by means of a DCF model. The parameters used in this model include the interest curve and an appropriate risk premium. The risk premium is calculated with comparable financial instruments currently on the market. A more conservative approach is applied to a small part of the portfolio and default risk premiums are used for valuation.

External valuations by third parties are also considered and have an indicative character in all cases.

RLB NÖ-Wien values loans and advances based on a DCF method, whereby the input parameters include an interest curve as well as an appropriate credit risk and funding premium. The determination of the funding premium is based on spread curves which are observable on the market. The credit risk premium corresponds to a CDS spread which is observable on the market, a weighted sector CDS spread or a credit spread based on internal IFRS 9 risk parameters – depending on the counterparty. In cases where a day-one gain or loss was not recognized, a residual spread for the transaction is also calculated at the beginning of the term and held constant over the full term. This spread reflects the requirement that the amount of the discounted cash flows – including the residual spread – must equal the recognized carrying amount on the origination date of the loan or advance. Termination rights and interest options are measured with the Bachelier model. The early repayment history is evaluated via regression analysis to develop a model that allocates the expected prepayment rate to the operating level. This model is subject to an annual review.

The assignment to or reclassification of the financial instruments between levels takes place each quarter at the end of the reporting period.

The following table shows the classification of the financial instruments carried at fair value based on the IFRS 13 valuation hierarchy (classified by the fair value level).

€'000			30/06/2020			31/12/2019
	Level I	Level II	Level III	Level I	Level II	Level III
Balance sheet assets						
Financial assets held for trading	***378,212***	***680,389***	***51,915***	*522,107*	*563,552*	*54,352*
Derivatives	0	539,439	0	0	487,792	0
Bonds	378,212	140,950	51,915	522,107	75,760	54,352
Non-trading financial assets mandatorily at fair value through profit or loss	***0***	***942***	***147,761***	*0*	*991*	*161,238*
Equity instruments	0	0	12,636	0	0	14,187
Bonds	0	942	0	0	991	0
Other loans and advances	0	0	135,125	0	0	147,051
Financial assets at fair value through other comprehensive income	***0***	***0***	***19,146***	*0*	*0*	*18,950*
Equity instruments	0	0	19,146	0	0	18,950
Derivatives - hedge accounting	***0***	***466,093***	***0***	*0*	*405,674*	*0*

€'000			30/06/2020			31/12/2019
	Level I	Level II	Level III	Level I	Level II	Level III
Balance sheet equity and liabilities						
Financial liabilities held for trading	***0***	***565,685***	***0***	*0*	*509,172*	*0*
Derivatives	0	565,685	0	0	509,172	0
Derivatives - hedge accounting	***0***	***512,182***	***0***	*0*	*407,138*	*0*

Securities with a fair value of EUR 37.7 million (2019: TEUR 0.9 million) were reclassified from Level I to Level II in the first half of 2020. The reclassification was based on a decline in the number of market quotations. There were no reclassifications from Level II to Level I during the reporting period.

Reclassifications between Level I and Level II:

€'000	30/06/2020 From Level I to Level II	30/06/2020 From Level II to Level I	31/12/2019 From Level I to Level II	31/12/2019 From Level II to Level I
Balance sheet assets				
Financial assets held for trading	*37,745*	*0*	*901*	*0*
Bonds	37,745	0	901	0

Each financial instrument is evaluated to determine whether quoted market prices are available on an active market (Level I). The calculation of fair value for financial instruments without observable market data is based on interest curves and similar transactions (Level II). Items are reclassified if/when the estimates change.

