GROUP MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT 2021

Raiffeisenlandesbank Niederösterreich-Wien

Contents

GROUP MANAGEMENT REPORT

Overview of the 2021 Financial Year

The economic environment in 2021 was characterized by the following factors and events:

- There was virtually no movement in European Central Bank (ECB) key interest rates and only a minimal change in Euribor rates (the three-month Euribor opened the year at -0.545% and closed at -0.572%) in 2021, but considerably more momentum on the longer end: Yields and swap rates increased substantially with fluctuations.
- The ECB acted with comparative calm in 2021, after monetary policy had been set for an unusually long period at favourable conditions in December 2021 with the approval of an extensive package of measures (among others, an increase in and extension of the COVID-19 Pandemic Emergency Purchase Programme (PEPP) up to the end of March 2022 as well as continuation of the TLTROs (Targeted Longer-Term Refinancing Operations)). Money market rates remained negative throughout the entire year due to the ongoing low key interest rates and the renewed increase in surplus liquidity.
- An important decision for future ECB monetary policy followed at the beginning of July 2021 with the central bank's announcement of a change in the 18-year-old inflation target from "below, but close to 2%" to an even 2% with a symmetric aversion to below-target and above-target deviations over the medium-term.
- The last three-week lockdown (from 22 November to 12 December 2021) had no notable influence on the production of goods, the construction industry or market services for the corporate sector, but hotel and gastronomy businesses were particularly hard hit. Private consumption grew by 1.8% in 2021 but only partially offset the slump in 2020.

The following major events had a significant influence on RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) during the 2021 financial year:

The retail business remained relatively stable in 2021. Due to the still substantial uncertainty surrounding COVID-19 and in line with risk considerations, principal attention was given to developing new business with existing customers and to private residential construction.

The **results from equity-accounted investments** totalled EUR 7.6 million in 2021 (2020: EUR -172.4 million). The proportional share of earnings from RBI equalled EUR 290.0 million (2020: EUR 182.1 million) after the deduction of an impairment loss of EUR -285.0 million (2020: EUR -358.0 million) to the carrying amount of the investment in RBI. The earnings contribution from Raiffeisen Informatik GmbH & Co KG (R-IT) equalled EUR 2.5 million in 2021 (2020: EUR 3.4 million).

The Economic Environment

The global and European economies

The global economy grew by 5.9% in 2021 despite the adverse effects of the COVID-19 pandemic, supply chain interruptions and rising inflation. The onset of the colder autumn and winter weather led to a fourth pandemic wave and, in turn, to containment measures and a weakening of the economic climate. Recovery and worldwide growth were driven primarily by the USA, China and EU.

The USA, the world's largest economy, reported a sound quarter-on-quarter increase of 6.9% in the fourth quarter of 2021, according to a first official estimate. GDP figures confirm the relative strength of the US economy, even though inventory build-up contributes only about five percentage points to GDP growth.

China was the only country on the International Monetary Fund (IMF) list to generate growth in 2020 despite the COVID-19 pandemic. This second-largest global economy grew by 8.1% in 2021, a pace not seen in ten years. This growth rate clearly exceeded the Chinese government's target of "over 6%".

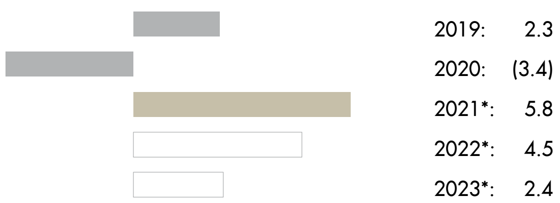
Economic output in the Eurozone rose by 2.3% in the summer quarter, but preliminary GDP figures for the 19 Euro countries slowed to 0.3% in the fourth quarter of 2021 (both values versus the previous quarter). Developments in the individual Euro countries differed widely: Germany recorded a slight decline of 0.7% in economic output from the third to the fourth quarter of 2021, while southern Europe generated robust growth despite an increase in COVID-19 infections. As seen over the full year, the Eurozone economy recovered from the collapse at the beginning of the corona crisis and, according to a forecast by the EU Commission, grew by 5.0%.

Inflation accelerated significantly during 2021 due to the sharp rise in energy prices and global delivery bottlenecks. In the Eurozone, the inflation rate reached a new record level at the end of 2021 with a harmonized Consumer Price Index (HCPI) of 5.0% versus the previous year.

The seasonally adjusted unemployment rate in the Eurozone has already fallen below the pre-COVID-19 level. It equalled 7.0% in December 2021, which represents a decline from 7.1% in November 2021 and from 8.2% in December 2020.

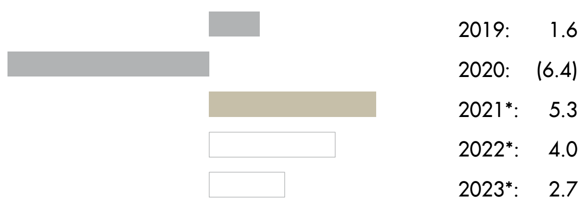
GDP Growth in the USA in % vs. prior year

*Forecast for 2021-2023: EU-Commission, Autumn Forecast for 2021



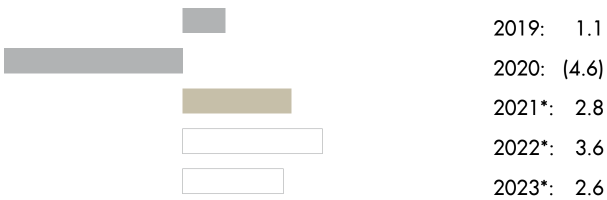
GDP Growth in the Eurozone in % vs. prior year

*Forecast for 2021-2023: EU-Commission, Winter Forecast for 2022



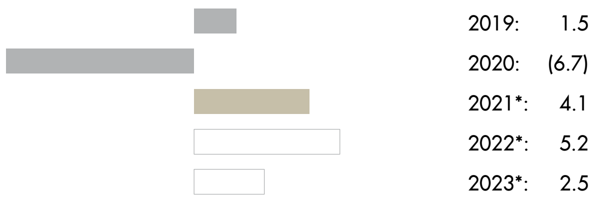
GDP Growth in Germany in % vs. prior year

*Forecast for 2021-2023: EU-Commission, Winter Forecast for 2022



GDP Growth in Austria in % vs. prior year

*Forecast for 2021-2023: WIFO forecast dated 15 December 2021



The Economy in Austria

The pandemic shock in 2020 with a 6.7% year-on-year drop in the GDP was followed by stronger-than-expected recovery in the Austrian economy during the second and third quarters of 2021. The onset of the fourth COVID-19 wave slowed this upturn, however, and, according to a flash estimate, led to a GDP decline of 2.2.% from the third to the fourth quarter. Without the lockdown (restrictions imposed due to the corona pandemic), the economy would have increased by 0.7% in the last quarter of 2021. Economic growth for the full 12 months of 2021 was only reduced to a limited extent by the fourth nationwide lockdown and should reach 4.1%. The economic recovery was responsible for a substantial improvement in the budget deficit to 5.9% of the GDP.

The last three-week lockdown (from 22 November to 12 December 2021) had no notable influence on the production of goods, the construction industry or market services for the corporate sector, but hotel and gastronomy businesses were particularly hard hit. Private consumption grew by 1.8% in 2021 but only partially offset the slump in 2020.

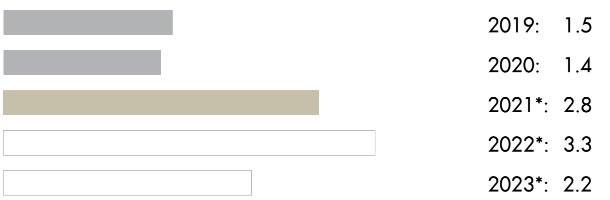
The Purchasing Mangers‘ Index improved from 58.1 points to 58.7 points in December and clearly exceeded the growth threshold of 50 points. Delivery lead times rose at a more moderate pace, and price increases were lower than in November. The Austrian industrial sector PMI remained above the comparable European value for nearly the entire 12 months of 2021 and points, in part, towards a clearly faster recovery than in the Eurozone.

The inflation rate in Austria, according to the HCPI was double the 2020 level (+1.4%) at 2.8% in 2021. Österreichische Nationalbank (OeNB, the Austrian National Bank) attributes roughly one-third of the increase since the beginning of 2021 to the massive rise in energy prices. Fuel prices in this country rose by 40% during the course of the year.

The second COVID-19 year was characterized by a strong increase in employment with a parallel lack of specialists and a record number of vacancies (146,000 on average per quarter). At the end of December, the unemployment rate equalled 8.1% according to national calculations. The number of unemployed persons declined to roughly 130,000 during the year. Short-time work programmes covered nearly 177,000 persons at the end of 2021. Unemployment has remained below the comparable prior year period in every month since August 2021.

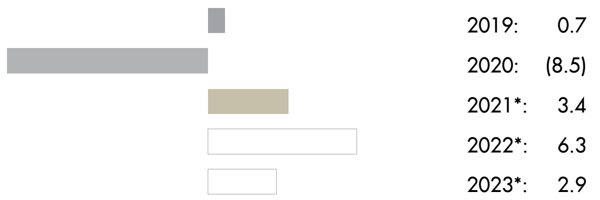
Inflation in Austria in %

*Forecast for 2021-2023: WIFO Forecast dated 15 December 2021



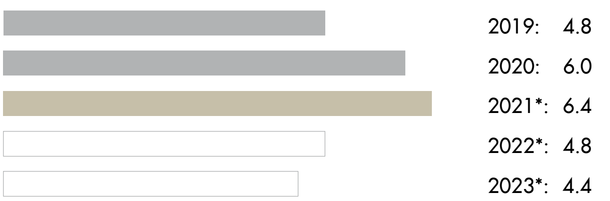
Private Consumption in Austria in % vs. prior year

*Forecast for 2021-2023: WIFO Forceast dated 15 December 2021



Unemployment in Austria in %

*Forecast for 2021-2023: WIFO Forecast dated 15 December 2021



Overview of the Financial Markets

- The ECB acted with comparative calm in 2021, after monetary policy had been set for an unusually long period at favourable conditions in December 2021 with the approval of an extensive package of measures (among others, an increase in and extension of the COVID-19 Pandemic Emergency Purchase Programme (PEPP) up to the end of March 2022 as well as continuation of the TLTROs (Targeted Longer-Term Refinancing Operations)). Money market rates remained negative throughout the entire year due to the ongoing low key interest rates and the renewed increase in surplus liquidity.
- On the bond market, yields distanced from the historical lows recorded in 2020. Federal bonds were only able to escape the upward pressure created by US treasuries with difficulty, while the situation was intensified by growing speculation over a change in monetary policy by the ECB in view of the strong rise in consumer prices as the year progressed. The yields for 10-year federal bonds equalled -0.179% at the end of December, for a substantial increase over the level at the beginning of the year.
- The US Dollar gained an impressive 7% over the Euro in 2021, primarily due to signals by the US Federal Reserve (Fed) of a shift towards a more restrictive monetary policy. Year-end market prices subsequently included expectations for a series of interest rate hikes in 2022. The EUR/USD started the year at 1.2214 and closed 2021 at 1.1368.
- As a stock market year, 2020 was spectacular. The mood was depressed at times due to the ongoing COVID-19 pandemic but, below the line, market prices moved in only one direction – namely upward. Many indexes rose to new all-time highs. The ATX was one of the top performers in 2021 with an increase of 38.9% (after a sharp drop of 12.8% in 2020).

Interest Rates

There was virtually no movement in European Central Bank (ECB) key interest rates and only a minimal change in Euribor rates (the three-month Euribor opened the year at -0.545% and closed at -0.572%) in 2021, but considerably more momentum on the longer end: Yields and swap rates increased substantially with fluctuations. The first half-year brought an initial dynamic upward movement (US treasury prices climbed higher due to fears of inflation) which was followed by a correction during the summer months (at that time, market belief in the central banks was still intact with expectations of only a temporary increase in inflation). However, a second upward wave began at the end of the summer and accelerated toward year-end as it became clear that the US Federal Reserve would soon alter its monetary policy.

The ECB attempted to counter the sharp rise in yields with its March announcement of a significant increase in PEPP purchases from the first to the second quarter. An agreement was reached in June to also maintain this pace during the third quarter, which meant new bond purchases of approximately EUR 80 billion per month over the summer. As an unchanged course of action, the repayments of maturing securities purchased as part of the PEPP would be reinvested at least up to the end of 2023. The large-scale ECB purchases helped to hold federal bond yields below the 0% threshold during the entire year: Ten-year federal bonds opened 2021 at -0.575% and closed at -0.179%.

The massive bond purchases within the framework of the PEPP (and, to a lesser extent, purchases as part of the APP – Asset Purchase Programme) were decisive for maintaining the low risk premiums for federal bonds issued by the Eurozone countries in 2021. For example: At 91 BP in February 2021, the 10-year spread for Italian federal bonds marked the lowest level in more than five years.

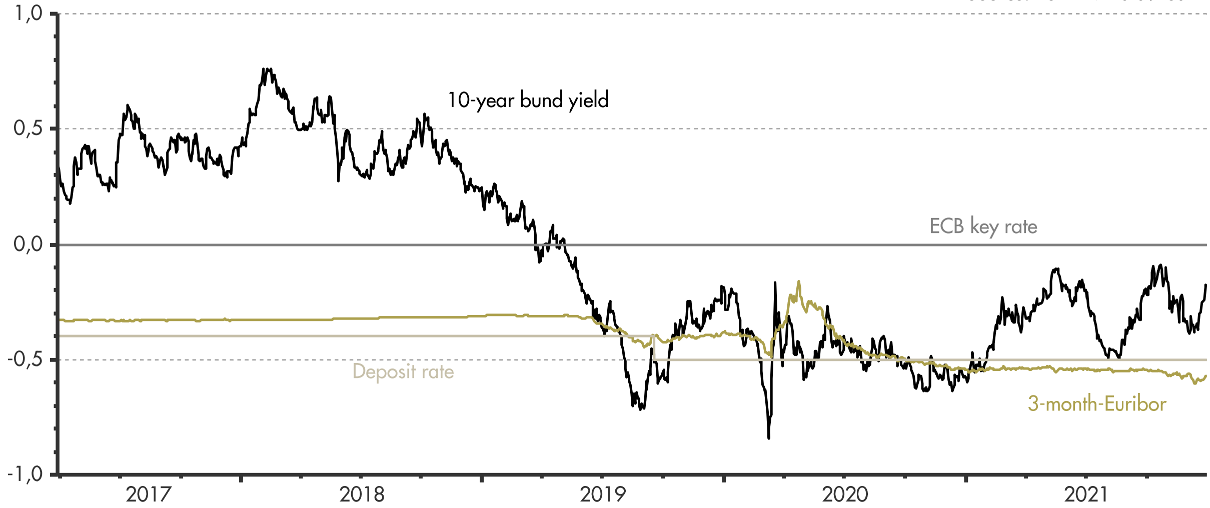
An important decision for future ECB monetary policy followed at the beginning of July 2021 with the central bank's announcement of a change in the 18-year-old inflation target from "below, but close to 2%" to an even 2% with a symmetric aversion to below-target and above-target deviations over the medium-term. In summary, this new strategy creates greater flexibility to set a higher target for inflation if necessary.

The risk premiums for European companies and the financial branch fell to a near pre-COVID-19 level in 2021. The only notable, but also temporary, increase was visible at the end of November/beginning of December 2021. It represented a reaction to the substantial uncertainty caused by a WHO report on 26 November 2021: On that date, the World Health Organization classified the SARS-CoV-2 variant omicron as a variant of concern. iTraxx Senior Financials 5Y traded at 55 BP at the end 2021 and generally reflected the level at the beginning of the year (59 BP). The low interest and spread environment supported corporate placements of new EUR bonds (incl. investment grade and high-yield ratings) at a median issue yield of 1.07% in 2021 (2020: 1.59%).

Eurozone Interest rates

in %

Source: Refinitiv Datastream



Currencies and Equity Markets

The US Dollar owes its substantial appreciation over the Euro in 2021 to a number of factors: On the one hand, extensive US recovery packages set the stage for dynamic growth. On the other hand, the prevailing opinion in the second half-year indicated that the US Federal Reserve would soon shift its monetary policy – an opinion that was confirmed in November with the "tapering" announcement: a monthly reduction of USD 15 billion in Fed security purchases. In mid-November, the EUR/USD fell below the 1.12-mark for the first time since June 2020. In December, the Fed approved a more rapid exit from its expansive monetary policy (reduction of USD 30 billion per month in bond purchases) and signalled a series of interest rate hikes in 2022. The interest rate advantage was also clearly in favour of the US Dollar, which retained its strength up to year-end. The EUR/USD closed 2021 at 1.1368, or 7.0% below the level at the beginning of the year.

The Swiss Franc again confirmed its status as a "safe haven" in 2021 and, due to the uncertainty surrounding COVID-19 and fears of an increase in inflation, rose by 4.2% versus the Euro – despite attempts by the Swiss National Bank to counteract the strong Franc with negative interest and currency purchases. Growing fears over (too) aggressive interest rate increases by the Fed to contain inflation caused the EUR/CHF to drop to 1.0324 on 31 December 2021, which represents the lowest level since 2015. This currency pair ended the year only slightly higher at 1.0361.

In 2021, the first year after the complete Brexit, the British Pound held up well. The EUR/GBP opened trading on the first day after EU membership at 0.8939 and closed 2021 at 0.8403, for a sound increase of 6.0% over the Euro. The main drivers were the regulated procedure for the Brexit and the spectacular recovery of the British economy (due to substantial fiscal assistance and the good progress of vaccination campaigns) after the deep COVID-19-related recession in 2020. This gave the Bank of England (BoE) the necessary basis to end its pandemic-related crisis mode. The BoE completed the turnaround in key interest rates in December 2021 with an increase of 15 BP to 0.25%.

The 2021 stock market year was unusually good. The mood was depressed at times as the result of multiple COVID-19 waves but, below the line, market prices moved in only one direction – namely upward. Many indexes rose to new all-time highs during the year, even though the upturn was not stable. September confirmed its bad reputation (the near-bankruptcy of the Chinese real estate developer Evergrande was responsible for negative headlines), and November brought a sharp drop in share prices after the highly infectious omicron variant increased the prospects of an intensified COVID-19 pandemic.

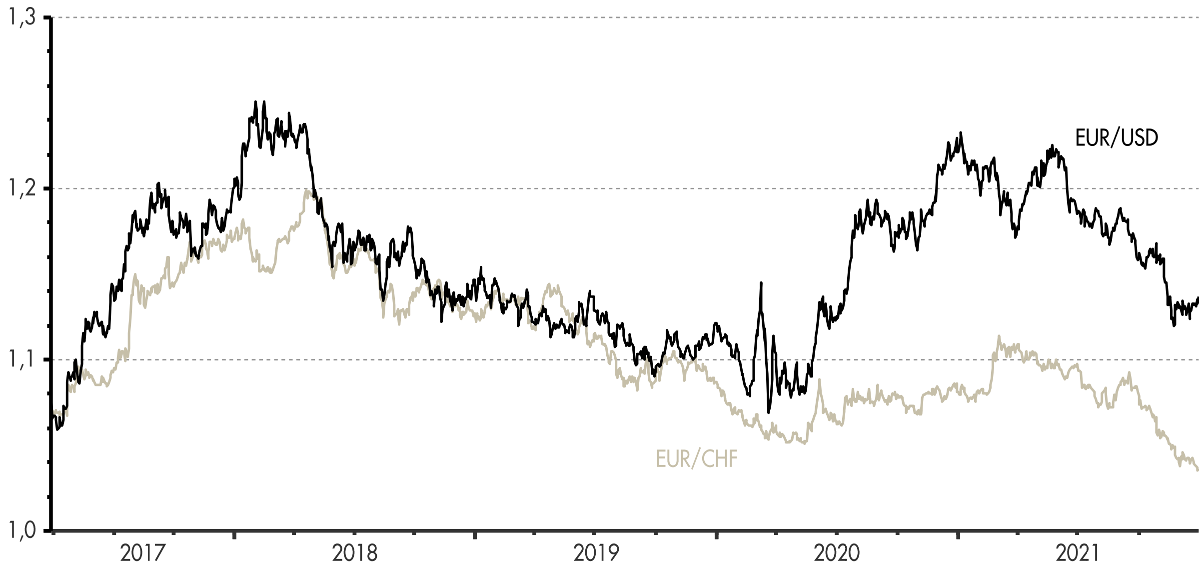
Stocks remained unbeaten as an investment vehicle in 2021 due to the ongoing extremely loose monetary policy of the major central banks, the related upturn in the global economy and surprisingly strong growth in corporate profits in 2021. The largest price gains were pocketed by investors in Europe and the USA. For example: The Euro Stoxx 50 rose by 21.0% for the full year, the Frankfurter DAX by 15.8% and the ATX, the most important barometer for the Vienna Stock Exchange, by an even stronger 38.9%, for one of the best performances in the world.

In this favourable stock environment, it is no surprise that 2021 was also a year for IPOs: Issues rose to a 20-year high. A total of 2,388 companies worldwide went public (compared with 1,452 in 2020), and the issue volume rose from USD 271 billion to USD 453 billion. Most of the IPOs were recorded in China (including Hong Kong) with 593 transactions, followed by Europe with 485 and the USA with 416 transactions. However, the USA is the leader by volume with USD 156 billion.

Development of the EUR vs. USD and CHF

EUR/USD and EUR/CHF

Source: Refinitiv Datastream



Development of the Austrian Banking Sector

The balance sheet total of the Austrian credit institutions continued to increase during 2021. It exceeded the one trillion EUR-mark in the first quarter of 2021 and totalled EUR 1,013,136.83 million at the end of the third quarter (last available data) for an increase of 5.5% over the previous year. Loans and advances to customers (non-bank) have risen steadily since the first quarter of 2018 (apart from the fourth quarter of 2020). Momentum began to increase again in the third quarter of 2021, whereby 3.9% more loans were granted than in the third quarter of the previous year. The increase in yields and price losses on the bond market are also reflected in the development of the position "shares and other variable-yield securities": This value was 11.5% lower year-on-year in the third quarter of 2021. Of notable interest is the strong growth in "other assets" since the beginning of 2020 with an increase of 29.3% in the third quarter of 2021. It reflects the ongoing flood of liquidity from the ECB, which led to a substantial rise in overnight deposits with this central bank.

A contrasting position to the high volumes of the deposit facility is the increase in deposits from other banks: Included here are the ECB's long-term refinancing transactions, which rose more slowly than the five previous quarters by 11.1% quarter-on-quarter in the third quarter of 2021. Deposits from customers (non-bank) increased by 5.9%, while securitized liabilities declined by 1.4% (both versus the previous year).

The earnings position of the Austrian banks improved significantly in 2021, above all beginning in the second quarter. Net interest income for the third quarter rose by 3.2% year-on-year (but was below the 2020 level at the beginning of the year). Operating profit – which declined in many of the preceding quarters – increased year-on-year by 9.3% in the second quarter and by 6.9% in the third quarter. Operating profit improved substantially and totalled EUR 5,100.64 million in the third quarter, for an increase of EUR 729.27 million, or 16.7%, over the previous year. The absence of the expected bankruptcy wave led to the release of substantial provisions and, as a result, profit on ordinary activities was an impressive 110.9% higher than the previous year in the fourth quarter. Net profit as recorded by the Austrian credit institutions totalled EUR 5.698,84 million in the third quarter of 2021, which represents a year-on-year increase of 131.2%.

Earnings, Financial and Asset Position

The following tables can include rounding differences.

The consolidated financial statements of RLB NÖ-Wien are prepared in accordance with EU Directive (EC) 1606/2002 issued by the Commission on 11 September 2002 in connection with § 245a of the Austrian Commercial Code ("Unternehmensgesetzbuch") and § 59a of the Austrian Banking Act ("Bankwesengesetz") on the basis of the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The consolidated financial statements reflect the legal regulations in effect and applicable as of 31 December 2021. RLB NÖ-Wien also prepares separate financial statements in accordance with the Austrian Banking Act and in connection with the Austrian Commercial Code. The consolidated management report agrees with the consolidated financial statements and presents a true and fair view of the financial position, financial performance and cash flows of RLB NÖ-Wien.

Consolidated operating profit 2021 vs. 2020

€'000	2021	2020	Absolute +/(–) Change	Change in percent
Net interest income	174,964	182,111	(7,147)	(3.9)
Net fee and commission income	56,106	56,979	(873)	(1.5)
Profit from equity-accounted investments	7,569	(172,444)	180,013	-
Profit/Loss from investments and non-financial assets and liabilities	9,736	(27,857)	37,593	-
Other	29,485	2,276	27,209	>100
Operating income	***277,860***	*41,065*	***236,795***	***>100***
Staff costs	(114,254)	(103,830)	(10,423)	10.0
Other administrative expenses	(98,053)	(104,072)	6,018	(5.8)
Depreciation/amortization/write-offs	(14,712)	(15,230)	518	(3.4)
Depreciation, amortization, personnel and operating expenses	***(227,019)***	*(223,132)*	***(3,887)***	***1.7***
Group operating income	**50,841**	(182,067)	**232,908**	-

Net interest income was 3.9% lower at EUR 175.0 million in 2021. The following factors were responsible for the year-on-year decline:

- The retail business remained relatively stable in 2021. Due to the still substantial uncertainty surrounding COVID-19 and in line with risk considerations, principal attention was given to developing new business with existing customers and private residential construction.

- The continued decline in the EURIBOR together with interest payments deferred due to the COVID-19 pandemic led to a decline in the earnings on loans and advances compared with the previous year. Participation in the central banks' targeted longer-term refinancing operation (TLTRO) and the maturity of high-interest issues made a positive contribution to earnings.

- The investment of surplus liquidity at an even lower ECB deposit rate (-0.5%) and the related reduction in bond yields continue to represent a significant problem for net interest income.

Net interest income in EUR million

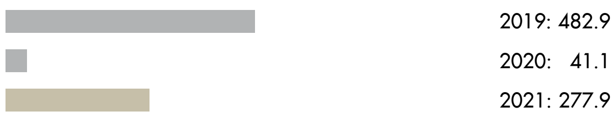
Net fee and commission income was slightly lower than the previous year at EUR 56.1 million in 2021 (2020: EUR 57.0 million). An increase in payment transactions and brokerage commissions was contrasted by substantial declines in the lending business.

Profit/(loss) from investments accounted for at equity totalled EUR 7.6 million in 2021 (2020:EUR -172.4 million). The proportional share of earnings from RBI equalled EUR 290.0 million (2020: EUR 182.1 million) less an impairment loss of EUR -285.0 million (2020: EUR -358.0 million) to the carrying amount of the RBI investment. The earnings contribution from Raiffeisen Informatik GmbH & Co KG (R-IT) equalled EUR 2.5 million in 2021 (2020: EUR 3.4 million).

Profit/loss from investments and financial/non-financial assets and liabilities totalled EUR 9.7 million in 2021 (2020: EUR -27.9 million). The development of this position shows a substantial recovery over the negative results recorded in the previous year, which was influenced by the market turbulence caused by the COVID-19 pandemic.

Other operating profit/(loss) improved by EUR 27.2 million over the previous year to EUR 29.5 million. The prior year results include, among others, high provisions for obligations and guarantees issued. Other operating profit was also included, among others, by the absence of a special payment (EUR 10.6 million) for the stability levy. This position also includes the contribution to the European resolution fund and the deposit insurance fund (EUR 21.1 million; 2020: EUR 17.8 million).

Operating income in EUR million



Personnel expenses amounted to EUR 114.3 million and were EUR 10.4 million higher than the previous year (EUR 103.8 million), which included the reversal of employee-related provisions totalling EUR 5.9 million. The personnel expenses related to operations rose by EUR 3.1 million year-on-year.

Operating expenses in the IT and consulting areas fell substantially in 2021 and, at EUR 98.1 million, were EUR 6.0 million lower than the 2020 value of EUR 104.1 million. **Depreciation and amortization** were EUR 0.5 million lower than the previous year at EUR 14.7 million.

General administrative expenses in EUR million

Consolidated net profit recorded by the RLB NÖ-Wien Group rose by EUR 232.9 million to EUR 50.8 million in 2021, above all due to the development of RBI and a net increase in the earnings contributions from the banking business. An impairment loss of EUR -285.0 million was recognised to the investment in RBI during 2021 (2020: EUR -358.0 million).

The improvement in earnings was also supported by the absence of the COVID-19-related valuation allowances recorded for securities and derivatives in 2020.

€'000	2021	2020	Absolute +/(–) Change	Change in percent
Group operating income	50,841	(182,067)	232,908	-
Net impairment loss/reversal of impairment to financial assets	11,393	(91,937)	103,330	-
Profit for the period before tax	62,234	(274,004)	336,238	-
Income tax	(7,161)	18,331	(25,493)	-
Net profit/loss for the period	**55,073**	(255,672)	**310,745**	**-**

The **net impairment loss/reversal of impairment to financial assets** amounted to EUR 11.4 million in 2021 (2020: EUR -91.9 million). The higher balance of valuation allowances for loans in 2020 was influenced by the tense economic situation caused by the COVID-19 pandemic and involved both individual and general allowances.

Profit before tax equalled EUR 62.2 million (2020: EUR -274.0 million). After the deduction of income tax expense, **profit after tax** amounted to EUR 55.1 million (2020: EUR -255.7 million).

Profit/(loss) for the year after tax in EUR million

Other comprehensive income of EUR 33.1 million leads to total comprehensive income for 2021. It includes, above all, the proportional share of positive effects from the at-equity consolidation of RBI (above all FX effects). **Total comprehensive income** for 2021 amounted to EUR 88.2 million (2020: EUR -428.7 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.

- Retail/ Raiffeisen Association Services
- Corporate Clients • Financial Markets
- Raiffeisen Bank International
- Raiffeisen Association
- Other Investments
- Other

The segments include, as before: 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 -2.6 million in 2021, compared with EUR -33.9 million in the previous year. The volume of loans and advances rose substantially by 13.6% to EUR 3.7 billion and, in turn, led to an improvement in net interest income. In the deposit business, however, the negative consequences from the continued decline in the three-month EURIBOR were greater, and the effect on provisions from the moratorium (refunding debit interest on deferred credits in connection with COVID-19) amounted to EUR -3.5 million. That led to a year-on-year reduction of EUR 7.0 million in net interest income to EUR 45.7 million. Depreciation, amortization, personnel and operating expenses were EUR 2.4 million higher than the previous year at EUR 125.4 million. Impairment allowances totalling EUR 6.2 million were reversed in 2021, in contrast to the additions of EUR -21.6 million in 2020. This substantial decline resulted, among others, from lower general allowances (COVID-19-effect: IFRS 9 Stage 1+2) as well as individual allowances in 2020.

The **Corporate Clients Segment** recorded pre-tax profit of EUR 96.1 million in 2021 (2020: EUR 9.8 million). The volume of loans and advances declined by -4.1%, or EUR -465 million, during the past year, but the negative effect was offset by an increase in the margins on loans and advances. An additional positive effect was provided by the release of a EUR 3.9 million provision for margin reductions. Net interest income improved to EUR 132.5 million (2020: EUR 128.6 million), and impairment allowances declined by EUR 75.9 million to EUR 5.7 million (release) (2020: EUR -70.2 million). This substantial decline resulted, among others, from lower general allowances (COVID-19-effect: IFRS 9 Stage 1+2) as well as individual allowances in 2020.

The **Financial Markets Segment** generated pre-tax profit of EUR 15.2 million in 2021 (2020: EUR -3.5 million). Net interest income was EUR 7.0 million lower than the previous year at EUR 42.9 million (2020: EUR 47.9 million). The reduction in issue costs was unable to fully offset the negative effects from the maturity transformation caused by the redemption of high-interest assets. The equity-accounted R-IT, which is allocated to the Financial Markets Segment, recorded results of EUR 2.5 million in 2021 (2020: EUR 3.4 million). The profit/loss from financial assets and liabilities improved by EUR 33.3 million to EUR 8.3 million (2020: EUR -25.1 million). The comparative prior year results were influenced by valuation effects from securities and derivatives, negative trading results and the valuation of derivatives (COVID-19 effect).

RBI, a material investment of RLB NÖ-Wien, reported pre-tax profit of EUR -43.5 million in 2021 (2020: EUR -227.5 million) after the deduction of refinancing and administrative costs. An impairment loss of EUR -285.0 million was recorded in 2021 (2020: EUR 358.0 million).

The **Raiffeisen Association Segment** reported a pre-tax loss of EUR -0.7 million (2020: EUR -1.0 million).

The **Other Investments Segment** recorded profit before tax of EUR 0.7 million (2020: EUR 0.2 million).

The **Other Segment** includes, above all, a special charge for the subsequent addition to the deposit insurance fund. Pre-tax profit equalled EUR -2.9 million in 2021 (2020: EUR -18.1 million).

Consolidated Balance Sheet 2021

The balance sheet total of the RLB NÖ-Wien Group declined by EUR 70.4 million to EUR 28,592.3 million as of 31 December 2021. Higher interbank volumes under both assets and liabilities were contrasted by lower at-equity carrying amounts (above all R-IT) and a decline in the volumes of own issues.

Assets

€m	31/12/2021	31/12/2020	Absolute +/(–) Change	Change in percent
Financial assets at amortized cost	20,138	19,842	297	1.5
Of which loans and advances to customers	13,504	13,658	(155)	(1.1)
Of which bonds	3,636	3,593	43	1.2
Of which loans and advances to other banks	2,987	2,580	406	15.7
Of which other financial assets	12	9	3	28.0
Financial assets designated at fair value through profit or loss	673	952	(279)	(29.3)
Of which trading portfolio	542	812	(270)	(33.2)
Of which investments, immaterial shares in subsidiaries and associates	9	9	0	5.4
Of which bonds not held for trading	1	1	0	2.1
Of which loans and advances to customers not held for trading	120	130	(10)	(7.6)
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(52)	10	(61)	-
Financial assets at fair value through other comprehensive income	20	19	0	0.5
Interest in equity-accounted investments	2,029	2,202	(174)	(7.9)
Other assets	5,785	5,638	147	2.6
Consolidated assets	**28,592**	28,663	(70)	(0.2)

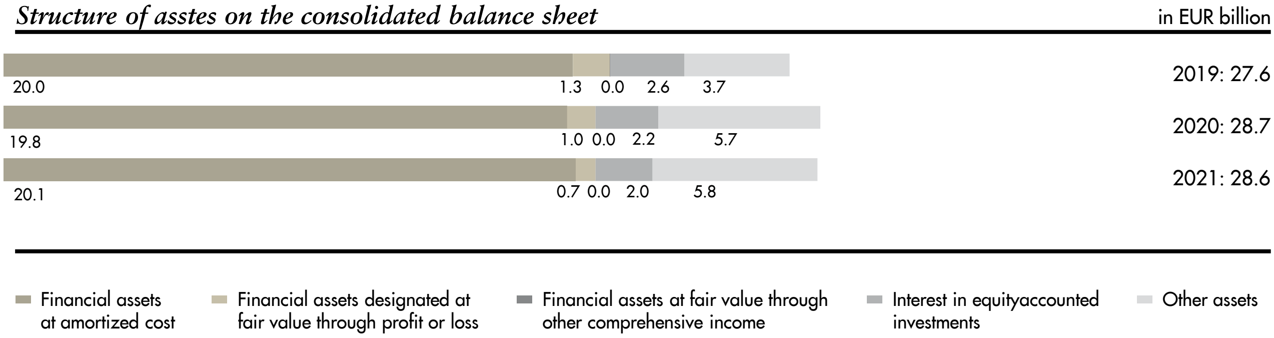
Loans and advances to customers were slightly lower than the previous year at EUR 13,503.6 million.

Loans and advances to other banks amounted to EUR 2,986.5 million as of 31 December 2021, compared with EUR 2,580.4 million at year-end 2020. The increase resulted primarily from higher volumes in the Raiffeisen sector.

The **interest in equity-accounted investments** declined from EUR 2,202.3 million to EUR 2,028.6 million, above all due to a lower distribution from R-IT.

Other assets totalled EUR 5,784.6 million, compared with EUR 5,637.9 million as of 31 December 2020. The year-on-year increase resulted chiefly from a higher volume of deposits with Oesterreichische Nationalbank (OeNB).

Structure of asstes on the consolidated balance sheet



Liabilities and Equity

€m	31/12/2021	31/12/2020	Absolute +/(–) Change	Change in percent
Financial liabilities measured at amortised cost	25,624	25,444	180	0.7
Of which deposits from other banks	10,449	9,357	1,092	11.7
Of which deposits from customers	9,088	9,177	(89)	(1.0)
Of which securitized liabilities (incl. Tier 2 capital)	5,986	6,815	(829)	(12.2)
Of which other financial liabilities	101	95	6	6.3
Financial liabilities designated at fair value through profit or loss	322	487	(165)	(33.9)
Equity	2,117	2,027	91	4.5
Other liabilities	529	706	(176)	(25.0)
Consolidated equity and liabilities	**28,592**	28,663	**(70)**	**(0.2)**

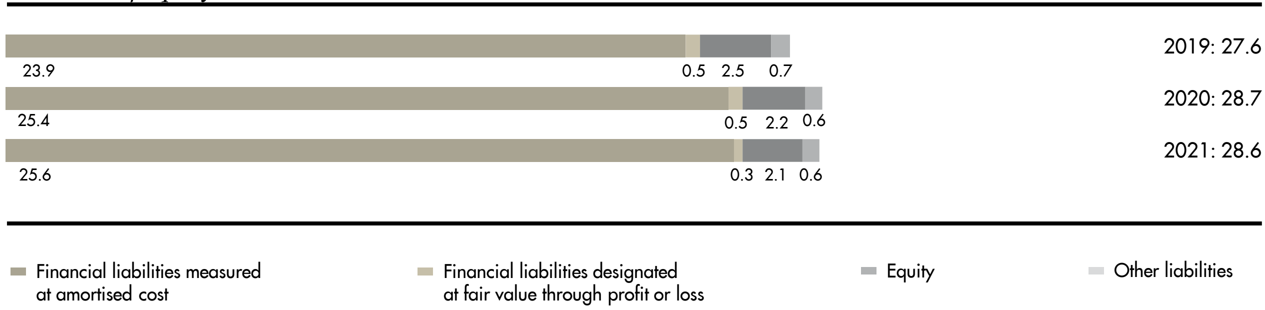
Deposits from other banks rose by 11.7%, or EUR 1,092.2 million, year-on-year to EUR 10,449.0 million as of 31 December 2021 (2020: EUR 9,356.8 million), chiefly due to a higher volume of deposits with OeNB. A total of EUR 1,040 million was drawn from the TLTRO programme in 2021.

Deposits from customers, including savings deposits, remained stable at EUR 9,087.8 million.

The total volume of **securitized liabilities, incl. Tier 2 capital,** equalled EUR 5,986.3 million and was EUR 828.9 million lower than the previous year due to maturing securities.

Equity totalled EUR 2,117.4 million as of 31 December 2021 (2020: EUR 2,026.8 million).

Structure of equity and liabilities on the consolidated balance sheet in EUR billion



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 40.7% in 2021 (2020: 54.3%).

The **Group's return on equity after tax** – i.e. the return on equity based on average equity – equalled 2.7% in 2021.

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 2,884.7 million (2020: EUR 2,935.1 million). At 22.2% (2020: 21.6%), 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 8.00% 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 0.50%, the O-SII buffer of 0.50%, 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 1,638.5 million, various regulatory adjustments of EUR -5.9 million, and the application of IFRS 9 transition guidance of EUR 53.4 million. After deductions of EUR -140.1 million, common equity Tier 1 capital equals EUR 2,577.6 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 2,672.6 million (2020: EUR 2,570.2 million).

Tier 2 capital of EUR 212.1 million (2020: EUR 364.9 million) comprises eligible Tier 2 instruments of EUR 197.0 million, an addition of EUR 14.5 million for amounts guaranteed, and participation capital of EUR 0.7 million which no longer qualifies as CET 1 capital.

Tier 1 capital as a per cent of eligible capital equalled 92.6% (2020: 87.6%).

The common equity Tier 1 ratio (CET1 ratio) equalled 19.9% as of 31 December 2021 (2020: 18,2%), and the Tier 1 ratio for the total risk of the Raiffeisen-Holding NÖ-Wien credit institution group equalled 20.6% (2020: 18.9%).

The Internal Control System for the Accounting Process

The Managing Board is responsible for the design, implementation and maintenance of an internal control system (ICS) which meets the company's requirements. The ICS must also be suitable for the corporate strategy and scope of business activities as well as various economic and organizational aspects. The ICS was instituted by the Managing Board; its effectiveness is monitored by the Audit Committee of the Supervisory Board. It is adapted regularly to reflect changes in organizational circumstances.

Control Environment

The accounting-based internal control system covers all processes from the initiation of a business transaction up to the preparation of annual financial statements. It is based on defined principles and synchronized methods and measures which are designed to protect assets, to guarantee the correctness, exactness and reliability of accounting data and to support compliance with defined business policies. The goal of the accounting-based internal control system is – through the introduction of suitable processes and control measures – to manage risks with appropriate and sufficient certainty and thereby ensure compliance with the principles of correct accounting and the presentation of a true and fair view of the company by the annual financial statements and the management report in agreement with legal regulations. The management of the respective corporate units is responsible for the implementation of instructions and internal controls, while the Internal Audit Department is responsible for monitoring compliance with these rules.

The internal control system comprises guidelines and processes which:

- regulate the storage of documents and provide sufficient detailed, correct and appropriate information on the development of business and the use of assets;
- ensure that all transactions required for the truthful preparation of the annual financial statements are recorded and also ensure that any unauthorized purchase, use or sale of assets which could have a material effect on the annual financial statements is prevented or identified at an early time;
- guarantee compliance with all relevant legal regulations; and
- provide for sufficient reporting to management, the Supervisory Board and the Audit Committee.

Risk Assessment

The most important risks related to accounting process are evaluated and monitored by the Managing Board in order to prevent errors and fraud in the annual financial statements. Risks of errors arise, above all, in connection with complex valuation and accounting issues.

The accounting process is exposed to the risk of material errors, in particular from the following factors:

- Estimates required to determine the fair value of individual financial instruments in cases where reliable market values are not available;
- Estimates required to determine the accounting treatment of risk allowances for loans and provisions;
- Complex valuation principles applied within the framework of a challenging business environment.

Control Measures

The accounting process is accompanied by efficient, integrated controls up to and including the preparation of the annual financial statements. Numerous employees in the Accounting Department of RLB NÖ-Wien are involved in the operation of the accounting-based internal control system. The Models & Analytics Department, as the ICS representative, is responsible for supporting activities. Accounting entries are controlled through automated IT functions as well as event-driven and regular checks by the assigning departments. The risks and controls are documented in the ICS tool (SAS EGRC) used by RLB NÖ-Wien.

Information and Communication

The process for the preparation of the annual financial statements is based on checklists which are controlled by and the responsibility of the Accounting Department of RLB NÖ-Wien. Employees can review the operational and organizational structure through various IT systems. This structure is subject to continuous evaluation. An information and documentation system was integrated in Lotus Notes especially for the preparation of the annual financial statements.

The annual report and management report include an explanation of accounting results in accordance with legal regulations.

Financial reporting and the monitoring of the internal control system are guaranteed through monthly and quarterly reports to the Managing Board and Supervisory Board as well as semi-annual reports to the Audit Commit.

Monitoring

In addition to the overall responsibility of the Managing Board, the department heads are in charge of ongoing monitoring in their respective business areas.

The Internal Audit Department of RLB NÖ-Wien, as an integral element of the risk controlling and risk management system, is responsible for determining whether RLB NÖ-Wien has adequate internal control systems. The main responsibilities of this department in connection with the accounting-based internal control system include the review and evaluation of the effectiveness of working procedures, processes and internal controls. The Internal Audit Department carries out its activities independently under the authority of the Managing Board of RLB NÖ-Wien.