The financial assets carried at fair value which are assigned to Level III developed as follows from 1 January 2020 to 30 June 2020:

€'000	01/01/2020	Additions	Disposals	Profit, income statement	Profit, other comprehensive income	30/06/2020
Balance sheet assets						
Financial assets held for trading	***56,177***	***40***	***(2,800)***	***(1,502)***	***0***	***51,915***
Equity instruments	1,825	40	0	(1,865)	0	0
Bonds	54,352	0	(2,800)	363	0	51,915
Non-trading financial assets mandatorily at fair value through profit or loss	***161,238***	***1,162***	***(9,950)***	***(4,689)***	***0***	***147,761***
Equity instruments	14,187	0	0	(1,551)	0	12,636
Other loans and advances	147,051	1,162	(9,950)	(3,138)	0	135,125
Financial assets at fair value through other comprehensive income	***18,950***	***635***	***(38)***	***0***	***(400)***	***19,146***
Equity instruments	18,950	635	(38)	0	(400)	19,146

The results recognized to the income statement for the financial instruments allocated to Level III totalled TEUR -2,822 (H1 2019: TEUR 490).

The financial assets carried at fair value which are assigned to Level III developed as follows from 1 January 2019 to 30 June 2019:

€'000	01/01/2019	Additions	Disposals	Profit, income statement	Profit, other comprehensiv e income	30/06/2019
Balance sheet assets						
Financial assets held for trading	*62,904*	*40*	*0*	*(940)*	*0*	*62,004*
Equity instruments	1,825	40	0	(129)	0	1,736
Bonds	61,079	0	0	(811)	0	60,268
Non-trading financial assets mandatorily at fair value through profit or loss	*172,594*	*1,752*	*(6,113)*	*1,554*	*0*	*169,787*
Equity instruments	12,883	0	(280)	71	0	12,674
Other loans and advances	159,711	1,752	(5,833)	1,483	0	157,113
Financial assets at fair value through other comprehensive income	*18,872*	*280*	*0*	*0*	*95*	*19,247*
Equity instruments	18,872	280	0	0	95	19,247

There were no reclassifications of derivatives or securities to or from Level III since the last reporting period.

As of 30 June 2020, all loans and advances carried at fair value were assigned to Level III in the fair value hierarchy.

Qualitative and quantitative information on the valuation of Level III financial instruments is provided below:

30/06/2020 €'000	Type	Market value in €m	Valuation method	Major unobservable input factors	Scope of unobservable input factors
Balance sheet assets					
Financial assets held for trading					
Bonds	Non-fixed-interest bonds	51.9	DCF method	Credit margin	2-10%
Non-trading financial assets mandatorily at fair value through profit or loss					
Equity instruments	Equity investments	12.6	DCF method	Internal forecasts	-
Other loans and advances	Other loans and advances	135.1	DCF method	Credit risk premiums	0.01% - 39.6496%
Financial assets at fair value through other comprehensive income					
Equity instruments	Equity investments	19.1	DCF method	Internal forecasts	-

The comparativedata for 2019 are as follows:

31/12/2019 €'000	Type	Market value in €m	Valuation method	Major unobservable input factors	Scope of unobservable input factors
Balance sheet assets					
Financial assets held for trading					
Bonds	Non-fixed-interest bonds	54.4	DCF method	Credit margin	2-10%
Non-trading financial assets mandatorily at fair value through profit or loss					
Equity instruments	Equity investments	14.2	DCF method	Internal forecasts	-
Other loans and advances	Other loans and advances	147.1	DCF method	Credit risk premiums	0.006% - 30.273%
Financial assets at fair value through other comprehensive income					
Equity instruments	Equity investments	18.9	DCF method	Internal forecasts	-

Valuation guidelines

The methods used for the fair value measurement of securities are selected by the Valuation Department (Market Risk Management Department) and approved by the Managing Board. These valuation guidelines are designed to ensure accurate measurement results and the use of consistent methods.

Automated controls ensure that the quality of the applied models and input parameters meets the defined standards.

The valuation of new financial instruments is preceded by the examination and validation of all possible pricing sources. A source is then selected in agreement with the valuation guidelines and current legal requirements. Priority is given to generally accepted valuation parameters that can be obtained from recognized data providers.

The methods used to determine the fair value of loans and advances were determined by the responsible internal valuation department (Credit Risk Management).

Sensitivity analysis of the non-observable parameters for financial instruments carried at fair value Level III

A range of alternative parameters is available for selection and application in cases where the value of a financial instrument is dependent on non-observable data. A shift in the parameters at the ends of these ranges would lead to an increase of EUR +1.6 million (2019: EUR +2.0 million) or a decrease of EUR -7.8 million (2019: EUR -3.0 million) in the fair value of securities (assets) as of as of 30 June 2020. This calculation reflects the applicable market conditions and internal valuation requirements.

The probability of a simultaneous shift in all non-observable parameters (e.g. discounts and credit spreads) to the ends of the ranges is extremely low. Consequently, these results do not support any conclusions concerning actual future changes in market values.

A range of alternative parameters is available for selection and application in cases where the value of a loan or an advance is dependent on non-observable parameters (Level III). A shift in the parameters at the ends of these ranges (+/- 100 bps with a floor at 0) would lead to an increase of EUR +0.08 million (2019: EUR +0.04 million) or a decrease of EUR -0.15 million (2019: EUR -0.1 million) in the fair value of loans and advances (assets) as of 30 June 2020. This calculation reflects the applicable market conditions and internal valuation requirements.

30/06/2020 €m	Type	Reduction due to change in parameter	Increase due to change in parameter	Increase due to change in parameter
Financial assets held for trading				
Bonds	Non-fixed-interest bonds	(7.8)	1.6	Creditspread shift

31/12/2019 €m	Type	Reduction due to change in parameter	Increase due to change in parameter	Increase due to change in parameter
Financial assets held for trading				
Bonds	Non-fixed-interest bonds	(3.0)	2.0	Creditspread shift

Fair value of financial instruments not carried at fair value

The following table shows the fair values and carrying amounts of financial instruments which are carried at amortized cost in accordance with the respective business model. The financial instruments listed below are not managed on the basis of fair value and, consequently, are not carried at fair value on the balance sheet. In these cases, fair value has no direct influence on the consolidated balance sheet or consolidated income statement. Classification is based on the classes of financial instruments defined by RLB NÖ-Wien.

Additional details in this connection are provided under Note (31) Risks arising from financial instruments (Risk Report).

30/06/2020 €'000	**Fair value**	**Carrying amount**	**Difference**
Balance sheet assets			
Financial assets at amortized cost	***20,673,145***	***20,105,138***	***568,007***
Bonds	3,777,505	3,730,121	47,383
Other loans and advances	16,895,640	16,375,016	520,624
Balance sheet equity and liabilities			
Financial liabilities measured at amortized cost	***25,502,218***	***25,296,983***	***205,235***
Deposits	17,727,648	17,613,433	114,214
Securitized liabilities	7,774,571	7,683,550	91,021

The crisis-related increase in credit spreads was reflected in declining market values for securities. However, this effect was reduced by a negative shift of up to -59bp in long-term interest rates during the period from 31 December 2019 to 30 June 2020.

The comparative prior year data are as follows.

31/12/2019 €'000	Fair value	Carrying amount	Difference
Balance sheet assets			
Financial assets at amortized cost	*20,543,050*	*20,021,356*	*521,693*
Bonds	4,145,022	4,060,086	84,936
Other loans and advances	16,398,027	15,961,270	436,757
Balance sheet equity and liabilities			
Financial liabilities measured at amortized cost	*24,163,646*	*23,817,038*	*346,607*
Deposits	16,820,940	16,655,798	165,142
Securitized liabilities	7,342,706	7,161,241	181,465

The following table shows the classification of the financial instruments carried at amortized cost based on the fair value hierarchy.

30/06/2020 €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Balance sheet assets			
Bonds	3,363,908	413,597	0
Other loans and advances	0	2,658	16,892,983
Balance sheet equity and liabilities			
Deposits	0	0	17,727,648
Securitized liabilities	0	7,174,766	599,805

The comparative prior year data are as follows.