Risk Report

Detailed information on the financial risks to which the RLB NÖ-Wien Group is exposed and the goals and methods for risk management is provided in the risk report, which represents an integral part of the notes to the consolidated financial statements (Note (31) Risks arising from financial instruments).

Branches and Offices

The branch structure was further optimized in 2021. The personal and business banking customers of RLB NÖ-Wien were serviced at 21 locations throughout Vienna as of 31 December 2021. Private banking customers and one branch office were also located in Vienna's Loos Haus up to the end of November 2021 – the private banking team relocated to the Raiffeisen Haus on 25 November 2021, and the service area in the Loos Haus was closed on 24 November 2021. The Raiffeisen Haus also offered services for the Raiffeisen organization and its employees during the past year, while five customer representative teams were available for business customers. The Raiffeisen Haus on Friedrich-Wilhelm-Raiffeisen-Platz 1 in Vienna operated as the service centre for corporate clients. RLB NÖ-Wien has no branches or offices in foreign countries.

Research and Development

RLB NÖ-Wien has no material research or development activities due to the nature of its business.

Non-financial Performance Indicators

RLB NÖ-Wien is exempt from the requirement to prepare a consolidated non-financial statement pursuant to § 267a (7) of the Austrian Commercial Code because it was included in the consolidated non-financial statement of Raiffeisen-Holding NÖ-Wien reg. Gen.m.b.H. (Raiffeisen-Holding NÖ-Wien). This statement was prepared and published in accordance with the relevant accounting guideline. The consolidated management report of Raiffeisen-Holding NÖ-Wien is available at the company headquarters as well as from the company register in Vienna and can be reviewed on the following website: www.raiffeisenholding.com.

Significant Events after the Balance Sheet Date

Significant events after the balance sheet date are reported in the notes.

Outlook on 2022

The Economic Environment

The dramatic escalation of the tensions between Russia and the West as a result of the ongoing war in Ukraine will have a wide range of effects which cannot be fully estimated at the present time. In any event, the renewed sharp rise in energy prices will continue to drive inflation and the sanctions will have economic consequences. It is realistic to say – given this backdrop – that the outlook for Europe will change significantly in the coming weeks and differ from the following analysis. Adjusted forecasts from renowned institutes are not yet available.

The economic recovery from the COVID-19 crisis is stalling, while consumer prices are on the rise. In view of the weaker growth in China and the USA, the IMF January forecast for the global economy includes a downward adjustment of 0.5 percentage points to 4.4%.

In contrast, inflation will apparently be considerably higher than expected only three months ago. The IMF is projecting an average inflation rate of 3.9% for the industrial states in 2022, which represents an increase of 1.6 percentage points. Inflation in the developing and emerging countries is forecasted to average 5.9% this year, for a plus of one percentage point. The IMF does not expect any normalization before 2023, which means the pressure on prices should continue longer than originally estimated by many central banks. Prices should rise much more slowly in 2023 due to fewer problems with global supply chains, stabilized energy prices, and generally tighter monetary policies (industrial countries: 2.1%, developing and emerging countries: 4.7%).

The IMF has reduced its growth forecast for the USA by 1.2 percentage points to 4%. The main reason mentioned in this context is the failure of the trillion Dollar package for investments in social services and climate protection to pass the US Congress, which would have served as a strong driver for the economy. The US Federal Reserve has already started to reverse direction away from the assistance programmes implemented to combat the COVID-19 crisis and towards a tighter monetary policy. The key interest rate is expected to be increased in March for the first time since the start of the pandemic, with at least four further rate hikes anticipated by year-end. An increase in the key interest rate would slow inflation but also weaken the economy.

The forecast for China was cut by 0.8 percentage points to 4.8% based on problems in the real estate sector and COVID-19 lockdowns combined with a decline in consumer purchasing activity. The current strategy, which relies on strict local lockdowns to prevent the spread of the COVID-19 virus, could intensify global supply chain problems.

The IMF reduced its forecast for GDP growth in Germany during 2022 to 3.8%, or 0.8 percentage points lower than in October. The main reason for this downward revision was the ongoing interruption in global supply chains, which has a particularly strong impact on the German economy. For the Eurozone in total, the IMF reduced its forecast for 2022 by 0.4 percentage points to 3.9%.

The WIFO and IHS economic research institutes pointed towards a continuation of the economic recovery in Austria during 2022 in their 15 December 2021 forecast. The current omicron wave was responsible for a bumpy start into the year and will apparently limit economic activity in the first quarter due to staffing shortages. However, the COVID-19 crisis has shown that the downturns caused by the lockdowns were followed by sound economic recovery. WIFO therefore sees a clear upturn after the first three months with private consumption as the central driver. GDP growth in 2022 is forecasted to reach roughly 5% and is dependent, among others, on the extent of restrictions in the first quarter. The effects of the war in Ukraine on the Austrian economy are not yet reflected in the above forecasts.

In its March meeting, the ECB approved the end of the PEPP (in March 2022) as well as an accelerated exit from the APP: The volume of purchases totalled EUR 40 billion/month in April, EUR 30 billion/month in May, and only EUR 20 billion/month in June. The ECB did not issue a specific target for third quarter and will decide in line with the data situation. Net bond purchases will be terminated in the third quarter –

unless there are any negative surprises. Interest rates could then be increased “at some time“ after the end of bond purchases. RLB NÖ-Wien currently expects a first increase of 25 BP in the deposit rate at the October meeting and a second increase of 25 BP to 0% on 15 December 2022. At the same time, the main refinancing rate will be raised by 25 BP to 0.25%.

Outlook on the Group's Development

The continued economic recovery in Austria which was forecasted by all well-known institutions for the first half of 2022 will be significantly impaired by the development of the war in Ukraine and its political and economic consequences. Firm forecasts from recognized economic researchers on the outcome of the events in Ukraine were not available at the time these financial statements were prepared. The further development of the conflict and the political and economic reactions will be decisive. Irrespective of the war in Ukraine, the effects of the omicron wave on the economy and investment climate are also unknown. Other key factors to be monitored include inflation trends and the resulting effects on the capital markets and consumer and investment behaviour.

As a strong partner, RLB NÖ-Wien plans to continue the growth course in the corporate clients segment through support for existing customers and the development of new customer groups. The private customer business will remain focused on the mortgage business, supplemented by a full range of services and products that will be offered to customers over conventional and broad-based online sales channels. This customer-oriented approach is intended to strengthen and expand the high-quality customer relations.

The strategic focal points defined in recent years will be continued:

- Further expansion of the successful corporate clients business in connection with an increased digital offering.
- Continued implementation of the new branch concept in Vienna 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 extensive digital offering as well as personal customer service. Simplified settlement transactions will also be offered in the form of a digital regional bank.
- 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 expanded.
- The focal point set in 2020 to expand sustainability and CSR throughout the RLB NÖ-Wien Group will be continued. The areas of activity identified as strategic sustainability initiatives during the past year are being implemented as part of a group-wide project that will continue in 2022 with a view towards the new reporting requirements.

The development of risk costs will represent a major factor in 2022 and are dependent, above all, on the direct and indirect effects of the war in Ukraine, future economic trends, and the phase-out of government assistance programmes in the branches affected by the COVID-19 pandemic. The forward-looking and cautious risk policy followed in recent year will form the basis for the related activities.

RBI, as a material investment of RLB NÖ-Wien, delivered extremely positive business performance in 2021. The escalation of the political situation surrounding the war in Ukraine and the consequences of the imposed sanctions expose RBI to significant risks in 2022 due to its strong positioning in Central and Eastern Europe. The management of RBI is monitoring the related developments continuously, analysing possible scenarios, and prepared the necessary measures.

The current and potential future effects of the war between Russia and Ukraine are under continuous analysis by the Investment Controlling and Risk Management Departments as regards the development of investment valuation and risk, and the management of RLB NÖ-Wien receives regular reports in the form of scenario analyses. Based on the information currently available, it can be assumed that – even under a worst-case scenario – the risk capacity of the RLB subgroup and RLB NÖ-Wien is guaranteed. Concrete effects during the 2022 financial year, above all with regard to possible impairment losses to the investment in RBI, cannot be quantified at the present time. In a press release on 17 March 2022, RBI announced the evaluation of all strategic options for the future of Raiffeisenbank Russia up to the carefully managed exit of Raiffeisenbank from the Russian market.

The Managing Board of RLB NÖ-Wien and the management of Raiffeisen-Holding NÖ-Wien intend to continuously evaluate and review this information, and a Management Board meeting has been scheduled every day since the end of February for this purpose. Task forces covering payment transactions, ALM, communications, sales management and "Russia" have also been institutionalized.

Vienna, 22 March 2022

The Managing Board

Klaus BUCHLEITNER
Chairman

Reinhard KARL
Deputy Chairman

Andreas FLEISCHMANN
Member of the Managing Board

Martin HAUER
Member of the Managing Board

Michael RAB
Member of the Managing Board

CONSOLIDATED FINANCIAL STATEMENTS (IFRS) 2021

Consolidated Statement of Comprehensive Income

Consolidated Income Statement

€'000	Notes	01/01 - 31/12/2021	01/01 - 31/12/2020
Net interest income	(1)	174,964	182,111
Interest income calculated according to the effective interest method		288,682	288,824
Interest income not calculated according to the effective interest method		87,792	127,065
Interest expense calculated according to the effective interest method		(119,129)	(126,334)
Interest expense not calculated according to the effective interest method		(82,380)	(107,444)
Net fee and commission income	(2)	56,106	56,979
Fee and commission income		91,334	87,018
Fee and commission expenses		(35,228)	(30,039)
Dividend income	(3)	1,569	643
Profit from equity-accounted investments	(4)	7,569	(172,444)
Depreciation, amortization, personnel and operating expenses	(5)	(227,019)	(223,132)
Profit/Loss from financial assets and liabilities	(6)	9,026	(27,781)
Of which profit/loss from derecognition of financial assets at amortized cost		104	4,037
Profit / loss from non-financial assets	(7)	710	(77)
Net impairment loss/reversal of impairment to financial assets	(8)	11,393	(91,937)
Other operating profit/loss	(9)	27,917	1,634
Other operating income		47,707	57,250
Other operating expenses		(30,593)	(46,614)
Addition to or release of provisions		10,802	(9,003)
Profit for the period before tax		**62,234**	(274,004)
Income tax	(10)	(7,161)	18,331
Profit for the period after tax		**55,073**	(255,672)
Of which attributable to non-controlling interests		8	12
Of which attributable to equity owners of the parent		55,065	(255,685)

Reconciliation to Consolidated Comprehensive Income

€'000	Notes	01/01 - 31/12/2021	01/01 - 31/12/2020
Profit for the period after tax		*55,073*	*(255,672)*
Items that will not be reclassified to profit or loss in later periods		*9,570*	*537*
Remeasurement of defined benefit pension plans	(27)	5,244	(2,432)
Fair value changes in equity instruments (through other comprehensive income)	(30)	91	(171)
Deferred taxes on items not reclassified to profit or loss	(22)	(656)	86
Proportional share of other comprehensive income from equity-accounted investments	(30)	4,890	3,055
Items that may be reclassified to profit or loss in later periods		*23,530*	*(173,591)*
Cash flow hedge reserve	(30)	0	(1,252)
Deferred taxes on items that may be reclassified to profit or loss	(30)	0	396
Proportional share of other comprehensive income from equity-accounted investments	(30)	23,530	(172,735)
Other comprehensive income		*33,100*	*(173,054)*
Consolidated comprehensive income		**88,173**	(428,726)
Of which attributable to non-controlling interests		8	12
Of which attributable to equity owners of the parent		88,166	(428,738)

Consolidated Balance Sheet

€'000	Notes	31/12/2021	31/12/2020
Cash, cash balances at central banks and other demand deposits	(11)	5,188,041	4,930,949
Financial assets held for trading	(12)	542,368	811,971
Derivatives		309,519	472,212
Other trading assets		232,849	339,759
Non-trading financial assets mandatorily at fair value through profit or loss	(13)	130,502	139,879
Financial assets at fair value through other comprehensive income	(14)	19,577	19,472
Financial assets at amortized cost	(15) (16)	20,138,284	19,841,540
Bonds		3,636,067	3,593,206
Loans and advances to other banks		2,986,534	2,580,439
Loans and advances to customers		13,503,583	13,658,437
Other financial assets		12,100	9,457
Derivatives - hedge accounting	(17)	315,002	442,929
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(18)	(51,651)	9,710
Interest in equity-accounted investments	(19)	2,028,649	2,202,271
Property and equipment	(20)	117,075	104,261
Investment property	(20)	1,529	1,851
Intangible assets	(21)	20,155	16,402
Deferred tax assets*	(22)	19,210	28,290
Tax assets		2,427	8,090
Deferred tax assets		16,783	20,200
Other assets*	(23)	123,555	113,189
Balance sheet assets		**28,592,295**	28,662,712

* Receivables of TEUR 2,427 (2020: TEUR 7,932) from the group tax charge are reported as of 31 December 2021 under Note (22) Tax assets; these receivables were previously reported under Note (23) Other assets as part of "miscellaneous other assets". The comparative data as of 31 December 2020 were adjusted accordingly.

€'000	Notes	31/12/2021	31/12/2020
Financial liabilities held for trading - derivatives	(24)	321,626	486,581
Financial liabilities measured at amortized cost	(25)	25,623,761	25,443,707
Deposits from other banks		10,449,047	9,356,799
Deposits from customers		9,087,847	9,177,078
Securitized liabilities		5,986,274	6,815,205
Other financial liabilities		100,594	94,625
Derivatives - hedge accounting	(26)	340,817	501,560
Provisions	(27)	110,212	134,428
Tax liabilities*	(28)	22,822	18,939
Other liabilities*	(29)	55,612	50,740
Equity	(30)	2,117,445	2,026,758
Attributable to non-controlling interests		52	46
Attributable to equity owners of the parent		2,117,394	2,026,712
Balance sheet equity and liabilities		**28,592,295**	28,662,712

* Liabilities of TEUR 22,822 (2020: TEUR 14,999) from the group tax charge are reported as of 31 December 2021 under Note (28) Tax liabilities; these liabilities were previously reported under Note (29) Other liabilities as part of "miscellaneous other liabilities. The comparative data as of 31 December 2020 were adjusted accordingly.

Consolidated Statement of Changes in Equity

€'000	Attributable to equity holders of the parent: Sub-scribed capital	Capital reserves	Retained earnings incl. profit or loss attribute-able to equity owners of the parent	Other compre-hensive income	Equity attributable to owners of the parent	Non-con-trolling interests	Total
Equity at 01/01/2020	*219,789*	*556,849*	*2,072,015*	*(335,074)*	*2,513,581*	*40*	*2,513,620*
Consolidated comprehensive income	0	0	(255,685)	(173,054)	(428,738)	12	(428,726)
Net profit/loss for the period	0	0	(255,685)	0	(255,685)	12	(255,672)
Other comprehensive income	0	0	0	(173,054)	(173,054)	(1)	(173,054)
Dividends paid	0	0	(50,002)	0	(50,002)	(5)	(50,007)
Enterprise's interest in other changes in equity of equity-accounted investments	0	0	(8,129)	0	(8,129)	0	(8,129)
Other changes	0	0	(115)	115	0	0	0
Equity at 31/12/2020	219,789	556,849	1,758,085	(508,012)	2,026,712	46	2,026,758
Equity at 01/01/2021	*219,789*	*556,849*	*1,758,085*	*(508,012)*	*2,026,712*	*46*	*2,026,758*
Consolidated comprehensive income	0	0	55,065	33,100	88,165	8	88,173
Net profit/loss for the period	0	0	55,065	0	55,065	8	55,073
Other comprehensive income	0	0	0	33,100	33,100	0	33,100
Dividends paid	0	0	0	0	0	(10)	(10)
Enterprise's interest in other changes in equity of equity-accounted investments	0	0	2,516	0	2,516	0	2,516
Other changes	0	0	0	0	0	8	8
Equity at 31/12/2021	219,789	556,849	1,815,667	(474,912)	2,117,394	52	2,117,445

Consolidated Cash Flow Statement

€'000	Notes	01/01 - 31/12/2021	01/01 - 31/12/2020
Profit for the period after tax		*55,073*	*(255,672)*
Write-downs (+)/write-ups (-) of property and equipment and measurement of financial assets and equity investments		135,247	(44,716)
Profit from equity-accounted investments	(4)	(7,569)	172,444
Release of/addition to provisions and impairment allowances		(23,760)	104,118
(Gains)/losses on disposals of property and equipment and financial investments		1,118	(18,116)
Reclassification of net interest income, dividends and income taxes		(169,372)	(201,085)
Other adjustment (net)		(8,935)	(6,999)
Subtotal before change in assets/liabilities (operating)		*(18,198)*	*(250,027)*
Other demand deposits		(74,677)	(141,596)
Financial assets held for trading		259,597	328,891
Financial assets designated at fair value through profit or loss		9,880	17,155
Financial assets at amortized cost		(233,212)	(353,836)
Derivatives - hedge accounting		4,411	46,965
Other assets		(10,366)	(16,873)
Financial liabilities held for trading - derivatives		(162,308)	(2,349)
Financial liabilities measured at amortized cost		272,468	1,577,872
Other provisions		(18,557)	(14,838)
Other liabilities		4,624	(72,962)
Interest received		406,857	434,343
Dividends received		213,814	33,790
Interest paid		(216,828)	(252,455)
Income taxes paid		5,028	1
Cash flow from operating activities		*442,532*	*1,334,083*
Cash receipts from sales of financial investments		201,697	661,389
Cash receipts from sales of equity investments		3	10
Cash receipts from sales of property and equipment and intangible assets		444	1,264
Cash paid for financial investments		(368,047)	(140,427)
Cash paid for property and equipment and intangible assets		(16,388)	(12,273)
Cash flow from investing activities		*(182,290)*	*509,964*
Cash inflows from Tier 2 capital	(25)	2,012	0
Cash outflows from Tier 2 capital	(25)	(70,275)	(32,986)
Repayments from lease liabilities	(25)	(9,461)	(11,746)
Dividends paid		(10)	(50,007)
Cash flow from financing activities		*(77,734)*	*(94,739)*

€'000	Notes	01/01 - 31/12/2021	01/01 - 31/12/2020
Cash and cash equivalents at end of previous year	(11)	*2,664,614*	*915,352*
Cash flow from operating activities		442,532	1,334,083
Cash flow from investing activities		(182,290)	509,964
Cash flow from financing activities		(77,734)	(94,739)
Effect of exchange rate changes and other effects		31	(45)
Cash and cash equivalents at end of year	(11)	**2,847,153**	2,664,614

Notes

The Company

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) is the regional central institution of Raiffeisen Bankengruppe (RBG) NÖ-Wien. It is recorded in the company register of the Vienna commercial court under FN 203160s. The company's address is Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna.

RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung (Raiffeisen-Holding NÖ-Wien) currently holds 100% (2020: 100%) of RLB NÖ-Wien. The consolidated financial statements of Raiffeisen-Holding NÖ-Wien are filed with the company register in accordance with Austrian disclosure regulations and also published in the Raiffeisen newspaper.

RLB NÖ-Wien is a modern regional and commercial bank located in eastern Austria which serves as the leading institution for the 46 Lower Austrian Raiffeisen banks. RLB NÖ-Wien traditionally concentrates on the Austrian capital, above all in keeping with the motto "Raiffeisen in Wien. Meine Stadtbank.", while the local independent Raiffeisen banks represent the leading banking group in the province of Lower Austria.

RLB NÖ-Wien holds an investment of 22.6% in Raiffeisen Bank International AG (RBI). RBI views Austria, where it is active as a leading commercial and investment bank, as well as Central and Eastern Europe (CEE) as its home market. The RBI Group also includes numerous other financial service companies, for example in the areas of leasing, asset management and M&A.

Principles of Accounting under IFRS

Principles

The consolidated financial statements for the 2021 financial year, including the comparative data for 2020, were prepared in accordance with EU Directive (EC) No. 1606/2002 issued by the Commission on 11 September 2002 in connection with § 245a of the Austrian Commercial Code and § 59a of the Austrian Banking Act in the version applicable as of the respective balance sheet date. All International Financial Reporting Standards (IFRS) and IFRIC interpretations that were adopted by the EU and required mandatory application were applied in preparing the consolidated financial statements.

The consolidated financial statements are based on the separate financial statements of all fully consolidated companies (see the "Scope of consolidation" below), which were prepared in accordance with uniform Group-wide standards and the provisions of IFRSs. The criteria for inclusion in the consolidated financial statements reflect the definition in section QC11 of the IFRS Conceptual Framework, above all with regard to the materiality of the balance sheet total, the contribution to Group earnings and other qualitative criteria.

The effect of the unconsolidated subsidiaries on the Group's assets, liabilities, financial position and profit or loss was immaterial.

The Group's balance sheet date is 31 December. All amounts are stated in thousands of euros (TEUR), unless indicated otherwise under a specific position. The tables and charts may include rounding errors. The changes shown in the tables are based on underlying data that is not rounded.

Scope of consolidation

The scope of consolidation of the RLB NÖ-Wien Group includes all material subsidies over which RLB NÖ-Wien exercises direct or indirect control. Material investments in associates, i.e. entities over which RLB NÖ-Wien can directly or indirectly exercise significant influence, are accounted for at equity.

As of 31 December 2021, the scope of consolidation, excluding RLB NÖ-Wien as the parent company, comprised 12 (2020: 12) fully consolidated companies. The registered headquarters of all Group companies are located in Austria.

The balance sheet date for all companies included in the consolidated financial statements through full consolidation or at equity is 31 December 2021, with the exception of the subsidiary NAWARO ENERGIE Betrieb GmbH. This company has a balance sheet date of 31 March and is consolidated as of 30 September. Major transactions and other events occurring between the subsidiary's balance sheet date and the closing date for RLB NÖ-Wien were included if they were material.

The scope of consolidation did not include any financial statements prepared in a foreign currency. A list of consolidated companies, equity-accounted entities and other equity investments is provided in the Overview of Equity Investments in Note (56) to Note (59).

Basis of consolidation

In accordance with IFRS 3 Business Combinations, the acquisition method of accounting is used to eliminate the investment and equity in acquired companies.

Investments accounted for at equity

Material investments in associates and joint ventures are accounted for at equity and reported on the balance sheet under equity-accounted investments. The proportional share of annual results from these entities is included under “profit from equity-accounted investments“. The proportional share of other comprehensive income from these entities is recorded under other comprehensive income at the Group level. Other changes in equity are reported on the consolidated statement of changes in equity under “enterprise’s interest in other changes in equity of equity-accounted investments“. Equity accounting is based on the consolidated financial statements of the respective entities. Appropriate adjustments are made for any material differences from Group accounting policies in the accounting treatment of business transactions and other events by equity-accounted investments.

Any impairment to equity-accounted investments is determined in accordance with IAS 36 and reported under “profit from equity-accounted investments“. An impairment test is carried out if there are any signs of impairment. If a later reporting period brings indications that the reasons for impairment no longer exist, the investment is written up to the recoverable amount in accordance with IAS 36. This write-up is recognized up to the carrying amount that would have existed (i.e. less depreciation or amortization) if the impairment loss had not been recognized in the past.

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

The disclosure of information on and implications of the COVID-19 pandemic are generally presented in the sections which contain the related content and were materially influenced by the crisis. The assumption that RLB NÖ-Wien is a going concern remains intact and valid. The following sections and positions on the consolidated income statement and consolidated balance sheet are directed to, respectively significantly influenced by this subject::

- Significant Accounting Policies
- Note (4) Profit from equity-accounted investments
- Note (6) Profit/loss from financial assets and liabilities
- 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)

Significant Accounting Policies

Accounting policies related to COVID-19 circumstances and events

Payment moratoria

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 became due between 1 April 2020 and 31 January 2021 when servicing the loan could not 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 is based on an "opt-in-model", i.e. customers had to actively request a payment deferral from the bank. RLB NÖ-Wien also participated in the Austrian banking industry's non-legislative moratorium in accordance with the EBA Guideline.

In addition, RLB NÖ-Wien gave involved customers the opportunity to adjust their contracts at a bilateral level (so-called voluntary deferral measures). The borrower was therefore not considered to be in default during the period in which payments were 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 applicable to the modification of contractual cash flows from debt instruments that are not carried at fair value through profit or loss, which are described in this section under the "modification of contractual payment flows from financial instruments", 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 have no substantial present value effects that would result in derecognition. This position did not change following a judgment by the Austrian Supreme Court in connection with the bank's claim for interest payments during the legal moratorium pursuant to § 2 of the special accompanying act (“2. COVID-19- Justiz-Begleitgesetz“), which clarifies that the bank may not charge customers interest during the deferral period.

Deferral measures are not automatically viewed as a trigger for the evaluation of a significant increase in credit risk (SICR); each case is evaluated individually (with the exception of the qualitative criteria described in Note (16)). RLB NÖ-Wien also applies the defined qualitative and quantitative evaluation criteria and thresholds to the stage allocation in connection with COVID-19 measures. A significant increase in the credit risk is assumed for customers who received a COVID-19-related deferral during 2020 in the sense of the non-legislative moratorium based on the EBA Guideline. Additional details on the determination of the expected credit losses are 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 granted an increased number of government-guaranteed bridge loans during 2020 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 are provided in the Risk Report (see Note (31) Risks arising from financial instruments).

TLTRO-III financing transactions (Targeted Longer-Term Refinancing Operations)

RLB NÖ-Wien expanded its participation in the European Central Bank's TLTRO III programme during 2021. As of 31 December 2021, deposits from other banks included TEUR 3,340,000 (2020: EUR 2,300,000) from this programme. TLTRO III financing transactions – which are available to credit institutions on the market as a form of collateralized refinancing and reported under deposits from other banks – are recorded by RLB NÖ-Wien as financial instruments in accordance with IFRS 9. The bank believes the terms of the TLTRO-III programme do not provide it with any significant market advantages because the ECB views these refinancing instruments as a separate market as part of the ECB’s monetary policy. Cash flow expectations were included in the definition of the effective interest rate. Any increase or decrease in this estimate would be reflected in changed cash flow expectations as required by IFRS 9B5.4.5.

The negative interest from liabilities includes (negative) interest expense of TEUR 22,442 for 2021 (2020: TEUR 11,791) from participation in the TLTRO III programme. This presentation is based on an analysis of business development with regard to lending targets in specific reference intervals, whereby the bonus criteria (COVID bonus) are tied to special interest rate periods (SIRP I: 24 June 2020 to 23 June 2021; extension in 2021 SIRP II: 24 June 2021 to 23 June 2022). RLB NÖ-Wien met the lending targets required to receive the bonus payments during these periods.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In accordance with IFRS 9, all financial instruments must be recognized on the balance sheet and measured at their fair value as of the acquisition date. The fair value of financial instruments which are not classified at fair value through profit or loss also includes the transaction costs applicable to the purchase (addition) or issue (deduction). Fair value is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (IFRS 13). It represents a market-based valuation; the fair value for listed financial instruments corresponds to the market price. In the absence of an active market, standard market valuation methods based on observable data are used for measurement. Market prices are used to determine the fair value of listed products, while near-market prices (Bloomberg, Reuters) are used for non-listed products. In cases where observable input factors are not available, fair value is based on the assumptions, including the assumptions for risks, which market participants would use in pricing the financial instrument. The determination of fair value also includes the future cash flows from a financial instrument, which are discounted by means of financial methods and the interest rate curve applicable to the valuation date. Additional details on the determination of fair value are provided in Note (34) Fair value of financial instruments.

A financial asset or financial liability is recognized on the balance sheet when a Group company becomes a party to the contractual provisions of the financial instrument and, consequently, holds the right to receive or the legal obligation to pay cash. The trade date represents the starting point for initial recognition on the balance sheet, measurement through profit or loss and derecognition of a financial instrument. Foreign exchange and money market transactions in the treasury department are recognized on the respective value or settlement date.

A financial asset is derecognized when control over or the contractual rights to the asset is lost.

Non-performing loans (NPLs) are derecognized when a realistic assessment indicates that the loan will not be repaid, and the receivable is not covered by appropriate collateral or existing collateral has already been used. RLB NÖ-Wien uses the following criteria for this assessment:

- The loan cannot be collected due to bankruptcy proceedings or failed collection measures.
- A legal agreement was concluded to waive the receivable.
- The receivable is of no value for other reasons because it can not be effectively enforced or must be classified as uncollectible based on an expected negative success rate (economic, legal).

If only part of a loan receivable is considered collectible due to bankruptcy proceedings or waiver, the uncollectible remainder is written off. Full or partial write-offs do not represent the loss of a legal claim to collection of the loan.

On initial recognition, RLB NÖ-Wien classifies financial instruments in accordance with the rules defined by IFRS 9. Financial assets are classified for subsequent measurement at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. Financial liabilities are assigned to the category "at amortized cost".

Financial assets are classified on the basis of the business model and the characteristics of the contractual payment flows. The following business models are available for the management of financial assets:

- "Hold to collect": the objective is to collect contractual cash flows over the term of the financial instrument
- "Hold to collect and sell": the objective is to collect contractual cash flows and to sell the financial instrument (not used by RLB NÖ-Wien in 2020 or 2021)
- "Other": the objective is not to collect contractual cash flows, but to realize the fair values.

A financial asset is carried at amortized cost when it is assigned to the "hold to collect" business model and its cash flows consist solely of interest and principal payments.

Any inconsistencies or accounting mismatches in the recognition or measurement of financial assets or liabilities resulting from different valuation bases can be eliminated on initial recognition by designation at fair value through profit or loss.

In keeping with these rules, the financial instruments classified according to IFRS 9 were aggregated under the following balance sheet positions based on their valuation categories:

Financial assets held for trading

Financial assets held for trading are equity or debt instruments which are held with the principal intention to sell in the near term or which are part of a portfolio of clearly identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. This balance sheet position also includes derivatives that are not part of designated hedges.

Initial recognition and subsequent measurement are based on fair value, with any changes in fair value reported on the income statement under Note (6) “Profit/loss from financial assets and liabilities”. The interest result attributable to these financial instruments is reported under (1) Net interest income.

Financial assets not held for trading, mandatory measurement at fair value

This position comprises equity instruments for which an irrevocable election was not made at the time of initial recognition to record changes in fair value under other comprehensive income. It also includes bonds, loans and advances which do not meet the cash flow criterion, i.e. the cash flows do not consist solely of interest and principal components. These financial assets are initially recognized and subsequently measured at fair value, whereby changes in fair value are reported on the income statement under Note (6) “Profit/loss from financial assets and liabilities”. The interest result attributable to these financial instruments is reported under net interest income.

Financial assets at fair value through profit or loss

In accordance with IFRS 9, assets should be allocated to this category when they are designated at fair value through profit or loss in order to prevent or significantly reduce an accounting mismatch.

RLB NÖ-Wien did not use this classification option in 2020 or 2021.

Financial assets at fair value through other comprehensive income

IFRS 9 defines financial assets at fair value through other comprehensive income as debt instruments or loans and advances which are assigned to the “hold to collect and sell“ business model. Also included here are equity instruments which are irrevocably assigned to this category on initial recognition.

RLB NÖ-Wien did not use the “hold to collect and sell“ business model in 2020 or 2021 and, therefore, only reports equity instruments under this balance sheet position. These assets are initially recognized and subsequently measured at fair value, whereby changes are recorded to other comprehensive income and not reclassified to the income statement.

Financial assets at amortized cost

This balance sheet position includes bonds issued by other banks and customers as well as loans and advances to customers and to other banks which are assigned to the “hold to collect“ business model and which meet the cash flow criterion. Any related impairment losses are also included here (see the following Note on the “Risk provisions“). The interest result attributable to these financial instruments is reported under net interest income.

Accrued interest is reported under the applicable asset items. Differences are accrued and distributed over the term of the instrument according to the effective interest method and reported under net interest income.

Modifications to the contractual cash flows of financial instruments

Modifications represent contractual changes in originally agreed payments and are based on market- or credit-related factors. A differentiation is made between substantial and non-substantial contract modifications. The changes in contractual cash flows are evaluated according to qualitative as well as quantitative criteria – through a present value comparison – to determine whether the modification is substantial or non-substantial. RLB NÖ-Wien has defined a 10% limit as the quantitative criterion for the present value comparison. Substantial modifications lead to the derecognition of the original financial instrument and the recognition of a new, adjusted financial instrument. Non-substantial modifications do not result in derecognition; the carrying amount of the financial instrument is adjusted to reflect the changed contractual cash flows. The change in the present value is recognised through profit or loss and recorded separately under "profit/Loss from financial assets and liabilities" (see Note (6)). The difference to the repayable amount is distributed over the remaining term of the financial instrument based on the effective interest method and recorded under net interest income.

Risk provisions

Risks arising from the credit business are reflected in the recognition of individual allowances.

The identifiable credit risks associated with loans and advances to customers and other banks are reflected in the recognition of impairment allowances based on standard criteria at the amount of the expected default. These impairment allowances are released when the credit risk ceases to exist or are used when the loan or advance is classified as uncollectible and derecognized.

In accordance with IFRS 9, Appendix A "Credit-impaired financial assets", all loans and advances which affect the expected future cash flows from the financial instrument are assessed quarterly for objective indications of impairment.

A financial asset or group of financial assets is considered impaired and an impairment loss is considered to have occurred when:

- There is objective evidence of impairment as the result of a loss event that occurred between the initial recognition of the financial instrument and the balance sheet date; and

- The loss event had an influence on the estimated future cash flows from the financial asset or group of financial assets.

The accounting definition of default (Stage 3) applied by RLB NÖ-Wien agrees with the regulatory definition provided by CRR Article 178.

RLB NÖ-Wien differentiates between significant and nonsignificant customers in determining impairment losses. The decision is based on the following criteria: Customers who are legally or economically interdependent are aggregated into a "group of associated customers". If the total gross liability in this group equals or exceeds EUR 1 million at the time the impairment allowance is calculated, each customer in the group is considered significant. Analogously, customers in a group with a total liability of less than EUR 1 million are classified as not significant.

The IFRS 9 requirements for the accounting treatment of impairment are reflected in internal processes and guidelines. The risk content of the commitment is entered in a comprehensive rating system which offers various models to meet the characteristics of the different customer segments. For the risk assessment process, customers are assigned to one of nine active credit classes based on these rating and scoring models. Default cases are assigned to one of three classes according to CRR definitions. Classification in one of the two last default classes leads to the recognition of an impairment loss. The rating systems include quantitative factors from the financial statements as well as qualitative factors (soft facts). A number of the rating/scoring systems also have an automated component that deals with performance patterns.

RLB NÖ-Wien has installed a database to handle the documentation and ongoing management of default cases. This database documents all default cases as well as the related costs and payments received.

In accordance with IFRS 9.5.5.1, impairment allowances are calculated for all financial assets classified at amortized cost according to IFRS 9.4.1.2 or at fair value through other comprehensive income according to IFRS 9.4.1.2A. This applies to on-balance sheet as well as off-balance sheet items.

The amount of the impairment allowance is calculated in accordance with IFRS 9.5.5.1. based on the expected credit loss (ECL) approach and, for credit-impaired positions (Stage 3) as defined in IFRS 9 B5.5.33, equals the difference between the carrying amount and the present value of the expected future cash flows. All credit-impaired loans and advances to significant customers are measured at the individual financial instrument level with a discounted cash flow method. Credit-impaired loans and advances to non-significant customers are measured on the basis of a model, whereby the amount of the loss allowance is determined by the unsecured exposure (EAD, exposure at default) and a loss ratio that is dependent on the default period (LGD, loss given default). Impairment losses for financial instruments which are not in default are calculated on the basis of the ECL for Stage 1 (no significant increase in the default risk since initial recognition) or on the basis of the lifetime ECL for Stage 2 (a significant increase in the default risk since initial recognition). The applied point-in-time (PiT) models use historical as well as future-oriented information. All 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 ongoing validation of the parameter models shows that they produce economically reasonable results.

Derivatives are not included in the calculation of impairment in accordance with IFRS 9. The credit risk for these transactions is measured on the basis of the credit value adjustment (CVA).

The total amount of the impairment allowance for recognized loans and advances is allocated to the balance sheet position for the underlying financial instrument. The impairment allowance for off-balance sheet transactions is recognized as a provision. On the income statement, changes in the impairment allowance are reported as part of the "net impairment loss/reversal of impairment to financial assets" (Note (8)); for off-balance sheet positions, these changes are reported as part of "other operating profit/loss" (Note (9)) under "addition to or release of provisions". Direct write-offs are, as a rule, only recognized when a debt waiver has been agreed with a borrower or when an unexpected loss has occurred.

Financial assets which are credit-impaired on acquisition or transfer as of the closing date are classified as purchased or originated credit impaired (POCI). These items are initially recognized at fair value without a risk provision. Risk provisions are created for POCI assets when the lifetime expected credit loss increases during a subsequent period; favourable developments are reflected in an increase in the carrying amount. Changes are reported on the income statement under "net impairment loss/reversal of impairment to financial assets" (Note (8). This procedure remains the standard for measurement and accounting, also if the asset recovers.

Derivatives and hedge accounting

Financial derivatives that are not part of a designated hedge relationship (hedge accounting) are carried on the balance sheet at fair value and reported under financial assets or financial liabilities held for trading. Changes in fair value are recorded under Note (6) "Profit/loss from financial assets and liabilities".

Derivatives held for hedging as part of micro- or portfolio hedge accounting are reported on the balance sheet as assets or liabilities under "derivatives - hedge accounting". The rules defined by IAS 39 (AG114-AG132) are applied to fair value hedges which hedge the exposure of a portfolio of financial assets against interest rate risk, while IFRS 9.6.5.2 is used for micro-hedge accounting.

Derivatives are classified under the following categories in accordance with IFRS 9 due to the different characteristics of the relationship between the hedged item and the derivative:

- Fair value hedge on a micro-hedge basis:
  The procedure applied to a micro-fair value hedge used by RLB NÖ-Wien involves the measurement at amortized cost of an existing asset or obligation (the "underlying") classified under financial assets or liabilities and the hedging of the respective fair value against changes which could result from a specific risk and have an effect on profit or loss. The

derivative used as the hedging instrument is measured at fair value, with any changes in this fair value recognized to profit or loss. The carrying amount of the underlying is adjusted through profit or loss based on the measurement results attributable to the hedged risk (basis adjustment). The hedge relationships are formally documented, assessed as of the balance sheet date and classified as highly effective. In other words, it can be assumed that – over the entire term of the hedge – changes in the fair value of a hedged underlying will be almost entirely offset by a change in the fair value of the hedging instrument. Hedge accounting is only terminated prospectively when the requirements for the effectiveness of the hedge, also not after a possible recalibration, are no longer met.

The Group uses micro-fair value hedges as protection against the risks arising from changes in market values or interest rates.

- Fair value hedge on a portfolio hedge basis:
  The portfolio fair value hedge accounting applied by RLB NÖ-Wien is designed to hedge the fair value of a portfolio of financial assets or financial liabilities against interest rate risk. The procedure involves the modelling of a synthetic underlying, which is based on the total of fixed interest underlying transactions not hedged on a micro basis, and comparison with corresponding hedging derivatives. Interest rate swaps serve as the hedging instruments. The fair value change in the synthetic underlying which is attributable to the hedged risk is reported under "fair value changes in the underlying transactions for portfolio hedges of interest rate risks". The derivative used as a hedging instrument is carried at fair value. Changes in the value of the hedge and underlying are offset on the income statement under "profit/loss from financial assets and liabilities" (see Note (6)). The effectiveness of hedges is demonstrated by prospective and retrospective effectiveness tests at regular intervals. The hedge relationships are terminated and restarted on a monthly basis as part of the applied portfolio hedge process. The amortization of the basis adjustment from the monthly reversal and the value changes resulting from reductions in the remaining term are recorded under net interest income.

- Cash flow hedge:
  Cash flow hedges are intended to cover the exposure to volatility in cash flows which are attributable to a recognized asset, liability or forecast transaction and will affect profit or loss. The Group previously used cash flow hedges to safeguard future interest rate flows. In these cases, future variable interest rate payments on variable rate receivables and liabilities were exchanged for fixed interest payments, generally through interest rate swaps.

  The effective portion of the increase or decrease in the value of the derivatives used to hedge cash flows was recognized in other comprehensive income and reported in a separate position under equity (cash flow hedge reserve).

  RLB NÖ-Wien held no active cash flow hedges during the 2020 or 2021 financial years. The cash flow hedge reserve was released through profit or loss over the remaining term of the previously hedged receivables and liabilities, i.e. it was reversed to profit and loss in the periods in which the cash flows of the hedged item influence operating results (IFRS 9.6.5.12). All cash flow reserves from hedges concluded in previous financial years were fully amortized during the previous year.

The ineffectiveness of hedges arises primarily through the use of different interest rate curves for discounting and through credit risk adjustments (CVA, DVA) to the hedging derivatives. It is reported on the income statement under "profit/loss from financial assets and liabilities" (see Note (6)).

The possibility of hedging a net investment in a foreign business operation has no relevance for RLB NÖ-Wien.

Additional details on the risk management strategy and hedge accounting are provided under Note (31) Risks arising from financial instruments (risk report), Note (32) Hedge accounting, and Note (33) Interest Rate Benchmark Reform.

Classes of financial instruments (IFRS 7)

In accordance with the requirement to aggregate financial instruments in classes (IFRS 7.6) and to provide appropriate information on the characteristics of these financial instruments, assets are combined under the following classes of financial instruments:

- Cash on hand, deposits with central banks and demand deposits
- Financial assets held for trading
    - Derivatives
    - Other trading assets – equity instruments
    - Other trading assets – debt instruments (bonds)
- Financial assets not held for trading, mandatory measurement at fair value
- Financial assets at fair value through profit or loss (not used as of 31 December 2020 or 2021)
- Financial assets at fair value through other comprehensive income
- Financial assets at amortized cost
    - Debt instruments (bonds)
    - Loans and advances
- Derivatives - hedge accounting

The classes of financial instruments listed under assets are carried at fair value – with the exception of cash on hand, deposits with central banks and demand deposits as well as financial assets at amortized cost.

Liabilities are grouped under the following classes:

- Financial liabilities held for trading
    - Derivatives
    - Other trading liabilities (not used as of 31 December 2020 or 2021)
- Financial liabilities at fair value through profit or loss (not used as of 31 December 2020 or 2021)
- Financial liabilities at amortized cost
    - Deposits
    - Securitized liabilities
- Derivatives - hedge accounting

The classes of financial instruments listed under liabilities were carried at amortized cost as of 31 December 2021, with the exception of derivatives.

Contingent liabilities and credit risks in the form of credit commitments are presented off-balance sheet.

Property and equipment and intangible assets

Property and equipment and acquired intangible assets with a finite useful life are measured at cost less ordinary straight-line depreciation or amortization.

In accordance with IAS 36, an impairment loss must be recognized when the carrying amount exceeds the recoverable amount as soon as there is evidence of impairment. If the reasons for impairment cease to exist in a later period, the carrying amount is increased to the recoverable amount in accordance with IAS 36. However, the amount of the increase is limited to depreciated or amortized cost.

Intangible assets consist primarily of software. The Group has neither material balances of goodwill nor internally generated intangible assets. Rights of use for land and buildings, automobiles and other tangible assets are also recorded under this position, whereby the useful lives are as follows:

Useful life	Years	in %
Intangible assets	2 - 15	6.7 - 50.0
Buildings	1.5 - 50	2.0 - 66.7
Technical equipment and machinery	2 - 20	5.0 - 50.0
Office furniture and equipment	1.5 - 13	7.7 - 66.7
Investment property	15 - 67	1.5 - 6.7

Investment property

Land and buildings held as investment property are carried at depreciated cost in accordance with the cost method defined in IAS 40 and reported separately under property and equipment since they are of minor significance. Borrowing costs are capitalized as part of the acquisition or production cost of qualified assets in accordance with IAS 23. Straight-line depreciation is based on the ordinary useful life of the asset (see "Property and equipment and intangible assets"). The results from investment property are reported on the income statement under other operating profit/(loss), while the related depreciation is included under general administrative expenses.