31/12/2019 €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Balance sheet assets			
Bonds	3,791,840	353,182	0
Other loans and advances	0	0	16,398,027
Balance sheet equity and liabilities			
Deposits	0	13	16,820,927
Securitized liabilities	0	6,712,661	630,045

The methods used to calculate the fair value of the bonds, loans and advances carried at amortized cost and reported in the above tables reflect the methods described in the previous section (“Fair value of financial instrument carried at fair value“).

The deposits carried at amortized cost are assigned to Level III since valuation is based solely on indirectly observable credit spreads. The securitized liabilities carried at amortized cost and assigned to Level III generally represent subordinated liabilities whose valuation parameters are based on indirectly derived risk premiums.

(33) Hedge accounting

The following section provides detailed information on the accounting treatment of hedges, the underlying transactions, hedging instruments and hedged risks in the form of tables. The risk strategy applied by the RLB NÖ-Wien Group remains unchanged and reflects the description in the consolidated financial statements for 2019.

€'000	Nominal Value 30/06/2020	Carrying amount 30/06/2020 Balance sheet assets	Carrying amount 30/06/2020 Balance sheet equity and liabilities	Change in fair value 01/01 - 30/06/2020	Income statement presentation - fair value change	Income statement effect – ineffectiveness 01/01 - 30/06/2020	Income statement presentation - ineffectiveness
Interest rate risk - micro-hedges							
Interest Rate Swaps - Bonds	2,150,499	717	432,675	(87,233)	Profit or loss from hedge accounting	(313)	Profit or loss from hedge accounting
Interest Rate Swaps - Loans and advances	599,893	0	72,096	(12,075)	Profit or loss from hedge accounting	74	Profit or loss from hedge accounting
Interest Rate Swaps - Deposits	746,225	154,701	0	15,237	Profit or loss from hedge accounting	79	Profit or loss from hedge accounting
Interest Rate Swaps - Securitized liabilities	3,628,981	310,614	2,097	45,815	Profit or loss from hedge accounting	(1,081)	Profit or loss from hedge accounting
Interest rate risk - portfolio hedges							
Interest rate swaps*	415,000	61	5,314	(8,576)	Profit or loss from hedge accounting	234	Profit or loss from hedge accounting

*) For underlying asset portfolios (bonds, loans and advances)

The comparative prior year data are as follows:

€'000			Carrying amount 31/12/2019				
	Nominal Value 31/12/2019	Balance sheet assets	Balance sheet equity and liabilities	Change in fair value 01/01 - 30/06/2019	Income statement presentation - fair value change	Income statement effect – ineffec-tiveness 01/01 - 30/06/2019	Income statement presentation - ineffec-tiveness
Interest rate risk - micro-hedges							
Interest Rate Swaps - Bonds	2,134,895	2,290	345,506	(96,540)	Profit or loss from hedge accounting	(1,864)	Profit or loss from hedge accounting
Interest Rate Swaps - Loans and advances	624,276	64	59,826	(26,456)	Profit or loss from hedge accounting	(349)	Profit or loss from hedge accounting
Interest Rate Swaps - Deposits	800,129	139,521	0	32,129	Profit or loss from hedge accounting	330	Profit or loss from hedge accounting
Interest Rate Swaps - Securitized liabilities	3,033,262	259,159	1,806	77,073	Profit or loss from hedge accounting	359	Profit or loss from hedge accounting
Interest rate risk - portfolio hedges							
Interest rate swaps*	80,000	4,639	0	0	Profit or loss from hedge accounting	0	Profit or loss from hedge accounting

*) For underlying asset portfolios (bonds, loans and advances)

The underlying transactions in recognized hedges show the following carrying amounts as of the balance sheet date and the following development during the reporting period:

€'000	Carrying amount 30/06/2020		Value of cumulative basis adjustments for hedged items		Changes in hedged fair value 01/01 - 30/06/2020	Cumulative basis adjustments for designated hedged items 30/06/2020
	Balance sheet assets	Balance sheet equity and liabilities	Balance sheet assets	Balance sheet equity and liabilities		
Interest rate risk - micro-hedges						
Financial assets at amortized cost	*3,300,501*		*484,282*		*99,070*	*(2,828)*
Bonds	2,615,450		413,381		86,920	1
Other loans and advances	685,051		70,901		12,150	(2,828)
Financial liabilities measured at amortised cost		*6,291,422*		*385,663*	*62,056*	
Deposits		908,480		140,736	15,159	
Securitized liabilities		5,382,942		244,927	46,897	
Interest rate risk - portfolio hedges						
Portfolio-Hedge*	(423,394)		1,613		8,811	3,231

*) The TEUR 423,293 reported under the carrying amount represents the synthetic underlying transaction as of 30 June 2020, including the designation quota.