Other assets

Other assets consist mainly of receivables not resulting from core banking relationships and also include receivables from other taxes and duties, coins and inventories. This position also includes outstanding charges from the operating business which were settled after the closing date.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is defined as the estimated proceeds from the sale of the inventories during the ordinary course of business less the expected costs to sell.

Financial liabilities

Financial liabilities are carried at amortized cost – with the exception of items classified as financial liabilities held for trading. The financial liabilities classified as held for trading as of 31 December 2021 consisted entirely of negative fair values from derivatives outside of hedges. Accrued interest is allocated to the respective liability item. Differences are accrued and distributed over the term of the instrument according to the effective interest method and reported under net interest income.

Securitized liabilities are presented after the deduction of securities previously issued and subsequently repurchased by the company. In cases where the interest rate risk on a securities issue is covered by a micro-fair value hedge, the carrying amount is adjusted to reflect the changes in value arising from the interest rate risk. Details are provided in the Notes under "Derivatives and hedge accounting".

Tier 2 capital as defined in Part 2 Section I Article 4 of Regulation (EU) No. 575/2013 concerning prudential requirements for credit institutions and investment firms (Capital Requirements Regulation (CRR)) as well as Tier 2 capital and subordinated bonds that do not meet the CRR requirements for Tier 2 capital are reported under financial liabilities at amortized cost. The recognized amount reflects the deduction of securities previously issued and subsequently repurchased by the company. In cases where the interest rate risk on an issue is covered by a fair value hedge, the carrying amount is adjusted by the change in value resulting from the interest rate risk (basis adjustment). The related accrued interest is also reported under this position.

RLB NÖ-Wien did not utilize the option to classify financial liabilities at fair value through profit or loss in 2021.

The balance sheet position "Financial liabilities at amortized cost" also includes the lease liabilities which resulted primarily from the capitalization of rights of use for motor vehicles and from real estate leasing.

Other liabilities

Other liabilities comprise liabilities that do not result from a core banking relationship as well as liabilities from other taxes and duties, deferred income and miscellaneous payables. This position also includes open billings from the operating business which were settled after the closing date on 31 December 2021.

Provisions

Provisions are created when there is a legal or constructive obligation to a third party arising from past events whose settlement is expected to result in a future outflow of resources. In addition, it must be possible to reliably estimate the amount of the obligation. A provision is not created if a reliable estimate is not possible. The amount of the recognized obligation is based on the best possible estimate of the future outflow of resources, which is derived from a range of possible outcomes for the fulfilment of the obligation under the best possible objective viewpoint. The obligation must be considered highly probable (i.e. more likely than not) to permit the recognition of a provision. Since the preparation of financial statements involves the use of estimates – above all with respect to the evaluation of provisions – provisions are generally connected with a high degree of uncertainty. Consequently, the actual expenses can deviate from the amount of the recognized provisions. Non-current provisions are only discounted when the present value differs materially from the nominal value and when the estimate of the factors required for the calculation is reliable.

All employee-related provisions (post-employment, termination and jubilee benefits as well as part-time work by older staff) are calculated in accordance with IAS 19 – Employee Benefits – based on the projected unit credit method.

In connection with post-employment benefits, a distinction is made between two types of plans:

- Defined contribution plans:

Contributions are made to a pension fund on behalf of a group of employees. The fund administers the contributions and distributes the pensions. There are no further obligations for the company, and a provision is therefore not recognized. The employees carry the risk associated with the pension fund's investments. The company only commits to making a certain contribution to the fund and not to paying a specific pension in the future. Payments to the pension fund under such plans are recognized as current expenses.

- Defined benefit plans:

The RLB NÖ-Wien Group has legally and irrevocably committed to providing a group of employees with defined benefit plans (pension statute, special agreements) that specify the amount of the future pension. These plans are partly unfunded , i.e. the funds required to cover the obligations remain in the company, and partly funded, i.e. the funds are accumulated through a pension fund or insurance. Statutory pension commitments were last made to employees of the former RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung on 30 June 1990 and to employees of the former RAIFFEISENBANK WIEN AG on 31 January 1996. The benefit entitlements under the pension statues that are financed by the pension fund are established at retirement and then transferred to a defined contribution plan. No further contributions are required for these beneficiaries. This elimination from the actuarial calculations is reported separately. The company has an unlimited contribution obligation for the remaining employees with pension fund commitments, i.e. additional contributions must be made during the benefit phase if the payments are not covered.

The calculation of the pension provision does not include a factor for employee turnover because the agreements are based on individual contracts and irrevocable commitments with respect to the post-employment benefits.

The company is required to pay termination benefits to employees who joined the company up to and including 2002. In addition, the company is required to pay termination benefits in accordance with the collective agreement for salaried employees in the Raiffeisen organization's auditing associations and provincial banks and in accordance with individual contractual commitments. The termination benefit obligations for employees who joined the company after 1

January 2003 are transferred to an employee benefit fund based on a defined contribution system. The company makes contributions to the employee benefit fund based on legal requirements, and the obligation ends with these contributions.

In addition to invalidity rates, mortality rates and factors arising in connection with the termination of employment at retirement, the risk that the company would be required to pay premature termination benefits is reflected in annual turnover rates based on the length of service. These rates are derived from internal statistics for the early end of the employment relationship. The latest actuarial parameters are used to counter the longevity risk for the pension fund and the calculation of the related provisions.

The same applies analogously to the jubilee provision. Under the collective agreement for the salaried employees of the Raiffeisen organization's auditing associations and regional banks and by company agreement, employees are entitled to jubilee benefits when they reach 25 and 35 years of service.

Actuarial gains and losses – with the exception of the provisions for jubilee payments and part-time work by older staff – are recorded under other comprehensive income. The net interest cost and service cost are reported on the income statement under general administrative expenses.

The biometric parameters defined by "AVÖ 2018-P Rechnungsgrundlagen für die Pensionsversicherung" for salaried employees were used as the calculation basis for all employee-related provisions. The calculations reflected the earliest possible retirement age for men and women.

The actuarial parameters used to calculate provisions for termination and post-employment benefits are described in detail under note (27) Provisions.

Income tax

Income tax is calculated and recognized according to the balance sheet liability method in agreement with IAS 12. Deferred taxes are recorded for temporary differences between the recognized carrying amounts and the respective tax bases which will reverse in subsequent periods. Deferred tax assets and deferred tax liabilities are offset for each taxable unit. Deferred taxes on pre-group tax loss carryforwards are recognized when it is probable that the respective tax unit will generate sufficient taxable income in the future.

RLB NÖ-Wien and its fully consolidated subsidiaries are part of a tax group established pursuant to § 9 of the Austrian Corporate Tax Act, in which Raiffeisen-Holding NÖ-Wien serves as the head of the group and have concluded a group tax and transfer agreement with Raiffeisen-Holding NÖ-Wien. Based on this agreement, the group members are assessed a positive tax charge on allocated profits and a proportional share of the corporate income tax arising at the group level at a maximum rate of 25%. Tax losses are compensated with a negative tax charge of 12.5%. The accounting treatment of deferred taxes is based on Opinion 13 issued by the Austrian Financial Reporting and Accounting Committee (AFRAC) related to issues of IFRS accounting and reporting in connection with group taxation.

Deferred taxes are based on the tax rates expected to be in effect when the temporary differences reverse. The group members are required to develop an accounting method for the estimation of the expected assessment rate which meets the criteria defined by IAS 8.10ff. RLB NÖ-Wien applies one of the accounting methods recommended by the AFRAC opinion. Under this method, deferred taxes are valued at the assessment rate which results from the surplus of temporary differences in the individual years.

The maximum tax rate of 25% applicable to positive tax charges is used to value the surplus of taxable temporary differences in the individual years. A surplus of deductible over taxable temporary differences results in the measurement of all temporary differences in that year at the tax rate applicable to negative tax charges, i.e. 12.5%.

The expected timing for the reversal of taxable and deductible temporary differences was based on an appropriate estimate, in cases where the exact reversal date could not be determined.

The valuation reserves included under equity (fair value OCI reserve, revaluation reserve for actuarial gains and losses on employee-related provisions, and the IAS 19 reserve) are also adjusted to reflect the proportional share of deferred taxes (also see Note (30) Equity). Deferred tax assets and deferred tax liabilities are recorded under deferred tax assets or deferred tax liabilities. Current and deferred income-based taxes are reported on the income statement under income tax, while non-income-based taxes are reported under other operating profit/(loss). Deferred taxes are not discounted.

Repo transactions

Under "genuine" repurchase transactions (repo transactions), the RLB NÖ-Wien Group sells assets to a contract partner and, at the same time, agrees to repurchase these assets on a specific date at a specific price. The assets remain on the Group's balance sheet and are generally measured according to the rules for the respective valuation category. An obligation equal to the amount of the payments received is recognized as a liability at the same time.

A reverse repo transaction involves the purchase of an asset with a parallel commitment to sell the asset at a future date in return for payment. These types of transactions are reported on the balance sheet under loans and advances to other banks or loans and advances to customers. Interest expense on repo transactions and interest income from reverse repo transactions are accrued over the applicable term and recorded under net interest income.

Under "non-genuine" or "pseudo" repo transactions, the seller is required to repurchase the asset, but does not have the right to demand its return. The buyer has the sole right to decide over the return transfer of the asset. This right to retransfer the asset represents a put option for the buyer, in which the seller acts as the writer of the option. If the put option is deeply in the money, the seller does not derecognize the securities because the related opportunities and risks are retained. If the put option is deeply out of the money, repurchase is highly unlikely and the security must be derecognized. If the put option is neither deeply in nor out of the money, an assessment must be made as to whether the transferring company (seller) continues to retain control over the asset. If the security is traded on an active market, the transfer of control can be assumed and the security is derecognized. Financial assets that are not traded on an active market remain on the seller's balance sheet. Details can be found in Note (41).

Securities lending

This type of transaction involves the transfer of securities by a lender to a borrower with the obligation to retransfer the same type, quality and volume of securities at the end of the agreed term or on termination of the agreement. The principles for genuine repo transactions apply analogously to securities lending transactions. The loaned securities remain on the lender's balance sheet and are measured in accordance with IFRS 9. Borrowed securities are neither recognized nor measured. Details can be found in Note (41).

Trust activities

Transactions involving the management or placement of assets for third party accounts are not recognized on the balance sheet. Commission payments arising from such transactions are reported under net fee and commission income. Details can be found in Note (43).

Leasing

RLB NÖ-Wien is not active in the leasing business as a lessor and only holds leases in which the Group acts as the lessee. The relevant leases for the Group, namely motor vehicle, real estate and movables leasing, are recognized and measured as operating leases in accordance with IFRS 16. Real estate leasing primarily involves the Raiffeisenhaus in Vienna at Friedrich-Wilhelm-Raiffeisen-Platz 1 as well as the branch locations. Most of these properties are leased by Raiffeisen-Holding NÖ-Wien and sublet to RLB NÖ-Wien. IFRS 16 requires the lessee to record all leases on the balance sheet. The lessee recognizes a right of use, which represents its right to use the underlying asset, as well as a liability from the lease, which represents its obligation to make lease payments. The RLB NÖ-Wien Group applies the practical expedients which permit the use of a uniform discount rates to leasing portfolios with similar characteristics and which permit the non-capitalization of short-term and low-value leases.

The RLB NÖ-Wien Group reports the rights of use under “property and equipment“ and the lease liabilities as part of “financial liabilities at amortized cost“. The amortization of the rights of use is included under "depreciation, amortization, personnel and operating expenses", while expenses from the interest portion of the lease liability are reported under "net interest income".

Cash flow statement

RLB NÖ-Wien is the regional central institution for the Raiffeisen banking group (RBG) NÖ-Wien. Cash flow from operating activities, which was calculated according to the indirect method, includes the cash inflows and outflows from the following positions:

- Other demand deposits
- Financial assets and liabilities held for trading
- Loans and advances classified as "financial assets at amortized cost" and "non-trading financial assets mandatorily at fair value through profit or loss"
- Deposits classified as "financial liabilities at amortized cost" (excluding Tier 2 capital)
- Other assets
- Other liabilities
- Derivatives – hedge accounting

Cash flow from operating activities also includes the interest and dividend payments as well as the income tax payments resulting from the operating business.

Cash flow from investing activities shows the cash inflows and outflows resulting from the purchase and sale of financial assets (primarily bonds classified as "financial assets at amortized cost") and from investments in other companies. It also includes the cash inflows and outflows for property and equipment, investment property and intangible assets.

Cash flow from financing activities comprises the incoming and outgoing payments from capital injections, from additional equity instruments, participation capital and Tier 2 capital as well as the repayment of lease liabilities and payments made for distributions.

Details on the reconciliation of cash and cash equivalents to the balance sheet position "cash, cash balances at central banks and other demand deposits" are provided in Note (11). Details on the reconciliation of Tier 2 capital and lease liabilities as of 31 December 2020 and 31 December 2021 are reported separately according to cash and non-cash changes (see Note (25)).

Foreign currency translation

Foreign currency translation is based on the rules defined by IAS 21. Accordingly, non-euro monetary assets and liabilities are translated at the applicable market exchange rates (generally, the ECB reference rates) as of the balance sheet date. Non-monetary assets and liabilities that are not measured at fair value are translated at the rates in effect on the acquisition date. Non-monetary assets and liabilities measured at fair value are translated at the market rates (generally, the ECB reference rate) in effect on the balance sheet date.

Income statement positions are translated immediately into the functional currency at the exchange rate in effect on the origination date.

Judgments and estimates

The preparation of the consolidated financial statements involves the exercise and appropriate use of judgments in the application of accounting policies. Moreover, assumptions are made that influence the recognition of assets and liabilities, the disclosure of contingent liabilities as of the balance sheet date and the presentation of income and expenses during the reporting period.

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 and financial positions.

Judgments and estimates are used primarily in the determination of the fair value of financial instruments, the recognition of impairment allowances for future credit default cases and interest rebates, and the creation of provisions for pensions, termination benefits and similar obligations. They are also used in the recognition and measurement of deferred tax assets, the determination of discounted cash flows in connection with impairment testing, the determination of the useful life of non-current assets and the recognition of leases in accordance with IFRS 16. The estimates and judgments required for issues and items related to COVID-19 are discussed under the respective notes (specific references can also be found under "COVID-19 disclosures in the consolidated interim financial statements of RLB NÖ-Wien ").

The actual recognized amounts may differ from these estimates.

Fair value of financial instruments

The fair value of financial instruments that are not traded on an active market is established with a valuation method or pricing model. In general, valuation methods and models involve estimates that are dependent on the instrument's complexity and the availability of market-based data. The valuation categories and valuation models are described in the section on financial instruments. Additional information is provided in Note (34) Fair value of financial instruments.

Risk allowances for credit default cases and interest rebates

Financial assets measured at amortized cost are tested for impairment as of each balance sheet date to determine whether the recognition of an impairment loss through profit or loss is required. In particular, this testing is intended to determine whether there is objective evidence of impairment due to loss events that occurred after initial recognition. The determination of the amount of the risk allowance also requires estimates for the amount and timing of future cash flows. A more detailed description and presentation of the risk allowances is included in the following Notes (8) Net impairment loss/reversal of impairment to financial assets, (16) Risk provisions and (31) Risks arising from financial Instruments (Risk Report).

Provisions for pensions, termination benefits and similar obligations

The costs of defined benefit plans are determined by actuarial methods. The actuarial valuation is based on assumptions for the discount rates, the future level of salaries, the theoretical retirement age, life expectancy and future increases in pensions. The assumptions and estimates used to calculate the long-term employee benefit obligations are explained in the section on provisions. Quantitative information is provided in Note (27) Provisions.

Non-financial assets

Non-financial assets such as equity-accounted investments, property and equipment, rights of use and intangible assets with finite useful lives are tested for impairment when there is evidence of a loss in value. This is the case, above all, when events or a change in general conditions – for example, the deterioration of the economic climate – point to a possible decline in the value of assets. The determination of the recoverable amount in connection with impairment testing requires judgements and estimates by management. Changes in the underlying conditions and assumptions can lead to significant differences in the carrying amounts.

The RLB NÖ-Wien Group has no goodwill or intangible assets with an indefinite useful life that are subject to annual impairment testing.

Deferred tax assets

AFRAC Opinion no. 13 in connection with group taxation offers various methods for the valuation of deferred taxes in the member companies of a tax group. For RLB NÖ-Wien, the most appropriate estimation method is based on the tax rates which result from the surplus of temporary differences in the individual years. This method requires the determination of the timing for the reversal of the temporary differences. If the exact timing of the reversal cannot be determined, an appropriate estimate is made for the reversal of taxable and deductible temporary differences. The assumption applied to "financial assets held for trading" indicates reversal in the next period. The timing for the reversal of all other differences is based on the average remaining term.

Deferred taxes are not shown separately on the income statement. Details are provided in the following Notes (10) Income taxes, (22) Tax assets and (28) Tax liabilities and also on the consolidated statement of changes in equity

New standards and interpretations

The following new or revised standards and interpretations are effective for financial years beginning on or after 1 January 2021 and were applied for the first time in preparing these consolidated financial statements:

New Provisions		**Effective for Financial Years Beginning on or After**
Amendments to Standards		
IFRS 9/IAS 39/IFRS 4/ IFRS 7/IFRS 16	Interest Rate Benchmark Reform - Phase 2*	1 January 2021
IFRS 16	COVID-19-Related Rent Concessions	1 January 2021
IFRS 4	Insurance Contracts	1 January 2021

* Details are provided under Note (33) Interest Rate Benchmark Reform

IFRS 9/IAS 39/IFRS 7/IFRS 4/IFRS 16 Interest Rate Benchmark Reform Phase 2

The Benchmark Regulation adopted by the EU (Regulation (EU) 2016/1011 dated 8 June 2016) regulates the comprehensive replacement of previous interbank offered rates ("IBORs" – interbank offered rates) by new or newly determined so-called "risk-free rates" (RFR) which are based to a greater extent on transaction data. Financial instruments whose interest rates are tied to the EURIBOR or EONIA are affected because the underlying calculation method for the EURIBORs was reformed and the EONIA (Euro Over Night Index Average) was replaced by the newly developed €STR (Euro Short-Term Rate). These benchmarks are by far the determining indicators for RLB NÖ-Wien. With regard to the EURIBOR, the bank currently assumes that the indicator calculated under the new hybrid method can be used without modification for the time being. The changeover and, subsequently, possible alternatives to other interest rate indicators which are much less frequently used, e.g. the USD and CHF LIBOR (e.g. SARON), will be examined from a legal and financial standpoint. Contractual adjustments for fixed-interest reference values and fallback methods for new and existing transactions above and beyond 31 December 2021 will be handled within the context of an ongoing project.

The IASB project "Interest Rate Benchmark Reform" was initiated as a reaction to the new reference values and accounting questions from the transition process. The changes from Phase 1 of the project in connection with temporary relief for specific hedge accounting requirements that were directly affected by the IBOR reform, including the related disclosures required by IFRS 7, are applicable to financial years beginning on or after 1 January 2020.

Phase 2 of the project (applicable to financial years beginning on or after 1 January 2021; no premature application) deals with modifications to primary financial instruments, further topics and relief for hedge accounting as well as new disclosure requirements for risks arising from the IBOR reform. Changes which result directly from the IBOR reform and create a new basis for determining cash flows that is economically equivalent to the previous basis are accounted for as an adjustment to the effective interest rate. Hedges and the related documentation will be adapted to the new framework conditions resulting from the reference interest rate reform.

All developments related to the reference interest rate reform are being analysed in detail. However, there have been no material effects on the asset, financial or earnings position of the RLB NÖ-Wien Group to date. Additional information can be found in Note (33) Interest Rate Benchmark Reform.

IFRS 16 COVID-19-related rental concessions

(Extension of application period; publication date: 31 March 2021)
This change extends the application period for the revision to IFRS 16 by one year from May 2020 to 30 June 2022. It provides relief for lessees from determining whether a rental concession received in connection with the coronavirus pandemic represents a lease modification. The changes have no effect on the Raiffeisenlandesbank NÖ-Wien Group.

Other changed standards and interpretations

The changes to the other accounting regulations listed in the above table were analysed, whereby results indicate that they have no material effects on the on the presentation of the asset, financial or earnings position of the RLB-NÖ Wien Group.

The following new or revised standards and interpretations had been issued by the IASB or IFRIC but are not yet fully effective in the EU and were not applied prematurely by the RLB NO-Wien Group. Detailed information is only provided on the standards identified as material for the RLB-NÖ-Wien Group.

New Provisions		**According to IASB, mandatory application for financial years beginning on or after***	**EU Endorsement**	**Effects on the consolidated financial statements**
New standards and interpretations				
IFRS 17	Insurance contracts	1 January 2023	19 November 2021	No
Amendments to Standards				
IAS 1	Classification of liabilities as current or non-current	1 January 2023	2 March 2022	No
IAS 1	Presentation of financial statements	1 January 2023	Open	No
IAS 8	Definition of accounting-based estimates	1 January 2023	2 March 2022	No
IAS 12	Income taxes	1 January 2023	Open	No
IAS 16	Property and equipment	1 January 2022	28 June2021	No
IAS 37	Provisions, contingent liabilities and contingent receivables	1 January 2022	28 June2021	No
IFRS 3	Business combinations	1 January 2022	28 June2021	No
IFRS 17	Insurance contracts	1 January 2023	Open	No
Various	Improvements to International Financial Reporting Standards, Cycle 2018-2020 (IFRS 1, IFRS 16, IAS 41)	1 January 2022	28 June2021	No
Various	Improvements to International Financial Reporting Standards, Cycle 2018-2020 (IFRS 9)	1 January 2022	28 June2021	Yes

* This can change as a result of the EU's endorsement process.

Improvements to International Financial Reporting Standards, Cycle 2018-2020 (IFRS 9)

The change clarifies the fees to be included when a company applies the “10% test” (IFRS 9 B3.3.6.) to determine whether or not a financial liability must be derecognized. The company is only required to include the fees paid or received between the company (the borrower) and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

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, 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 equity-accounted investment in the RBI Group 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.

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).

There are no material consolidation effects between the segments or between individual positions.

01/01 - 31/12/2021, €'000	Retail/Raiffeisen Association Services	Corporate Customers	Financial Markets	RBI	Raiffeisen Association	Other equity investments	Other	Total
Net interest income	45,714	132,547	42,905	(45,770)	(147)	(285)	0	174,964
Net fee and commission income	55,996	13,047	(16,632)	0	3,695	0	0	56,106
Dividend income	50	636	0	0	0	883	0	1,569
Profit from equity-accounted investments	0	0	2,540	5,029	0	0	0	7,569
Depreciation, amortization, personnel and operating expenses	(125,438)	(52,190)	(18,290)	(2,760)	(27,770)	(571)	0	(227,019)
Profit/Loss from financial assets and liabilities	809	(1,616)	8,429	0	1,404	0	0	9,026
Profit / loss from non-financial assets	270	113	42	6	63	216	0	710
Net impairment loss/reversal of impairment to financial assets	6,237	5,706	(550)	0	0	0	0	11,393
Other operating profit/loss	13,800	(2,190)	(3,233)	(48)	22,020	444	(2,877)	27,917
Profit for the period before tax	**(2,562)**	**96,053**	**15,211**	**(43,543)**	**(735)**	**687**	**(2,877)**	**62,234**
Income tax	(938)	264	0	9	0	(48)	(6,448)	(7,161)
Profit for the period after tax	**(3,500)**	**96,317**	**15,211**	**(43,534)**	**(735)**	**639**	**(9,325)**	**55,073**
Av. allocated capital (in EUR mill.)	257	730	598	472	0	15	0	2,072
Return on equity before tax	-	13.2%	2.5%	-	-	4.6%	-	3.0%
Return on equity after tax	-	13.2%	2.5%	-	-	4.2%	-	2.7%
Cost/Income Ratio (incl. at equity)	> 100%	37.9%	53.9%	1.1%	> 100%	45.4%	-	40.7%

The comparative prior year data are as follows:

01/01 - 31/12/2020, €'000	Retail/Raiffeisen Association Services	Corporate Customers	Financial Markets	RBI	Raiffeisen Association	Other equity investments	Other	Total
Net interest income	52,655	128,594	49,943	(48,818)	0	(263)	0	182,111
Net fee and commission income	51,244	13,373	(11,120)	0	3,482	0	0	56,979
Dividend income	50	378	0	0	0	215	0	643
Profit from equity-accounted investments	0	0	3,430	(175,874)	0	0	0	(172,444)
Depreciation, amortization, personnel and operating expenses	(123,074)	(53,445)	(17,424)	(2,756)	(26,043)	(390)	0	(223,132)
Profit/Loss from financial assets and liabilities	303	(4,229)	(25,054)	0	1,199	0	0	(27,781)
Profit / loss from non-financial assets	(212)	(85)	(34)	(5)	(50)	309	0	(77)
Net impairment loss/reversal of impairment to financial assets	(21,625)	(70,225)	(87)	0	0	0	0	(91,937)
Other operating profit/loss	6,793	(4,600)	(3,124)	(45)	20,447	299	(18,136)	1,634
Profit for the period before tax	**(33,866)**	**9,761**	**(3,470)**	**(227,498)**	**(965)**	**170**	**(18,136)**	**(274,004)**
Income tax	(693)	(451)	0	0	0	(47)	19,523	18,331
Profit for the period after tax	**(34,559)**	**9,310**	**(3,470)**	**(227,498)**	**(965)**	**123**	**1,387**	**(255,672)**
Av. allocated capital (in EUR mill.)	226	858	766	408	0	13	0	2,270
Return on equity before tax	-	1.1%	-	-	-	1.3%	-	-
Return on equity after tax	-	1.1%	-	-	-	0.9%	-	-
Cost/Income Ratio (incl. at equity)	> 100%	37.3%	> 100%	2.1%	> 100%	69.6%	-	54.3%

Details on the Consolidated Income Statement

(1) Net interest income

€'000	01/01 - 31/12/2021	01/01 - 31/12/2020
Interest income		
Financial assets held for trading	84,904	123,926
Non-trading financial assets mandatorily at fair value through profit or loss	2,888	3,139
Financial assets carried at amortized cost - incl. related derivatives (interest rate risks)*	239,462	261,075
Other assets	2,994	492
Negative interest from liabilities	46,225	27,257
Total interest income	***376,474***	***415,889***
Interest expenses		
Financial liabilities held for trading - derivatives	(82,380)	(107,444)
Financial liabilities carried at amortized cost - incl. related derivatives (interest rate risks)*	(73,481)	(88,185)
Other liabilities	(10,042)	(13,548)
Negative interest from financial assets	(35,606)	(24,601)
Total interest expenses	***(201,509)***	***(233,778)***
Net interest income	**174,964**	**182,111**

* The interest expense from derivatives in hedge accounting for assets totals TEUR -55,569 (2020: TEUR -50,900); the interest income from derivatives in hedge accounting for liabilities totals TEUR 69,041 (2020: TEUR 76,907).

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 the und negative interest on liabilities from the banking business is included under interest income and reported under net interest income. The interest income and expenses from derivatives in hedge accounting are allocated to the respective underlying transaction to appropriately present the economic connection. Interest income includes interest income of TEUR 5,450 (2020: TEUR 5,394) rom impairment-adjusted loans and advances to customers and other banks. The interest expenses from financial liabilities carried at amortized cost includes interest expense of TEUR -1.222 (2020: TEUR -1,287) from leasing liabilities.

The accounting treatment of the negative interest in connection with TLTRO III financing transactions is described under “Significant Accounting Policies”.

(2) Net fee and commission income

€'000	01/01 - 31/12/2021	01/01 - 31/12/2020
Securities	10,303	9,715
Custody business	10,180	8,716
Fiduciary operations	2	0
Services for payment transactions	29,657	28,214
Brokerage commissions	17,646	15,817
Credit business	5,279	6,837
Other fee and commission income	18,268	17,718
Fee and commission income	*91,334*	*87,018*
Securities	(4,176)	(3,694)
Custody business	(1,138)	(1,130)
Services for payment transactions	(4,732)	(4,405)
Credit business	(18,340)	(14,797)
Other fee and commission expenses	(6,843)	(6,013)
Fee and commission expenses	*(35,228)*	*(30,039)*
Net fee and commission income	**56,106**	56,979

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, while commission income from the securities business consists primarily of 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.

(3) Dividend income

€'000	01/01 - 31/12/2021	01/01 - 31/12/2020
Financial assets held for trading	272	0
Non-trading financial assets designated at fair value through profit or loss	652	377
Financial assets at fair value through other comprehensive income	645	266
Dividend income	**1,569**	643

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. The dividend income from financial assets carried at fair value through other comprehensive income results from financial instrument that were held as of 31 December 2021.

(4) Profit from equity-accounted investments

€'000	01/01 - 31/12/2021	01/01 - 31/12/2020
Profit/loss from companies accounted for at equity	292,569	185,556
Revaluation gains/(losses) on equity-accounted investments	(285,000)	(358,000)
Profit from equity-accounted investments	**7,569**	(172,444)

The negative revaluation results of TEUR 285,000 (2020: TEUR 358,000) are attributable to an impairment loss recognized to the investment in RBI.

An overall assessment of facts and circumstances as of 31 December 2021 – above all due to the development of the share price – provided objective evidence of impairment as defined in IAS 28.41A – 28.41C which led to indications of a lower fair value. The equity-accounted investment in RBI was therefore tested for impairment as of 31 December 2021. 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 quoted market price of the RBI share on 31 December 2021 equalled EUR 25.88. 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. These forecasts were approved by the Supervisory Board of RBI and reduced for the calculation following plausibility checks. The management of RLB NÖ-Wien examined the forecast assumptions in detail, also based on the expertise of the RBI Supervisory Board which also includes members of the management of RLB NÖ-Wien. The events surrounding the war in Ukraine occurred after the closing date and, consequently, had no influence on the impairment test of the carrying amount of the RBI investment as of 31 December 2021.

Backtesting for 2021 shows a positive variance to the budget, above all due to the significant improvement in the economic environment. The COVID-19 pandemic had no major effects in 2021 and, therefore, no lasting effects on RBI's business model are expected. Better control of the coronavirus has been accompanied by phases of economic recovery since the end of 2020. RBI also benefits from these positive effects and has incorporated this development in its forecasts. RBI's forecast reflects the sound economic projects at year-end 2021 as well as a possible increase in key interest rates in major country markets. The value in use was determined on the basis of a low/medium/high case scenario which included, in particular, sensitivity analyses for the development of risk costs over the coming years, the sustainable CIR, net fee and commission income, and the sustainable return on equity. These sensitivity analyses were examined and critically evaluated by the management of RLB NÖ-Wien, which then selected the scenario for the final value in use. More conservative assumptions than those expressed by RBI management were used – above all for risk costs, interest spreads and the sustainable development of the RoE – because of the uncertainty existing as of 31 December 2021 over the planned very good global economic development (further course of the COVID-19 pandemic, supply chain bottlenecks, inflation, economic trends in China, possible interest rate turnaround, etc.).

The cash flows realizable from the RBI investment were discounted with an average, risk-adjusted capitalization rate of 12.33% (2020: 12.5%). A sustainable growth rate of 2.0% (2020: 2.0%) was applied in determining the value in use of RBI, which reflects the ECB's communicated inflation target. The discount rate was determined according to a CAPM (Capital Asset Pricing Model) based on the peer group's beta factor. However, a different method was used in 2021 to calculate the beta factor for the valuation of RBI. The market distortions from 28 February 2020 to 24 April 2020, 30 May 2020 to 5 June 2020 and 1 November 2020 to 30 November 2020 caused, in part, extreme statistical outliers. In order to prevent the inclusion of implausible beta factors in the terminal value, the regression analyse was adjusted to exclude the data points from the above-mentioned periods. The resulting beta factor for the peer group equalled 1.63 as of 31 December 2021, and a rounded beta factor of 1.60 was used for the RBI valuation.

A comparison of the resulting value in use with the carrying amount led to the recognition of an impairment loss of TEUR 285,000 (2020: TEUR 358,000) to the equity-accounted investment in RBI. The reasons included, in particular, the more conservative forecast assumptions applied by the management of RLB NÖ-Wien.

There was only a minimal deviation between the market price of the share and the value in use as of 31 December 2021. However, it should be noted that the development of the RBI share price, according to an assessment by RLB NÖ-Wien, often includes factors which go beyond the company's cash flow generating capacity. The discounts currently included in the share price often have no relation, in the opinion of RLB NÖ-Wien, to RBI's sustainable earning power.

Potential valuation uncertainties related to key forecast assumptions and valuation parameters 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 return on equity – terminal value (RoE TV) and a change in the interest rate (market return). A change of +/-10% in all valuation-relevant cash flows (e.g. due to higher risk costs or a decline in the CIR) would lead to a change of approximately +/-9% in the value in use. An increase or decrease of 100 basis points in the RoE TV would have an impact of roughly +/-10% on the value in use. A change of +/-50 basis points in the market return would lead to a change of approximately -9%, respectively +10%. Every sensitivity and the related effect were calculated separately under the assumption that all other parameters remained unchanged.

(5) Depreciation, amortization, personnel and operating expenses

€'000	01/01 - 31/12/2021	01/01 - 31/12/2020
Write-downs of property, equipment and intangible assets	***(14,712)***	*(15,230)*
Land, equipment and buildings	(3,285)	(4,517)
Amortization of rights of use	(8,382)	(7,955)
Investment property	(22)	(32)
Other intangible assets	(3,022)	(2,727)
Staff costs	***(114,254)***	*(103,830)*
Current remuneration	(86,049)	(80,809)
Mandatory social security contributions	(21,613)	(20,814)
Other employee-benefits	(2,557)	(2,227)
Non-current employee-related obligations	(4,035)	20
Other administrative expenses	***(98,053)***	*(104,072)*
Employee-related operating expenses	(516)	(456)
Office space expenses	(5,826)	(5,926)
Expenses for office operations	(5,138)	(4,806)
IT expenses	(38,075)	(42,989)
Advertising, marketing, events	(7,805)	(8,584)
Legal and consulting fees	(20,920)	(20,443)
Other administrative expenses	(19,772)	(20,868)
Depreciation, amortization, personnel and operating expenses	**(227,019)**	(223,132)

Other administrative expenses include costs of TEUR 228 (2020: TEUR 222) for short-term leases. Other administrative expenses consist chiefly of costs for third-party services and insurance premiums.

Administrative expenses include the following fees for the auditors of the Group companies:

2021 €'000	KPMG Austria GmbH	ÖSTERREICHISCHER RAIFFEISENVERBAND*
Audit of the Annual Financial Statements and Consolidated Financial Statements	264	859
Other auditing services	0	19
Other services	312	0
Total	**576**	**878**

* *The costs reported under Österreichischer Raiffeisenverband for 2021 represent services provided by the auditor appointed by ÖRV..

2020 €'000	KPMG Austria GmbH	ÖSTERREICHISCHER RAIFFEISENVERBAND*
Audit of the Annual Financial Statements and Consolidated Financial Statements	258	802
Other auditing services	22	65
Other services	209	0
Total	489	867

* *The costs reported under Österreichischer Raiffeisenverband for 2020 represent services provided by the auditor appointed by ÖRV.

(6) Profit/loss from financial assets and liabilities

€'000	01/01 - 31/12/2021	01/01 - 31/12/2020
Profit/loss from financial assets and liabilities not carried at fair value through profit or loss	*(198)*	*3,943*
Financial assets at amortized cost	104	4,037
Bonds	0	3,934
Other loans and advances	104	103
Financial liabilities measured at amortized cost	(302)	(94)
Securitized liabilities	(302)	(94)
Profit/loss from financial assets and liabilities held for trading	*9,990*	*(28,294)*
Derivatives	15,328	(47,643)
Equity instruments	0	333
Bonds	(5,338)	19,015
Profit / loss from financial assets not held for trading, mandatorily at fair value	*(3,579)*	*(6,536)*
Equity instruments	407	(5,173)
Bonds	20	(22)
Other loans and advances	(4,006)	(1,341)
Profit/Loss from modifications	*(83)*	*(1,852)*
Profit / loss from hedge accounting	*(2,639)*	*1,051*
Foreign exchange transactions	*5,534*	*3,908*
Profit/Loss from financial assets and liabilities	**9,026**	(27,781)

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

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 includes realized gains and losses from assets and liabilities. The sale of assets carried at amortized cost reflects 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 a transaction by transaction basis.

The profit/loss from financial assets and liabilities carried at amortized cost includes realized gains and losses from minimal sales and the derecognition of loans and advances (TEUR 104; 2020: TEUR 103) and from the repurchase or premature redemption of securities issued by RLB NÖ-Wien (TEUR -302; 2020: TEUR -94).

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

The profit/loss from financial instruments held for trading totalled TEUR 9,990 in 20211 (2020: TEUR -28,294). On the one hand, the increase in interest rates since year-end 2020 is reflected in the profit/loss on derivatives. On the other hand, these results show the narrowing of the spreads on securities which began in the second half of the previous year and, in addition to contrary interest effects, influenced the results of bond trading and valuation – this in contrast to the crisis-related, negative trading results and high valuation losses on securities recorded in 2020, which was significantly shaped by the COVID-19 pandemic.

The profit/loss from financial instruments carried mandatorily at fair value amounted to TEUR -3,579 (2020: TEUR -6,536) and was primarily influenced by the valuation of loans and advances carried at fair value. Additional details on the determination of these valuation results are provided under Note (34) Fair value of financial instruments.

Profit/loss from modifications

The profit/loss from modifications shows the income and expenses which resulted from the adjustment of contractual cash flows. In 2021, the results of these modifications totalled TEUR -83 (2020: TEUR -1,852). 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 (also see "Significant Accounting Policies" and "Profit/loss on financial assets and liabilities carried at amortized cost"). Modified financial instruments with a pre-modification carrying amount of TEUR 5,528 (2020: TEUR 2,346) and a modification effect of TEUR -22 (2020: TEUR -3), which were assigned to Stage 2 or 3, are now assigned to Stage 1.

The share of the modification loss resulting from the COVID-19-related measures equalled only TEUR -52 following the expiration of these measures in 2021 (2020: TEUR -1,084).

The following table shows the modification effects for the 2021 financial year and the carrying amounts as of 31 December 2021.

€'000	Stage 1	Stage 2-3	Total
Modification effect from financial assets	(697)	614	(83)
Carrying amount before modification of financial assets	272,115	473,827	745,942

The comparative data for 2020 and as of 31 December 2020 are as follows.

€'000	Stage 1	Stage 2-3	Total
Modification effect from financial assets	(349)	(1,503)	(1,852)
Carrying amount before modification of financial assets	609,598	723,902	1,333,499

Profit/loss from hedge accounting

The profit/loss from hedge accounting shows the ineffectiveness in the hedges recognized by RLB NÖ-Wien (TEUR -2,639; 2020: TEUR 1,051). Included here are TEUR 55,992 (2020: TEUR -57,832) from the measurement of hedging derivatives and TEUR -58,630 (2020: TEUR 58,882) 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 (32) Hedge accounting.

(7) Profit/loss from non-financial assets

€'000	01/01 - 31/12/2021	01/01 - 31/12/2020
Profit/loss from the derecognition of non-financial assets	72	(77)
Profit/loss from land, equipment and buildings	(275)	(403)
Profit/loss from intangible assets	14	0
Profit/loss from investment property	216	310
Profit/loss from other assets	7	12
Profit/loss from usage rights	110	3
Impairment loss or write-up to non-financial assets	638	0
Usage rights	638	0
Profit / loss from non-financial assets	**710**	(77)

This position shows the profit/loss from the derecognition of non-financial assets as well as the derecognition of rights of use following the termination or modification of rental and operating leases.

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

€'000	01/01 - 31/12/2021	01/01 - 31/12/2020
Net impairment loss/reversal of impairment to financial assets at amortized cost	11,393	(91,937)
Bonds	23	(92)
Loans and advances	11,594	(91,421)
Trade receivables	(224)	(423)
Net impairment loss/reversal of impairment to financial assets	**11,393**	(91,937)

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 impairment losses is provided in (16).

(9) Other operating profit/loss

€'000	01/01 - 31/12/2021	01/01 - 31/12/2020
Other operating income	*47,707*	*57,250*
Revenue from service and real estate subsidiaries	13,225	27,840
Revenues from services provided to Raiffeisen banks	19,617	18,869
Other income	14,866	10,541
Other operating expenses	*(30,593)*	*(46,614)*
Sector facilities	(7,682)	(6,687)
Bank levy	(4,078)	(16,302)
Resolution fund	(13,438)	(11,126)
Cost of materials and purchased services from service and real estate subsidiaries	(747)	(9,433)
Other expenses	(4,647)	(3,065)
Addition to or release of provisions	*10,802*	*(9,003)*
Addition to or release of provisions for obligations and granted guarantees	4,721	(12,011)
Release of other provisions	6,081	3,008
Other operating profit/loss	**27,917**	**1,634**

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 addition to or release of provisions includes the change in the provisions for obligations and guarantees given. Additional details are provided under Note (16).

The sector facilities reported under other operating expenses consist chiefly of the contributions to the deposit protection scheme. Additional details in this connection and on the new Raiffeisen deposit protection scheme and the related Austrian Raiffeisen institutional deposit protection scheme can be found in Note (50) Other agreements.

(10) Income tax

RLB NÖ-Wien and its fully consolidated subsidiaries are members of a corporate tax group established in accordance with § 9 of the Austrian Income Tax Act ("Körperschaftsteuergesetz") with Raiffeisen-Holding NÖ-Wien as the head of the group. These companies have concluded a tax compensation agreement with the head of the group. In the 2021 assessment year, the corporate tax group with Raiffeisen-Holding NÖ-Wien as its head included RLB NÖ-Wien as well as 42 (2020: 40) other members. The tax base for the entire group equals the total income of the head of the group plus the allocated taxable income of the group members after the maximum allowable deduction of the tax loss carryforwards held by the head of the group. RLB NÖ-Wien is charged a proportional share of group corporate income tax, which is assessed at the level of the head of the group, Raiffeisen-Holding NÖ-Wien. A loss recorded by RLB NÖ-Wien for the year results in a negative tax charge.

€'000	01/01 - 31/12/2021	01/01 - 31/12/2020
Current taxes	(4,518)	(6,449)
Deferred taxes on items not reclassified to profit or loss	(2,643)	24,779
Income tax	**(7,161)**	18,331

Deferred income tax of TEUR -2,643 (2020: TEUR 24,779) as reported on the income statement resulted entirely from temporary differences. No write-downs were recorded to deferred tax assets.

Detailed information on deferred taxes is presented under Note (22) Deferred tax assets. The following transition calculation shows the relationship between profit for the year and the effective tax burden:

€'000	2021	2020
Profit for the period before tax	***62,234***	*(274,004)*
Theoretical income tax expense for financial year at Austrian corporate income tax rate of 25%	(15,559)	68,501
Effect of lower tax charge rate*	7,324	(2,511)
Tax reduction based on tax-exempt income from equity investments and other tax-exempt income	397	821
Increase in taxes based on non-tax deductible expenses	(1,397)	(2,800)
Effects of equity-accounted investments	1,492	(43,111)
Other	582	(2,569)
Actual tax burden	**(7,161)**	18,331

* The tax charges levied in connection with group taxation are based on rates which are lower than the Austrian corporate tax rate. This line shows the resulting effect on actual and deferred income taxes.

Details on the Consolidated Balance Sheet

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

€'000	31/12/2021	31/12/2020
Cash	50,995	58,643
Balances with central banks	2,796,078	2,605,910
Other demand deposits	2,340,968	2,266,396
Total	**5,188,041**	4,930,949

The cash balances at central banks include the legally required minimum reserve of TEUR 318,667 (2020: TEUR 297,114).

This balance sheet position includes Stage 1 impairment losses of TEUR 1,799 (2020: TEUR 1,666).

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

€'000	31/12/2021	31/12/2020
Cash	50,995	58,643
Balances with central banks	2,796,078	2,605,910
Other sight deposits from customers	80	61
Cash and cash equivalents	**2,847,153**	2,664,614
Other sight deposits from other banks	2,340,888	2,266,335
Total cash, cash balances at central banks and other demand deposits	**5,188,041**	4,930,949

(12) Financial assets held for trading

€'000	31/12/2021	31/12/2020
Derivatives	309,519	472,212
Bonds	232,849	339,759
Debt instruments from credit institutions	139,618	150,827
Debt instruments from customers	93,231	188,932
Total	**542,368**	811,971

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

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

€'000	31/12/2021	31/12/2020
Equity instruments	9,497	9,014
Bonds	989	969
Loans and advances from customers	120,016	129,896
Total	**130,502**	139,879

The equity instruments assigned to this valuation category consist entirely of investments which, according to their strategic focus, were not assigned to the category "financial assets at fair value through other comprehensive income" (also see Note (14)). 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.

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

€'000	31/12/2021	31/12/2020
Equity instruments	19,577	19,472
Total	**19,577**	19,472

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 There were no material sales from this asset category in 2021.

The component items of this position are listed in the following table:

€'000	31/12/2021	31/12/2020
EMCOM Beteiligungs GmbH, Vienna (A)	5,184	5,010
NÖ Bürgschaften und Beteiligungen GmbH, Vienna (A)	4,585	3,361
WKBG Wiener Kreditbürgschafts- und Beteiligungsbank AG, Vienna (A)	3,734	3,734
Raiffeisen Software GmbH, Linz (A)	1,822	1,671
RSC Raiffeisen Service Center GmbH, Vienna (A)	1,047	1,049
CEESEG Aktiengesellschaft, Vienna (A)	931	2,144
Other	2,274	2,503
Total	**19,577**	19,472

(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 below under Note (16) Risk provisions.

€'000	31/12/2021	31/12/2020
Bonds	*3,636,067*	*3,593,206*
Debt instruments from credit institutions	1,156,551	1,144,532
Debt instruments from customers	2,479,515	2,448,675
Other loans and advances	*16,490,117*	*16,238,876*
Loans and advances to other banks	2,986,534	2,580,439
Loans and advances to customers	13,503,583	13,658,437
Trade receivables (non-bank)	*12,100*	*9,457*
Total	**20,138,284**	19,841,540

(16) Risk provisions

The following tables provide detailed information on the development of impairment losses in 2021.

Gross carrying amounts and impairment allowances for loans and advances to other bank, at amortized cost, as well as deposits with central banks and demand deposits:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired		POCI	Total
			significant	not significant		
Gross carrying amount						
Gross carrying amount at 01/01/2021	7,456,373	0	670	0	0	7,457,043
Gross carrying amount at 31/12/2021	8,127,805	0	670	0	0	8,128,475
Risk provisions						
Opening balance sheet risk provisions 01/01/2021	*3,688*	*0*	*670*	*0*	*0*	*4,358*
Increase due to new additions	1,165	0	0	0	0	1,165
Decreases due to disposals	(227)	0	0	0	0	(227)
Changes in credit risk	(307)	0	0	0	0	(307)
Foreign currency effects and other adjustments	(15)	0	0	0	0	(15)
Closing balance sheet risk provisions 31/12/2021	**4,305**	**0**	**670**	**0**	**0**	**4,975**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit Impaired significant	Stage 3 Credit Impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount at 01/01/2020	5,637,628	0	670	0	0	5,638,298
Gross carrying amount at 31/12/2020	7,456,373	0	670	0	0	7,457,043
Risk provisions						
Opening balance sheet risk provisions 01/01/2020	*3,571*	*0*	*670*	*0*	*0*	***4,241***
Increase due to new additions	7,032	0	0	0	0	7,032
Decreases due to disposals	(6,246)	0	0	0	0	(6,246)
Changes in credit risk	(623)	0	0	0	0	(623)
Foreign currency effects and other adjustments	(45)	0	0	0	0	(45)
Closing balance sheet risk provisions 31/12/2020	3,688	0	670	0	0	**4,358**

As of 31 December 2021, none of the loans or advances to other banks carried at amortized cost were classified as impaired on purchase or origination (POCI).

Gross carrying amounts and 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
Gross carrying amount						
Gross carrying amount at 01/01/2021	10,939,924	2,667,911	163,413	92,859	9,523	13,873,630
Gross carrying amount at 31/12/2021	10,723,334	2,717,083	122,637	88,716	40,760	13,692,530
Risk provisions						
Opening balance sheet risk provisions 01/01/2021	***29,089***	***36,328***	***85,788***	***60,978***	***3,010***	***215,193***
Increase due to new additions	14,437	1,406	4	123	0	15,970
Decreases due to disposals	(2,159)	(4,465)	(12,056)	(2,709)	(11)	(21,399)
Changes resulting from reclassification between stages	(4,225)	1,683	2,039	503	0	0
Transfers to Stage 1	(14,418)	14,408	0	10	0	0
Transfers to Stage 2	10,159	(13,283)	2,039	1,085	0	0
Transfers to Stage 3	34	558	0	(592)	0	0
Changes in credit risk	(18,275)	(295)	(268)	7,111	(86)	(11,814)
Changes due to modifications, excl. disposal	0	0	(1)	(3)	0	(4)
Decreases due to use of impairment losses	0	0	(709)	(8,490)	0	(9,200)
Foreign currency effects and other adjustments	45	45	18	93	0	201
Closing balance sheet risk provisions 31/12/2021	**18,912**	**34,703**	**74,815**	**57,604**	**2,913**	**188,947**

The direct write-downs to loans receivable totalled TEUR -2,244 in 2021 (2020: TEUR -1,078). Income, excluding the effects of changes in the risk provisions (e.g. income from loans receivable which were previously written off) amounted to TEUR 1,447 (2020: TEUR 1,305).

The decline of TEUR 12,056 from a reduction in the Stage 3 risk allowances for significant customers resulted primarily from the restructuring of financing for a customer which led to the derecognition of these financial instruments. As of 31 December 2021, the carrying amount of loans and advances to customers at amortized cost that were classified as impaired on purchase or origination (POCI) totalled TEUR 37,724 (2020: TEUR 6,513). The increase in 2021 resulted entirely from the above-mentioned customer restructuring. The undiscounted amount of the lifetime expected credit losses for the additions classified as POCI in 2021 amounted to TEUR 13,507 (2020: TEUR 232) on initial recognition.

The comparative prior year data are shown below:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit Impaired		POCI	Total
			significant	not significant		
Gross carrying amount						
Gross carrying amount at 01/01/2020	12,548,714	674,018	121,806	96,434	11,027	13,451,999
Gross carrying amount at 31/12/2020	10,939,924	2,667,911	163,413	92,859	9,523	13,873,630
Risk provisions						
Opening balance sheet risk provisions 01/01/2020	*13,410*	*7,631*	*55,318*	*59,457*	*3,231*	*139,047*
Increase due to new additions	13,450	380	13	21	0	13,864
Decreases due to disposals	(1,019)	(1,630)	(953)	(1,888)	(98)	(5,588)
Changes resulting from reclassification between stages	(11,157)	(681)	11,898	(60)	0	0
Transfers to Stage 1	(14,344)	14,161	107	76	0	0
Transfers to Stage 2	3,128	(16,361)	11,814	1,419	0	0
Transfers to Stage 3	58	1,519	(23)	(1,555)	0	0
Changes in credit risk	14,414	30,647	31,409	9,880	(123)	86,227
Changes due to modifications, excl. disposal	0	0	(1)	(9)	0	(10)
Decreases due to use of impairment losses	0	0	(11,851)	(6,388)	0	(18,239)
Foreign currency effects and other adjustments	(8)	(20)	(46)	(34)	0	(107)
Closing balance sheet risk provisions 31/12/2020	**29,089**	**36,328**	**85,788**	**60,978**	**3,010**	**215,193**

Gross carrying amounts and 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
Gross carrying amount						
Gross carrying amount at 01/01/2021	1,134,637	10,931	0	0	0	1,145,569
Gross carrying amount at 31/12/2021	1,154,163	3,092	0	0	0	1,157,255
Risk provisions						
Opening balance sheet risk provisions 01/01/2021	*967*	*70*	*0*	*0*	*0*	*1,037*
Increase due to new additions	50	0	0	0	0	50
Decreases due to disposals	(14)	(7)	0	0	0	(21)
Changes in credit risk	(332)	(38)	0	0	0	(370)
Foreign currency effects and other adjustments	9	0	0	0	0	9
Closing balance sheet risk provisions 31/12/2021	**679**	**24**	**0**	**0**	**0**	**703**

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
Gross carrying amount						
Gross carrying amount at 01/01/2020	1,250,614	0	0	0	0	1,250,614
Gross carrying amount at 31/12/2020	1,134,637	10,931	0	0	0	1,145,569
Risk provisions						
Opening balance sheet risk provisions 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	(323)	55	0	0	0	(268)
Foreign currency effects and other adjustments	4	0	0	0	0	4
Closing balance sheet risk provisions 31/12/2020	967	70	0	0	0	1,037

As of 31 December 2021, none of the debt instruments issued by other banks and carried at amortized cost were classified as impaired on purchase or origination (POCI).

Gross carrying amounts and 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
Gross carrying amount						
Gross carrying amount at 01/01/2021	2,450,514	0	0	0	0	2,450,514
Gross carrying amount at 31/12/2021	2,481,665	0	0	0	0	2,481,665
Risk provisions						
Opening balance sheet risk provisions 01/01/2021	***1,840***	***0***	***0***	***0***	***0***	***1,840***
Increase due to new additions	302	0	0	0	0	302
Decreases due to disposals	(62)	0	0	0	0	(62)
Changes in credit risk	77	0	0	0	0	77
Foreign currency effects and other adjustments	(9)	0	0	0	0	(9)
Closing balance sheet risk provisions 31/12/2021	**2,149**	**0**	**0**	**0**	**0**	**2,149**

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
Gross carrying amount						
Gross carrying amount at 01/01/2020	2,812,256	0	0	0	0	2,812,256
Gross carrying amount at 31/12/2020	2,450,514	0	0	0	0	2,450,514
Risk provisions						
Opening balance sheet risk provisions 01/01/2020	*1,615*	*0*	*0*	*0*	*0*	*1,615*
Increase due to new additions	228	0	0	0	0	228
Decreases due to disposals	(227)	0	0	0	0	(227)
Changes in credit risk	227	0	0	0	0	227
Foreign currency effects and other adjustments	(4)	0	0	0	0	(4)
Closing balance sheet risk provisions 31/12/2020	1,840	0	0	0	0	1,840

As of 31 December 2021, none of the debt instruments issued by customers and carried at amortized cost were classified as impaired on purchase or origination (POCI).

Provision for granted commitments and financial guarantees:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit Impaired		Total
			significant	not significant	
Opening balance sheet risk provisions 01/01/2021	*5,689*	*11,993*	*5,079*	*1,945*	*24,705*
Increase due to new additions	3,626	3	69	24	3,722
Decreases due to disposals	(1,123)	(2,579)	(616)	(258)	(4,576)
Changes resulting from reclassification between stages	370	(243)	3	(130)	0
Transfers to Stage 1	(2,086)	2,084	0	2	0
Transfers to Stage 2	2,451	(2,477)	3	24	0
Transfers to Stage 3	6	150	0	(156)	0
Changes in credit risk	(3,365)	7	(1,273)	764	(3,867)
Foreign currency effects and other adjustments	6	4	2	16	28
Closing balance sheet risk provisions 31/12/2021	**5,203**	**9,185**	**3,263**	**2,361**	**20,013**

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 risk provisions 01/01/2020	*3,020*	*1,045*	*6,182*	*2,463*	*12,710*
Increase due to new additions	2,790	4	840	33	3,666
Decreases due to disposals	(1,043)	(611)	(217)	(443)	(2,314)
Changes resulting from reclassification between stages	(3,199)	3,533	(8)	(326)	0
Transfers to Stage 1	(4,061)	4,040	19	2	0
Transfers to Stage 2	845	(886)	11	30	0
Transfers to Stage 3	17	379	(38)	(359)	0
Changes in credit risk	4,125	8,031	(1,720)	219	10,656
Foreign currency effects and other adjustments	(5)	(9)	1	0	(13)
Closing balance sheet risk provisions 31/12/2020	5,689	11,993	5,079	1,945	24,705

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 IFRS 9

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 (also see Note (31) Risk Report):

- "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.

This information reflects the effects of the COVID-19 crisis and the related government reactions (short-time work, etc.) specifically for Austria and, therefore, is suitable for determining the material parameters. Moody's Analytics also provides optimistic and pessimistic projections for all specific country scenarios.

COVID-19 pandemic

The Covid-19 crisis, which has caused deep economic distortions across the world since March 2020 (closed borders, interrupted supply chains, national lockdowns, i.e. restricted or interrupted business operations in many branches), has continued into 2021. The government support measures initially introduced in spring 2020 were also continued in 2021. Catch-up effects and an increased number of company insolvencies are still expected after the end of the crisis. Statistics show an increase in company insolvencies since the third quarter of 2021.

The applied forecasts represent a long-term trend and include the effects of the lockdowns in 2020 and 2021. Since many of the government-ordered measures delayed the negative effects of the crisis, the current macroeconomic outlook was extended to include the expected catch-up effects (COVID-19 induced bankruptcies, payment difficulties etc.). In this way, it was possible to depict the credit risk expectations related to the delay in bankruptcies which resulted from government assistance measures. No adjustments to the models were required (also see Note (31) Risk Report).

The criteria for identifying a significant increase in credit risk were expanded in 2021 to include the indicator "private moratorium" (for details see the subsection "Significant increase in credit risk"). The related material effect on the risk provision equalled EUR +0.8 million as of 31 December 2021 (2020: EUR +1.1 million).

The significant increase in the Stage 1 and 2 risk provisions in 2020 was primarily attributable to the COVID-19 pandemic. Crisis effects from the recession in 2020 were not (yet) realized. Due to the ongoing economic uncertainty and continuing COVID-19 measures, the impairment allowance for Stage 1 and 2 loans and advances to customers declined but remains at a high level (from EUR 65.4 million as of 31 December 2020 to EUR 53.6 million as of 31 December 2021).

Since the applied, adapted and weighted scenarios reflect the effects of COVID-19, post-model adjustments were not required. 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 remained constant at the year-end 2020 level.

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. For significant customers, the risk provision represents the difference between the carrying amount and present value of the expected future cash flows. The risk provision is based on the remaining term of the transaction. Details on the identification of default incidents and the definition of default can be found under Note (31).

Determination of a "significant increase in credit risk”

The determination of a significant increase in 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.
- Private moratorium: Customers who were granted a COVID-19-related deferral during 2020 in the sense of a private moratorium in accordance with the EBA Guideline are considered to have a significant increase in credit risk.

For deferrals based on the legal and private moratoria, forbearance measures were only taken in exceptional cases in accordance with the respective EBA Guideline (EBA/GL/2020/02). Most of the transactions with voluntary deferrals and bridge loans are characterized as forborne.

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	31/12/2021	100% optimistic	100% baseline	100% pessimistic
Risk provisions Stage 1&2	75.2	53.0	71.3	102.9

The comparative prior year data are shown below.

€m	31/12/2020	100% optimistic	100% baseline	100% pessimistic
Risk provisions Stage 1&2	89.7	62.3	84.5	124.3

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 that would result from the transfer of 100% of the active portfolio (all Stage 1 and 2 financial instruments not in default) in Stage 1 or 100% of the active portfolio in Stage 2. However, the probability that one of these two scenarios would actually occur is extremely unlikely.

€m	31/12/2021	100% in Stage 1	100% in Stage 2
Risk provisions Stage 1&2	75.2	67.6	119.7

The comparative prior year data are shown below.

€m	31/12/2020	100% in Stage 1	100% in Stage 2
Risk provisions Stage 1&2	89.7	83.0	139.7

Changes in estimates for the determination of risk provisions

The basis for estimating the parameters used to determine the ECL consolidated financial statements is formed by regulatory parameter models which, in turn, are oriented on regulatory requirements. As described in the previous section, no adjustments were made to the models in 2021.

(17) Derivatives - hedge accounting

€'000	31/12/2021	31/12/2020
Fair value hedges	315,002	442,929
Positive fair values of derivative financial instruments from micro-fair value hedges	263,239	442,768
Positive fair values of derivative financial instruments from portfolio-fair value hedges	51,763	161
Fair value hedges	**315,002**	442,929

Derivative financial instruments are reported as hedging instruments when the conditions for hedge accounting under IFRS 9 are met. RLB NÖ-Wien currently holds no cash flow hedges. Details on the recognized micro- and portfolio fair value hedges, underlying risks, hedging instruments and hedged risks can be found in Note (32) Hedge accounting.

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

€'000	31/12/2021	31/12/2020
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	**(51,651)**	9,710

RLB NÖ-Wien applies hedge accounting to hedge the fair value of a portfolio against interest rate risks as defined in IAS 39.AG114-AG132 an. Additional details can be found in Note (32) Hedge accounting.

(19) Interest in equity-accounted investments

€'000	31/12/2021	31/12/2020
Interest in equity-accounted investments	**2,028,649**	2,202,271

Details on the companies included in the consolidated financial statements at equity, including extensive financial information, can be found in Note (57) and in the details on the income statement under Note (4) Profit from equity-accounted investments.

(20) Property and equipment

€'000	31/12/2021	31/12/2020
Property and equipment	***22,110***	*16,353*
Land and buildings - own use	6,617	5,012
Other property and equipment	15,355	11,258
IT hardware	138	83
Usage rights	***94,965***	*87,908*
Usage rights for land and buildings	94,495	87,341
Usage rights for autos and other tangible assets	469	567
Total	**117,075**	104,261

Investment property:

€'000	31/12/2021	31/12/2020
Investment property	**1,529**	1,851

The following table shows the development of the gross carrying amounts of property and equipment and investment property as well as the accumulated depreciation and transition to the net carrying amounts:

€'000	2021	2020
Acquisition costs at 1 January	*54,014*	*50,494*
Additions	9,064	6,758
Disposals	(546)	(3,238)
Acquisition costs at 31 December	*62,532*	*54,014*
Amortization at 1 January	*(35,811)*	*(33,354)*
Additions to current amortization	(3,308)	(4,549)
Disposals	226	2,092
Amortization at 31 December	*(38,893)*	*(35,811)*
Carrying amounts at 1 January	*18,203*	*17,140*
Carrying amounts at 31 December	**23,639**	18,203

A book value disposal of TEUR 299 was recognized to the investment property shown in the above table during 2021 (2020: TEUR 569). Scheduled depreciation equalled TEUR 22 (2020: TEUR 32).

The following table shows the development of the rights of use for assets which were capitalized in connection with the recognition of leases and are reported under property and equipment.

€'000	Usage rights for land and buildings	Usage rights for autos and other assets
At 01/01/2021	*87,341*	*567*
Additions	10,988	176
Depreciation	(8,089)	(293)
Modifications	4,255	19
At 31/12/2021	**94,495**	**469**

The comparative prior year data are shown below.

€'000	Usage rights for land and buildings	Usage rights for autos and other assets
At 01/01/2020	*86,896*	*611*
Additions	10,611	265
Disposals	(2,502)	(18)
Depreciation	(7,664)	(291)
At 31/12/2020	87,341	567

(21) Intangible assets

€'000	31/12/2021	31/12/2020
Purchased software and licenses	20,155	16,402
Total	**20,155**	16,402

The following table shows the development of the gross carrying amounts of intangible assets as well as the accumulated amortization and transition to the net carrying amounts:

€'000	2021	2020
Acquisition costs at 1 January	***73,305***	*67,160*
Additions	7,572	6,376
Disposals	(924)	(231)
Acquisition costs at 31 December	***79,953***	*73,305*
Amortization at 1 January	***(56,903)***	*(54,212)*
Additions to current amortization	(3,022)	(2,727)
Additions	4	0
Disposals	124	36
Amortization at 31 December	***(59,798)***	*(56,903)*
Carrying amounts at 1 January	***16,402***	*12,947*
Carrying amounts at 31 December	**20,155**	16,402

(22) Tax assets

€'000	31/12/2021	31/12/2020
Tax assets*	2,427	8,090
Deferred tax assets	16,783	20,200
Total	**19,210**	28,290

* Receivables of TEUR 2,427 (2020: TEUR 7,932) from the group tax charge are reported as of 31 December 2021 under Note (22) Tax assets; these receivables were previously reported under Note (23) Other assets as part of "miscellaneous other assets". The comparative data as of 31 December 2020 were adjusted accordingly.

As of 31 December 2021, tax receivables consisted solely of tax receivables from the group tax charge based on the tax group with Raiffeisen-Holding NÖ-Wien. Details are provided in the section on "Significant Accounting Policies" and under Note (36) Related party disclosures.

The net total of deferred taxes is as follows:

€'000	31/12/2021	31/12/2020
Deferred tax assets	16,783	20,200
Net deferred tax assets	**16,783**	20,200

The net total of deferred taxes resulted from the following balance sheet positions and developed as follows in 2021.

€'000	31/12/2020	Recognized to profit or loss	Recognized to other comprehensive income	31/12/2021
Financial liabilities held for trading	55,665	(20,759)	0	34,906
Financial liabilities measured at amortized cost	57,736	(18,553)	0	39,183
Derivatives - hedge accounting (liabilities)	60,011	(19,519)	0	40,492
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	0	6,456	0	6,456
Interest in equity-accounted investments*	429	(110)	(118)	201
Provisions	8,756	(1,249)	(656)	6,851
Partial write-downs of investments to be distributed for tax purposes	399	(115)	0	284
Other	913	(116)	0	797
Deferred tax assets	*183,909*	***(53,965)***	*(774)*	***129,170***
Financial assets held for trading	56,399	(20,617)	0	35,782
Non-trading financial assets mandatorily at fair value through profit or loss	2,795	(418)	0	2,377
Financial assets at amortized cost	46,855	(16,636)	0	30,219
Derivatives - hedge accounting (assets)	44,917	(12,551)	0	32,366
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	1,214	(1,214)	0	0
Property and equipment	11,529	114	0	11,643
Deferred tax liabilities	*163,709*	***(51,322)***	***0***	***112,387***
Net deferred tax assets	20,200	**(2,643)**	(774)	**16,783**

* This position includes the deferred taxes from the equity-accounted partnership Raiffeisen Informatik GmbH & Co KG.

The comparative prior year data are shown below.

€'000	31/12/2019	Recognized to profit or loss	Recognized to other comprehensive income	31/12/2020
Financial liabilities held for trading	30,417	25,248		55,665
Financial liabilities measured at amortized cost	66,756	(9,020)		57,736
Derivatives - hedge accounting (liabilities)	51,732	8,279		60,011
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	528	(528)		0
Interest in equity-accounted investments	0	586	(157)	429
Provisions	8,106	639	11	8,756
Partial write-downs of investments to be distributed for tax purposes	522	(163)	40	399
Other	1,251	(338)		913
Deferred tax assets	***159,312***	***24,703***	*(106)*	***183,909***
Financial assets held for trading	30,197	26,202		56,399
Non-trading financial assets mandatorily at fair value through profit or loss	3,232	(437)		2,795
Financial assets at amortized cost	43,527	3,328		46,855
Derivatives - hedge accounting (assets)	44,800	513	(396)	44,917
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	0	1,214		1,214
Interest in equity-accounted investments	19,541	(19,541)		0
Property and equipment	22,885	(11,356)		11,529
Deferred tax liabilities	***164,182***	*(77)*	*(396)*	***163,709***
Net deferred tax assets	(4,870)	24,780	290	20,200

Deferred taxes of TEUR 3,600 (2020: TEUR 3,611) were not recognized in the consolidated financial statements for unused tax loss carryforwards and deductible temporary differences because their realization does not appear possible within a reasonable period from the current point of view. In addition, deferred tax liabilities were not recognised on temporary differences of EUR 785 million (2020: EUR 840 million) in accordance with IAS 12.39. Based on estimates for the reversal of the temporary differences, the realization of TEUR 2,980 of the deferred taxes recognized as of 31 December 2021 is expected within the next 12 months (2020: TEUR 3,329). The balance of TEUR 13,803 (2020: TEUR 16,871) has a remaining term of more than one year.

(23) Other assets

€'000	31/12/2021	31/12/2020
Trust receivables IPS	42,643	43,547
Deposits	28,977	28,977
Prepayments made and accrued income	102	99
Semi- and finished goods/unfinished goods/inventories	592	1,020
Receivables from other taxes and duties	2,097	1,005
Miscellaneous other assets*	49,144	38,541
Total	**123,555**	113,189

* Receivables of TEUR 2,427 (2020: TEUR 7,932) from the group tax charge are reported as of 31 December 2021 under Note (22) Tax assets; these receivables were previously reported under Note (23) Other assets as part of "miscellaneous other assets". The comparative data as of 31 December 2020 were adjusted accordingly.

Other assets include trust receivables in connection with the federal and provincial IPS (Institutional Protection Scheme; also see (50) Other agreements) and deposits as well as receivables from other taxes and duties. Miscellaneous other assets consist primarily of prepaid expenses and outstanding settlements from business operations which were settled after the closing date on 31 December 2021.

(24) Financial liabilities held for trading

€'000	31/12/2021	31/12/2020
Derivatives	321,626	486,581
Total	**321,626**	486,581

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

(25) Financial liabilities at amortized cost

€'000	31/12/2021	31/12/2020
Deposits from other banks	10,449,047	9,356,799
Demand deposits	4,415,288	4,122,292
Time deposits	6,033,760	5,234,506
Deposits from customers	9,087,847	9,177,078
Sight deposits	7,045,710	6,838,049
Time deposits	732,543	947,831
Savings deposits	1,309,593	1,391,198
Securitized liabilities	5,986,274	6,815,205
Issued bonds	5,495,875	6,248,804
Tier 2 capital	490,399	566,401
Other liabilities	100,594	94,625
Lease liabilities	97,970	91,518
Trade payables (non-bank)	2,624	3,107
Total	**25,623,761**	25,443,707

As of 31 December 2020 and 2021, the RLB NÖ-Wien Group had not entered into any leases which had not yet started. A description of the Tier 2 capital included in this position and all other financial instruments listed above can be found under "Significant Accounting Policies" in the section on "Financial liabilities". Details on participation in the ECB's TLTRO III programme are provided under "Significant Accounting Policies" in the section on COVID-19 circumstances and events.

The following table reconciles Tier 2 capital and leasing liabilities from 31 December 2020 to 31 December 2021, classified by cash and non-cash changes (see the consolidated cash flow statement).

€'000	At 01/01/2021	Cash changes	Non-Cash changes	At 31/12/2021
Tier 2 capital	566,401	(68,263)	(7,739)	490,399
Lease liabilities	91,518	(9,461)	15,912	97,970
Total	**657,919**	**(77,724)**	**8,173**	**588,368**

The comparative prior year data are shown below.

€'000	At 01/01/2020	Cash changes	Non-Cash changes	At 31/12/2020
Tier 2 capital	601,748	(32,986)	(2,361)	566,401
Lease liabilities	94,802	(11,746)	8,461	91,518
Total	696,550	(44,732)	6,100	657,919

(26) Derivatives – hedge accounting

€'000	**31/12/2021**	31/12/2020
Fair value hedges	340,817	501,560
Negative fair values of derivative financial instruments from micro-fair value hedges	340,817	491,588
Negative fair values of derivative financial instruments from portfolio-fair value hedges	0	9,973
Total	**340,817**	501,560

Derivative financial instruments are reported as hedging instruments when the conditions for hedge accounting under IFRS 9, respectively IAS 39 are met. RLB NÖ-Wien currently holds no cash flow hedges. Details on the recognized micro and portfolio fair value hedges, the underlying transactions, hedging instruments and the hedged risks can be found in Note (32).

(27) Provisions

€'000	31/12/2021	31/12/2020
Post-employment benefits	30,210	36,604
Termination benefits	21,954	22,096
Long-service bonuses	5,641	5,458
Restructuring	1,242	2,832
Pending legal proceedings	24,164	20,737
Obligations and issued guarantees	20,013	24,705
Other provisions	6,988	21,996
Total	**110,212**	134,428

The provisions for negative indicator values total TEUR 20,490 (2020: TEUR 20,550).

This position also includes provisions of TEUR 569 (2020: TEUR 1,382) 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 1,246 (2020: TEUR 6,674).

Other provisions include the reversal of provisions totalling TEUR 8,480 (2020: TEUR 0) for commissions which have not yet been transferred.

The additions to the provisions for obligations and issued guarantees is presented in detail under Note (16) Risk provisions.

Employee-related provisions

The following table shows the individual parameters for the calculation of the employee-related provisions:

€'000	**2021**	**2020**
Interest rate		
Entitlement phase	0.73%	0.29%
Entitlement phase for beneficiaries with STATUT or KV6 commitments	0.73%	0.29%
Service phase	0.73%	0.29%
Service phase for beneficiaries with STATUT or KV6 commitments	4.00%	4.00%
Termination benefits	0.37%	0.00%
Salary increases	***1.5% - 4.0%***	*1.5% - 4.0%*
Pension increases	**0.5% - 2.0%**	0.5% - 2.0%
Pension increases for beneficiaries with STATUT or KV6 commitments	**0.0%**	0.0%
Biometric basis		**AVÖ 2018-P calculation parameters for pension insurance (salaried employees)**

The calculation is based on the earliest possible statutory retirement age for men and women.

The development of the termination benefit and post-employment benefit obligations is as follows:

€'000	2021 Gross obligation termination payments	2020 Gross obligation termination payments	2021 Gross obligation post-employment payments	2020 Gross obligation post-employment payments	2021 Plan assets pensions	2020 Plan assets pensions
At 1 January	22,096	26,729	63,550	64,836	26,946	28,568
Service cost	897	974	815	806	0	0
Interest cost	0	62	236	366	0	0
Expected return on the plan assets	0	0	0	0	75	161
Payments	(751)	(2,347)	(2,546)	(2,612)	0	0
Contributions to plan assets	0	0	0	0	787	638
Post-employment payments from plan assets	0	0	0	0	(868)	(886)
Net amount transferred	0	0	(937)	(834)	(970)	(897)
Actuarial (gain)/loss for the financial year	(261)	524	(2,911)	1,308	2,072	(601)
Due to experience-based adjustments	222	206	(216)	(607)	2,072	(601)
Due to change in demographic assumptions	0	(105)	0	3,901	0	0
Due to Change in Financial Assumptions	(483)	423	(2,695)	(1,987)	0	0
Other changes and adjustments	(27)	(3,846)	0	(320)	(45)	(37)
Changes in the scope of consolidation	0	0	0	0	0	0
At 31 December	**21,954**	22,096	**58,207**	63,550	**27,997**	26,946
Fair value plan assets	**0**	0	**(27,997)**	(26,946)	**0**	0
Net obligation as of 31 December	**21,954**	22,096	**30,210**	36,604	**0**	0

Classification of the post-employment obligations by category of beneficiary:

€'000	2021	2020
Present value of post-employment benefits (DBO) at 31 December	58,207	63,550
Of which obligations to active eligible employees	19,441	20,455
Of which obligations to former eligible employees	0	0
Of which obligations to retirees	38,766	43,095

The structure of the plan assets is as follows:

€'000	2021	2020
Bonds and other fixed-interest securities	33.85%	39.95%
Shares and other variable-yield securities	32.75%	26.51%
Investment funds	2.51%	0.00%
Property	3.98%	3.93%
Other	26.91%	29.60%
Total	**100.00%**	100.00%

Of the instruments included in the plan assets, 69.4% were traded on an active market.

The plan assets for the 2021 financial year so not include any financial instruments issued by RLB NÖ-Wien.

The following sensitivity analysis for the post-employment and termination benefit obligations shows the effect on the present value of the defined benefit obligation (DBO) caused by a change in the major actuarial assumptions. For these calculations, one major measurement parameter was changed at a time while the other parameters were left unchanged. Correlations between the parameters were not taken into account.

	Change in the parameter	2021 Increase	2021 Decrease	2020 Increase	2020 Decrease
Provisions for post-employment benefits					
Discount rate	0.75%	(7.09)%	8.13%	(7.48)%	8.62%
Retirement age	1 year	(0.36)%	0.99%	(0.20)%	0.79%
Assumption for increase in the entitlement phase	0.25%	0.47%	(0.46)%	0.51%	(0.50)%
Assumption for increase in current benefits	0.25%	2.88%	(2.76)%	2.97%	(2.85)%
Remaining life expectancy	1 year	4.84%	(5.05)%	4.49%	(4.66)%
Provisions for termination benefits					
Discount rate	0.75%	(4.66)%	5.09%	(5.24)%	5.76%
Retirement age	1 year	(0.74)%	1.23%	(0.45)%	1.08%
Assumption for increase in the entitlement phase	0.25%	1.59%	(1.56)%	1.80%	(1.75)%
Turnover	1.00%	(2.87)%	2.79%	(3.29)%	3.23%

The weighted remaining term of the obligations is as follows:

in years	2021	2020
Termination benefits	6.4	7.3
Post-employment benefits	10.2	10.4

Classification of the expenses for defined contribution plans:

€'000	2021	2020
Expenditure on defined contribution plans	*1,894*	*1,770*
Of which on defined contribution plans (pension fund)	1,111	1,054
Of which on staff benefit fund ("Mitarbeitervorsorgekasse")	783	716

The development of the provisions for restructuring, pending legal proceedings and other provisions is shown below:

€'000	Restructuring	Legal proceedings	Other
At 1 January	*2,832*	*20,736*	*21,997*
Added	50	5,100	4,365
Released	(1,246)	(1,638)	(4,479)
Used	(394)	(34)	(14,895)
At 31 December	**1,242**	**24,164**	**6,988**

The comparative prior year data are as follows:

€'000	Restructuring	Legal proceedings	Other
At 1 January	*5,730*	*17,566*	*16,367*
Added	0	4,778	16,930
Released	(2,828)	(145)	(2,746)
Used	(70)	(1,463)	(8,554)
At 31 December	2,832	20,736	21,997

(28) Tax liabilities

€'000	31/12/2021	31/12/2020
Tax liabilities*	22,822	18,939
Total	**22,822**	18,939

* Liabilities of TEUR 22,822 (2020: TEUR 14,999) from the group tax charge are reported as of 31 December 2021 under Note (28) Tax liabilities; these liabilities were previously reported under Note (29) Other liabilities as part of "miscellaneous other liabilities. The comparative data as of 31 December 2020 were adjusted accordingly.

As of 31 December 2021, tax liabilities consisted solely of tax obligations from the group tax charge based on the tax group with Raiffeisen-Holding NÖ-Wien. Details are provided in the section on "Significant Accounting Policies" and under Note (36) Related party disclosures

The basis for deferred taxes for each balance sheet position is shown under Note (22) Tax assets.

(29) Other liabilities

€'000	31/12/2021	31/12/2020
Liabilities from other taxes and duties	16,563	7,614
Prepayments received and accrued expenses	103	99
Miscellaneous other liabilities*	38,945	43,028
Total	**55,612**	50,740

* Liabilities of TEUR 22,822 (2020: TEUR 14,999) from the group tax charge are reported as of 31 December 2021 under Note (28) Tax liabilities; these liabilities were previously reported under Note (29) Other liabilities as part of "miscellaneous other liabilities. The comparative data as of 31 December 2020 were adjusted accordingly.

Miscellaneous other liabilities consist primarily of accruals for employee-related expenses and outstanding settlements from the operating business which were settled after the closing date on 31 December 2021.

(30) Equity

€'000	**31/12/2021**	31/12/2020
Attributable to non-controlling interests	52	46
Attributable to equity owners of the parent	**2,117,394**	2,026,712
Share capital, paid in	219,789	219,789
Capital reserves	556,849	556,849
Other comprehensive income for the period (OCI)	(474,912)	(508,012)
Other comprehensive income for the period (OCI) - not recyclable	11,530	1,960
IAS 19 reserve (revaluation of net liability from defined benefit plans)	(19,646)	(24,235)
Share of other comprehensive income from associates, at equity	31,019	26,128
Financial assets - equity instruments at fair value through other comprehensive income	158	66
Other comprehensive income for the period (OCI) - recyclable	(486,442)	(509,972)
Share of other comprehensive income from associates and joint ventures, at equity	(486,442)	(509,972)
Retained earnings	1,760,601	2,013,770
Share of profit from associates, other changes in equity	(170,543)	(173,059)
Other retained earnings	1,931,145	2,186,829
Profit or loss attributable to equity owners of the parent	55,065	(255,685)
Equity	**2,117,445**	2,026,758

The share capital of RLB NÖ-Wien totals TEUR 219,789 (2020: TEUR 219,789). Subscribed capital comprises 2,197,892 (2020: 2,197,892) registered shares.

The Annual General Meeting on 12 May 2017 authorized the Managing Board, with the consent of the Supervisory Board, to increase share capital by 12 May 2022 by up to TEUR 40,023 in one or more tranches through the issue of up to 400,226 new registered shares, with or without voting rights, in exchange for cash and/or contributions in kind.

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 01/01/2020	***(21,813)***	***856***	***47***	***(20,911)***
Unrealized gains/(losses) in the period	0	0	(170)	(170)
Gains/(losses) reclassified to profit or loss	0	(1,252)	0	(1,252)
Actuarial gains and losses	(2,432)	0	0	(2,432)
Tax effects	11	396	75	482
Other changes	0	0	115	115
At 31/12/2020	***(24,235)***	***0***	***66***	***(24,169)***
At 01/01/2021	***(24,235)***	***0***	***66***	***(24,169)***
Unrealized gains/(losses) in the period	0	0	91	91
Actuarial gains and losses	5,244	0	0	5,244
Tax effects	(656)	0	0	(656)
At 31/12/2021	***(19,646)***	***0***	***158***	***(19,489)***

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).

Capital management

The capital management of the RLB NÖ-Wien Group represents an important part of medium-term planning, which is regularly reviewed and updated. Its goal is to ensure compliance with legal and regulatory requirements at all times in line with the development of business and the protection of an appropriate buffer. The definition of capital is based on the applicable regulatory requirements. In accordance with § 39a of the Austrian Banking Act, the legal due diligence obligations of financial institutions include maintaining a capital base that guarantees protection for all major banking transactions and banking risks (also see the comments on overall bank management – risk capacity in Note (31) Risks arising from financial instruments (Risk Report)). The capital indicators of RBG NÖ-Wien were optimized by the IPS (Institutional Protection Scheme) in the sense of Art. 49 (3) and 113 (7) of the CRR. The legal minimum requirements for capital defined by the Austrian Banking Act, respectively the CRR, were met by Raiffeisen- Holding NÖ-Wien at all times during the 2021 financial year at both the bank level and the credit institution group level of Raiffeisen-Holding NÖ-Wien.

RLB NÖ-Wien is part of the credit institution group of Raiffeisen-Holding NÖ-Wien which, as the ultimate parent company, is responsible for compliance with regulatory requirements at the credit institution group level. The central management of the regulatory capital requirements for the credit institution group therefore takes place primarily at the level of the credit institution group, i.e. in Raiffeisen-Holding NÖ-Wien. RLB NÖ-Wien defines the requirements for its capital management based on the management circumstances of the credit institution group.

Risk Report and notes on financial instruments

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

The following section presents the disclosures on the nature and extent of risks arising from financial instruments required by IFRS 7.B6:

Risk policy and strategy

The volatile economic environment in recent years has increased the importance of overall bank risk management, above all the capability of a credit institution to identify, measure, monitor and manage all material risks on a timely basis. RLB NÖ-Wien therefore views risk management as an active corporate function and an integral part of overall bank management. The focus lies primarily on the optimization of risks and earnings (returns) to manage opportunities and risks.

Risk management at RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien is based on the Group's perspective. It is guaranteed by connecting the risk management processes in both institutions into a single integrated Group risk management framework.

This integrated risk management organisation is characterized by the assignment of the related responsibilities to a single Managing Board member and director for both companies and by the creation of departments that service both companies. Accordingly, the Overall Bank/Group Risk Management Department and subordinate Models & Analytics Department are responsible for both RLB NÖ-Wien and Raiffeisen Holding NÖ-Wien. These merged committee structures also ensure the consistency of risk management.

The risk management units and the Managing Board level are separated organizationally from the front office units to ensure independent, effective risk management. The basis for the integrated risk management of the financial institution group, and therefore also for the individual institutions, is formed by the risk policy defined by the management of Raiffeisen Holding NÖ-Wien and the Managing Board of RLB NÖ-Wien together with the accompanying strategies.

This risk policy includes, among others, the following elements:

- Principles of risk management, risk strategy and risk appetite
- Risk systems and models to identify, record and quantify risks
- Limits for all relevant risks
- Procedures to monitor risks

Disclosure

The disclosures required by Art. 431ff. of the CRR are provided on the Raiffeisen-Holding NÖ-Wien website (www.raiffeisenholding.com/offenlegung/).

Risk management

Die RLB NÖ-Wien uses conventional risk management and controlling methods to safeguard the bank's profitability and security in the interest of its customers and owners. The Managing Board of RLB NÖ-Wien and the management of Raiffeisen-Holding NÖ-Wien are supported in performing their risk-related duties by the independent Risk Management Overall Bank/Group Department and by various committees.

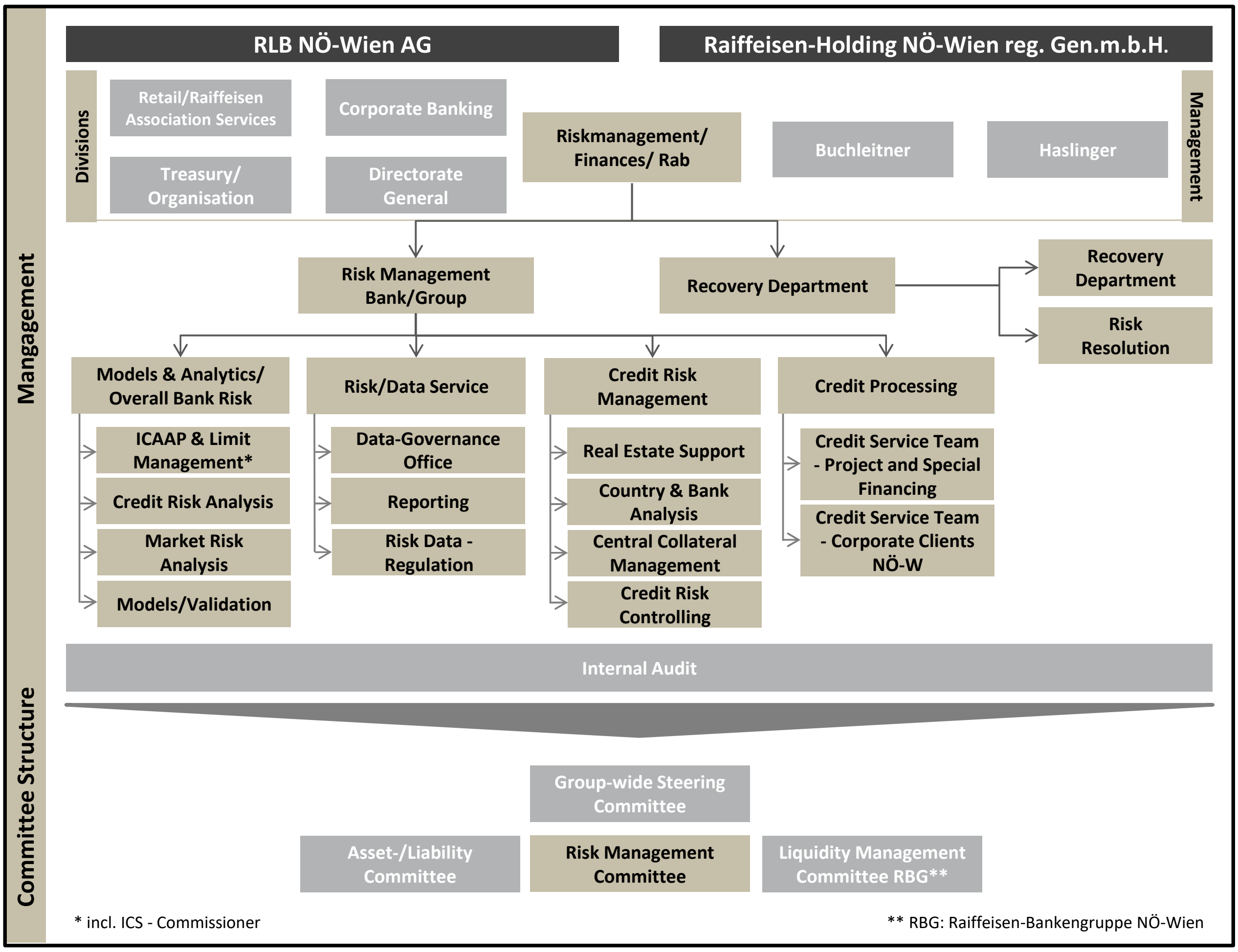
The goal of the Overall Bank Management Committee of the Raiffeisen-Holding financial institution group is to ensure the optimal management of the Group as well as RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien as individual institutions and RBG NÖ-Wien (with respect to liquidity). This goal is met through the regular, institutionalized, systematic and measure-oriented analysis of profitability, capital, liquidity and risk. This cross-institutional committee includes the management of Raiffeisen-Holding NÖ-Wien and the Managing Board of RLB NÖ-Wien. The heads of the Risk Management Overall Bank/Group, Accounting and Treasury Departments are also involved as required. The Overall Bank Management Committee meets once each quarter.