The comparative prior year data are shown in the following table.

€'000	Carrying amount 31/12/2019		Value of cumulative basis adjustments for hedged items		Changes in hedged fair value 01/01 - 30/06/2019	Cumulative basis adjustments for designated hedged items 31/12/2019
	Balance sheet assets	Balance sheet equity and liabilities	Balance sheet assets	Balance sheet equity and liabilities		
Interest rate risk - micro-hedges						
Financial assets at amortized cost	*3,209,367*		*385,216*		*120,782*	*(2,912)*
Bonds	2,516,614		326,464		94,676	116
Other loans and advances	692,752		58,751		26,106	(3,028)
Financial liabilities measured at amortised cost		*5,285,296*		*323,581*	*(108,513)*	
Deposits		944,499		125,577	(31,799)	
Securitized liabilities		4,340,797		198,004	(76,714)	
Interest rate risk - portfolio hedges						
Portfolio-Hedge*	83,078		(1,821)			(2,101)

*) The TEUR 83,078 reported under the carrying amount represents the synthetic underlying transaction as of 31 December 2019, including the designation quota.

(34) Related party disclosures

The following section provides details on the receivables, liabilities and contingent liabilities as well as the income and expenses due from/to companies in which the RLB NÖ-Wien Group holds an investment or from/to Raiffeisen-Holding NÖ-Wien or its subsidiaries or equity-accounted companies.

€'000	30/06/2020	31/12/2019
Cash, cash balances at central banks and other demand deposits	*1,827,025*	*1,836,859*
Associates	1,827,025	1,836,859
Financial assets held for trading	*115,323*	*62,208*
Parent	40,085	37,035
Associates	75,239	25,173
Non-trading financial assets mandatorily at fair value through profit or loss	*9,992*	*11,543*
Subsidiary / subsidiaries	5,888	7,439
Associates	4,104	4,104
Financial assets at fair value through other comprehensive income	*9,223*	*9,015*
Subsidiary / subsidiaries	1,514	1,340
Associates	6,642	6,609
Joint ventures	1,066	1,066
Financial assets at amortized cost	*1,928,771*	*1,979,787*
Parent	1,182,299	1,218,743
Subsidiary / subsidiaries	47,537	49,129
Entities related via the parent	301,349	320,189
Associates	394,260	387,786
Joint ventures	3,326	3,941
Derivatives - hedge accounting	*43,434*	*43,013*
Associates	43,434	43,013
Other assets	*36,891*	*45,079*
Parent	28,977	37,156
Subsidiary / subsidiaries	7,914	7,916

€'000	30/06/2020	31/12/2019
Financial liabilities held for trading	*17,521*	*19,660*
Associates	17,521	19,660
Financial liabilities measured at amortized cost	*1,035,767*	*861,076*
Parent	301,811	242,689
Subsidiary / subsidiaries	61,417	62,086
Entities related via the parent	138,742	215,768
Associates	522,071	329,424
Joint ventures	11,725	11,109
Other liabilities	*6,684*	*344*
Parent	6,654	290
Subsidiary / subsidiaries	8	27
Associates	22	27

€'000	30/06/2020	31/12/2019
Contingent liabilities and other off-balance sheet obligations	*721,952*	*312,435*
Parent	159	1,172
Subsidiary / subsidiaries	37,473	1,289
Entities related via the parent	85,496	128,388
Associates	582,877	181,586
Joint ventures	15,946	0

The business relationships with related entities are shown below:

01/01 - 30/06/2020 €'000	Interest income	Interest expenses	Purchased services and merchandise and other expenses	Services provided, sale of merchandise and fixed assets and other income
Parent	11,850	6,616	8,978	1,685
Subsidiary / subsidiaries	169	1	2,911	17
Entities related via the parent	2,738	0	5	0
Associates	6,866	93	12,951	1,320
Joint ventures	44	11	3,306	437

The comparative prior year data are as follows:

01/01 - 30/06/2019 €'000	Interest income	Interest expenses	Purchased services and merchandise and other expenses	Services provided, sale of merchandise and fixed assets and other income
Parent	11,030	6,595	8,814	765
Subsidiary / subsidiaries	287	0	2,365	57
Entities related via the parent	4	0	20	0
Associates	5,598	253	15,052	1,270
Joint ventures	326	0	3,263	16

The parent company of RLB NÖ-Wien is Raiffeisen-Holding NÖ-Wien. The business relationships between RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien consist primarily of refinancing for Raiffeisen-Holding NÖ-Wien and transactions with derivative financial instruments. RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien have concluded a management service agreement that regulates the details of mutually provided services to reduce redundancy and improve cost efficiency. A liquidity management agreement concluded between RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien regulates the relationship between these two parties with respect to liquidity provision, measurement and monitoring as well as the related measures.

The business transactions and relations with related companies reflect arm's length terms and conditions.

Key management includes the members of the Managing Board and Supervisory Board of RLB NÖ-Wien as well as the members of management, the managing board and supervisory board of Raiffeisen-Holding NÖ-Wien.

The business relationships between key management and RLB NÖ-Wien are as follows:

€'000	30/06/2020	31/12/2019
Sight deposits	3,540	2,936
Bonds	70	72
Savings deposits	732	666
Other receivables	9	19
Total	**4,352**	3,692
Current accounts	13	15
Loans	603	654
Other liabilities	20	31
Total	**636**	699

The following table shows the business relationships between RLB NÖ-Wien and other related entities over which persons holding key management positions with RLB NÖ-Wien have control:

€'000	30/06/2020	31/12/2019
Current accounts	0	1
Loans	284	293
Leases (present value of the leased asset in a finance lease)	0	69
Total	**284**	363
Nominal amounts of loan commitments, financial guarantees and contingent liabilities	62	0

The business relationships between RLB NÖ-Wien and parties closely related to key management are shown below:

€'000	30/06/2020	31/12/2019
Sight deposits	147	130
Savings deposits	22	16
Total	**168**	147
Current accounts	1	0
Loans	41	43
Total	**42**	43

(35) Issues, redemptions and repurchases of bonds during the reporting period

RLB NÖ-Wien issued bonds totalling TEUR 512,561 during the period from 1 January to 30 June 2020 (1 January to 30 June 2019: TEUR 578,688). Bonds with a value of TEUR 59,746 (1 January to 30 June 2019: TEUR 408,649) were redeemed and TEUR 8,131 (1 January to 30 June 2019: TEUR 4,197) were repurchased.

(36) Contingent liabilities and other off-balance sheet obligations

€'000	**30.06.2020**	**31.12.2019**
Contingent liabilities	***749,258***	*769,553*
Of which arising from other guarantees	733,648	753,429
Of which arising from letters of credit	9,108	10,248
Of which other contingent liabilities	6,502	5,877
Commitments	***5,966,076***	*5,550,883*
Of which arising from revocable loan commitments	2,640,278	2,425,698
Of which arising from irrevocable loan commitments	3,325,798	3,125,185
To 1 year	964,868	823,174
More than 1 year	2,360,930	2,302,011

(37) Regulatory capital

RLB NÖ-Wien is part of the Raiffeisen-Holding NÖ-Wien financial institution group and is therefore not subject to the regulations governing financial institution groups or requirements on a consolidated basis. Raiffeisen-Holding NÖ-Wien, the parent company, is responsible for compliance with these regulatory requirements at the financial institution group level. Accordingly, the regulatory capital requirements for the financial institution group are reported below.