A Group-wide Risk Committee was installed by the Raiffeisen Holding financial institution group as an addition to the Overall Bank Management Committee. This Risk Committee communicates the risk situation and the decisions taken by the Overall Bank Management Committee to the heads of the Front Office, Recovery and Risk Resolution, and Internal and Group Audit Departments. It is also responsible for risk management. The Risk Committee therefore represents a key element of the bank's overall management and control. Market risk (including credit risk as a sub-risk of market risk) and liquidity risk are reported to and managed by a separate committee in the Raiffeisen Holding financial institution group, the Asset/Liability Committee.

In accordance with the legal requirements of the Austrian Banking Act and CRR regulations as well as the Credit Institution Risk Management Directive issued by the Austrian Financial Market Authority ("Kreditinstitut-Riskmanagement Verordnung", KI-RMV) and the relevant EBA guidelines, the Raiffeisen-Holding NÖ-Wien Group has set a goal to safeguard the bank's profitability and security in the interest of its customers and owners through the use of efficient risk management and controlling methods.

Risk management in the Raiffeisen-Holding NÖ-Wien Group relies on the regular analysis of risk capacity as the basis for integrated management (in the sense of linking the management of earnings and risk in all business segments). All relevant risks are strategically optimized and quantified in line with capital and the use of appropriate limit systems. The financial institution group has oriented its organization and processes on the requirements of the Internal Capital Adequacy Assessment Process (ICAAP).

The organizational structure of the risk management units in the Risk Management/Finance Division is shown below:



The Risk Management Bank/Group Department and its supporting units (see the above graph) are integrated in the Risk Management/Accounting Group and report directly to the responsible member of the Managing Board. This structure ensures that the Risk Management Bank/Group Department remains independent of the front office units.

Risk analyses are prepared by the responsible departments in this area in accordance with the internal risk controlling process. The Models & Analytics Department is responsible for aggregated risk analyses in the following areas: credit, country, CVA, market (incl. credit spread risk), liquidity and investment risk as well as non-financial risk (incl. operational risks), macroeconomic and other risks. ESG factors (i.e. Environmental-Social-Governance) and the influence of sustainability on risk management and stress tests are also part of the responsibilities in this area.

In addition to the Risk Management Bank/Group Department, 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 Raiffeisen-Holding NÖ-Wien Group follows a future-oriented risk management guideline that reflects its business and risk profile. This guideline comprises a clearly defined risk strategy and the ICAAP Manual (Internal Capital Adequacy Assessment Process).

The risk strategy is consistent with the business strategy of the financial institution group, is integrated in the risk organization (see the organizational structure of the risk management units) and reflects the expected influence of external environmental factors on the planned development of business and risks. It describes the banking group's risk profile by clearly formulating the risk appetite of the Raiffeisen Holding NÖ-Wien Group and RLB NÖ-Wien and defines the risk management principles, strategic goals and initiatives for the major types of risk.

The bank's risk appetite is defined by the overall bank risk limits set by the Managing Board. The Models & Analytics Department continuously monitors risks and adherence to limits at the overall bank level on the basis of the risk capacity analysis.

Strategic limits are set for the most important financial and non-financial types of risk which are identified by the annual risk materiality assessment (risk inventory) and derived from the risk appetite.

The risk strategy defines the risk policy guidelines and principles as well as the risk spectrum of the Raiffeisen-Holding NÖ-Wien Group. All risks are analysed and assessed with regard to their relevance and transferred to a Group-wide risk map as part of a risk assessment process. This risk map represents an integral part of the risk strategy.

The risk strategy is implemented within the framework of a clearly defined governance structure.

The ICAAP Manual (Internal Capital Adequacy Assessment Process) of the Raiffeisen-Holding NÖ-Wien Group defines and describes the duties, organizational units, committees, reports, procedures and methods used for the identification, recording, quantification, monitoring and limitation of the relevant risks in the risk management process. This information is updated annually by the Models & Analytics Department and approved by the Managing Board of RLB NÖ-Wien and the management of Raiffeisen-Holding NÖ-Wien. The ICAAP Manual is supplemented by detailed procedural manuals, depending on the type of risk.

The rules defined by the risk strategy and the ICAAP Manual guarantee a coordinated process for identifying, measuring, limiting, reporting and documenting risks and creates a uniform understanding of the risk situation in the Raiffeisen-Holding NÖ-Wien Group.

The Internal Audit Department of RLB NÖ-Wien and the Internal and Group Audit Department of Raiffeisen-Holding NÖ-Wien review the effectiveness of the internal control system and working procedures, processes and the related internal controls at RLB NÖ-Wien as an integral part of the risk controlling and risk management system.

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 that continues today as the result of numerous virus mutations.

In reaction to the exponential spread of the COVID-19 virus and its mutations, steps were taken in Austria, Europe and large parts of the world to massively restrict civil liberties and economic activity throughout most of 2020 and 2021. These restrictions were necessary to combat the high death rates and related pressure on healthcare systems in many countries which were caused by the pandemic. The mutations of the COVID-

19 virus have been responsible for a continuation of the negative effects today.

The negative effects included, in particular, 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 border controls and travel warnings for Austria in 2021. The European Union is still hard hit by the COVID-19 pandemic: It led to several lockdowns in Austria during 2021, in part with different regional shutdowns and restrictions. The restrictions on civil liberties and economic activity continued with further lockdowns in 2021 to limit the spread of virus mutations and the related risk of capacity shortages in hospital infrastructure.

The financial measures passed as part of the COVID-19 Act in Austria (short-time work, deferrals, guarantees, bridge loans, direct subsidies in various forms for entrepreneurs etc.) provided essential assistance in 2020 and 2021 which moderated but was unable to completely prevent the financial impact of the COVID-19 crisis in all branches. The restrictions on public life have, for the most part, been lifted but did not lead to a complete easing of the economic situation in 2021. Policymakers, central banks and regulators reacted in 2020 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 and extended these measures in the heavily affected branches during 2021.

Macroeconomic environment in the COVID-19 crisis

The COVID-19 pandemic triggered the most severe recession since the financial crisis in 2008. In Austria, the economic climate in 2021 (similar to 2020) was influenced by alternating phases of opening and, in part, different regional lockdowns and restrictions.

The economic effects of the COVID-19 crisis – with numerous lockdown phases and their consequences – are clearly visible today in all sectors throughout Austria. Many branches are still negatively affected by substantial revenue and earnings losses due to the strong international integration of the local economy and the global pandemic. The opening and operating periods in 2020 and 2021 came nowhere near to offsetting these losses. A number of branches successfully turned these developments into positive factors and strengthened, or even improved, their market positions by converting their processes and sales approaches. Other branches were harder hit by the pandemic: Tourism, gastronomy and the retail trade were particularly affected by the global pandemic and the related lockdown periods – also in 2021. The same applies to cultural businesses like theatres, cinemas, museums and similar operations, which were also unable to operate during most of the year and, if they were able to open, only in greatly restricted form. The opening of the cultural sector proceeded at a cautious pace in 2021.

Rapid progress was initially made in vaccinating the population during 2021. The number of new infections fell to a very low level during the early summer and lockdown periods were reduced. The colder autumn and winter weather combined with too low vaccination rates and the declining effectiveness of vaccinations led to a fourth corona wave (similar to the first third of 2021) and renewed restrictions, which further weakened business activity and the development of the economy.

The pandemic-related slump in the global economy during 2020 was followed by a strong upturn in 2021. However, the recovery differed widely by region and was subsequently slowed by delivery bottlenecks and a sharp rise in raw material and energy prices. That, in turn, is driving inflation in large parts of the global economy.

The strength of the international economy was responsible for an increase in Austrian goods exports substantially above the pre-crisis level to a historical high by mid-2021. In the second half-of 2021, export activity was slowed by global delivery shortages. The fourth corona wave and German travel warnings had a renewed strong negative impact on the Austrian tourism sector during the winter season 2021/22, as is reflected in the expected reduction of roughly 50% in overnight stays by foreign guests below the pre-crisis level.

The Austrian economy recovered better than expected from the 2020 downturn in 2021 but was slowed by the fourth corona wave at the turn of the year 2021/22.

The employment market recovered very quickly from the distortions caused by the COVID-19 pandemic and was characterized by a labour shortage during the last months of 2021. According to the Austrian Public Employment Service AMS, the unemployment rate fell from 10.1% in 2021 to 8.2%. Inflation, based on the harmonized consumer price index, rose to 2.7% in 2021 due to the increase in energy prices and global delivery shortages.

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

The COVID-19 crisis continued into 2021 and, consequently, required increased attention by the bank’s management and the implementation of appropriate rules and preventive measures. The ”Allocation Committee Liquidity“ (see the section on liquidity risk), which was installed in reaction to the COVID-19 pandemic, was dissolved in 2020.

RLB NÖ-Wien, Raiffeisen-Holding NÖ-Wien and the Raiffeisen-Holding NÖ-Wien Group were confronted with particular challenges 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, 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 Raiffeisen-Holding NÖ-Wien Group involved a decision by the Managing Board of RLB NÖ-Wien and the management of Raiffeisen-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 and is still active in 2021 and 2022. The crisis staff includes representatives from all relevant areas, beginning with the Managing Board of RLB NÖ-Wien and the management of Raiffeisen-Holding NÖ-Wien 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 in 2020 for the correct continuation of business operations in this challenging situation – which remain in effect today:

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

The existing Business Impact Analyse (BIA), which defines critical procedures and the required resources, allowed business processes to quickly continue in an adjusted form during 2020. These resources and procedures were held in reserve during 2021 for possible use due to events connected with the COVID-19 pandemic. Included here are a reserved spare trading room for Treasury, the distribution of teams among different floors or buildings and home office (with full technical equipment) for most of the staff to ensure the smooth and continuous operations under difficult COVID-19 conditions. As part of a system-relevant sector, special focus was also placed in 2021 on maintaining full operations in the branch offices and uninterrupted access to the customer contact centres.

Risk management – risk capacity and stress testing

The central analysis of the bank's overall risk situation, including all relevant risks, takes place in the form of a risk capacity analysis that is the responsibility of the Models & Analytics Department. The coverage potential and risks are presented in two scenarios: a going concern scenario (extreme case: confidence interval of 95%) which is based on the assumption that the company’s continued existence is guaranteed; and a gone concern scenario (liquidation) based on regulatory requirements which has a confidence level of 99.9% and guarantees that sufficient capital would be available to protect creditors after the deduction of all risks. This scenario also represents the management scenario for RLB NÖ-Wien. The risk capacity analysis is based on IFRS values.

In keeping with the business strategy of RLB NÖ-Wien, the following risks are defined as material:

- Credit risk
- Country risk
- CVA risk
- Investment risk
- Market risk incl. credit spread risk
- Liquidity risk
- Non-financial risk incl. operational risk
- Macroeconomic risk
- Other risks

The risk analysis and the usage analysis of the related limit system (risk appetite) also represent an information and decision tool for the Managing Board on issues involving the management of risk activities to protect the going concern status and to optimally utilize earnings potential. In this way the risk analysis creates a quantitative summary of the risk appetite, which is derived from risk policy by limiting risk activities to an appropriate level for the bank.

The central activities of overall risk management include risk capacity analyses as well as stress tests, scenario analyses and capital planning and allocation.

The Raiffeisen-Holding NÖ-Wien Group carries out the following stress tests as part of its stress evaluation programme:

- Integrated overall bank stress test •
- Credit risk stress test
- Market risk stress test
- Liquidity risk stress test
- Reverse stress test

The goal of stress tests is to develop a forward-looking view of risk management, strategic planning and capital planning. Stress tests quantify the effects of possible future shocks and extreme events, and thereby analyse the institution's vulnerability. Through its forward-looking perspective, the stress test serves as an early warning indicator and is therefore suitable for the proactive management of risks.

The Austrian Act on the Reorganization and Resolution of Banks ("Bundesgesetz über die Sanierung und Abwicklung von Banken", BaSAG) requires financial institutions to prepare and regularly update a recovery plan. The Raiffeisen-Holding NÖ-Wien Group met this requirement by preparing an extensive recovery plan, which is part of the R-IPS (Raiffeisen-Institutional Protection Scheme) recovery plan and includes the financial institution group as an important sub-institution. Therefore, the Raiffeisen-Holding NÖ-Wien Group does not prepare a separate recovery plan. The recovery plan represents an up-to-date basis for decisions by management and provides fast access to an action plan in the event of a crisis.

The early warning and recovery indicators included in the recovery plan are designed to identify a potential crisis at an early point in time and allow for the implementation of appropriate measures (see EBA GL 2015-02 "Guidelines on the minimum list of qualitative and quantitative recovery plan indicators"). The recovery plan developed by the financial institution group includes an extensive set of measures that could be implemented to restore financial stability.

The Bank Steering Committee of the Raiffeisen-Holding NÖ-Wien Group is responsible for monitoring the early warning and recovery indicators of the financial institution group as part of the R-IPS. For the R-IPS in total, these early warning and recovery indicators are reported in the Sector Risk Committee as part of the ÖRS (Österreichische Raiffeisen-Sicherungseinrichtung eGen).

The Raiffeisen-Holding NÖ-Wien Group was also audited in 2021 as part of the ECB's Supervisory Review and Evaluation Process (SREP), in accordance with the methodology defined by EBA GL 2014/13 for the Eurozone and under the lead of OeNB. In addition to the monitoring of key indicators, the business model was analysed and internal governance (internal management and risk management), institutional controls and the capital, liquidity, operational and interest rate risks in the banking book were evaluated. The assessment process centred on the effects of and measures related to the COVID-19 pandemic on the banking group as well as issued involving sustainability risks. An adjusted Common Equity Tier 1 (CET1) ratio was last set for the Raiffeisen-Holding NÖ-Wien Group through a decision on 24 May 2019. The Raiffeisen-Holding NÖ-Wien Group as a supervised entity and RLB NÖ-Wien as a subsidiary of the supervised entity are subject to direct supervision by the national authority, i.e. the Austrian Financial Market Authority.

The risk management described above represents the process for the Raiffeisen-Holding NÖ-Wien Group (i.e. RLB NÖ-Wien incl. its parent company Raiffeisen-Holding NÖ-Wien). The process is carried out consistently for both companies.

Credit risk

RLB NÖ-Wien defines credit risk as the risk that a borrower may make contractually required payments only in part or not at all.

The largest risk category for RLB NÖ-Wien is formed by the credit risks arising from loans and advances to other banks, corporate customers, government bodies and personal and business banking customers. Credit risk covers the results of traditional lending operations (losses through loan defaults and the resulting loan management due to a decline in creditworthiness) as well as the risks arising from trading in and acquiring market risk instruments (counterparty default risk on derivatives).

Credit risk also includes the country or transfer risk caused by distressed sovereign states and the counterparty risk arising from derivative transactions. Country and transfer risks involve the inability of a debtor to discharge an obligation because of a country’s sovereign actions. Transfer risk also includes the risk that a distressed country's debt might be rescheduled under an intergovernmental agreement. This risk is limited separately.

RLB NÖ-Wien controls counterparty risk through individual limits and incorporates these risks in credit risk measurement and management. The risk arising from these transactions is minimized with offsetting procedures (offsetting of receivables and liabilities) and collateral agreements (exchange of collateral).

In keeping with the risk policy, risk strategy and risk capacity of RLB NÖ-Wien (including all related risks), economic capital is allocated to the individual types of risk. Economic capital therefore represents the capital required to cover the respective risks based on the defined risk appetite of RLB NÖ-Wien. Economic capital is restricted to the risk category level, while credit risk involves limits and management at the business segment level. Concentration risks in the credit business are minimized by a detailed line and limit system.

The strategic credit management process covers the formulation and implementation of appropriate risk-related strategic goals and measures by the Managing Board. These goals and measures represent an integral part of the company and segment strategies and are integrated with all (sub-) strategies. The process also defines which segments are authorized to make loans and which products can be used for this purpose.

Credit risk is the most important risk category for RLB NÖ-Wien. The risk management process includes accompanying support during the approval procedure and the term of the loan by the Models & Analytics/Overall Group Risk Department (Credit Risk Analysis Group), the Credit Risk Management Department and, for customer commitments requiring special assistance, by the Recovery Department through its Recovery and Risk Resolution Departments. The primary responsibilities of the Risk Management Department include support and control during the initial evaluation, the assessment and management of credit risk as well as the reorganization and restructuring and, under certain circumstances, the liquidation of problem loans.

The credit risk to which RLB NÖ-Wien is exposed is monitored and analysed at both the individual customer loan and the portfolio level. Credit risk management and credit decisions are based on the strategic principles approved by the Managing Board of RLB NÖ-Wien, which cover credit checks, the evaluation of sub-risks (including country risk and the special consideration of banking risk), collateral and risk/return requirements.

The counterparty default risks arising from derivative transactions are accounted for through a credit value adjustment (CVA), which is calculated by an internal model that estimates the costs for hedging this risk on the market.

RLB NÖ-Wien has installed an extensive credit limit system at the overall bank level and at the individual bank, country and corporate customer levels. The evaluation of individual commitments is also designed to ensure that the bank's approval ceilings remain below regulatory limits.

The risk content of a commitment is recorded in an extensive rating system which includes various models for the different customer segments. For the risk assessment process, customers are assigned to nine active credit classes based on these rating and scoring models. Default cases are classified in accordance with CRR/CRD IV and assigned to default class "D". All rating systems used by RLB NÖ-Wien are validated at least once each year, and performance improvement measures are implemented or new models are developed where necessary. New rating systems are developed by means of statistical methods and only used after extensive initial validation. The rating systems include quantitative factors from financial statements as well as qualitative factors (soft facts). A number of the rating/scoring systems also have automated components that deal with performance patterns. The rating systems classify customers in nine active credit classes (0.5 risk-free to 4.5 high risk of non-performance). The default probabilities for individual customers are mapped onto the nine steps of each rating model. In addition to the nine rating classes for active customers, there is one default class (D). Rating class D includes default cases that are 90 days overdue as well as customer loans which have been adjusted through individual allowances and insolvency cases.

The recognition of an individual allowance (Stage 3) for a customer leads to the immediate assignment of the entire business volume to a default class. In accordance with IFRS 9 5.2.2, risk provisions are calculated for all financial assets carried at amortised cost (AC) or at fair value through other comprehensive income (FVTOCI) based on the expected credit loss (ECL) approach.

The credit process and the involvement of experts from the Risk Management Overall Bank/Group cover all necessary monitoring measures that are directly or indirectly integrated in the related work processes. As part of the credit risk management process, the analysis of risky loans includes the pre-approval involvement of the Credit Risk Management Department. Special reviews of banks and exposures involving country risk are also carried out by the Country and Bank Analysis Unit, which is integrated in the Credit Risk Management Department.

In addition to the determination of internal ratings during the loan approval process, all collateral received is appraised and checked according to a special assessment catalogue that includes defined risk discounts. This catalogue is regularly reviewed and updated. Collateral is recorded in a separate data management system and reassessed on a regular basis. A central collateral management group, which was established within the Credit Risk Management Department, is responsible for preparing and monitoring valuation guidelines and processes. Mortgage-backed collateral is appraised by specially trained staff members or certified external appraisers. Collateral management in connection with derivative transactions is carried out and monitored on a daily basis by the Treasury Services Department.

RLB NÖ-Wien uses an early warning system which defines the criteria for placing a commitment under detailed supervision because of its risk content. Early warning in connection with loans is understood, above all, to mean the handling and special monitoring of credit transactions with a negative change in the risk assessment as the result of specific circumstances but does not include classification as nonperforming. The goal is to quickly identify problem exposures in order to introduce suitable measures as early as possible. The Managing Board receives a quarterly report on the loan portfolio that is under detailed management and any changes in its composition.

The periodic updating of ratings and the evaluation of collateral also include the regular recognition of any necessary risk provisions. Impairment losses are recognized to loans that are expected to become uncollectible, taking any collateral received into account, while risk provisions are recognized for off-balance sheet exposures. In identifying and calculating the risk provisions, RLB NÖ-Wien follows the requirements defined by IFRS 9. The accounting definition of default applied by RLB NÖ-Wien in the sense of assignment to Stage 3 reflects the regulatory definition of default provided in Article 178 CRR.

The amount of the Stage 3 risk provision for significant loans and advances is calculated with a discounted cash flow (DCF) method, whereby the amount of the adjustment equals the difference between the carrying amount and the present value of the expected future cash flows. Distressed loans due from non-significant customers are valued with models which determine the necessary adjustment based on the unsecured exposure (EAD) a duration-dependent loss rate (LGD). The risk parameters used in the calculation are validated at least once each year.

RLB NÖ-Wien uses a default database to identify default cases and to manage loans. All default cases are documented in this database, which also records the related costs and incoming payments. RLB NÖ-Wien applies the CRR definition of default in full, which includes all loans and advances to the customer in each business segment (customer point of view). The information in this database represents an important factor for the calculation and validation of risk parameters (PDs, LGDs and CCF factors). Special crisis cases are handled and settled as required by designated problem loan committees.

The enactment of the EBA Guideline (EBA/GL/2016/07) on the application of the default definition at the beginning of 2021 implemented the designation of the materiality threshold for overdue receivables as well as the final guidelines for the definition of creditor default in accordance with EBA requirements. The definition default according to Article 178 CRR was aligned with the non-performing status under Article 47a CRR. The good conduct period (return to non-default status) was set at a minimum of three months based on regulatory requirements. For default cases based on crisis-related restructuring, the good conduct period equals at least 12 months.

Effect of COVID-19 on credit risk

The COVID-19 pandemic and the resulting economic restrictions led to extensive measures in the credit portfolio of RLB NÖ-Wien in 2021. 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). The Austrian government extended legal moratorium twice the during the course of the pandemic: to 31 October 2020 and to 31 January 2021.

RLB NÖ-Wien also took part in the non-legislative moratorium in accordance with the EBA Guideline and, based on the criteria defined by the Austrian Financial Market Authority, deferred loans to businessmen/-women who were negatively affected by the COVID-19 crisis but not covered by the legal moratorium. The deferrals under the non-legislative moratorium expired on 31 March 2021 at the latest.

Furthermore, RLB NÖ-Wien concluded bilateral agreements with private and corporate customers affected by the COVID19 crisis for contract adjustments (so-called voluntary deferral measures). Most of these deferrals expired in 2021, which means the customers are servicing these receivables again.

There was no material increase in risk costs from the credit portfolio of previously expired deferrals in 2021.

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 and non-legislative moratoria on an exception basis. Most of the transactions with voluntary deferrals and bridge loans are classified as forborne.

COVID-19 bridge financing and loans granted covered 423 transactions with a total credit exposure of EUR 106 million as of 31 December 2021, and an additional credit exposure of EUR 4 million was related to the pre-financing of short-time payroll expenses. This financing was covered to 68% by government guarantees (ÖHT, aws, COFAG, etc.) as of 31 December 2021.

Deferrals under the legal moratorium covered 2,539 transactions with a credit exposure of EUR 243 million as of 31 December 2021. Of this total, EUR 17 million were classified as forborne under Article 47b CRR. A credit exposure of EUR 9 million from customers with legal deferrals were subsequently classified as in default under CRR Article 178. The Austrian government did not extend the respective law, and all deferrals under the legal moratorium expired as of 31 January 2021.

Deferrals under the non-legislative moratorium involved 766 transactions with a credit exposure of EUR 376 million. Of this total, EUR 9 million were classified as forborne under CRR Article 47b. A credit exposure of EUR 2 million from customers with a non-legislative moratorium was subsequently classified as in default under CRR Article 178. The deferral period for the non-legislative moratorium was limited to 31 March 2021, which means all non-legislative moratoria had expired by that date.

Voluntary deferrals covered 482 transactions with a credit exposure of EUR 333 million as of 31 December 2021. Of this total, EUR 267 million were classified as forborne under CRR Article 47b. A credit exposure of EUR 5 million from customers with voluntary deferral measures was subsequently classified as in default under CRR Article 178. Of the total voluntary deferrals, 442 with an exposure of EUR 102 million had expired as of 31 December 2021, i.e. the customers must resume payments.

Credit risk controlling

The Models & Analytics Department (Credit Risk Analysis Group) is responsible for credit risk controlling and prepares regular reports and ad-hoc analyses for this purpose. These reports present different scenarios for the transactions exposed to credit risk. In addition to the portfolio data, the credit risk reports also show the changes in the portfolio and, together with the results of the risk capacity analysis, form the basis for controls and measures.

The measurement of credit risk includes both expected and unexpected losses. The expected loss is calculated with validated risk parameters and forms the basis for the standard risk costs used in pre-calculations and follow-up calculations (management performance calculations). This procedure ensures that pricing is in line with the respective risks.

The unexpected loss (economic capital) arising from credit risk is measured and managed at the overall portfolio level using an internal portfolio model. RLB NÖ-Wien calculates its credit value at risk with a market valuation model which generates the distribution of losses with a Monte Carlo simulation. The applied risk parameters are consistent with the calculation of the expected loss. Economic capital – as the difference between the credit value at risk and the expected loss – flows into the bank's risk capacity analysis for the extreme case and liquidation scenarios (95% and 99.9% confidence level, respectively). RLB NÖ-Wien bases its calculations of economic capital for the risk capacity analysis on a one-year horizon. Country risk is explicitly quantified based on the country rating and managed separately within the framework of the risk capacity analysis. The standard calculations for unexpected losses are supplemented by the calculation and review of sensitivity analyses and stress scenarios. The Raiffeisen-Holding NÖ-Wien Group uses its own, annually validated institutional risk parameters for the credit portfolio model. Internal models are used to analyse and simulate changes in macroeconomic factors with respect to their influence on the risk parameters.

The credit exposure presented below was derived from the following balance sheet items which are exposed to risk:

- Cash, cash balances at central banks and demand deposits
- Financial assets held for trading
- Non-trading financial assets mandatorily at fair value through profit or loss
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Financial assets at amortized cost
- Derivatives – hedge accounting
- Contingent liabilities
- Credit commitments

The credit exposure represents the gross amount, excluding risk provisions or collateral, and therefore shows the maximum value of receivables. It includes both on-balance sheet and off-balance sheet credit exposures (derivatives, contingent obligations and credit commitments) before the application of weighting factors. This definition also forms the basis for the following tables in the risk report – unless expressly indicated otherwise.

The following table reconciles the balance sheet positions to the credit exposure. In contrast to the balance sheet positions, the credit exposure is presented on a gross basis (without the deduction of risk provisions).

€´000 Balance sheet items	Notes	Balance sheet items	2021 Credit exposure	Balance sheet items*	2020 Credit exposure*
Cash, cash balances at central banks and other demand deposits	(11)	***5,188,041***	***5,138,845***	*4,930,949*	*4,873,972*
Financial assets held for trading	(12)	***542,368***	***542,368***	*811,971*	*811,971*
Derivatives	(12)	309,519	309,519	472,212	472,212
Bonds	(12)	232,849	232,849	339,759	339,759
Loans and advances to other banks	(12)	139,618	139,618	150,827	150,827
Loans and advances to customers	(12)	93,231	93,231	188,932	188,932
Non-trading financial assets mandatorily at fair value through profit or loss	(13)	***130,502***	***121,005***	*139,879*	*130,865*
Equity instruments	(13)	9,497	0	9,014	0
Bonds	(13)	989	989	969	969
Loans and advances to other banks	(13)	989	989	969	969
Loans and advances	(13)	120,016	120,016	129,896	129,896
Loans and advances to customers	(13)	120,016	120,016	129,896	129,896
Financial assets at fair value through other comprehensive income	(14)	***19,577***	***0***	*19,472*	*0*
Equity instruments	(14)	19,577	0	19,472	0
Financial assets at amortized cost	(15)	***20,138,284***	***20,333,259***	*19,841,540*	*20,062,302*
Bonds	(15)	3,636,067	3,638,920	3,593,206	3,596,083
Loans and advances to other banks	(15)	1,156,551	1,157,255	1,144,532	1,145,569
Loans and advances to customers	(15)	2,479,515	2,481,665	2,448,675	2,450,514
Loans and advances	(15)	16,490,117	16,682,240	16,238,876	16,456,762
Loans and advances to other banks	(15)	2,986,534	2,989,710	2,580,439	2,583,132
Loans and advances to customers	(15)	13,503,583	13,692,530	13,658,437	13,873,630
Trade receivables	(15)	12,100	12,100	9,457	9,457
Derivatives - hedge accounting	(17)	***315,002***	***315,002***	*442,929*	*442,929*
Contingent liabilities	(40)	***530,962***	***542,115***	*685,030*	*699,388*
Credit commitments*	(40)	***4,126,606***	***4,135,465***	*4,250,325*	*4,260,672*
Total*		**30,991,342**	**31,128,060**	31,122,095	31,282,100

* The comparative amount as of 31 December 2020 for credit commitments was adjusted by EUR -1.8 billion (Details are provided under Note (40) Contingent liabilities and other off-balance sheet obligations).

The detailed analysis of the credit portfolio takes place through a classification in rating levels, whereby a separate customer rating is prepared for each class of loans and advances. Centrally validated, internal risk classification processes (rating and scoring models) are used to determine the credit rating.

The following table shows the concentration of default risk in the credit portfolio and its influence on the expected credit loss calculation (in accordance with IFRS 7.35M).

€´000								2021
	Exposure	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired		Of which POCI	of which measured at fair value	Collateral
Internal Rating				significant	not significant			
0.5 Minimal risk	1,164,992	1,136,675	26,870	0	0	0	1,447	545,717
1.0 Excellent credit standing	9,785,216	9,726,693	54,583	0	0	0	3,939	1,255,253
1.5 Very good credit standing	9,946,087	9,584,750	352,695	0	0	0	8,642	2,781,463
2.0 Good credit standing	5,782,749	4,481,521	1,227,102	0	0	0	74,126	3,611,207
2.5 Average credit standing	2,645,041	1,454,493	1,188,815	0	0	0	1,733	1,742,944
3.0 Mediocre credit standing	1,075,524	546,664	503,550	0	0	0	25,309	786,365
3.5 Weak credit standing	162,120	36,852	125,177	0	0	0	91	110,576
4.0 Very weak credit standing	54,095	13,929	40,143	0	0	0	23	40,212
4.5 Doubtful/high default risk	97,302	10,083	87,040	0	0	0	179	59,950
D Default	300,204	19,834	333	139,538	95,212	40,760	4,527	97,081
Unrated	114,731	57,550	57,181	0	0	0	0	67,742
Gross exposure	*31,128,060*	*27,069,043*	*3,663,490*	*139,538*	*95,212*	*40,760*	*120,016*	*11,098,509*
Impairment allowance balance	216,787	31,247	43,912	78,748	59,967	2,913	0	0
Net exposure	**30,911,273**	**27,037,796**	**3,619,577**	**60,791**	**35,245**	**37,847**	**120,016**	**11,098,509**

€´000 Internal Rating	Exposure*	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired significant	Of which Stage 3 Credit Impaired not significant	Of which POCI	of which measured at fair value	2020 Collateral
0.5 Minimal risk	1,341,636	1,291,796	46,034	0	0	0	3,806	617,088
1.0 Excellent credit standing	9,863,238	9,431,601	108,670	0	0	0	322,968	1,135,454
1.5 Very good credit standing	9,569,795	8,312,931	682,959	0	0	0	573,904	2,714,610
2.0 Good credit standing	6,433,425	4,904,602	1,268,125	0	0	0	260,698	4,049,709
2.5 Average credit standing	2,419,725	1,239,992	1,047,496	0	0	0	132,237	1,507,290
3.0 Mediocre credit standing	889,910	498,075	306,527	0	0	0	85,307	559,974
3.5 Weak credit standing	184,054	60,342	123,558	0	0	0	154	115,137
4.0 Very weak credit standing	44,650	7,810	36,654	0	0	0	185	32,727
4.5 Doubtful/high default risk	137,481	18,143	119,176	0	0	0	162	83,798
D Default	345,215	43,847	411	189,887	96,172	9,523	5,374	107,892
Unrated	52,970	835	52,136	0	0	0	0	30
Gross exposure	*31,282,100*	*25,809,974*	*3,791,746*	*189,887*	*96,172*	*9,523*	*1,384,796*	*10,923,709*
Impairment allowance balance	247,134	41,273	48,390	91,536	62,923	3,010	0	0
Net exposure	31,034,966	25,768,701	3,743,356	98,351	33,249	6,513	1,384,796	10,923,709

* The comparative amount as of 31 December 2020 for credit commitments was adjusted by EUR -1.8 billion (Details are provided under Note (40) Contingent liabilities and other off-balance sheet obligations).

The assignment of the loans and advances in the following tables is based on Art. 112 of the CRR and leads to classification in the following groups: Corporates (corporate customers), Retail (personal banking customers and small and medium-sized businesses), Banks and Sovereigns (states and public sector institutions).

Credit portfolio – Corporates

The Corporates portfolio is rated by means of a corporate customer rating model which includes both quantitative and qualitative factors. This rating model has a statistical base and is validated at least once each year. Project financing is also integrated in the corporate customer segment. Separate project ratings are applied to these customers, but the ratings are also mapped to the default probability of the corporate customers.

The following table shows the credit exposure for corporate customers according to the nine performing rating classes 0.5 - 4.5, respectively the default class D. Collateral is presented after internal haircuts:

€´000								2021
	Exposure	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3Credit Impaired		Of which POCI	of which measured at fair value	Collateral
Internal Rating				significant	not significant			
0.5 Minimal risk	160,341	149,557	10,784	0	0	0	0	104,986
1.0 Excellent credit standing	1,302,644	1,273,881	26,916	0	0	0	1,847	785,197
1.5 Very good credit standing	3,935,171	3,622,652	305,911	0	0	0	6,608	2,377,890
2.0 Good credit standing	5,000,743	3,788,303	1,140,462	0	0	0	71,978	3,214,788
2.5 Average credit standing	1,835,921	792,549	1,042,806	0	0	0	566	1,330,585
3.0 Mediocre credit standing	751,909	281,115	445,908	0	0	0	24,886	700,183
3.5 Weak credit standing	103,224	12,848	90,377	0	0	0	0	73,823
4.0 Very weak credit standing	27,528	8,489	19,039	0	0	0	0	20,155
4.5 Doubtful/high default risk	52,167	1,666	50,491	0	0	0	10	24,827
D Default	189,498	5,181	0	137,085	4,089	38,809	4,333	68,393
Unrated	113,348	56,723	56,625	0	0	0	0	67,720
Gross exposure	*13,472,495*	*9,992,964*	*3,189,318*	*137,085*	*4,089*	*38,809*	*110,228*	*8,768,546*
Impairment allowance balance	138,058	19,571	36,968	77,695	1,486	2,338	0	0
Net exposure	**13,334,437**	**9,973,393**	**3,152,350**	**59,391**	**2,603**	**36,471**	**110,228**	**8,768,546**

€´000 Internal Rating	Exposure*	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired significant	Of which Stage 3 Credit Impaired not significant	Of which POCI	of which measured at fair value	2020 Collateral
0.5 Minimal risk	180,056	161,211	18,677	0	0	0	168	118,154
1.0 Excellent credit standing	1,487,188	1,369,373	67,038	0	0	0	50,777	750,256
1.5 Very good credit standing	3,990,695	3,296,538	612,144	0	0	0	82,014	2,428,076
2.0 Good credit standing	5,512,361	4,158,043	1,160,220	0	0	0	194,098	3,608,530
2.5 Average credit standing	1,796,210	865,708	924,961	0	0	0	5,540	1,280,813
3.0 Mediocre credit standing	575,148	293,842	238,088	0	0	0	43,218	481,297
3.5 Weak credit standing	122,944	39,848	83,061	0	0	0	35	80,432
4.0 Very weak credit standing	12,135	1,474	10,661	0	0	0	0	9,689
4.5 Doubtful/high default risk	95,569	14,835	80,724	0	0	0	10	50,572
D Default	231,046	28,082	0	187,610	2,745	7,459	5,150	80,941
Unrated	51,789	0	51,789	0	0	0	0	0
Gross exposure	*14,055,141*	*10,228,952*	*3,247,363*	*187,610*	*2,745*	*7,459*	*381,011*	*8,888,760*
Impairment allowance balance	160,046	28,583	37,897	89,338	1,744	2,484	0	0
Net exposure	13,895,095	10,200,369	3,209,466	98,272	1,001	4,975	381,011	8,888,760

* The comparative amount as of 31 December 2020 for credit commitments was adjusted by EUR -1.8 billion (Details are provided under Note (40) Contingent liabilities and other off-balance sheet obligations).

he following table shows the classification of the Corporates portfolio by branch:

€´000Branch	2021	PER CENT	2020	PER CENT
Real estate and housing	5,093,606	37.8	4,977,782	35.4
Manufacturing	2,247,131	16.7	2,385,883	17.0
Construction	1,227,440	9.1	1,398,423	9.9
Retail	1,082,759	8.0	1,145,001	8.1
Hotel trade and gastronomy	842,512	6.3	879,370	6.3
Finance and insurance	546,422	4.1	614,166	4.4
Healthcare and social services	362,104	2.7	363,591	2.6
Energy supply	360,978	2.7	354,215	2.5
Freelance professionals/techn. services	330,799	2.5	408,816	2.9
Other business services	269,604	2.0	345,713	2.5
Transportation	215,269	1.6	231,708	1.6
Information and communication	165,391	1.2	148,528	1.1
Employed persons	144,984	1.1	140,948	1.0
Water supply and waste disposal	127,744	0.9	128,796	0.9
Public administration	126,570	0.9	182,744	1.3
Other	329,183	2.4	349,458	2.5
Total	**13,472,495**	**100.0**	14,055,141	100.0

* The comparative amount as of 31 December 2020 for credit commitments was adjusted by EUR -1.8 billion (Details are provided under Note (40) Contingent liabilities and other off-balance sheet obligations).

Most of the loans in the real estate and housing category were used for residential construction (subsidized and privately financed). RLB NÖ-Wien has adapted its internal organization (incl. risk management) to this area of business through a focus on real estate financing and also monitors this concentration separately.

The following table shows the classification of the Corporates portfolio by region:

€´000Country/ Region	2021	PER CENT	2020	PER CENT
Austria	11,451,609	85.0	11,805,938	84.0
EU	1,745,119	13.0	1,881,669	13.4
Non-EU	275,767	2.0	367,535	2.6
Total	**13,472,495**	**100.0**	14,055,141	100.0

* The comparative amount as of 31 December 2020 for credit commitments was adjusted by EUR -1.8 billion (Details are provided under Note (40) Contingent liabilities and other off-balance sheet obligations).

Most of the exposure in the Corporates portfolio is generated with corporate customers in Austria. This portfolio is supplemented by foreign commitments, primarily in the EU (especially in Germany and the Czech Republic).

Credit portfolio – Retail

The retail portfolio covers personal banking customers as well as small- and medium-sized businesses. Small- and medium-sized businesses are ranked by way of a business customer rating system. Personal banking customers are rated with a statistical scoring process that includes both an application and a performance component. All rating models have a statistical base and are validated at least once each year.

The following table shows the credit exposure for the Retail portfolio according to the individual rating classes. Collateral is presented after internal haircuts:

€´000 Internal Rating	Exposure	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired significant	Of which Stage 3 Credit Impaired not significant	Of which POCI	of which measured at fair value	2021 Collateral
0.5 Minimal risk	488,166	470,633	16,086	0	0	0	1,447	326,368
1.0 Excellent credit standing	538,873	511,401	25,491	0	0	0	1,981	371,262
1.5 Very good credit standing	562,579	514,119	46,426	0	0	0	2,034	389,921
2.0 Good credit standing	567,079	481,275	83,656	0	0	0	2,148	396,420
2.5 Average credit standing	594,674	450,589	142,918	0	0	0	1,167	412,359
3.0 Mediocre credit standing	145,339	87,273	57,642	0	0	0	424	86,176
3.5 Weak credit standing	55,423	20,531	34,801	0	0	0	91	36,754
4.0 Very weak credit standing	26,567	5,440	21,104	0	0	0	23	20,057
4.5 Doubtful/high default risk	45,135	8,417	36,549	0	0	0	169	35,122
D Default	101,904	6,521	333	1,783	91,123	1,951	193	28,688
Unrated	1,381	827	554	0	0	0	0	22
Gross exposure	*3,127,120*	*2,557,028*	*465,560*	*1,783*	*91,123*	*1,951*	*9,676*	*2,103,148*
Impairment allowance balance	70,779	4,435	6,905	383	58,481	575	0	0
Net exposure	**3,056,342**	**2,552,593**	**458,655**	**1,400**	**32,641**	**1,376**	**9,676**	**2,103,148**

€´000 Internal Rating	Exposure	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired significant	Of which Stage 3 Credit Impaired not significant	Of which POCI	of which measured at fair value	2020 Collateral
0.5 Minimal risk	638,856	608,146	27,357	0	0	0	3,353	404,547
1.0 Excellent credit standing	345,731	307,859	36,396	0	0	0	1,476	210,514
1.5 Very good credit standing	387,067	314,945	68,288	0	0	0	3,833	245,582
2.0 Good credit standing	667,002	556,881	107,905	0	0	0	2,216	420,159
2.5 Average credit standing	393,657	280,689	111,586	0	0	0	1,382	213,672
3.0 Mediocre credit standing	140,822	71,856	68,439	0	0	0	527	78,251
3.5 Weak credit standing	59,578	18,963	40,497	0	0	0	119	34,705
4.0 Very weak credit standing	32,514	6,336	25,993	0	0	0	185	23,038
4.5 Doubtful/high default risk	41,912	3,308	38,452	0	0	0	152	33,226
D Default	105,368	7,634	411	1,607	93,428	2,064	224	26,951
Unrated	1,182	835	347	0	0	0	0	30
Gross exposure	*2,813,689*	*2,177,452*	*525,671*	*1,607*	*93,428*	*2,064*	*13,468*	*1,690,675*
Impairment allowance balance	79,626	5,986	10,405	1,528	61,179	526	0	0
Net exposure	2,734,063	2,171,465	515,265	78	32,248	1,538	13,468	1,690,675

The Retail portfolio is classified according to small- and medium-sized businesses and personal banking customers as follows:

€´000Segment	**2021**	**PER CENT**	2020	PER CENT
Personal banking customers	2,163,748	69.2	1,835,298	65.2
Small- and medium-sized businesses	963,373	30.8	978,391	34.8
Total	**3,127,120**	**100.0**	2,813,689	100.0

The share of foreign currency financing in the retail customer group is shown below:

€´000Currency	2021	PER CENT	2020	PER CENT
Euro	3,036,398	97.1	2,711,260	96.4
Swiss franc	83,356	2.7	94,799	3.4
Japanese yen	3,494	0.1	4,048	0.1
US dollar	2,331	0.1	2,764	0.1
Czech krone	1,542	0.0	762	0.0
Other currencies	0	0.0	57	0.0
Total	**3,127,120**	**100.0**	2,813,689	100.0

Foreign currency credits in Swiss francs declined by a further TEUR 11,443 in 2021. New foreign currency credits to consumers are generally not granted. RLB NÖ-Wien monitors the foreign exchange risk and the risk arising from repayment vehicles very closely.

Credit portfolio – Banks

The credit portfolio for banks is measured with an externally purchased rating model. These ratings are prepared and reviewed by a separate e group in the Credit Risk Management Department (country and bank analysis group).

The following table shows the credit exposure for the Bank portfolio based on the individual rating classes. Collateral is presented after internal haircuts:

€´000 Internal Rating	Exposure	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired significant	Of which Stage 3 Credit Impaired not significant	Of which POCI	of which measured at fair value	2021 Collateral
0.5 Minimal risk	204,716	204,716	0	0	0	0	0	114,364
1.0 Excellent credit standing	2,647,900	2,647,900	0	0	0	0	0	49,674
1.5 Very good credit standing	4,594,243	4,594,243	0	0	0	0	0	0
2.0 Good credit standing	198,572	198,572	0	0	0	0	0	0
2.5 Average credit standing	109,554	106,462	3,092	0	0	0	0	0
3.0 Mediocre credit standing	9,035	9,035	0	0	0	0	0	0
3.5 Weak credit standing	3,473	3,473	0	0	0	0	0	0
4.0 Very weak credit standing	0	0	0	0	0	0	0	0
4.5 Doubtful/high default risk	0	0	0	0	0	0	0	0
D Default	8,802	8,132	0	670	0	0	0	0
Unrated	3	0	3	0	0	0	0	0
Gross exposure	*7,776,297*	*7,772,532*	*3,095*	*670*	*0*	*0*	*0*	*164,038*
Impairment allowance balance	5,636	4,942	24	670	0	0	0	0
Net exposure	**7,770,661**	**7,767,591**	**3,070**	**0**	**0**	**0**	**0**	**164,038**

€´000 Internal Rating	Exposure	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired significant	Of which Stage 3 Credit Impaired not significant	Of which POCI	of which measured at fair value	2020 Collateral
0.5 Minimal risk	200,533	200,355	0	0	0	0	179	94,387
1.0 Excellent credit standing	2,823,834	2,598,598	0	0	0	0	225,237	131,798
1.5 Very good credit standing	4,348,177	3,875,326	0	0	0	0	472,850	23,570
2.0 Good credit standing	169,020	104,637	0	0	0	0	64,383	21,020
2.5 Average credit standing	218,650	82,404	10,931	0	0	0	125,315	12,800
3.0 Mediocre credit standing	964	637	0	0	0	0	326	426
3.5 Weak credit standing	1,532	1,532	0	0	0	0	0	0
4.0 Very weak credit standing	0	0	0	0	0	0	0	0
4.5 Doubtful/high default risk	0	0	0	0	0	0	0	0
D Default	8,802	8,132	0	670	0	0	0	0
Unrated	0	0	0	0	0	0	0	0
Gross exposure	*7,771,511*	*6,871,620*	*10,931*	*670*	*0*	*0*	*888,290*	*284,001*
Impairment allowance balance	5,455	4,716	70	670	0	0	0	0
Net exposure	7,766,056	6,866,904	10,862	0	0	0	888,290	284,001

The substantial concentration in credit rating classes 1 and 1.5 is caused primarily by the three-level organization of the Raiffeisen sector and the related liquidity drawdown. These rating classes consist primarily of RBI and loans to Raiffeisen banks in Lower Austria.

The following table shows the distribution of the credit exposure arising from banks by country:

€'000Top 5 Countries	2021	PER CENT	2020	PER CENT
Austria	6,354,520	81.7	6,040,849	77.7
Germany	570,827	7.3	568,931	7.3
France	284,876	3.7	387,837	5.0
The Netherlands	101,482	1.3	56,367	0.7
Spain	84,842	1.1	99,218	1.3
EU-remainder	179,373	2.3	217,463	2.8
Non-EU, other	200,377	2.6	400,846	5.2
Total	**7,776,297**	**100.0**	7,771,511	100.0

Additional information on the country exposure is provided in the section on "Country risk“.

Credit portfolio – Sovereigns

The credit portfolio for countries and public sector entities is rated in line with a standard sector-wide measurement and rating procedure for sovereigns which is based on the RBI model. In RLB NÖ-Wien, these ratings are managed and reviewed by a separate group in the Credit Risk Management Department (country and bank analysis group).

The Austrian provinces and municipalities are also rated by the Credit Risk Management Department.

Municipalities are rated with an expert system which includes information on the respective annual financial statements as well as qualitative factors. The ratings are mapped onto the default probabilities of the sovereign ratings to ensure comparability.

The following table shows the credit exposure for the Sovereigns portfolio according to the individual rating classes. Collateral is presented after internal haircuts:

€´000 Internal Rating	Exposure	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired significant	Of which Stage 3 Credit Impaired not significant	Of which POCI	of which measured at fair value	2021 Collateral
0.5 Minimal risk	311,769	311,769	0	0	0	0	0	0
1.0 Excellent credit standing	5,295,798	5,293,511	2,176	0	0	0	111	49,120
1.5 Very good credit standing	854,094	853,736	358	0	0	0	0	13,653
2.0 Good credit standing	16,354	13,370	2,984	0	0	0	0	0
2.5 Average credit standing	104,892	104,892	0	0	0	0	0	0
3.0 Mediocre credit standing	169,241	169,241	0	0	0	0	0	5
3.5 Weak credit standing	0	0	0	0	0	0	0	0
4.0 Very weak credit standing	0	0	0	0	0	0	0	0
4.5 Doubtful/high default risk	0	0	0	0	0	0	0	0
D Default	0	0	0	0	0	0	0	0
Unrated	0	0	0	0	0	0	0	0
Gross exposure	***6,752,148***	***6,746,519***	***5,517***	***0***	***0***	***0***	***111***	***62,778***
Impairment allowance balance	2,315	2,300	15	0	0	0	0	0
Net exposure	**6,749,833**	**6,744,220**	**5,502**	**0**	**0**	**0**	**111**	**62,778**

€´000 Internal Rating	Exposure*	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired significant	Of which Stage 3 Credit Impaired not significant	Of which POCI	of which measured at fair value	2020 Collateral
0.5 Minimal risk	322,191	322,084	0	0	0	0	106	0
1.0 Excellent credit standing	5,206,485	5,155,771	5,236	0	0	0	45,478	42,885
1.5 Very good credit standing	843,855	826,122	2,527	0	0	0	15,207	17,382
2.0 Good credit standing	85,042	85,042	0	0	0	0	0	0
2.5 Average credit standing	11,209	11,191	18	0	0	0	0	5
3.0 Mediocre credit standing	172,977	131,741	0	0	0	0	41,236	0
3.5 Weak credit standing	0	0	0	0	0	0	0	0
4.0 Very weak credit standing	0	0	0	0	0	0	0	0
4.5 Doubtful/high default risk	0	0	0	0	0	0	0	0
D Default	0	0	0	0	0	0	0	0
Unrated	0	0	0	0	0	0	0	0
Gross exposure	*6,641,758*	*6,531,951*	*7,781*	*0*	*0*	*0*	*102,027*	*60,272*
Impairment allowance balance	2,006	1,988	18	0	0	0	0	0
Net exposure	6,639,752	6,529,962	7,763	0	0	0	102,027	60,272

* The comparative amount as of 31 December 2020 for credit commitments was adjusted by EUR -1.8 billion (Details are provided under Note (40) Contingent liabilities and other off-balance sheet obligations).

The high concentration in rating class 1 is attributable, above all, to the Republic of Austria and its provinces and municipalities.

The following table shows the distribution of the credit exposure in the Sovereigns portfolio by country:

€'000Top 5 Countries	2021	PER CENT	2020	PER CENT
Austria	4,779,795	70.8	4,694,508	70.7
Luxembourg	380,855	5.6	402,742	6.1
Supranational organizations	343,550	5.1	363,197	5.5
Finland	297,457	4.4	317,622	4.8
France	228,613	3.4	261,618	3.9
EU	638,931	9.5	602,053	9.1
Non-EU	82,947	1.2	18	0.0
Total	**6,752,148**	**100.0**	6,641,758	100.0

* The comparative amount as of 31 December 2020 for credit commitments was adjusted by EUR -1.8 billion (Details are provided under Note (40) Contingent liabilities and other off-balance sheet obligations).

The increase in the credit exposure of non-EU countries came primarily from bonds issued by Canadian provinces.

Additional information on the country exposure is provided in the section on “Country risk“.

Problem loans

The problem loan portfolio is continuously monitored and managed by the Recovery Department, which is part of the Risk Management/Accounting Group. This department distinguishes between reorganization cases and settlement cases and is supported on legal issues internally by the Legal Department and by external experts. The recovery and resolution staff are specially trained and experienced in the restructuring or settlement of problem loan commitments. They make an important contribution to the presentation and analysis as well as the recognition of any required risk provisions (write-offs, impairment charges or provisions) and can generally reduce the losses on problem loans through their early involvement. A total of EUR 4.5 million in receivables were written off in 2021 (2020: EUR 7.1 million) and are still subject to execution measures.

The length of the payment delay is an important factor for estimating the collectability of receivables. The following table shows the volume of overdue receivables in each customer group for various time periods:

2021€'000 Receivables categories	Not overdue	Up to 31 days	31 to 90 days	91 to 180 days	181 to 360 days	Overdue over 360 days	Total
Other banks	7,776,297	0	0	0	0	0	7,776,297
Corporate customers	13,205,773	179,642	9,318	3,843	6,124	67,794	13,472,495
Retail exposures	2,910,339	143,795	8,046	2,608	5,311	57,022	3,127,120
Public sector exposures	6,752,148	0	0	0	0	0	6,752,148
Total	**30,644,557**	**323,437**	**17,364**	**6,451**	**11,435**	**124,816**	**31,128,060**

2020€'000 Receivables categories	Not overdue	Up to 31 days	31 to 90 days	91 to 180 days	181 to 360 days	Overdue over 360 days	Total
Other banks	7,771,511	0	0	0	0	0	7,771,511
Corporate customers	13,935,814	45,773	339	32,292	11,885	29,037	14,055,141
Retail exposures	2,705,895	28,353	4,678	4,590	8,297	61,875	2,813,689
Public sector exposures	6,641,758	0	0	0	0	0	6,641,758
Total	31,054,979	74,127	5,017	36,882	20,183	90,912	31,282,100

* The comparative amount as of 31 December 2020 for credit commitments was adjusted by EUR -1.8 billion (Details are provided under Note (40) Contingent liabilities and other off-balance sheet obligations).

The following table shows the receivables that are overdue at least one day, but do not carry a Stage 3 risk provision. According to the regulatory default criteria, classification as overdue begins on the 91st day.

A total exposure of EUR 312.0 million is overdue up to and including 90 days but is not in default and is therefore assigned to Stage 1 or Stage 2. A credit exposure of EUR 3.3 million is overdue more than 90 days (and therefore classified as in default and Stage 3) but has not been reduced through the recognition of an impairment allowance (2020: EUR 6.4 million).

€´000 Receivables categories	Up to 90 days 2021	 2020	91 to 180 days 2021	 2020	181 to 360 days 2021	 2020	Over 360 days 2021	 2020
Other banks	0	0	0	0	0	0	0	0
Corporate customers	168,664	43,464	0	390	0	0	772	2,118
Retail exposures	143,383	30,849	513	318	154	550	1,834	3,009
Public sector exposures	0	0	0	0	0	0	0	0
Total	**312,047**	74,313	**513**	708	**154**	550	**2,605**	5,128

The following table shows the non-performing exposure in relation to the total exposure (column 1) based on the definition provided in Article 47a CRR. It covers both non-performing and performing exposure.

2021€'000 Receivables categories	Credit exposure	Non-performing Amount	 Risk provision	 Collateral	 NPE Ratio in %	 Coverage Ratio I in %	 Coverage Ratio II in %
Other banks	6,486,185	670	670	0	0.0	100.0	100.0
Corporate customers	10,528,025	171,198	78,107	54,200	1.6	45.6	77.3
Retail exposures	2,695,275	96,632	57,181	25,240	3.6	59.2	85.3
Public sector exposures	5,871,525	0	0	0	0.0	0.0	0.0
Total	**25,581,010**	**268,500**	**135,958**	**79,441**	**1.0**	**50.6**	**80.2**

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	5,983,687	670	670	0	0.0	100.0	100.0
Corporate customers	10,854,484	212,982	88,379	68,912	2.0	41.5	73.9
Retail exposures	2,397,236	103,479	61,399	25,668	4.3	59.3	84.1
Public sector exposures	5,822,275	0	0	0	0.0	0.0	0.0
Total	25,057,682	317,131	150,448	94,580	1.3	47.4	77.3

The non-performing exposure (NPE) ratio, which is calculated similar to the EBA Risk Indicator AQT_3.1, equalled 1.0% as of 31 December 2021 (2020: 1.3%). Coverage Ratio I is defined as the Stage 3 risk provision for non-performing credit exposures in relation to the total non-performing credit exposures, and Coverage Ratio II as the Stage 3 risk provision plus collateral (after haircuts) for non-performing credit exposures in relation to the total non-performing credit exposures. Coverage Ratio I equals 50.6% (2020: 47.4%) and Coverage Ratio II 80.2% (2020: 77.3%).

The NPL ratio, which is calculated similar to EBA Risk Indicator AQT_3.2 equalled 1.2% as of 31 December 2021 (2020: 1.5%).

€´000	Credit exposure		NPL		NPL Ratio in %	
	2021	2020	**2021**	2020	**2021**	2020
Total	21,941,101	21,460,630	268,500	317,131	1.2	1.5

RLB NÖ-Wien has implemented processes to identify customers with payment problems at an early point in time and to restructure loans with a positive outlook. Restructured loans are classified as “performing“ as long as the restructuring is not carried out because of the customer's credit standing. Contract amendments not related to the credit standing are not designated as forbearance. Borrowers are classified as nonperforming if restructuring measures lead to a debt reduction or if an economic loss is expected. All restructuring measures recognized for solvency reasons are classified as such in the system. These loans are marked with a forbearance flag and monitored constantly. The bank complies in full with the requirements of Article 47a CRR.

The following tables show the share of solvency-related restructuring (forborne portfolio) by customer group and within the performing and non-performing exposures as well as the related risk provisions.

2021€'000 Receivables categories	Total exposure	Performing Exposure	Of which foreborne	Impairment allowance balance Stage 1 / 2	Non-performing Exposure	Of which foreborne	Impair-ment allowance balance Stage 3	Total foreborne
Other banks	7,776,297	7,767,495	0	4,966	8,802	0	670	0
Corporate customers	13,472,495	13,282,997	660,049	56,539	189,498	130,977	81,518	791,026
Retail exposures	3,127,120	3,026,057	192,782	11,339	101,063	32,156	59,439	224,937
Public sector exposures	6,752,148	6,752,148	358	2,315	0	0	0	358
Total	**31,128,060**	**30,828,697**	**853,189**	**75,159**	**299,363**	**163,133**	**141,628**	**1,016,321**

2020€'000 Receivables categories	Total-exposure*	Performing Exposure*	Of which foreborne	Impairment allowance balance Stage 1 / 2	Non-performing Exposure	Of which foreborne	Impair-ment allowance balance Stage 3	Total foreborne
Other banks	7,771,511	7,762,710	0	4,785	8,802	0	670	0
Corporate customers	14,055,141	13,814,215	493,506	66,480	240,926	185,620	93,566	679,126
Retail exposures	2,813,689	2,707,193	203,448	16,392	106,495	31,890	63,234	235,338
Public sector exposures	6,641,758	6,641,758	353	2,006	0	0	0	353
Total	31,282,100	30,925,877	697,306	89,664	356,223	217,510	157,470	914,816

* The comparative amount as of 31 December 2020 for credit commitments was adjusted by EUR -1.8 billion (Details are provided under Note (40) Contingent liabilities and other off-balance sheet obligations).

The increase in the foreborne credit exposure is attributable, above all, to the COVID-19 measures and the related forbearance classification. Details are provided under the “Effect of COVID-19 on credit risk”.

Country risk

Country risk covers transfer and convertibility risk as well as political risk. RLB NÖ-Wien actively manages country risk by means of an extensive country limit system which assigns total limits for individual countries and sub-limits for various types of transactions based on country analyses. The monitoring of the country limits is the responsibility of a separate unit (country and bank analysis) in the Credit Risk Management Department.

The following table shows the distribution of exposure by internal country rating for the 2020 and 2021 financial years:

€´000 Exposure by internal rating	2021	PER CENT	2020*	PER CENT
0.5 Minimal risk	2,321,499	7.5	2,396,485	7.7
1.0 Excellent credit standing	27,264,226	87.6	27,270,015	87.2
1.5 Very good credit standing	838,926	2.7	885,863	2.8
2.0 Good credit standing	88,106	0.3	81,534	0.3
2.5 Average credit standing	293,158	0.9	297,946	1.0
3.0 Mediocre credit standing	303,143	1.0	331,521	1.1
3.5 Weak credit standing	11,820	0.0	11,532	0.0
4.0 Very weak credit standing	5,141	0.0	5,152	0.0
4.5 Doubtful/high default risk	707	0.0	750	0.0
D Default	0	0.0	0	0.0
Unrated	1,334	0.0	1,303	0.0
Total	**31,128,060**	**100.0**	31,282,100	100.0

* The comparative amount as of 31 December 2020 for credit commitments was adjusted by EUR -1.8 billion (Details are provided under Note (40) Contingent liabilities and other off-balance sheet obligations).

The high concentration in rating class 1 is related primarily to the Republic of Austria.

The risk concentration at RLB NÖ-Wien is also monitored in connection with country risk and controlled by separate country limits. At year-end 2021, 95.1% (2020: 95.6%) of the approved country limits were within the investment grade range and 86.0% (2020: 86.9%) within the three best rating classes of 0.5 to 1.5. The classification of countries by rating class remained stable in 2021.

The following table shows the distribution of credit exposure by country for 2021 und 2020. The position “Non-EU“ consists primarily of top rated countries like Great Britain, Switzerland and Canada.

€´000 Exposure by region	2021	PER CENT	2020*	PER CENT
Austria	25,645,694	82.4	25,297,432	80.9
EU	4,906,674	15.8	5,199,733	16.6
Germany	1,204,230	3.9	1,247,507	4.0
France	591,231	1.9	708,533	2.3
Luxembourg	470,843	1.5	498,806	1.6
Czech Republic	347,031	1.1	430,292	1.4
EU-remainder	2,293,339	7.4	2,314,594	7.4
Non-EU	575,692	1.8	784,935	2.5
Total	**31,128,060**	**100.0**	31,282,100	100.0

* The comparative amount as of 31 December 2020 for credit commitments was adjusted by EUR -1.8 billion (Details are provided under Note (40) Contingent liabilities and other off-balance sheet obligations).

RLB NÖ-Wien includes country risk in the evaluation of credit risk for individual customers. The country risk at the overall bank level is managed and controlled by a country limit system that is based on internal country ratings. As part of its sector cooperation, RLB NÖ-Wien also draws, among others, on the following resources of RBI for the analysis of the country risks covered by the credit risk assessment:

- the Analysis FI & Countries Department
- access to the country and bank rating pool database

Collateral management

In order to minimize credit risk, the risk strategy for loans and advances to customers includes collateral as an important element. Real collateral (property, cash, securities etc.) and personal collateral in the form of guarantees are used to reduce risk. The value of the collateral represents an important part of the credit decision as well as the ongoing credit management. The assets acceptable as collateral are listed in a separate Group catalogue and related valuation guidelines. Standardized methods defined centrally by the Risk Management Department are used to calculate the value of the collateral. This value includes internal haircuts for the type, quality and liquidity of the collateral as well as the realization period and related costs. These haircuts are reviewed regularly and adjusted if necessary. The operations of the Risk Management Department are supported by a central Collateral Management Department.

The following table shows the collateral received from customers at the respective internal values (after haircuts):

€´000 Collateral category	2021	PER CENT	2020	PER CENT
Land register	7,601,094	68.5	6,959,790	63.7
Securities	66,235	0.6	63,279	0.6
Savings/current/deposit accounts	142,539	1.3	308,545	2.8
Insurance	85,403	0.8	89,424	0.8
Other rights and claims	588,421	5.3	634,024	5.8
Guarantees	2,614,817	23.6	2,868,646	26.3
Total	**11,098,509**	**100.0**	10,923,709	100.0

Most of the collateral represents mortgages on property, which consist primarily of buildings used for residential or commercial purposes. These assets are appraised regularly by the risk management staff or external experts. Most of the properties are located in the core market area of Vienna and Lower Austria. RLB NÖ-Wien does not directly purchase any collateral provided by customers. In cases where collateral cannot be realized immediately, the bank has holdings that can carry out these types of transactions. Any proceeds from the realization of collateral are offset against the outstanding loan balance. These loan segments are treated as secured before realization. No credit losses were recognized for financial assets at amortized cost with a carrying amount of TEUR 2,125,779 (2020: TEUR 1,005,893) because the collateral covers the carrying amount of these financial instruments in full. The general exclusion of collateral in the ECL calculation leads to an increase of TEUR 154,591 (2020: TEUR 159,035) in the risk provisions for financial assets.

Information on expected credit losses

The estimates of economic trends which are required for the calculation of period-based expected credit losses are subject to uncertainty concerning the occurrence – or non-occurrence – of the related events. RLB NÖ-Wien views the following assumptions as the best possible estimates. The forecasts were developed by Moody's Analytics, which provides macroeconomic forecast values for various possible economic scenarios. The individual scenarios are weighted according to recommendations made by Moody's Analytics and show the following distribution as of 31 December 2021: 30% optimistic/ 40% baseline/ 30% pessimistic for all transactions. The following table shows the forecast values for the indicators as of 31 December 2021. The outlook as of 30 June 2020 was used due to the COVID-19 pandemic and only individual macro-factors (GDP growth, increase in gross investments, budget deficit, increase in consumer spending) were updated as of 31 December 2021. The parameters were also calculated as of 30 June 2020 and applied to the portfolio as of 31 December 2021. This point in time was selected because it was then clear that the outlook did not include government support measures. The applied procedure makes it possible to show the expected catch-up effects, e.g. an increased number of corporate bankruptcies after the expiration of the government support measures.

Details on the calculation logic underlying the expected credit losses and the effects of COVID-19 can be found in Note (16) Risk provisions.

Variable	Scenario	2022	2023	2024
Annual GDP growth in %	baseline	3.54%	1.53%	1.24%
	optimistic	5.13%	1.31%	0.93%
	pessimistic	(1.04)%	0.86%	2.38%
Unemployment rate	baseline	4.94%	4.53%	4.50%
	optimistic	4.72%	4.30%	4.26%
	pessimistic	6.05%	5.32%	4.91%
Inflation (AUT)	baseline	2.34%	2.34%	2.17%
	optimistic	2.52%	2.38%	2.15%
	pessimistic	2.36%	2.34%	2.17%
Long-term yield (10 year bonds AUT)	baseline	0.20%	0.62%	1.20%
	optimistic	1.47%	2.04%	2.55%
	pessimistic	(0.40)%	(0.16)%	0.16%
Private consumption - Annual growth rate	baseline	2.32%	2.12%	1.14%
	optimistic	2.72%	2.10%	1.13%
	pessimistic	2.31%	3.05%	1.36%
Gross investments (annual growth in %)	baseline	6.98%	2.77%	2.40%
	optimistic	9.68%	3.95%	2.78%
	pessimistic	(0.06)%	2.03%	4.50%
Short-term yield (3M Euribor)	baseline	(0.43)%	(0.31)%	0.13%
	optimistic	0.31%	1.19%	1.69%
	pessimistic	(0.43)%	(0.43)%	(0.43)%
Stock index (Eurostoxx)	baseline	144.39	153.38	160.17
	optimistic	161.14	163.67	165.62
	pessimistic	118.70	136.80	147.70
National deficit (% of GDP)	baseline	0.20%	0.20%	0.19%
	optimistic	0.19%	0.19%	0.19%
	pessimistic	0.21%	0.20%	0.20%
GDP-Deflator (annual growth in %)	baseline	1.61%	1.60%	1.66%
	optimistic	1.59%	1.60%	1.65%
	pessimistic	1.35%	1.45%	1.58%
Residential property prices - Annual growth rate	baseline	3.30%	3.64%	3.55%
	optimistic	3.30%	3.64%	3.55%
	pessimistic	3.30%	3.64%	3.55%
Net export of goods and services (difference to previous year, in bln €)	baseline	(1.83)	1.40	1.43
	optimistic	(0.31)	2.73	2.01
	pessimistic	(6.92)	0.34	3.07

Market risk (incl. credit spread risk)

Market risk (also referred to as “market price risk“ or “market price change risk“) represents the threat of a financial loss caused by fluctuations in market prices and other related factors (e.g. correlations, volatilities).

RLB NÖ-Wien measures, analyses and monitors the following forms of market risk:

- Interest rate risk
- Foreign currency risk
- (Other) Price risk
- Credit spread risk

Interest rate risk is the danger that RLB NÖ-Wien could incur losses through changes in interest rates which are negative for its business operations. Also included here is the volatility risk associated with interest options.

Foreign currency risk is the danger that RLB NÖ-Wien could incur losses through fluctuations in exchange rates which are negative for its business operations. Positions in gold or gold-based derivatives are exposed to foreign currency risk, while the price risk for positions in other precious metals like silver, platinum etc. is managed. The volatility risk from foreign currency options is also included in the foreign currency risk sub-category.

The (other) price is the danger that RLB NÖ-Wien could incur losses through developments in share prices, precious metals etc. which are negative for its business operations, including the volatility risk from price options.

Credit spread risk is the danger that market-specific interest rates like bond and swap rates could show different developments based on constant ratings, and the losses on bonds would not be fully offset by gains on hedged positions in interest swaps or the value increases and decreases in bonds cannot (exclusively) be explained by interest movements. Credit spread risks can result from a credit rating or a risk premium. The credit rating-based component is included in credit risk through the migration risk in the credit value at risk (CVaR) calculation. Only the risk premium-based component is included in market risk. The credit spread risk is modelled for all securities, bond futures and bond future options under the general exclusion of the conventional credit business. Securities issued by RLB NÖ-Wien are not included in the credit spread risk calculation due to the applied conservative approach. Relevant risk factors for the calculation of credit spread risk include:

- Rating
- Currency
- Issuer’s sector
- Guarantees
- Collateral
- Subordination level
- Remaining term of the product
- Issuer’s country

Market risk and the related sub-risks are quantified for both the trading and banking book by the value at risk (VaR) indicator and numerous sensitivity indicators, e.g. the basis point value (BPV) for changes in the present value of a specific risk position when the interest rate level has increased or decreased by one basis point or by option-sensitive indicators (Delta, Gamma, Theta, Vega) for risk positions with options.

The VaR is a measure of risk which indicates the maximum amount of the potential loss on a specific risk position at a given probability within a certain time period. RLB NÖ-Wien calculated the VaR with the “SAS Risk Management for Banking”; this system uses historical simulation with equally weighted time series.

The VaR analysis includes the following assumptions and limits:

- The VaR does not provide any information on the possible amount of a loss outside the applied confidence interval. The VaR is estimated for longer holding periods on the basis of daily observations. The underlying assumptions are that the composition of the portfolio will remain constant and there will be no autocorrelation in the risk factors.
- The VaR is calculated on the basis of positions at the end of the day and does not take any positions during the day into account.

- The VaR calculation uses historical data to simulate future changes in market conditions. Consequently, it cannot simulate events that are possible but were not observed during the designated period.

The VaR allows for correlations between individual risk factors, but these risk factors can be negatively affected by difficult market conditions. Since the VaR only quantifies the maximum possible loss of a portfolio under normal market conditions, stress tests are used to examine the effects of extreme market fluctuations that cannot be covered by the VaR methodology. The related scenarios reflect assumptions by RLB NÖ-Wien and include the following:

- Interest rate movements (reversals, shifts and combinations of reversals and shifts)
- Exchange rate fluctuations
- Price movements (shares, precious metals)
- Changes in credit spreads
- Changes in interest rate and price volatilities

RLB NÖ-Wien uses the going concern approach defined by IFRS with an underlying one-sided confidence level of 99% for daily management (limitations). Trading book portfolios are calculated for a holding period of one day, banking book portfolios for a holding period of one year (250 trading days).

The reliability of the VaR approach and its reliance on historical data are monitored daily through backtesting, which includes a comparison of the frequency with which the projected loss limits are actually exceeded. Based on a confidence level of 99%, the actual losses on any given day – statistically speaking – should only exceed the VaR two to three times per year (1% of approx. 250 banking days).

The market risk-VaR model was validated in2021.

The following table shows the VaR (99% VaR, 1 day) for the market risk in the trading book, classified by type of risk and including correlations:

€'000	VaR at 31/12/2021	Average-VaR	VaR at 31/12/2020
Currency risk	4	9	7
Interest rate risk	110	116	159
Price risk	19	11	10
Credit spread risk	336	345	158
Total	**425**	**382**	205

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

The VaR in the trading book, which was reopened at the beginning of 2021 after the risk positions were closed in March 2020, rose from TEUR 205 (31 December 2020) to TEUR 425 (31 December 2021), with a peak of TEUR 611 in July 2021.

In addition to daily management, monthly calculations (limitations) are made on the basis of a gone concern scenario with a one-sided confidence interval of 99.9% and a general holding period of one year (250 trading days).

The following table shows the monthly VaR for entire gone concern market risk of RLB NÖ-Wien for the risk capacity analysis, classified by type of risk and including correlations:

€'000	VaR at 31/12/2021	Average-VaR	VaR at 31/12/2020
Currency risk	1,959	2,679	982
Interest rate risk	164,030	166,433	167,213
Price risk	363	250	223
Credit spread risk	456,567	473,628	497,911
Total	**505,169**	**534,221**	553,883

* 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 material components of market risk in 2021, which resulted from proprietary trading by the RLB NÖ-Wien Treasury Department and from customer transactions, consisted primarily of credit spread risk and interest rate risk as shown in the above table. The price risk which resulted chiefly from precious metal positions through bars and coins in the trading book was of lesser importance.

Additional measures were not implemented in 2021 to reduce the significant increase in market risk caused by the COVID-19 crisis in 2020 – here, above all, the credit spread risk as the most dominant sub-risk, which also remained high in 2021.

The gone-concern VaR of RLB NÖ-Wien declined slightly from EUR 554 million to EUR 505 million in 2021 and, at year-end 2021 was almost double the level at the end of 2019. Market risk is managed centrally from an operational standpoint by the Fixed Income Management (FIM) and Liquidity Management (LIM) Departments which are part of the Treasury Department. The management of market risk from the customer business was also transferred here. The Treasury Department uses derivative financial instruments for this management – above all interest swaps, futures, interest options, currency swaps and currency options. An overview of the structure of these derivative transactions is provided in the notes to the financial statements under C. Notes to the Balance Sheet XI. Additional Disclosures 4. Financial instruments pursuant to § 238 (1) no. 1 of the Austrian Commercial Code in connection with § 64 (1) no. 3 of the Austrian Banking Act.

The derivatives used to manage interest rate risk in the banking book are aggregated in functional units. The risk content of these units is calculated on a daily basis and is part of daily reporting to the Managing Board. A detailed overview of the structure of these transactions is provided in Note (44) Derivative financial instruments.

The framework for this operational management is provided by an extensive limit system, which is based on the budgeting of risk capital for market and credit spread risk. The total risk capital for market and credit spread risk is distributed between the trading book, the banking book and the related sub-portfolios in the form of operational VaR sub-limits for daily management in accordance with the market and credit spread risk limit structure recommended by the Risk Management Department and approved by the Managing Board. In addition to limitation according to VaR requirements, the market risk for each portfolio is also regulated by BPV limits derived from the VaR limits and by stop/loss limits in the trading book, respectively area limits in the banking book. Option sensitivity limits are included in the market and credit spread risk limit structure for portfolios which include the use of options. For monthly management, the total risk capital for the market and credit spread risk is broken down to the individual risk components in the form of operational VaR sub-limits. These VaR sub-limits are defined by the Asset/Liability Committee, which meets monthly to assess market risk and the related components and to approve the bank's interest rate projections and interest rate positioning.

In addition to the above-mentioned VaR, sensitivity and stop/loss or area limits, risks arising from treasury transactions are regulated by an extensive system of position, product and counterparty limits (admissibility checks for traders, markets, products, currencies, maturity bands, position limits, counterparty lines). New products are only added to the catalogue after they have successfully completed the product introduction process and when their mapping in the bank's front office, back office and risk management systems is guaranteed.

The Models & Analytics Department is responsible for monitoring limits and reporting on market risk and the related component risks. Strict separation between front office, back office and risk management ensures the comprehensive, transparent and objective presentation of risks to the Managing Board, Supervisory Board and regulatory authorities.

The Managing Board of RLB NÖ-Wien and the portfolio managers receive a daily VaR and profit & loss (P&L) report, which includes information on the current utilization of limits in the trading book and its individual sub-portfolios and in the relevant sub-portfolios of the banking book based on the going concern approach as defined in IFRS.

The interest rate risk in the banking book comprises the effects of interest rate fluctuations on interest-sensitive assets and liabilities as well as the effect of changes in market interest rates on equity. Changing interest rates have an effect on the amount of future cash flows.

EBA Guidelines 2018/02 provide a framework, including standardized rules, for the quantitative determination of interest rate risk in the banking book(=IRRBB); namely through six defined currency-specific scenarios.

The six interest rate shocks are as follows:

1. Parallel shock up
2. Parallel shock down
3. Steepener shock
4. Flattener shock
5. Short rate shock up
6. Short rate shock down

Additional constraints are applied to the scenarios, under which interest rates are shocked into the negative range, through the definition of an incrementally increasing floor. The starting point equals a term of 1d (overnight) with a floor of -100 BP. This floor rises annually by 5 bps up to a term of 20y, after which the floor reaches 0 bps. A floor of 0 bp is applied to all terms over 20 years.

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Scenario	Present value risk in EUR million	as a % of Tier 1 capital	Present value risk at 31/12/2021 Limit utilization
Parallel shift upward	(196.2)	(12.4)%	62.0%
Parallel shift downward	40.1	2.5%	13.0%
Rising short-term & declining long-term interest rates	19.8	1.3%	6.0%
Declining short-term & rising long-term interest rates	(71.8)	(4.5)%	23.0%
Declining short-term interest rates	6.6	0.4%	2.0%
Rising short-term interest rates	(35.5)	(2.2)%	11.0%

Liquidity risk

Liquidity risk represents the risk that the bank may not be able to meet its current and/or future financial obligations in full and/or on time and, in the event of insufficient market liquidity, transactions may not be possible or may only be possible on less favourable terms.

Liquidity risk comprises the following sub-risks:

- Insolvency risk (liquidity risk in the narrow sense of the term)
- Liquidity maturity transformation risk (liquidity risk in the broader sense of the term)

Insolvency risk includes maturity risk (an unplanned extension of the capital commitment period for loans and advances) and withdrawal risk (the premature withdrawal of deposits, unexpected drawdowns on committed credit lines). Liquidity maturity transformation risk comprises market liquidity risk (assets cannot be sold at all or only on less favourable terms) and refinancing risk (follow-up funding is not possible or only possible on less favourable terms).

The central focus of RLB NÖ-Wien is to ensure financial solvency at all times. In order to meet this goal, RLB NÖ-Wien together with Raiffeisen-Holding NÖ-Wien and the Raiffeisen banks in Lower Austria rely on an appropriate limit system.

Compliance with limits at the credit institution group level is reported to and monitored by the Asset/Liability Committee on a monthly basis. This committee deals with the issue of liquidity risk as reflected in the following content:

- Funding strategy
- Liquidity costs
- Liquidity returns
- Liquidity report and its results
- Recommendations to the Managing Board
- Cooperation with the LIMA Committee

The Liquidity Management Committee (LIMA Committee) serves as the central management committee for RBG NÖ-Wien (Raiffeisen-Holding NÖ-Wien, RLB NÖ-Wien and the Lower Austrian Raiffeisen banks). RLB NÖ-Wien has taken over liquidity management for RBG NÖ-Wien and prepares regular liquidity profiles. The measurement procedures for liquidity risk are based on the aggregated data for RBG NÖ-Wien, and the appropriate amounts are included in the risk capacity analysis for the Raiffeisen-Holding NÖ-Wien Group and RLB NÖ-Wien. RBG NÖ-Wien has concluded a liquidity management agreement that meets legal requirements and uses a liquidity risk model which reflects this agreement. The risk calculation meets the terms of the Capital Requirements Regulation and Directive (CRR/CRD IV), the Implementing Technical Standards of the EBA and the Credit Institution Risk

Management Directive, which implements the CRD IV in Austrian law.

The present value of refinancing costs over a period of 12 months – under both the going concern and gone concern scenarios – is used to quantify liquidity risk for the risk capacity analysis (refinancing risk).

Liquidity management, including funds planning and issuing activities, takes place centrally in the Treasury Department for the entire RBG NÖ-Wien. Liquidity risk is calculated by the market risk analysis unit in the Models & Analytics Department based on an analysis which covers the following scenarios:

- Normal case
- Reputation case
- System crisis
- Combined crisis

Under the normal case, the capital maturity statement is presented within the current market environment (going concern approach). This presentation is changed in crisis cases through different assumptions for the market environment and the resulting effects on the capital maturity statement (on- and off-balance sheet positions). The assumption under the reputation crises is that the Raiffeisen name would be damaged (e.g. through negative media reporting). A system crisis represents a general crisis without the direct involvement of Raiffeisen in a particular emergency situation. The combined crisis is a combination of the reputation and system crises. The underlying assumption for all scenarios is that no new business will be carried out due to the current situation.

In general, a strong focus is placed on safeguarding liquidity over a defined survival period. This period must be covered by the available liquidity buffer of RLB NÖ-Wien and is derived from the existing limit system. The minimum survival period under the CEBS Guidelines equals one month (CEBS Guidelines on Liquidity Buffers & Survival Periods, Guideline 3 RLB NÖ-Wien has set a limit of three months as part of the operational liquidity maturity transformation (O-LFT).

The measurement model is regularly revised and adapted to reflect changing circumstances. An extensive catalogue of early warning indicators for liquidity is also used on a daily basis.

RLB NÖ-Wien has installed a detailed limit system to manage liquidity risk. In line with EBA requirements, it distinguishes between three liquidity ratios:

- Operational liquidity maturity transformation (O-LFT)
- Structural liquidity maturity transformation (S-LFT)
- Gap over assets (GBS)

The operational liquidity maturity transformation (O-LFT) describes operational liquidity up to 18 months. It represents the ratio of assets to liabilities in the aggregated maturity bands within this period and shows whether a bank will be able to meet its short-term payment obligations without new business (refinancing rollovers).

The structural liquidity maturity transformation (S-LFT) represents the long-term liquidity position for maturities of 18 months and longer. It equals the ratio of assets to liabilities for maturity bands over 18 months. This indicator compares refinancing to the maturity of the related long-term assets.

The third indicator used to monitor liquidity risk is the GBS ratio, which represents the gap over assets. It compares the net positions in each maturity band to balance sheet assets and shows the potential refinancing risk within a specific maturity band.

RLB NÖ-Wien also requires liquidity during business days to meet its payment obligations. In this sense, liquidity primarily signifies the funds required to cover payment obligations which arise in connection with daily business activities by RLB NÖ-Wien.

Intraday liquidity risk (ILR) represents the risk that payment obligations arising during the day cannot always be met. Accordingly, the core elements of intraday liquidity management (ILM) are the effective management of intraday liquidity as well as the monitoring and management of the ILR, in particular through the creation of a suitable liquidity buffer to cover upcoming cash outflows during the day under normal and stressed conditions. The ILR is calculated on a daily basis and reported weekly by the Risk/Data Service Department (interest rate & liquidity risk group).

An appropriate emergency plan was also prepared to deal with potential crises and will implemented by the LIMA Committee if necessary.

In contrast to 2020, no special measures – e.g. the approval of Problem Stage 1 or the establishment of a special management committee for liquidity risk – were required in connection with the COVID-19 crisis during 2021.

Information on the Li waiver pursuant to Article 412 CRR
Article 8 CRR empowers the Austrian Financial Market Authority to exempt in full subsidiaries of a financial institutions group and participants in an institution-based security scheme from the application of Part 6 CRR (Liquidity) and to supervise them as a single liquidity sub-group as long as all requirements defined by Article 8 (1) CRR are met. An official notification by the Austrian Financial Market Authority as of 30 June 2021 expanded the Li waiver to include the net stable funding ratio (NSFR). Therefore, the members of the Raiffeisen banking group NÖ-Wien are no longer required to meet the NSFR und LCR criteria individually and the indicators must only be met at the Li waiver level.

In a meeting on 7 March 2019, the ECB Council approved a new range of targeted longer-term refinancing operations (TLTRO III) to protect favourable credit conditions. Seven TLTRO III tranches were launched at quarterly intervals during the period from September 2019 to March 2021. The TLTRO III transactions have a term of three years. Voluntary, premature repayments are possible 12 months after the value date for a TLTRO III transaction, but in September 2021 at the earliest.

RLB NÖ-Wien participated in three further tranches during 2021. The interest rate for the TLTRO III transactions from June 2020 to June 2021 had already been reduced 50 basis points below the average interest rate for main refinancing operations in the Euro system during the same period. This period was extended by 12 months to June 2022. RLB NÖ-Wien had a total volume of EUR 3.34 billion from seven tranches outstanding as of 31 December 2021.

The following table shows the structural liquidity of RLB NÖ-Wien as of 31 December 2021:

€'000 Maturity band	Gap (absolute)	GoA	GoA limit	Accumulated from behind	S-LFT	S-LFT limit
18 months	896,398	2.3%	(10.0)%	22,810	122.2%	> 80%
2 years	(1,193,933)	(3.8)%	(10.0)%	(873,588)		
3 years	(2,146,252)	0.7%	(10.0)%	320,344	129.8%	> 70%
5 years	974,741	3.7%	(10.0)%	2,466,596	122.3%	> 60%
7 years	900,129	3.8%	(10.0)%	1,491,855		
10 years	(3,466,786)	-	-	591,726	163.9%	> 50%
15 years	658,243	-	-	4,058,512		
20 years	1,076,716	-	-	3,400,269		
30 years	2,126,256	-	-	2,323,553		
> 30 years	197,296	-	-	197,296		

The following table shows the structural liquidity of RLB NÖ-Wien as of 31 December 2020:

€'000 Maturity band	Gap (absolute)	GoA	GoA limit	Accumulated from behind	S-LFT	S-LFT limit
18 months	939,790	3.2%	(10.0)%	(184,797)	117.6%	> 80%
2 years	(348,232)	(0.9)%	(10.0)%	(1,124,587)		
3 years	(2,554,188)	(0.6)%	(10.0)%	(776,355)	124.1%	> 70%
5 years	535,649	2.4%	(10.0)%	1,777,833	114.1%	> 60%
7 years	1,271,106	5.0%	(10.0)%	1,242,184		
10 years	(3,552,092)	-	-	(28,922)	146.6%	> 50%
15 years	454,927	-	-	3,523,170		
20 years	1,013,520	-	-	3,068,243		
30 years	1,865,096	-	-	2,054,723		
> 30 years	189,627	-	-	189,627		

The liquidity coverage ratio (LCR) of RLB NÖ-Wien equalled 127.36% as of 31 December 2021. The legal requirement of 100% defined by Article 460 of Regulation (EU) No. 575/2013 was therefore met.