€'000	30/06/2020	31/12/2019
Paid-in capital	1,031,480	1,031,554
Retained earnings	1,941,028	2,322,260
Accumulated other comprehensive income and other equity	(546,845)	(442,879)
Common equity Tier 1 before deductions	***2,425,663***	***2,910,934***
Intangible assets incl. goodwill	(16,659)	(17,458)
Corrections in respect of cash flow hedge reserves	9,967	13,981
Corrections for credit standing related to changes in values of derivatives	(1,102)	(1,859)
Value adjustment based on the prudent valuation requirement	(3,636)	(3,454)
Common equity Tier 1 capital after deductions (CET1)	***2,414,232***	***2,902,143***
Additional core capital after deductions	95,000	95,000
Additional own funds	***2,509,232***	***2,997,143***
Eligible supplementary capital	412,422	423,984
Supplementary capital after deductions	***412,422***	***423,984***
Total qualifying capital	***2,921,653***	***3,421,128***
Total capital requirement	**1,168,703**	**1,228,698**
Common equity Tier 1 ratio (CET1 ratio)	16.53%	18.90%
Tier 1 ratio (T1 ratio)	17.18%	19.51%
Total capital ratio	20.00%	22.27%
Surplus capital ratio	149.99%	178.44%

Under a fully loaded analysis, the Common Equity Tier 1 Ratio equalled 16.50% (2019: 18.85%) and the Total Capital Ratio 19.77% (2019: 21.95%).

Total capital requirements comprise the following:

€'000	30/06/2020	31/12/2019
Capital requirements for credit risk	1,075,665	1,144,452
Capital requirements for position risk in debt instruments and assets	49,153	39,384
Capital requirement CVA	3,628	4,605
Capital requirements for operational risk	40,257	40,257
Total capital requirement (total risk	**1,168,703**	**1,228,698**
Assessment base for credit risk	***13,445,814***	***14,305,650***
Total basis of assessment (total risk)	***14,608,786***	***15,358,727***

(38) Average number of employees

Information on the average workforce (full-time equivalents) employed during the reporting period is shown below:

	01/01 - 30/06/2020	01/01 - 31/12/2019
Salaried employees	1,147	1,119
Wage employees	20	22
Total	**1,167**	1,141

(39) Events after the balance sheet date

Up to the present date, there were no transactions or other events which would be of particular interest to the general public or which would have a material effect on the consolidated interim financial statements.

Statement by the Managing Board

The Managing Board of RLB NÖ-Wien prepared these condensed consolidated interim financial statements as of 30 June 2020 in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as of 22 September 2020. A half-year management report was also prepared. The requirements for interim financial reporting defined by § 87 of the Austrian Stock Exchange Act were therefore met.

"We confirm to the best of our knowledge that these condensed consolidated interim financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of the RLB NÖ-Wien Group in accordance with the applicable accounting standards; that the half-year management report of the RLB NÖ-Wien Group presents a true and fair view of the assets, liabilities, financial position of the RLB NÖ-Wien Group with regard to significant events which occurred during the first six months of the financial year and their effects on the condensed consolidated interim financial statements; and that the half-year management report describes the principal risks and uncertainties to which the Group will be exposed during the remaining six months of the financial year. We note that IFRS accounting - for systemic reasons - is becoming increasingly future-oriented. Accordingly, IFRS financial statements include a growing number of planning elements and uncertainty factors."

Vienna, 22 September 2020

The Managing Board

Klaus BUCHLEITNER m.p.
Chairman, responsible for
the Directorate General

Reinhard KARL m.p.
Deputy Chairman, responsible for
the Corporate Clients Segment

Andreas FLEISCHMANN m.p.
Member, responsible for
the Financial Markets/Organisation Segment

Martin HAUER m.p.
Member, responsible for
the Retail/Raiffeisen Association Services Segment

Michael RAB m.p.
Member, responsible for
the Risk Management/Accounting Segment