The following table shows the quantitative data as of 31 December 2021 and 31 December 2020:

€		All currencies 31/12/2021	31/12/2020
Liquidity buffer		7,416,705,756	7,886,561,384
Net liquidity outflow		5,823,202,325	5,088,244,249
MINIMUM LIQUIDITY RATIO (LIQUIDITY COVERAGE RATIO LCR)		**127.36%**	155.00%
	Total unweighted amount	*Total weighted amount*	*Total weighted amount*
HIGH-QUALITY LIQUID ASSETS			
Level 1 - assets excl. extremely high quality covered bonds	10,223,715,314	7,167,021,642	6,997,277,913
Level 1 - extremely high quality covered bonds	218,016,677	202,755,510	889,196,387
Level 2A - assets	4,464,416	3,794,754	87,084
Level 2B - assets	86,267,701	43,133,850	0
Liquidity buffer	**10,532,464,108**	**7,416,705,756**	7,886,561,384
CASH OUTFLOWS			
Outflows from unsecured transactions/deposits	17,950,708,847	6,472,772,411	5,922,653,457
1.1 Personal banking customer deposits	4,962,236,362	416,465,260	389,398,915
1.2 Operational deposits	4,040,540,851	3,302,655,467	3,005,860,902
1.3 Surplus deposits in payment transaction accounts	0	0	0
1.4 Deposits in non-payment transaction accounts	3,661,446,189	1,609,419,263	1,695,579,210
1.5 Additional cash outflows (among others, from derivatives)	639,952,342	639,952,342	740,485,805
1.6 Committed facilities	2,473,598,348	258,818,421	67,988,592
1.7 Other products and services	2,121,789,001	194,315,906	7,170,796
1.8 Other liabilities	51,145,753	51,145,753	16,169,238
Outflows from secured lending and capital market-driven transactions	0	0	0
TOTAL OUTFLOWS	**17,950,708,847**	**6,472,772,411**	5,922,653,457

CASH INFLOWS			
Inflows from unsecured transactions/deposits	822,544,082	649,570,086	834,409,209
1.1 monies due from non-financial customers (except for central banks)	58,121,673	31,912,372	120,911,557
1.2 monies due from central banks and financial customers	214,678,721	67,914,026	64,054,542
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	4,675,137	4,675,137	19,698,820
1.6 assets with an undefined contractual end date	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 Cash inflows from the release of balances which are managed in separate accounts in accordance with the rules for safeguarding customer trading assets	0	0	0
1.9 Cash inflows from derivatives	545,068,551	545,068,551	629,744,290
1.10 cash inflows from undrawn credit or liquidity facilities which were provided by members of a group or an institution-based insurance scheme, whereby the responsible authority approved the application of a more favourable inflow rate	0	0	0
1.11 Other cash inflows	0	0	0
Inflows from secured lending and capital market-driven transactions	0	0	0
TOTAL INFLOWS	**822,544,082**	**649,570,086**	**834,409,209**
Inflows subject to 75% Cap	822,544,082	649,570,086	834,409,209
Fully exempt inflows		0	0
NET LIQUIDITY OUTFLOW	**17,128,164,766**	**5,823,202,325**	**5,088,244,248**

The following tables provide detailed information on the payment obligations arising from the derivative financial products whose netted undiscounted payment flows will lead to an outflow of funds (net balances of outgoing and incoming payments). The classification is based on the remaining terms of the contractual payment flows.

The following table shows the undiscounted cash flows from deposits from other banks and from customers as well as the securitized liabilities and subordinated capital of RLB NÖ-Wien as of 31 December 2021:

€´000	Carrying amount*/Committed capital	Contractual cash flows	< 3 months	3 to 12 months	1 to 5 years	> 5 years
Non-derivative liabilities	*25,523,167*	*25,734,422*	*13,312,129*	*1,948,241*	*7,320,411*	*3,153,643*
Deposits from other banks	10,449,047	10,516,417	4,794,005	1,027,396	3,912,128	782,888
Deposits from customers	9,087,847	9,079,186	8,407,738	164,802	227,462	279,184
Securitized liabilities	5,495,875	5,637,489	72,976	736,651	2,736,291	2,091,571
Subordinated capital	490,399	501,330	37,409	19,391	444,529	0
Irrevocable loan commitments	**2,541,145**	**2,541,145**	**2,541,145**			

The following table shows the undiscounted cash flows from deposits from other banks and from customers as well as the securitized liabilities and subordinated capital of RLB NÖ-Wien as of 31 December 2020:

€´000	Carrying amount*/Committed capital	Contractual cash flows	< 3 months	3 to 12 months	1 to 5 years	> 5 years
Non-derivative liabilities	*25,349,082*	*25,491,504*	*13,053,542*	*1,336,037*	*7,421,746*	*3,680,180*
Deposits from other banks	9,356,799	9,348,675	4,598,045	367,959	3,667,117	715,554
Deposits from customers	9,177,078	9,175,992	8,352,662	203,782	314,168	305,380
Securitized liabilities	6,248,804	6,350,653	99,240	653,035	2,966,951	2,631,427
Subordinated capital	566,401	616,185	3,594	111,261	473,510	27,820
Irrevocable loan commitments	*2,649,620*	*2,649,620*	*2,649,620*			

The following table shows the undiscounted cash flows from the derivatives held by RLB NÖ-Wien as of 31 December 2021:

€´000	Carrying amount*	Contractual cash flows	< 3 months	3 to 12 months	1 to 5 years	> 5 years
Derivative liabilities	*661,764*	*676,165*	*35,929*	*81,311*	*234,654*	*324,271*
Derivatives - held for trading	320,947	326,782	25,336	47,452	123,997	129,997
Derivatives - hedge accounting	340,817	349,383	10,593	33,859	110,657	194,274

* This table only includes the derivatives whose undiscounted cash flows produce a negative balance in total. Therefore, the carrying amounts do not reflect the balance sheet position (financial liabilities held for trading - derivatives and derivative hedge accounting) in all cases.

The following table shows the undiscounted cash flows from the derivatives held by RLB NÖ-Wien as of 31 December 2020:

€´000	Carrying amount*	Contractual cash flows	< 3 months	3 to 12 months	1 to 5 years	> 5 years
Derivative liabilities	*988,087*	*978,644*	*39,773*	*100,985*	*380,755*	*457,131*
Derivatives - held for trading	486,527	482,130	27,200	59,396	204,206	191,328
Derivatives - hedge accounting	501,560	496,514	12,573	41,589	176,549	265,803

* This table only includes the derivatives whose undiscounted cash flows produce a negative balance in total. Therefore, the carrying amounts do not reflect the balance sheet position (financial liabilities held for trading - derivatives and derivative hedge accounting) in all cases.

Equity investment risk

In line with its focus as a full-service bank, RLB NÖ-Wien only holds strategic equity investments within the Raiffeisen sector and other equity investments that support banking operations.

The largest equity investment is the shareholding in RBI, the leading institution in the Raiffeisen sector, whereby RLB NÖ-Wien holds shares directly as well as indirectly.

The management and control of equity investments and the related risks are carried out by Raiffeisen-Holding NÖ-Wien.

The management of equity investment risks begins with the acquisition of a new investment, generally in the form of due diligence work that is supported by external experts (business consultants, auditors, attorneys). For larger projects and equity investments with a weaker credit rating, the Models & Analytics Department (ICAAP & Limit Management Group) issues a risk assessment based on the opinions of the market departments.

The operating activities of the equity investments are significantly influenced by RLB NÖ-Wien through the delegation of members from its corporate bodies to the supervisory and advisory boards.

The analysis and auditing of the financial statements and forecasts and the assessment of strategic positioning through SWOT (Strengths, Weaknesses, Opportunities and Threats) analyses represent important measures and methods for the bank's routine equity investment and risk controlling activities.

The equity investments are responsible for implementing an appropriate sustainability management system for their business activities. RBI, as a material investment of RLB NÖ-Wien, has implemented separate units to adequately address this issue. RBI has installed an extensive sustainability management system and, for some time, has been developing a closely integrated risk management scheme in connection with sustainability and risks. In this way, potential ESG risks are identified, quantified and managed. The institution has published a sophisticated sustainability report for many years. The other equity investments also address sustainability in line with their respective area of business. RLB NÖ-Wien includes the effects of ESG aspects in the evaluation of the individual investments and, accordingly, in quantification of risk.

The equity investments of RLB NÖ-Wien have undertaken all necessary measures to minimize the effect of the COVID-19 pandemic on their companies since the outbreak of the crisis. RLB NÖ-Wien has carried out special scenario analyses since the beginning of the crisis to identify possible effects of the COVID-19 pandemic on its core investments in order to be prepared for any related effects on its carrying capacity and to allow for management and control on a timely basis. The effects of the crisis also flow into the valuation of the equity investments and, in turn, into the quantification of equity investment risks for RLB NÖ-Wien. The equity investments held by RLB NÖ-Wien, in total, showed no material negative effects from the COVID-19 pandemic. RBI AG is affected in a variety of ways, both positive and negative, from the development of the COVID-19 pandemic due to its widely diversified portfolio but was able to benefit from the economic recovery in 2021.

The management of equity investments as well as their risk assessment and control represent integral processes in the business strategy of RLB NÖ-Wien. In that way, the company's profitability and security are protected over the long-term in spite of the COVID-19 crisis.

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

- Reduction of the carrying amount (value in use)
- Legal or contractual funding obligations

The quantification of risk is based on a simulation model (Monte Carlo simulation) that was evaluated and adapted in 2021. A validation was also carried out. The risk exposure developed quarterly with this simulation tool – in the extreme case (95.0%) and liquidation case (99.9%) – and the risk coverage pool from the equity investments are included in the regular risk capacity analysis carried out at the overall bank level.

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 31 December 2021 and 31 December 2020:

€ '000	Carrying amount* 31/12/2021	Percentage held	Rating	Carrying amount 31/12/2020	Percentage held	Rating
Investments in other banks	2,050,186	99.6%	1.0	2,222,222	99.6%	1.0
Investments in banking-related fields	7,254	0.4%	1.5	8,257	0.4%	1.5
Total equity investments	**2,057,440**	**100.0%**	**2.0**	2,230,479	100.0%	1.0

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

The decline in the carrying amount of the equity investments resulted primarily from the proportional share of earnings from RBI AG (after the deduction of the impairment loss recognized as of 31 December 021 and from the proportional share of earnings from Raiffeisen-Informatik AG (after the distribution to RLB NÖ-Wien). Additional details on the equity-accounted investments are provided under Note (4), Note (19) and Note (57).

Non-financial risk, incl. operational risk

RLB NÖ-Wien summarized the following sub-risks under non-financial risk in2021:

- Operational risk (incl. IT risk and legal risks)
- Outsourcing risk
- Compliance risk
- Model risk

RLB NÖ-Wien defines operational risks as the potential losses arising from

- System failures
- Process failures
- Errors caused by employees
- External risks

This definition also includes legal risks.

Operational risks also include IT risks, which are generally understood to mean the risks related to the use, ownership, operation, development and adaptation of information technology by the company. The identification, assessment, management, control and monitoring of IT risks in the Raiffeisen-Holding NÖ-Wien Group is the responsibility of the Information Technology/Organization Department in RLB NÖ-Wien. The Raiffeisen-Holding NÖ-Wien Group has defined and developed an information security governance framework to provide detailed, written information on information security. The financial institutions group has also defined an IT security officer and integrated this function in the organizational charts of RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien.

RLB NÖ-Wien relies on Business Continuity Management (BCM). This planning and preparation approach was followed comprehensively in 2020 due to the special challenges created by the COVID-19 pandemic, whereby the related measures were adjusted and further developed. Additional information can be found under "Risk management in the COVID-19 crisis" in this Risk Report.

RLB NÖ-Wien regularly monitors operational risks and implements appropriate measures to ensure their reduction. This process is supported by ongoing staff training, emergency plans, backup systems and continuous process improvements. Procedural rules were implemented, and instructions were issued to minimize these risks. Cost-benefit considerations represent part of all these measures.

RLB NÖ-Wien maintains an extensive loss database, and the Managing Board is provided with quarterly information on the development of recorded loss events. In order to further develop its risk management system, RLB NÖ-Wien takes part in projects carried out by the Austrian Raiffeisen organization.

In order to identify potentially significant risks with a low probability of occurrence, RLB NÖ-Wien carries out extensive risk assessments at the divisional, department and process levels in moderated workshops.

The classification of operational risks for the risk assessment and the loss database also reflects the legal regulations defined by the CRR (Art. 312 to 324).

RLB NÖ-Wien uses the SAS EGRC (Enterprise Governance Risk Compliance) IT system to support the integrated management of operational risk and the internal control system.

In order to ensure protection against operational risk as defined in Art. 312ff of the CRR ("Own funds requirements for operational risk"), RLB NÖ-Wien also uses the basic indicator approach described in Art. 315f of the CRR to calculate the minimum capital requirements and to disclose this information to the regulatory authority. The basic indicator approach does not create any further obligations for the bank to quantify operational risks.

Numerous precautions involving organizational structures and processes were taken in the past to limit these operational risks. In order to prevent and contain IT risks, RLB NÖ-Wien has implemented a variety of organizational measures which are defined in detail in an information security governance framework.

Raiffeisen-Holding NÖ-Wien has also designated a money laundering officer whose responsibilities include the prevention of money laundering and terrorism financing in the Raiffeisen-Holding NÖ-Wien Group. In order to ensure compliance with FACTA requirements (Foreign Account Tax Compliance Act of the US Internal Revenue Service), the institution has defined the required responsible officer. A compliance officer was installed to ensure that the employees of Raiffeisenlandesbank NÖ-Wien observe all laws, regulations and external und internal guidelines applicable to securities transactions – for their own protection and to protect the bond of trust to the market and the customers of the Raiffeisen-Holding NÖ-Wien Group. In addition to the compliance function, the Raiffeisen-Holding NÖ-Wien Group has created the “BWG Compliance“ unit to service the Raiffeisen institutions group. The BWG compliance function ensures the timely implementation of regulatory changes within the Raiffeisen-Holding NÖ-Wien Group through suitable information and review processes.

Compliance risk summarizes the risks associated with the activities of the securities compliance, BWG compliance and money laundering officers (see the organizational charts of RLB NÖ-Wien and Raiffeisen-Holding) as well as the responsible FATCA officer (Foreign Account Tax Compliance Act). The related activities are intended to ensure compliance with the respective legal regulations.

Outsourcing risk involves the strategy, goals and process for the outsourcing of activities and/or parts of companies. In the Raiffeisen-Holding NÖ-Wien Group, it is seen as a means to concentrate on core expertise and an opportunity to increase efficiency, in particular to realise synergies in a decentralized banking association, and is managed in accordance with § 25 of the Austrian Banking Act and the EBA Guidelines on Outsourcing Arrangements. A Group-wide outsourcing officer ensures a continuous focus on risk optimization and monitoring in this area.

Modelling risk examines the risk of a potential loss as the consequence of decisions which are based on the results of internal models and are attributable to errors in the development, implementation and application of these models.

RLB NÖ-Wien incorporates non-financial risk, both in the extreme case and the liquidation case, in its risk capacity analysis. The quantitative approach includes the basic indicator approach described in Art. 315f of the CRR as well as 20% of the calculated value of other risks (defined as an approximation for the addition of 5% of the quantified risks wit the exception of equity investment risk; possible other risks are already included in the risk assessment through the quantification of equity investment risk).

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. Details on the ICS for the accounting process are provided in the next section.

Macroeconomic risks

Macroeconomic risks are included in the analysis of credit risk and quantified with a statistical, model-based approach. The macroeconomic effects of equity investment risk are addressed during the quantification of this latter risk and evaluated together with the other investment risks.

Risks arising from the macroeconomic environment are incorporated quarterly in the risk capacity analysis as a separate category. The COVID-19 crisis and subsequent GDP development were responsible for a reduction in macroeconomic risks.

Other risks

RLB NÖ-Wien has defined “other risks“ as a separate category which includes the following sub-risks:

- Strategic risk
- Reputation risk
- Earnings and business risk
- Concentration risks (inter-risk concentrations)
- Systemic risk

RLB NÖ-Wien incorporates other risks in the risk capacity analysis, both in the extreme case and liquidation case, as an approximation for the addition of 5% of the quantified risks. Equity investment risk is not included because possible other risks have already been addressed in the quantification of equity investment risk. The above-mentioned quantification approach includes 20% for the outsourcing, compliance and modelling sub-risks, which were transferred from other risks to the newly created category “non-financial risk“.

Sustainability and ESG risks

The increased attention to and integration of sustainability aspects (ESG - Environment, Social, Governance) represents part of the business strategy and, as such, has been incorporated in the organizational units of the Raiffeisen-Holding NÖ-Wien Group and RLB NÖ-Wien. Sustainability & CSR (Corporate Social Responsibility) have been implemented in the Raiffeisen Holding NÖ-Wien organization as part of corporate communications, which anchors this issue in the financial institutions group and, therefore, also in RLB NÖ-Wien. Together with the sustainability strategy that was approved in November 2021, these issues are anchored in the financial institutions group and, therefore, also in RLB NÖ-Wien

The implementation of necessary measures relating to the risks arising from sustainability and ESG factors was examined more closely as a priority objective in 2021. As part of the sustainability strategy, these issues are also an integral part of the risk strategy. ESG risks represent possible negative effects for companies as the result of climate and environmental factors. Banks are exposed to sustainability and ESG risks in a number of ways. ESG risks are taken into consideration as partial aspects of the risk types identified by the risk inventory, e.g. credit, market, liquidity, non-financial (and here, above all, operational) and reputation risk. The effects of ESG factors can result, on the one hand, from physical risks like the consequences of climate change and can lead to default by borrowers or impairment losses to collateral. On the other hand, the effects can result from so-called transition risks caused, for example, by political or technological developments. The intervention measures implemented to attain certain climate policy goals can have a significant negative influence on branches with a greater environmental impact. Accordingly, banks with financing in these branches are involved to a significant degree.

In addition to the social and environmental motivation to examine ESG factors, lawmakers and supervisory authorities have placed high demands on the financial sector for sustainability risk management and reporting. The Raiffeisen-Holding NÖ-Wien Group – and, accordingly, RLB NÖ-Wien – are currently working on a project to implement and integrate sustainability issues in all areas of the banking association. That means ESG issues and factors will be included in the banking group's governance as well as its corporate identity, product offering and customer support as well as risk management, risk measurement and stress tests.

Additional information on sustainability in the Raiffeisen-Holding NÖ-Wien Group can be found in the "Non-financial statement" which represents part of the management report.

Institutional protection scheme

In accordance with the requirements of Art. 49 (3) and 113 (7) of the CRR, RLB NÖ-Wien together with RBI, the other Raiffeisen regional banks, Raiffeisen-Holding NÖ-Wien and several other RBG institutions concluded a contract for the development of an institutional protection scheme (federal IPS, or B-IPS) at the federal level in 2013. A similar contract was concluded at the provincial level by RLB NÖ-Wien together with Raiffeisen-Holding NÖ-Wien and the Lower Austrian Raiffeisen banks (provincial level NÖ-Wien or L-IPS NÖ-Wien).

In 2021, the Raiffeisen sector filed an application with the Austrian Financial Market Authority (FMA) to establish a separate sector institutional protection scheme (see the following information on institutional protection) and an application to create a Raiffeisen-IPS (R-IPS: Raiffeisen-Institutional Protection Scheme). The necessary approvals for the establishment of an Austrian Raiffeisen-IPS (R-IPS) were granted by the ECB on 12 May 2021 and by the FMA on 18 May 2021. The previous institutional protection schemes at the federal level (B-IPS) and the provincial level of NÖ-Wien (L-IPS NÖ-Wien) were therefore terminated by mutual agreement as of 30 June 2021 respectively 18 June 2021. RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien are members of the R-IPS.

The R-IPS, similar to the previous contracts, are designed to maintain the member institutions in sustainable and economic healthy condition, to safeguard their standing as going concerns, to ensure the early identification and prevent bankruptcies and, above all, to guarantee sufficient liquidity and financial strength (solvency, solvability and minimum capital requirements). The joint and several liability of the institutional protection scheme is ensured by quarterly aggregated analyses of capital adequacy at the R-IPS level. This liability agreement does not require the institutions to deduct holdings in the capital instruments of the other contract parties from their own funds (Article 49 (3) of the CRR) and can exclude the risk exposure of the other contract parties from their own calculations of risk-weighted exposure (Art. 113 (7) of the CRR).

The R-IPS contract call for the implementation of clear monitoring and risk measures. The R-IPS therefore has suitable and uniformly regulated systems for the assessment and management of risks which provide a complete overview of the risk situations of the individual members and the R-IPS in total. The contract also defines the required committees and approval levels.

An extensive reporting system (balance sheet, income statement and risk report) supports the management of the R-IPS. The information from this system flows into the decisions on further management measures.

These responsibilities are met by a separate Raiffeisen sector unit (Sektor Risiko eGen (SRG)) of the Raiffeisen Banking Group in Austria. In order to perform the necessary tasks as efficiently as possible, an early warning system was installed in accordance with the contracts. This system is designed to ensure the timely identification and prevention of problem cases among the individual members and in the R-IPS as a whole.

European Resolution Fund

The guideline for the reorganization and resolution of banks is designed to ensure that – in the event of a crisis – the involved bank's owners and creditors carry the costs of reorganization or resolution. It is intended to prevent the use of tax revenues for bank rescues in the future.

Credit institutions are required to prepare reorganization and resolution plans. The regulatory authority can exercise its intervention rights at an early point in time if an institution is in difficulty. The resolution authority, which was established on 1 January 2015, is also entitled to introduce specific resolution measures if it believes a credit institution is no longer viable (also see the information on the R-IPS resolution plan).

A uniform resolution fund (Single Resolution Fund, SRF) was established at the European level in accordance with the SRM Directive (Single Resolution Mechanism, EU No. 806/2014) to prevent the use of public revenues for expenses. All banks are required to make risk-weighted, ex ante contributions.

The fund (SRF) is being built up over a period of eight years beginning on 1 January 2016, whereby the target is to reach a level of approximately EUR 70.0 billion to EUR 75.0 billion. This SRF target represents at least one per cent of the covered deposits of all credit institutions licensed to operate in the banking union by 31 December 2023.

In 2021, the contribution by RLB NÖ-Wien totalled EUR 13.4 million.

Solidarity association of the Raiffeisen Banking Group NÖ-Wien

RLB NÖ-Wien and the Lower Austrian Raiffeisen banks have established a solidarity association which provides assistance for members with financial difficulties. This solidarity association represents a further security institution in addition to Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS, see below, formerly Sektor-Risiko eGen).

Statutory deposit protection schemes

The enactment of the Austrian Deposit Protection and Investor Compensation Act ("Einlagesicherungs- und Anlegerentschädigungsgesetz", ESAEG) on 14 August 2015 implemented EU Regulation 2014/49/EU concerning deposit protection schemes. Its goal is to provide protection for customer deposits.

Additional information on deposit insurance is provided under Note (50) Other agreements.

Customer deposit protection association for the Raiffeisen sector

In addition to internal measures for the identification, measurement and management of risk, RLB NÖ-Wien is a member of the Raiffeisen customer deposit protection association. This organization of Raiffeisen banks, Raiffeisen regional banks and RBI mutually guarantees 100% of all customer deposits and securities issued by the association members up to 30 September 2019. New deposits after 1 October 2019 are not covered by the customer deposit protection association. Any increase in existing deposits (to an existing account) is also classified as a new deposit as of 1 October 2019 and, consequently, is not covered by the Raiffeisen customer deposit protection association. This classification is leading, in total, to a decline in covered deposits.

The customer deposit protection association has a two-tier organisation: at the regional level where, for example, Raiffeisen banks in Lower Austria provide reciprocal guarantees for customer deposits; and the federal customer deposit protection association ("Bundeskundengarantiegemeinschaft") which takes over when the respective regional protection scheme is insufficient. In this way, the customer deposit protection association of the Raiffeisen banks, Raiffeisen regional banks and RBI creates a twofold safety net for customer deposits.

Additional information on the customer deposit protection association can be found in Note (40) Contingent liabilities and other off-balance sheet obligation

(32) Hedge accounting

The following section provides detailed information on the accounting treatment of hedges, the underlying transactions, hedging instruments, hedged risks and the Group's risk management strategy.

The hedge accounting activities and goals of the RLB NÖ-Wien Group are based on asset or liability positions which are exposed to interest risk, which are carried at amortized cost and not impaired or in default. Assets are assigned to the "hold to collect" business model and meet the cash flow criteria. For hedges which meet the requirements for hedge accounting, prospective and retrospective proof of effectiveness is provided. The management of interest risk and the measurement of effectiveness are carried out by separate units in the bank and, therefore, are independent. Interest risk management is intended to optimize the interest risk positions from the risk and earnings perspectives. Interest risk is therefore managed with regard to the earnings situation and the economic value for this purpose and to comply with internal and external requirements and limitations. As can be seen in the following details, RLB NÖ-Wien uses interest rate swaps to manage interest risk. The goal is to limit the risk resulting from changes in the value of the underlying transaction through the conclusion of a derivative, whereby the changes in the value of the underlying transaction and the derivative should generally have opposing movements. When financial instruments have an appropriately large nominal value or outstanding balance which is expected to remain constant over the instrument's term, this value/amount is generally hedged on a micro-hedge basis against changes in the fair value. Financial instruments with small volumes are bundled in maturity bands and hedged as a portfolio. Details on the general procedures for hedge accounting are also provided in the section on "Derivatives and hedge accounting" under Significant Accounting Policies and in the section on the "Interest Rate Benchmark Reform" (Note 33).

The following table shows the time profile of the nominal amount of the hedging instruments in hedge relationships which are not part of a dynamic hedge accounting process as well as the average hedged fixed interest rates.

2021, €'000	To 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years
Interest rate swaps - fair value hedge asset transactions					
Nominal value	4,415	165,169	337,008	901,805	1,177,324
Average fixed interest rate in %	1.84	0.65	1.17	1.35	1.92
Interest rate swaps - fair value hedge own issues					
Nominal value	37,315	28,160	57,121	1,728,863	1,549,868
Average fixed interest rate in %	1.25	1.19	1.30	1.29	2.26

The comparative prior year data are shown below.

2020, €'000	To 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years
Interest rate swaps - fair value hedge asset transactions					
Nominal value	0	34,214	105,705	1,243,206	1,239,365
Average fixed interest rate	0.00	2.80	3.35	1.13	2.08
Interest rate swaps - fair value hedge own issues					
Nominal value	10,000	268,400	91,465	1,793,713	1,660,661
Average fixed interest rate	4.23	0.90	2.31	1.23	2.35

The following table shows the nominal volumes, carrying amounts and fair value changes of the derivatives used as hedging instruments. All these derivatives represent interest rate swaps which are used to hedge interest risk; they are classified according to the underlying transaction. The changes in fair value are reported on the income statement under "profit/loss from financial assets and liabilities" (see Note (6)). The carrying amounts of these interest hedges are reported on the balance sheet as assets or liabilities under "Derivatives – hedge accounting"

2021 €'000	Nominal value	Carrying amount Balance sheet assets	 Balance sheet equity and liabilities	Fair value change	Income statement presentation - fair value change	Income statement effect – ineffectiveness	Income statement presentation-ineffectiveness
Interest rate risk - micro-hedges							
Interest rate swaps - Bonds	1,957,376	2,649	293,550	129,979	Profit or loss from hedge accounting	(1,390)	Profit or loss from hedge accounting
Interest rate swaps - Loans and advances	628,345	18	42,118	26,702	Profit or loss from hedge accounting	387	Profit or loss from hedge accounting
Interest rate swaps - Deposits	520,862	100,758	8	(41,471)	Profit or loss from hedge accounting	157	Profit or loss from hedge accounting
Interest rate swaps - Securitized liabilities	2,880,464	159,814	5,141	(120,877)	Profit or loss from hedge accounting	(157)	Profit or loss from hedge accounting
Interest rate risk - portfolio hedges							
Interest rate swaps*	1,807,187	51,763	0	61,658	Profit or loss from hedge accounting	(1,636)	Profit or loss from hedge accounting

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

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

2020 €'000	Nominal value	Carrying amount Balance sheet assets	Carrying amount Balance sheet equity and liabilities	Fair value change	Income statement presentation - fair value change	Income statement effect - ineffectiveness	Income statement presentation - ineffectiveness
Interest rate risk - micro-hedges							
Interest rate swaps - Bonds	2,039,034	378	420,376	(77,184)	Profit or loss from hedge accounting	1,876	Profit or loss from hedge accounting
Interest rate swaps - Loans and advances	583,456	0	69,115	(9,298)	Profit or loss from hedge accounting	629	Profit or loss from hedge accounting
Interest rate swaps - Deposits	640,705	145,458	0	7,904	Profit or loss from hedge accounting	(372)	Profit or loss from hedge accounting
Interest rate swaps - Securitized liabilities	3,183,535	296,932	2,096	34,423	Profit or loss from hedge accounting	(1,419)	Profit or loss from hedge accounting
Interest rate risk - portfolio hedges							
Interest Rate Swaps*	789,316	161	9,973	(13,676)	Profit or loss from hedge accounting	336	Profit or loss from hedge accounting

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

The following table provides details on the underlying transactions for recognized hedges. It shows the carrying amounts determined on the basis of hedge accounting as well as the changes in the carrying amounts of the hedged assets and liabilities. The changes in fair value are reported on the income statement under profit/loss from financial assets and liabilities on the line "profit/loss from hedge accounting". Further details can be found under Note (6).

2021, €'000	Carrying amount		Value of cumulative basis adjustments for hedged items		Changes in hedged fair value	Cumulative basis adjustments for designated hedged items
	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	*2,895,530*		*315,166*		*(157,684)*	*(2,192)*
Bonds	2,274,621		272,817		(131,369)	18
Other loans and advances	620,909		42,350		(26,315)	(2,210)
Financial liabilities measured at amortised cost		*4,719,994*		*203,589*	*(162,347)*	*(168)*
Deposits		622,789		90,904	(41,628)	(168)
Securitized liabilities		4,097,205		112,685	(120,720)	
Interest rate risk - portfolio hedges						
portfolio hedges*	1,568,512		(31,584)		(63,293)	(20,067)

* The TEUR 1,568,512 reported under the carrying amount represents the synthetic underlying transaction as of 31 December 2021, including the designation quota.

The comparative prior year data are shown below.

2020, €'000	Carrying amount		Value of cumulative basis adjustments for hedged items		Changes in hedged fair value	Cumulative basis adjustments for designated hedged items
	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	*3,174,484*		*474,117*		*88,988*	*(2,621)*
Bonds	2,509,160		405,438		79,060	0
Other loans and advances	665,324		68,679		9,928	(2,621)
Financial liabilities measured at amortised cost		*5,476,038*		*367,484*	*44,117*	
Deposits		798,743		133,853	8,276	
Securitized liabilities		4,677,295		233,631	35,842	
Interest rate risk - portfolio hedges						
portfolio hedges*	792,692		1,779		14,012	7,931

* The TEUR 792,692 reported under the carrying amount represents the synthetic underlying transaction as of 31 December 2020, including the designation quota.

(33) Interest Rate Benchmark Reform

RLB NÖ-Wien is organizing and implementing the necessary processes, IT, legal, management, marketing and other technical adjustments resulting from the application of the new benchmarks within the framework of an ongoing, interdepartmental bank project. The Managing Board receives regular reports on the progress of these activities. The replacement of the expiring LIBOR indicators which are relevant for RLB NÖ-Wien represents a paramount factor, whereby part of the financial instruments which use these benchmarks as references were converted as of 31 December 2021.

As indicated in the following tables, the EURIBOR is by far the determining indicator for RLB NÖ-Wien. The bank therefore assumes, based on currently available information, that the EURIBOR calculated according to the method defined by the reform will not be replaced by a new indicator in the foreseeable future. The changeover from the CHF LIBOR to SARON, USD to SOFR, GBP to SONIA and JPY to the synthetic Libor (based on the TORF) has formed – and continues to form – the current focus of the working packages which are part of this project. The main factors addressed in 2021 include contractual adjustments and fallback methods for new and existing transactions above and beyond 31 December 2021. The USD contracts held by RLB NÖ-Wien generally have terms of more than two months with expiration on or after 30 June 2023 and were therefore not converted. The JPY-LIBOR will be available in synthetic form for existing contracts up to 31 December 2022 and is still applied in the portfolio business at the present time.

The conversion of the EONIA to €STR and FED Funds to SOFR for cleared derivatives (discounting) and the related collateral accounts was successfully completed beginning with the second half of 2020 and without any material effect on earnings. Compensation payments for revaluations were recorded against fair value and are considered part of the ineffectiveness of the hedging derivatives. Bilateral contracts were also adjusted, and the derivatives concluded under these contracts together with the related cash collateral accounts with the counterparties were converted. RLB NÖ-Wien has no financial instruments which reference the €STR or SOFR other than the cash collateral accounts.

The following table shows the carrying amounts of the non-derivative assets and liabilities held by RLB NÖ-Wien which were affected by the benchmark conversion.

Non-derivative financial assets and liabilities 2021, €'000	**Carrying amount**
Financial assets at amortized cost	***222,169***
Financial assets - loans and advances to customers	***186,737***
CHF Libor	132,062
GBP Libor	865
JPY Libor	9,682
USD Libor	44,128
Financial assets - loans and advances to other banks and other demand deposits	***7,028***
CHF Libor	52
GBP Libor	357
JPY Libor	1,898
USD Libor	4,721
Financial assets - bonds	***28,405***
USD Libor	28,405
Financial assets at fair value	***1,149***
Financial assets - loans and advances to customers	***1,148***
CHF Libor	1,148
Financial liabilities measured at amortised cost	***45,591***
Financial liabilities - deposits from other banks	***22,456***
JPY Libor	50
USD Libor	22,406
Financial liabilities - deposits from customers	***23,135***
CHF Libor	8,443
GBP Libor	1,726
USD Libor	12,966

The following table shows the nominal values of the derivatives affected by the benchmark conversion.

Derivatives2021, €'000	**Nominal value**
Derivatives - Trading	***181,937***
CHF Libor	91,217
USD Libor	90,720
Derivatives - Hedging	***173,420***
USD Libor	173,420

The following table shows the interest rate indicator applied to all hedging derivatives classified by time profile based on the nominal amounts. The terms of the underlying transactions (fixed-interest financial assets, respectively liabilities in the applicable currency) correspond.

2021, €'000 Hedge type (micro- and portfolio-hedge)	**To 1 year**	**From 1 to 5 years**	**Over 5 years**
Fair value hedge			
Nominal amount of the hedges for underlying transactions (assets)			
Interest rate swaps (Receive 3-month-EURIBOR, Pay EUR fix)	482,223	781,008	1,124,070
Interest rate swaps (Receive 6-month-EURIBOR, Pay EUR fix)	0	0	25,000
Interest rate swaps (Receive 3-month-USD-LIBOR, Pay USD fix)	24,369	120,797	28,254
Nominal amount of the hedges for underlying transactions (liabilities)			
Interest rate swaps (Pay 3-month-EURIBOR, Receive EUR fix)	122,596	1,685,343	1,514,868
Interest rate swaps (Pay 6-month-EURIBOR, Receive EUR fix)	0	43,520	35,000

The comparative prior year data are shown below.

2020, €'000 Hedge type (micro- and portfolio-hedge)	To 1 year	From 1 to 5 years	Over 5 years
Fair value hedge			
Nominal amount of the hedges for underlying transactions (assets)			
Interest rate swaps (Receive 3-month-EURIBOR, Pay EUR fix)	120,000	1,250,771	1,831,977
Interest rate swaps (Receive 6-month-EURIBOR, Pay EUR fix)	0	0	25,000
Interest rate swaps (Receive 3-month-USD-LIBOR, Pay USD fix)	19,919	117,688	46,451
Nominal amount of the hedges for underlying transactions (liabilities)	*0*	*0*	*0*
Interest rate swaps (Pay 3-month-EURIBOR, Receive EUR fix)	369,865	1,750,193	1,625,661
Interest rate swaps (Pay 6-month-EURIBOR, Receive EUR fix)	0	43,520	35,000

* USD-LIBOR interest rate swaps which expire by 31 December 2021 are not affected by the changeover. The above assumption applies to Euribor-referenced interest rate swaps. RLB NÖ-Wien does not expect any material or direct involvement on the fair value hedges, for which Euribor-referenced interest rate swaps serve as hedging instruments.

(34) Fair value of financial instruments

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 are also signs of an active market.

- **Derivatives (incl. hedge accounting)**

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 options or interest rate are measured on the basis of 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 established with independent market data information systems.

- **Bonds**

The bonds held by RLB NÖ-Wien are principally valued on the basis of 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 yield curve and an appropriate risk premium. The risk premium is determined on the basis of comparable financial instruments currently on the market. A more conservative approach is applied to a smaller part of the portfolio and default risk premiums are used for valuation.

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

- **Loans and advances**

RLB NÖ-Wien values loans and advances based on a DCF method, whereby the input parameters include a yield 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 calculated on the basis of the IFRS 9 risk parameters – independent of 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. In addition, historical trends for premature repayments are evaluated with regression analysis and a model is developed to allocate the expected prepayment rate to a business level. This model is reviewed annually.

- **Equity instruments**

The valuation of equity instruments, which consist primarily of investments, is based on internal forecasts (DCF models).

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	31/12/2021 Level I	31/12/2021 Level II	31/12/2021 Level III	31/12/2020 Level I	31/12/2020 Level II	31/12/2020 Level III
Balance sheet assets						
Financial assets held for trading	*92,357*	*450,010*	*0*	*209,103*	*602,868*	*0*
Derivatives	0	309,519	0	0	472,212	0
Bonds	92,357	140,492	0	209,103	130,656	0
Non-trading financial assets mandatorily at fair value through profit or loss	*0*	*989*	*129,513*	*0*	*969*	*138,910*
Equity instruments	0	0	9,497	0	0	9,014
Bonds	0	989	0	0	969	0
Other loans and advances	0	0	120,016	0	0	129,896
Financial assets at fair value through other comprehensive income	*0*	*0*	*19,577*	*0*	*0*	*19,472*
Equity instruments	0	0	19,577	0	0	19,472
Derivatives - hedge accounting	*0*	*315,002*	*0*	*0*	*442,929*	*0*

€'000	31/12/2021 Level I	31/12/2021 Level II	31/12/2021 Level III	31/12/2020 Level I	31/12/2020 Level II	31/12/2020 Level III
Balance sheet equity and liabilities						
Financial liabilities held for trading	*0*	*321,626*	*0*	*0*	*486,581*	*0*
Derivatives	0	321,626	0	0	486,581	0
Derivatives - hedge accounting	*0*	*340,817*	*0*	*0*	*501,560*	*0*

Every financial instrument is evaluated to determine whether quoted market prices are available on an active market (Level I). There were no reclassifications from Level I to Level II in 2021.

Reclassifications between Level I and Level II:

€'000	31/12/2021 From Level I to Level II	31/12/2021 From Level II to Level I	31/12/2020 From Level I to Level II	31/12/2020 From Level II to Level I
Balance sheet assets				
Financial assets held for trading	***0***	***0***	*34,073*	*0*
Bonds	0	0	34,073	0

The following table shows the development from 1 January 2021 to 31 December 2021 of the assets carried at fair value which are assigned to Level III:

€'000	01/01/2021	Additions	Disposals	Profit, income statement	Profit, other comprehensive income	31/12/2021
Balance sheet assets						
Non-trading financial assets mandatorily at fair value through profit or loss	***138,911***	***4,551***	***(10,913)***	***(3,037)***	***0***	***129,513***
Equity instruments	9,015	76	0	406	0	9,497
Other loans and advances	129,897	4,475	(10,913)	(3,443)	0	120,016
Financial assets at fair value through other comprehensive income	***19,471***	***10***	***(3)***	***0***	***99***	***19,577***
Equity instruments	19,471	10	(3)	0	99	19,577

There were no reclassifications of derivatives or securities to or from Level III in 2021.

As of 31 December 2021, all loans and advances in the fair value portfolio were assigned to Level 3 in the fair value hierarchy.

The following table shows the development from 1 January 2020 to 31 December 2020 of the assets carried at fair value which are assigned to Level III:

€'000	01/01/2020	Additions	Disposals	Profit, income statement	Profit, other comprehensive income	31/12/2020
Balance sheet assets						
Financial assets held for trading	*54,352*	*0*	*(54,733)*	*381*	*0*	*0*
Equity instruments	0	0	0	0	0	0
Bonds	54,352	0	(54,733)	381	0	0
Non-trading financial assets mandatorily at fair value through profit or loss	*161,238*	*1,014*	*(16,916)*	*(6,425)*	*0*	*138,911*
Equity instruments	14,188	0	0	(5,173)	0	9,015
Other loans and advances	147,051	1,014	(16,916)	(1,252)	0	129,897
Financial assets at fair value through other comprehensive income	*18,949*	*703*	*(10)*	*0*	*(171)*	*19,471*
Equity instruments	18,949	703	(10)	0	(171)	19,471

The results recognized to the income statement for the financial instruments allocated to Level III totalled TEUR -3,005 in 2021 (2020: TEUR -6,393) and are reported under "profit/loss from financial assets and liabilities".

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

31/12/2021€'000	Type	Market value in €m	Valuation method	Major unobservable input factors	Scope of unobservable input factors
Balance sheet assets					
Non-trading financial assets mandatorily at fair value through profit or loss					
Equity instruments	Equity investments	9.5	DCF method	Internal forecasts	-
Other loans and advances	Other loans and advances	120.0	DCF method	Credit risk premiums	0.03% - 46.9%
Financial assets at fair value through other comprehensive income					
Equity instruments	Equity investments	19.6	DCF method	Internal forecasts	-

The comparative prior year data are shown below:

31/12/2020€'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	0.0	DCF method	Credit margin	-
Non-trading financial assets mandatorily at fair value through profit or loss					
Equity instruments	Equity investments	9.0	DCF method	Internal forecasts	-
Other loans and advances	Other loans and advances	129.9	DCF method	Credit risk premiums	0.014% - 52%
Financial assets at fair value through other comprehensive income					
Equity instruments	Equity investments	19.5	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. One 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. RLB NÖ-Wien held no Level III securities as of 31 December 2021 (see the following tables).

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 1.2 million (2020: EUR 1.6 million) or a decrease of EUR 1.6 million (2020: EUR 1.8 million) in the fair value of loans and advances (assets) as of 31 December 2021. This calculation reflects the applicable market conditions and internal valuation requirements. A sensitivity analysis for Level III securities is presented in the following tables.

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. Classification is based on the classes of financial instruments defined by RLB NÖ-Wien.

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.

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

2021, €'000	Fair value	Carrying amount	Difference
Balance sheet assets			
Cash, cash balances at central banks and other demand deposits	***5,189,840***	***5,188,041***	***1,799***
Financial assets at amortized cost	***20,694,416***	***20,126,184***	***568,233***
Bonds	3,697,684	3,636,067	61,617
Other loans and advances	16,996,732	16,490,117	506,615
Balance sheet equity and liabilities			
Financial liabilities measured at amortized cost	***25,758,820***	***25,523,167***	***235,653***
Deposits	19,641,999	19,536,894	105,105
Securitized liabilities	6,116,821	5,986,274	130,548

An increase in interest rates led to a decline in the market values of bonds (assets), but this effect was weakened by a reduction in credit spreads below the level on 31 December 2020. This interest rate effect also led to a reduction in the spreads for liabilities in comparison with 31 December 2020.

The comparative prior year data are shown below.

2020, €'000	Fair value	Carrying amount	Difference
Balance sheet assets			
Cash, cash balances at central banks and other demand deposits	*4,932,615*	*4,930,949*	*1,666*
Financial assets at amortized cost	*20,635,554*	*19,832,083*	*803,471*
Bonds	3,688,258	3,593,206	95,052
Other loans and advances	16,947,296	16,238,876	708,419
Balance sheet equity and liabilities			
Financial liabilities measured at amortized cost	*25,875,185*	*25,349,082*	*526,103*
Deposits	18,897,907	18,533,877	364,030
Securitized liabilities	6,977,278	6,815,205	162,073

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

2021, €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Balance sheet assets			
Cash, cash balances at central banks and other demand deposits	50,995	5,124,628	14,217
Bonds	3,260,630	437,054	0
Other loans and advances	0	0	16,996,732
Balance sheet equity and liabilities			
Deposits	0	0	19,641,999
Securitized liabilities	0	5,602,218	514,604

The comparative prior year data are shown below.

2020, €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Balance sheet assets			
Cash, cash balances at central banks and other demand deposits	58,643	4,861,897	12,075
Bonds	3,275,026	413,233	0
Other loans and advances	0	1,374	16,945,921
Balance sheet equity and liabilities			
Deposits	0	0	18,897,907
Securitized liabilities	0	6,398,121	579,157

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

The deposits carried at amortized cost are assigned to Level III since the credit spreads used for valuation are only indirectly observable. The securitized liabilities which are carried at amortized cost and assigned to Level III, consist primarily of subordinated liabilities whose valuation was based on parameters in the form of indirectly derived risk premiums.

Additional Information

(35) Classification of remaining terms to maturity

The classification of remaining terms to maturity as of 31 December 2021 is shown below.

€'000	Demand deposits	To 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years or of unspecified maturity	Total
Balance sheet assets						
Cash, cash balances at central banks and other demand deposits	5,188,041	0	0	0	0	5,188,041
Financial assets held for trading	0	6,917	40,163	194,877	300,412	542,368
Non-trading financial assets mandatorily at fair value through profit or loss	8,788	53	2,579	26,771	92,309	130,502
Financial assets at fair value through other comprehensive income	0	0	0	0	19,577	19,577
Financial assets at amortized cost	620,286	913,410	2,073,156	6,053,310	10,478,122	20,138,284
Derivatives - hedge accounting	0	23,511	1,161	62,365	227,965	315,002
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	0	15	15	(1,596)	(50,084)	(51,651)
Interest in equity-accounted investments	0	0	0	0	2,028,649	2,028,649
Balance sheet equity and liabilities						
Financial liabilities held for trading	0	5,809	13,721	79,961	222,135	321,626
Financial liabilities measured at amortized cost	12,808,209	469,288	1,629,162	6,929,606	3,787,495	25,623,761
Of which lease liabilities	0	2,067	5,907	30,112	59,884	97,970
Derivatives - hedge accounting	0	948	5,698	41,979	292,193	340,817

The comparative prior year data are as follows.

€'000	Demand deposits	To 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years or of unspecified maturity	Total
Balance sheet assets						
Cash, cash balances at central banks and other demand deposits	4,930,949	0	0	0	0	4,930,949
Financial assets held for trading	0	12,981	57,199	307,636	434,154	811,971
Non-trading financial assets mandatorily at fair value through profit or loss	5,821	5	4,509	27,917	101,627	139,879
Financial assets at fair value through other comprehensive income	0	0	0	0	19,472	19,472
Financial assets at amortized cost	630,654	848,559	1,202,643	6,519,117	10,640,568	19,841,540
Derivatives - hedge accounting	0	1,656	23,792	118,384	299,097	442,929
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	0	0	66	250	9,395	9,710
Interest in equity-accounted investments	0	0	0	0	2,202,271	2,202,271
Balance sheet equity and liabilities						
Financial liabilities held for trading	0	6,951	9,097	120,015	350,519	486,581
Financial liabilities measured at amortized cost	12,403,918	569,017	1,093,593	6,676,688	4,700,491	25,443,707
Of which lease liabilities	0	2,065	6,077	26,625	56,751	91,518
Derivatives - hedge accounting	0	88	4,610	61,417	435,445	501,560

(36) Related party disclosures

€'000	31/12/2021	31/12/2020
Cash, cash balances at central banks and other demand deposits	***2,126,668***	*1,968,486*
Associates	2,126,668	1,968,486
Financial assets held for trading	***124,803***	*109,023*
Parent	12,835	25,558
Associates	111,845	83,164
Entities accounted for using the equity method via the parent	123	302
Financial assets at amortized cost	***1,837,742***	*2,010,797*
Parent	1,181,952	1,182,066
Subsidiary / subsidiaries	45,909	47,517
Entities related via the parent	255,092	273,205
Associates	220,708	317,006
Entities accounted for using the equity method via the parent	133,944	190,328
Joint ventures	138	675
Derivatives - hedge accounting	***23,107***	*43,426*
Associates	23,107	43,426
Other assets	***28,981***	*36,873*
Parent	28,948	28,948
Subsidiary / subsidiaries	17	7,907
Entities related via the parent	5	5
Associates	6	8
Entities accounted for using the equity method via the parent	5	5

€'000	31/12/2021	31/12/2020
Financial liabilities held for trading	*15,604*	*16,763*
Parent	3,245	0
Associates	12,359	16,757
Entities accounted for using the equity method via the parent	0	6
Financial liabilities measured at amortized cost	*726,574*	*818,240*
Parent	246,612	329,260
Subsidiary / subsidiaries	3,409	62,684
Entities related via the parent	203,250	169,558
Associates	187,618	207,709
Entities accounted for using the equity method via the parent	72,457	38,189
Joint ventures	13,229	10,839
Other liabilities	*264*	*1,394*
Parent	203	1,376
Subsidiary / subsidiaries	47	6
Entities accounted for using the equity method via the parent	13	12

€'000	31/12/2021	31/12/2020
Contingent liabilities and other off-balance sheet obligations	*612,075*	*880,605*
Parent	294	294
Subsidiary / subsidiaries	25,495	35,375
Entities related via the parent	77,296	94,019
Associates*	163,974	430,076
Entities accounted for using the equity method via the parent	334,615	319,715
Joint ventures*	10,400	1,126

* The adjustment of the prior year data for associates and joint ventures involves revocable credit commitments of TEUR 150,000 (from an original value of TEUR 580,076 to TEUR 430,076) respectively to TEUR 15,602 (from an original value of TEUR 16,728 to TEUR 1,126). Detailed information on the adjusted presentation of credit commitments for 2020 and 2021 can be found in Note (40) Contingent liabilities and other off-balance sheet obligations.

01/01 - 31/12/2021, €'000	Interest income	Interest expenses	Purchased services and merchandise and other expenses	Services provided, sale of merchandise and fixed assets and other income
Parent	15,732	11,819	18,609	5,092
Subsidiary / subsidiaries	624	7	6,019	174
Entities related via the parent	4,947	41	54	13
Associates	13,675	9,775	31,299	2,399
Entities accounted for using the equity method via the parent	3,068	5	1,012	34
Joint ventures	16	62	6,862	0
Other related parties	11	2	0	0

01/01 - 31/12/2020, €'000	Interest income	Interest expenses	Purchased services and merchandise and other expenses	Services provided, sale of merchandise and fixed assets and other income
Parent	21,936	13,123	18,593	3,598
Subsidiary / subsidiaries	651	3	6,550	146
Entities related via the parent	5,389	0	218	9
Associates	16,183	1	35,461	2,494
Entities accounted for using the equity method via the parent	3,661	4	1,126	35
Joint ventures	91	41	8,232	437
Other related parties	9	2	0	0

The following legal and business relations exist with related companies:

- The parent company of RLB NÖ-Wien is Raiffeisen-Holding NÖ-Wien. The business relationships between RLB NÖWien and Raiffeisen-Holding NÖ-Wien consist primarily of refinancing for Raiffeisen-Holding NÖ-Wien.

- RLB NÖ-Wien has been a member of a corporate tax group created in accordance with § 9 of the Austrian Corporate Income Tax Act since the 2005 assessment year. The head of the tax group is RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung (Raiffeisen-Holding NÖ-Wien), with which RLB NÖ-Wien has concluded a tax contribution agreement. In the 2020 assessment year, the corporate tax group with Raiffeisen-Holding NÖ-Wien as its head included RLB NÖ-Wien as well as 42 (2020: 40) other members. The tax base for the entire group equals the total income of the head of the group plus the allocated taxable income of the group members after the maximum allowable deduction of the tax loss carryforwards held by the head of the group. RLB NÖ-Wien is charged a proportional share of group corporate income tax, which is assessed at the level of the head of the group, Raiffeisen-Holding NÖ-Wien. A tax charge based on the contractually agreed rate is payable to the head of the group, Raiffeisen-Holding NÖ-Wien, on the untaxed portion of the taxable income recorded by RLB NÖWien. In the event of a tax loss, RLB NÖ-Wien will receive a negative tax charge. Details on the tax charges from Raiffeisen-Holding NÖ-Wien can be found in Note (22) and Note (28).

- • The 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. This agreement was concluded for an indefinite period of time and can be cancelled by both parties.

- RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien have concluded a management service agreement which is designed to realize synergies and ensure the competent provision of services for central functions in the Group.

- RLB NÖ-Wien and the following companies have established tax groups for VAT purposes:

    - RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung
    - "AKTUELL" Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H.
    - MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH
    - Raiffeisen Beratung direkt GmbH
    - RBE Raiffeisen Beratungs- und Entwicklungs GmbH
    - Raiffeisen Versicherungs- und Bauspar-Agentur GmbH
    - Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H.
    - Raiffeisen Analytik GmbH

- RLB NÖ-Wien has arranged for Directors and Officers (D&O) insurance and fidelity insurance to cover its corporate bodies and key managers as well as the corporate bodies and key managers of its subsidiaries and carries the related costs.

- Details on the creation of the new Raiffeisen deposit protection scheme and the national Raiffeisen institutionbased protection scheme by the Raiffeisen banks, RLB NÖ-Wien, the other Raiffeisen regional banks and RBI can be found under Note (50) Other agreements.

- As of 31 December 2021, leases with the parent company included TEUR 76,703 (2020: TEUR 79,066) for rights of use and TEUR 79,555 (2020: TEUR 82,581) for lease liabilities. The resulting interest expense totalled TEUR 1,086 (2020: TEUR 1,162) and amortization equalled TEUR 7,011 (2020: TEUR 6,864).

- A conditional agreement to offset the loans and advances to and deposits from other banks was concluded with an associate.

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

€'000	31/12/2021	31/12/2020
Sight deposits	4,420	3,105
Bonds	33	120
Savings deposits	669	530
Other receivables	0	0
Total	**5,123**	3,755
Current accounts	12	12
Loans	1,224	587
Other liabilities	16	13
Total	**1,252**	612

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

€'000	31/12/2021	31/12/2020
Current accounts	126	0
Loans	106	130
Other liabilities (e.g. from derivative financing transactions, etc.)	62	71
Total	**294**	201

The relationships of persons closely related to the key management of RLB NÖ-Wien are shown below:

€'000	31/12/2021	31/12/2020
Sight deposits	153	155
Savings deposits	11	10
Other receivables	0	0
Total	**165**	165
Current accounts	2	2
Loans	37	40
Total	**39**	42

(37) Remuneration of the Managing and Supervisory Boards

The remuneration paid by the company to the members of key management totalled TEUR 3,230 in 2021 (2020: TEUR 3,172), This amount includes TEUR 2,254 (2020: TEUR 2,252) of short-term remuneration, TEUR 974 (2020: TEUR 920) of post-employment benefits (pensions and termination benefits) including additions to and reversals of provisions, and TEUR 2 (2020: TEUR 0) of other long-term remuneration.

The total remuneration (including additions to/reversals of provisions) for former managing directors and their surviving dependants as well as former members of the Managing Board of RLB NÖ-Wien AG amounted to TEUR 962 (2020: TEUR 943).

In accordance with IAS 24.18A, the amounts recorded for key management services provided by Raiffeisen Holding to RLB AG totalled TEUR 517 (2020: TEUR 511).

Additional disclosures in accordance with § 239 (1) no. 4 a) of the Austrian Commercial Code in connection with § 266 (2) of the Austrian Commercial Code:

The following table shows the remuneration for the active members of the Managing Board and Supervisory Board, classified by corporate body:

	Total remuneration for activities in reporting year	
Managing Board		
Current year in TEUR	2,170	*)
Prior year in TEUR	2,169	*)
Supervisory Board		
Current year in TEUR	85	
Prior year in TEUR	83	

* Information on the remuneration of related entities is not provided in accordance with the protective clause defined by § 64 (6) of the Austrian Banking Act in connection with § 242 (4) of the Austrian Commercial Code.

(38) Disclosure of loans and advances to members of the Managing Board and Supervisory Board pursuant to § 266 no. 5 of the Austrian Commercial Code

As of the balance sheet date on 31 December 2021, loans and advances outstanding to the members of the Managing Board and Supervisory Board totalled TEUR 539 (2020: TEUR 537), respectively TEUR 114 (2020: TEUR 63). No guarantees were issued on behalf of these persons. The loans and advances to the members of the Supervisory Board consist solely of loans and advances to the employees appointed to this corporate body by the Staff Council and carry standard bank terms and interest rates. Repayments during the reporting year amounted to TEUR 249 (2020: TEUR 49) by Managing Board members and TEUR 18 (2020: TEUR 13) by Supervisory Board members.

(39) Foreign currency balances

The consolidated financial statements include the following foreign currency asset and liability balances:

€'000	**2021**	**2020**
Balance sheet assets	806,244	880,320
Balance sheet equity and liabilities	497,148	516,926

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

RLB NÖ-Wien held the following off-balance sheet obligations at year-end 2020 and 2021:

€'000	2021	2020
Contingent liabilities	*530,962*	*685,030*
Of which arising from other guarantees	517,957	670,552
Of which arising from letters of credit	4,751	6,233
Of which other contingent liabilities	8,255	8,245
Commitments	*4,126,606*	*4,250,325*
Of which arising from revocable loan commitments*	1,585,461	1,600,705
Of which arising from irrevocable loan commitments**	2,541,145	2,649,620
To 1 year	856,386	992,607
More than 1 year	1,684,759	1,657,013

* The reduction in credit risks compared with the data presented in the previous year's report resulted primarily from the inclusion of revocable commitments together with irrevocable commitments in 2020; this procedure was changed in 2021. The data presented as of 31 December 2020 include an appropriate adjustment to support the transparent presentation of the comparative prior year data. This adjustment involves revocable loan commitments of TEUR 1,195,602 (from the original amount of TEUR 2,796,307 to TEUR 1,600,705) and irrevocable loan commitments of TEUR 559.988 (from the original amount of TEUR 3,209,609 to TEUR 2,649,620).
** Revocable loan commitments can be terminated by the bank at any time and are therefore not relevant for credit risk.

The additional guarantees for cooperatives totalled TEUR 8,255 (2020: TEUR 8,245) and include TEUR 41 (2020: 41) related to subsidiaries. Additional funding commitments amounted to TEUR 841 (2020: TEUR 841), whereby TEUR 150 (2020: TEUR 150) are attributable to subsidiaries. Outstanding contributions remained unchanged in comparison with the previous year at TEUR 21 (2020: TEUR 21) and include TEUR 18 (2020: TEUR 18) for subsidiaries.

RLB NÖ-Wien is required to make an annual ex ante contribution (§ 21 of the Austrian Deposit Protection and Investor Compensation Act) to finance the statutory deposit insurance through the creation of a fund. The contribution for 2021 equalled TEUR 7,682 (2020: TEUR 6,118) and is reported under other operating expenses.

In the event compensation payments are made for insured securities services (investor compensation), the annual contribution for each individual institution will equal up to 1.5% of the assessment base as defined by Art. 92 (3) letter a of the CRR plus 12.5-times the capital requirements for position risk as defined in Part 3 Title IV Chapter 2 of the CRR, i.e. TEUR 154,248 (2020: TEUR 160,163) for RLB NÖ-Wien.

RLB NÖ-Wien is a member of Raiffeisen Kundengarantiegemeinschaft NÖ-Wien, the Raiffeisen customer deposit protection association for Lower Austria and Vienna. The association's statutes guarantee joint responsibility for the fulfilment of the following liabilities: (i) customer deposits originating prior to 1 October 2019 and (ii) non-subordinated proprietary securities (see “Financial liabilities carried at amortized cost”) issued prior to 1 January 2019 by every insolvent association member. This joint responsibility extends up to a limit that equals the total individual capacities of the other association members. The individual capacity of an association member is based on free cash reserves as calculated in accordance with the relevant provisions of the Austrian Banking Act and CRR. This customer protection excludes proprietary securities issued after

1 January 2019 and new customer deposits (including extensions and additions to existing transactions) received after 1 October 2019. Transition rules for the protected customer deposits are leading to a steady decline in obligations through a gradual reduction in the potential guarantee volume.

Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien, in turn, is a member of the association "Raiffeisen Kundengarantie-gemeinschaft Österreich", whose members are Raiffeisen Bank International AG (RBI) and other Raiffeisen regional customer guarantee collectives. The objective of the association is the same as Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien based on RBI and the members of the Raiffeisen regional customer deposit protection association (also see Note (31) Risk Report).

Directive 2014/59/EU ("BRRD") and Regulation (EU) No. 806/2014 ("SRM") create a joint system for the reorganization and resolution of banks and represent the so-called "second pillar" of the European Banking Union. In this way, they extend the rules of the Single Supervisory Mechanism ("SSM"), the so-called "first pillar". In Austria, the BRRD was implemented through the Austrian Act on the Reorganization and Resolution of Banks ("Bundesgesetz über die Sanierung und Abwicklung von Banken", BaSAG) which took effect on 1 January 2015. The Austrian Financial Market Authority serves as the national resolution authority.

The Single Resolution Fund (SRF) is an important element of the joint reorganization and resolution system for financial institutions. The target for the SRF equals at least 1% of the deposits insured in the European Banking Union, whereby this volume is to be compiled as evenly as possible by 2024. All depository institutions licenced in Austria are required to make contributions to the SRF in accordance with official notifications issued by the Austrian Financial Market Authority. The contribution by RLB NÖ-Wien equalled TEUR 13,438 in 2021 (2020: TEUR 11,126) and is reported under other operating profit (see Note (9)).

Details on the new Raiffeisen deposit protection can be found in Note (50) Other agreements.

(41) Repurchase agreements, securities lending and offsetting agreements

Repurchase agreements

RLB NÖ-Wien held no refinancing funds, repurchase or return obligations from repurchase agreements as of 31 December 2021 or 31 December 2020. RLB NÖ-Wien had deposited collateral with clearing centres in the form of securities with a value of TEUR 3,503 as of 31 December 2021 (2020: TEUR 3,500).

Securities lending

Securities lending transactions involved borrowed securities totalling TEUR 520,718 as of 31 December 2021 (2020: TEUR 1,165,376). There were no loaned securities as of that date (2020: TEUR 734,300). As of 31 December 2020, loaned securities of TEUR 3,000 were related to the parent company and TEUR 731,300 represented bonds issued by RLB NÖ-Wien. The securities received as collateral in the form of loaned bonds with a nominal value of TEUR 717,600 had a fair value of TEUR 752,354 on 31 December 2020. These transactions are based on standard contracts (global master repurchase agreement, respectively master agreement for securities lending). Cash collateral of TEUR 2,855 was received in this connection and is reported under demand deposits. The return obligation is based on securities of the same type and ranking.

Offsetting agreements

The following tables show the fair value of derivatives for which collateral was received or provided in accordance with the respective agreement as well as the receivables and liabilities with existing offset agreements.

These items are only offset and presented as a net amount in agreement with IAS 32.42 when there is a legal right to offset on a net basis which is enforceable during the conduct of ordinary business activities and also in the event of insolvency or bankruptcy.

The transactions shown in the following table do not meet the offsetting criteria defined by IAS 32.42 and are therefore presented on the balance sheet as gross amounts.

Assets 2021, €'000	Gross amount	Offset on the balance sheet	Related amounts not offset on the balance sheet		Net amount
			Financial instruments	Cash collateral received	
Sight deposits	2,126,310	2,126,310	(77,859)	0	2,048,452
Derivatives	548,827	548,827	(389,902)	(156,904)	2,022
Of which from financial assets held for trading	233,825	233,825			
Of which from derivatives - hedge accounting	315,002	315,002			
Total	**2,675,138**	**2,675,138**	**(467,761)**	**(156,904)**	**2,050,473**

Liabilities 2021, €'000	Gross amount	Offset on the balance sheet	Related amounts not offset on the balance sheet		Net amount
			Financial instruments	Cash collateral given	
Deposits from other banks	77,859	77,859	(77,859)	0	0
Derivatives	655,309	655,309	(389,902)	(271,694)	(6,287)
Of which from financial liabilities held for trading	314,492	314,492			
Of which from derivatives - hedge accounting	340,817	340,817			
Total	**733,167**	**733,167**	**(467,761)**	**(271,694)**	**(6,287)**

The comparative prior year data are shown below.

Assets 2020, €'000	Gross amount	Offset on the balance sheet	Related amounts not offset on the balance sheet: Financial instruments	Related amounts not offset on the balance sheet: Cash collateral received	Net amount
Sight deposits	1,968,012	1,968,012	(64,587)	0	1,903,424
Derivatives	796,645	796,645	(617,765)	(177,249)	1,631
Of which from financial assets held for trading	353,716	353,716			
Of which from derivatives - hedge accounting	442,929	442,929			
Total	2,764,657	2,764,657	(682,352)	(177,249)	1,905,056

Liabilities 2020, €'000	Gross amount	Offset on the balance sheet	Related amounts not offset on the balance sheet: Financial instruments	Related amounts not offset on the balance sheet: Cash collateral given	Net amount
Deposits from other banks	64,587	64,587	(64,587)	0	0
Derivatives	987,280	987,280	(617,765)	(383,424)	(13,908)
Of which from financial liabilities held for trading	485,720	485,720			
Of which from derivatives - hedge accounting	501,560	501,560			
Total	1,051,867	1,051,867	(682,352)	(383,424)	(13,908)

In order to determine capital requirements, RLB NÖ-Wien offsets the corresponding receivables from derivatives (positive and negative fair values) resulting from individual transactions executed under a framework agreement (for financial forwards and futures) or an ISDA master agreement with the respective counterparty. RLB NÖ-Wien has concluded these types of netting agreements with numerous banks and other financial institutions. The legal enforceability of these netting agreements is evaluated on the basis of legal expert opinions. Netting agreements are not used in the customer business. In the event of default by a counterparty, these contracts allow for net settlement which covers all individual transactions. Cash collateral is generally converted into EUR.

The cash collateral received (see the above tables) includes TEUR 128,075 (2020: TEUR 140,319) which is reported on the balance sheet under deposits from other banks and TEUR 28,829 (2020: TEUR 36,930) under deposits from customers. Cash collateral given is reported on the balance sheet under demand deposits. The conclusion of OTC derivatives with a central counterparty also includes initial margin deposits in the form of securities with a nominal value of EUR 105 million (2020: EUR 67 million) which are carried at amortized cost. RLB NÖ-Wien is also required to make a collateral contribution to the settlement agency’s default fund and makes this contribution in the form of securities (reported under “financial assets carried at amortized cost“) at a nominal value of EUR 25 million (2020: EUR 15 million)

The cash collateral for derivatives with a central counterparty is provided in the currency of the respective derivative. Payment claims from the fair values of derivatives and the repayment of collateral are only offset if the counterparty is in default. Consequently, there is no claim to offset at any time.

An agreement was also concluded with an associate and one of its subsidiaries to offset receivables and liabilities (sese the above table). These receivables and liabilities are reported under demand deposits, respectively deposits from other banks, and are carried at amortized cost. The respective agreements are conditional and only permit netting in the event of payment default or insolvency.

An agreement was also concluded with the parent company over the reciprocal offset of interbank deposits and loans which meet the offsetting requirements of IAS 32.42. These items are therefore reported as a net amount on the balance sheet. The recognized amounts before netting included TEUR 413,560 (2020: TEUR 413,560), which are reported under financial liabilities carried at amortized cost (deposits from other banks) and TEUR 166,948 (2020: TEUR 84,299), which are reported under demand deposits. After the balance sheet netting of TEUR 166,948 (2020: TEUR 84,299), the remaining financial liabilities totalled TEUR 246,612 (2020: TEUR 329,260).

Details on collateral are provided below in Note (42).

(42) Assets pledged as collateral

The following assets reported on the balance sheet were pledged as collateral for the liabilities listed below:

€’000	**2021**	**2020**
Receivables in the mortgage cover pool	3,981,404	3,374,333
Receivables used as collateral for bonds issued by the bank	2,009,307	2,005,943
Collateral for derivative contracts (cash collaterals and securities)	406,737	465,424
Receivables assigned to OeKB	605,378	713,167
Receivables assigned to the EIB	314,683	137,867
Receivables assigned to OeNB (credit claims)	592,593	644,263
Cover pool for issued covered partial debentures	49,994	49,993
Bonds deposited with OeKB in connection with EIB loans	86,178	88,765
Receivables in the RZB cover pool (public finance)	14,371	16,108
Receivables assigned to KfW (Kreditanstalt für Wiederaufbau, Frankfurt/Main)	4,991	8,901
Cover pool for fiduciary savings deposit balances	29,975	26,916
Other receivables assigned	144,529	97,312
Securities posted with central banks	2,769,702	2,782,745
Total	**11,009,842**	10,411,737

Receivables of TEUR 4,378 (2020: TEUR 3,936) from reinsurance were pledged as collateral for pension claims.

RLB NÖ-Wien also deposited the following collateral with OeNB: issued retained covered bonds with a nominal value of EUR 2,303.0 million (2020: EUR 1,119.0 million) and borrowed securities with a nominal value of EUR 520.7 million (2020: EUR 1,165.4 million).

In accordance with an Austrian law governing covered bonds that was enacted on 27 December 1905 ("§ 1 (6) Fundierte Bankschuldverschreibungsgesetz", Austrian Federal Gazette No. 1905/213 in the current version), loans and advances to other banks of EUR 344.5 million (2020: EUR 292.5 million) and mortgage-backed loans and advances to other banks of EUR 3,703.2 million (2020: EUR 2,957.5 million) million were also included in the mortgage coverage pool of RLB NÖ-Wien to secure obligations under the covered bonds.

The following liabilities are covered by recognized assets:

€'000	2021	2020
Deposits from other banks	4,395,290	3,491,845
Deposits from customers	9,983	10,041
Securitized liabilities	3,519,136	4,077,681
Derivatives	211,288	363,006
Total	**8,135,697**	7,942,573

(43) Fiduciary transactions

RLB NÖ-Wien held the following off-balance sheet fiduciary items on the balance sheet date.

€'000	2021	2020
Loans and advances to customers	10,100	10,725
Fiduciary assets	***10,100***	*10,725*
Deposits from customers	10,100	10,725
Fiduciary liabilities	***10,100***	*10,725*

Disclosures pursuant to Austrian law

(44) Derivative financial instruments pursuant to § 64 (1) No. 3 of the Austrian Banking Act

The following tables show the derivative financial products in the banking book which were outstanding as of the balance sheet date, classified by the respective term to maturity. These items are reported under financial assets, respective financial liabilities held for trading and derivatives - hedge accounting.

2021, €'000			Nominal amounts		Fair values	
	Term to maturity					
	To 1 year	From 1 to 5 years	Over 5 years	Total	Positive	Negative
Total	*2,837,442*	*7,071,050*	*8,156,591*	*18,065,083*	*621,076*	*(659,450)*
a) Interest rate contracts	*2,109,797*	*7,071,050*	*8,156,591*	*17,337,438*	*620,897*	*(657,071)*
Interest rate swaps	2,072,133	6,796,234	7,652,574	16,520,941	608,407	(654,172)
Interest rate options – calls	16,704	221,459	331,304	569,467	12,490	0
Interest rate options – puts	20,960	53,357	172,713	247,030	0	(2,899)
b) Exchange rate contracts	*501,560*	*0*	*0*	*501,560*	*179*	*(2,379)*
Cross currency and cross currency interest rate swaps	501,560	0	0	501,560	179	(2,379)
c) Securities contracts	*226,085*	*0*	*0*	*226,085*	*0*	*0*
Equity and index options – calls	112,835	0	0	112,835	0	0
Equity and index options – puts	113,250	0	0	113,250	0	0

2020, €'000			Nominal amounts		Fair values	
	Term to maturity					
	To 1 year	From 1 to 5 years	Over 5 years	Total	Positive	Negative
Total	*2,861,771*	*8,613,726*	*7,114,763*	*18,590,260*	*903,743*	*(978,635)*
a) Interest rate contracts	*1,923,985*	*8,387,641*	*7,114,763*	*17,426,389*	*895,667*	*(973,612)*
Interest rate swaps	1,904,959	8,130,120	6,504,002	16,539,081	877,730	(971,006)
Interest rate options – calls	6,763	191,644	406,045	604,452	17,937	0
Interest rate options – puts	12,263	65,877	204,716	282,856	0	(2,606)
b) Exchange rate contracts	*719,386*	*0*	*0*	*719,386*	*8,076*	*(5,023)*
Cross currency and cross currency interest rate swaps	719,386	0	0	719,386	8,076	(5,023)
c) Securities contracts	*218,400*	*226,085*	*0*	*444,485*	*0*	*0*
Equity and index options – calls	109,200	112,835	0	222,035	0	0
Equity and index options – puts	109,200	113,250	0	222,450	0	0

The following table shows the derivative financial products that are held for trading and recorded on the balance sheet under financial assets or liabilities held for trading.

2021, €'000			Nominal amounts		Fair values	
	Term to maturity					
	To 1 year	From 1 to 5 years	Over 5 years	Total	Positive	Negative
Total	***188,741***	***32,993***	***78,856***	***300,590***	***3,937***	***(2,994)***
a) Interest rate contracts	***62,078***	***32,993***	***78,856***	***173,927***	***2,179***	***(1,338)***
Interest rate futures	53,200	0	0	53,200	493	0
Interest rate swaps	7,791	28,366	62,343	98,500	1,459	(1,167)
Interest rate options – calls	0	100	5,247	5,347	227	0
Interest rate options – puts	1,087	4,527	11,266	16,880	0	(171)
b) Exchange rate contracts	***126,663***	***0***	***0***	***126,663***	***1,758***	***(1,656)***
Currency forwards	126,663	0	0	126,663	1,758	(1,656)

2020, €'000				Nominal amounts		Fair values
	Term to maturity					
	To 1 year	From 1 to 5 years	Over 5 years	Total	Positive	Negative
Total	*760,668*	*74,091*	*39,440*	*874,199*	*11,399*	*(9,506)*
a) Interest rate contracts	*665,367*	*28,850*	*39,440*	*733,657*	*10,212*	*(8,356)*
Interest rate futures	0	0	0	0	0	0
Interest rate swaps	646,832	22,347	20,515	689,694	9,890	(8,208)
Interest rate options – calls	7,392	150	5,636	13,178	322	0
Interest rate options – puts	11,143	6,353	13,289	30,785	0	(148)
b) Exchange rate contracts	*95,301*	*45,241*	*0*	*140,542*	*1,187*	*(1,150)*
Currency forwards	88,307	45,241	0	133,548	1,184	(1,145)
Currency options – calls	3,256	0	0	3,256	3	0
Currency options – puts	3,738	0	0	3,738	0	(5)

The nominal and fair values are derived from the separate totals of all calls and puts. The fair values here represent dirty prices (fair value incl. accrued interest) after taking the counterparty default risk into consideration.

Derivative interest rate contracts and derivative securities transactions are used primarily for proprietary trading. Derivative foreign exchange contracts are used for both proprietary and customer business.

(45) Subordinated liabilities pursuant to § 64 (1) no. 5 of the Austrian Banking Act

The financial liabilities carried at amortized cost include subordinated liabilities of TEUR 545,046 as of 31 December 2021 (2020: TEUR 624,003). This amount includes 10 bonds (all of which represent Tier 2 capital as defined in Part 2 Section I Article 4 of the CRR) and seven subordinated promissory note loans which were issued in Euros. The terms of the bonds range from 10 to 15 years and the terms of the promissory note loans from 10 to 20 years. This group of liabilities includes the following bond which exceeds 10.0% of the total amount of the above-mentioned Tier 2 capital:

2021	Currency	Amount in TEUR	Interest rate	due on	special termination right
Subordinated bond 2013-2023 issued by RLB NÖ-Wien	EUR	266,800	5.875%	27/11/2023	No

2020	Currency	Amount in TEUR	Interest rate	due on	special termination right
Subordinated bond 2013-2023 issued by RLB NÖ-Wien	EUR	266,800	5.875%	27/11/2023	No

In the event the issuer enters into liquidation or bankruptcy, these bonds may only be satisfied after all of the issuer‘s other non-subordinated creditors. No payments may be made on these bonds until the claims by the issuer’s other non-subordinated creditors have been satisfied.

The expenses for subordinated liabilities as defined in § 64 (1) no. 13 of the Austrian Banking Act totalled TEUR 30,714 (2020: TEUR 32,164).

(46) Bonds, other fixed-interest securities and issued bonds pursuant to § 64 (1) no. 7 of the Austrian Banking Act

The following bonds and other fixed-interest securities as well as bonds issued by the Group are due and payable in the year following the balance sheet date:

€’000		31/12/2021	31/12/2020
a)	Receivables arising from bonds and other fixed-interest securities	228,812	66,074
b)	Payables arising from bonds issued by the Group	(691,841)	(644,112)

(47) Securities admitted for exchange trading pursuant to § 64 (1) no. 10 of the Austrian Banking Act

€’000	31/12/2021 Listed	31/12/2021 Unlisted	31/12/2020 Listed	31/12/2020 Unlisted
Bonds and other fixed-interest securities	1,513,223	0	1,557,620	0
Shares and other variable-yield securities	0	0	0	0

(48) Financial assets pursuant to § 64 (1) no. 11 of the Austrian Banking Act

€'000	2021	2020
Bonds and other fixed-interest securities	1,368,051	1,378,739
Shares and other variable-yield securities	0	0
Total	**1,368,051**	1,378,739

The classification as non-current or current financial assets - in accordance with legal requirements - was based on the investment strategy determined by the Managing Board or a committee delegated by the Managing Board.

(49) (Nominal) volume of the securities trading book pursuant to § 64 (1) no. 15 of the Austrian Banking Act

€'000	2021	2020
Fixed-interest securities, nominal values	75,818	32,571
Other financial instruments (derivatives, face values)	300,590	874,199
Total	**376,408**	906,770

(50) Other agreements

In accordance with Article 49 § 3 and Article 113 § 7 of the CRR, RLB NÖ-Wien together with Raiffeisen-Holding NÖ-Wien, the other Raiffeisen regional banks, RBI and selected subsidiaries of RBI as well as nearly all Austrian Raiffeisen banks concluded an agreement to create a separate Raiffeisen deposit protection scheme and a required, related new national Raiffeisen institution-based protection scheme (in short "Raiffeisen-IPS“).

Contractual and statutory liability agreements were concluded under which the participating institutions agree to protect each other and to guarantee their liquidity and solvency as required.

The new Austrian Raiffeisen-IPS was approved by the ECB and FMA as a deposit protection and compensation scheme pursuant to the Austrian Deposit Protection and Investor Compensation Act ("Einlagensicherungs- und Anlegerentschädigungsgesetz", ESAEG). The participating institutions in the Raiffeisen banking group therefore resigned from Einlagensicherung AUSTRIA Ges.m.b.H. as of 29 November 2021 in accordance with ESAEG regulations. The previous institution-based protection scheme at the federal and provincial level (B-IPS, L-IPS) was dissolved for the Raiffeisen-IPS in June 2021 based on an official notice, and the special assets were transferred to the new Raiffeisen-IPS.

Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS) manages the funds for the Raiffeisen-IPS in its function as a trustee for its members as well as the funds for the legal deposit protection scheme. It is also responsible for reporting and the early identification of risks. The Overall Risk Committee which oversees the new Raiffeisen-IPS includes representatives from the participating Raiffeisen banks, the Raiffeisen regional banks and RBI. The share of RLB NÖ-Wien in the Raiffeisen-IPS funds equalled TEUR 42,643 as of 31 December 2021.

RLB NÖ-Wien is required to make annual contributions to finance the ex-ante build-up of a fund for the statutory deposit protection scheme (§ 21 ESAEG). The contribution for 2021 equalled TEUR 7,682 (2020: TEUR 6,118) and is reported as part of other operating expenses.

In the event compensation payments are made for insured securities services (investor compensation), the annual contribution for each individual institution will equal up to 1.5% of the assessment base as defined by Art. 92 (3) letter a of the CRR plus 12.5-times the capital requirements for position risk as defined in Part 3 Title IV Chapter 2 of the CRR, i.e. a maximum of TEUR 154,248 (2020: TEUR 160,163) for RLB NÖ-Wien.

(51) 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 and in the consolidated financial statements of Raiffeisen-Holding NÖ-Wien.

€'000	**31/12/2021**	**31/12/2020**
Paid-in capital	1,031,406	1,031,480
Retained earnings	2,202,859	2,131,530
Less qualified investments	(118,316)	(116,972)
Accumulated other comprehensive income and other equity	(564,395)	(623,444)
Common equity Tier 1 before deductions	***2,551,553***	***2,422,594***
Intangible assets incl. goodwill	(20,816)	(20,929)
Other transition adjustments to common equity Tier 1 capital	53,418	68,733
Risk allowance backstop for non-performing loans (NPLs)	(670)	0
Corrections in respect of cash flow hedge reserves	(3,619)	7,953
Corrections for credit standing related to changes in values of derivatives	(683)	(735)
Value adjustment based on the prudent valuation requirement	(1,614)	(2,399)
Common equity Tier 1 capital after deductions (CET1)	***2,577,569***	***2,475,217***
Additional core capital after deductions	95,000	95,000
Additional own funds	***2,672,569***	***2,570,217***
Eligible supplementary capital	212,149	364,924
Supplementary capital after deductions	***212,149***	***364,924***
Total qualifying capital	***2,884,718***	***2,935,141***
Total capital requirement	**1,038,511**	1,085,375
Common equity Tier 1 ratio (CET1 ratio)	19.86%	18.24%
Tier 1 ratio (T1 ratio)	20.59%	18.94%
Total capital ratio	22.22%	21.63%
Surplus capital ratio	177.77%	170.43%

Under a fully loaded analysis, the Common Equity Tier 1 Ratio equalled 19.37% (2020: 18.21%) and the Total Capital Ratio 21.67% (2020: 21.39%).

Total capital requirements comprise the following:

€'000	**31/12/2021**	**31/12/2020**
Capital requirements for credit risk	986,605	1,037,278
Capital requirements for position risk in debt instruments and assets	5,543	4,390
Capital requirement CVA	4,683	3,463
Capital requirements for operational risk	41,680	40,244
Total capital requirement (total risk	**1,038,511**	**1,085,375**
Assessment base for credit risk	***12,332,568***	***12,965,974***
Total basis of assessment (total risk)	***12,981,393***	***13,567,183***

(52) Total return on capital pursuant to § 64 (1) no. 19 of the Austrian Banking Act

The total return on capital as defined in § 64 (1) No. 19 of the Austrian Banking Act equalled 0.19% as of 31 December 2021 (2020: -0.89%).

(53) Average number of employees

The average workforce (full-time equivalents) employed during the 2020 and 2021 financial years is as follows::

	2021	**2020**
Salaried employees	1,199	1,160
Wage employees	12	18
Total	**1,211**	**1,178**

(54) Events after the balance sheet date and approval of the consolidated financial statements

Raiffeisen Bank International/Russia-Ukraine conflict

RBI, the largest investment held by RLB NÖ-Wien, delivered extremely positive business performance in 2021. The escalation of the political situation surrounding the war in Ukraine and the consequences of the imposed sanctions expose RBI to significant risks in 2022 due to its strong positioning in Central and Eastern Europe.

The business activities of the RBI Group, which holds investments, among others, in credit institutions and leasing companies in Central and South-eastern Europe and various CIS member states, is dependent on the commercial, economic, political, legal and social environment as well as potential and current conflicts (above all the war in Ukraine) and the situation on the financial markets in these regions and countries. RBI has subsidiaries in Russia, Ukraine and Belarus where it pursues major business interests and generates a significant component of its earnings.

The war in Ukraine has shaken the political and economic stability in Europe and led to a sharp rise in prices and distortions on the capital, raw materials and energy markets with a resulting, potentially strong negative impact on inflation and the financial position of companies and households as well as the RBI Group. Moreover, the sanctions imposed by the EU and USA, especially against Russia, and the resulting countersanctions together with a general intensification of the political and economic situation in Europe, above all due to the further escalation of the conflict, could cause additional, severe negative effects for the RBI Group (e.g. through an increase in default cases by borrowers, legal implications, a decline in the value of assets). Consequently, a negative influence on RBI's value and, in turn, on the equity-accounted carrying amount for RLB Niederösterreich-Wien cannot be excluded in the future.

The current and potential future effects of the war between Russia and Ukraine are under continuous analysis by the Investment Controlling and Risk Management Departments as regards the development of investment valuation and risk, and the management of RLB NÖ-Wien receives regular reports in the form of scenario analyses. Based on the information currently available, it can be assumed that – even under a worst-case scenario – the risk capacity (above all, the equity ratios) is guaranteed and all regulatory indicators will be met.

The concrete effects during the 2022 financial year, in particular regarding the possible recognition of impairment losses to the investment in RBI, cannot be quantified at the present time. In a press release on 17 March 2022, RBI announced the evaluation of all strategic options for the future of Raiffeisenbank Russia up to the carefully managed exit of Raiffeisenbank from the Russian market.

RLB NÖ-Wien will continuously evaluate and review this information, and a Management Board meeting has been scheduled every day since the end of February for this purpose. Task forces covering payment transactions, ALM, communications, sales management and "Russia" have also been institutionalized.

Deposit insurance

Based on instructions from the European Central Bank (ECB), the Austrian Financial Market Authority issued a special notice on 1 March 2022 in accordance with § 70 (2) no. 4 of the Austrian Banking Act to bar Sberbank Europe AG, which maintains its registered headquarters at Schwarzenbergplatz 3, 1010 Vienna, from continuing its business activities. This decision was followed by the regulatory suspension of all payments on covered deposits, which meant the immediate termination of further deposits, withdrawals and transfers and triggered a deposit protection event as described in § 9 no. 2 of the ESAEG. In accordance with § 8 (1) of the ESAEG, Sberbank Europe AG is a member of Einlagensicherung AUSTRIA Ges.m.b.H. (ESA).

The deposit insurance fund of this deposit protection scheme was planned to reach a target level of 0.8% of covered deposits by the member institutions by 3 July 2024. This insurance event will result in the payment of compensation to investors by Einlagensicherung AUSTRIA Ges.m.b.H., which is expected to require further contributions to refill the deposit insurance fund. The covered deposits of Sberbank Europe AG totalled approximately EUR 950 million at the end of February 2022, whereby roughly 35% are attributable to the Raiffeisen sector. RLB Niederösterreich-Wien will therefore be faced with additional contributions in 2022, whereby the specific amount cannot be conclusively determined at the present time. The bank is not directly affected by the termination of business operations because it had no business relations with Sberbank Europe AG.

(55) Non-financial statement

RLB NÖ-Wien is exempt from the requirement to prepare a consolidated non-financial statement pursuant to § 267a (7) of the Austrian Commercial Code because it and its subsidiaries are included in the consolidated management report prepared by Raiffeisen-Holding NÖ-Wien reg. Gen.m.b.H. That report was prepared and published in accordance with the applicable accounting regulations. The consolidated management report of Raiffeisen-Holding NÖ-Wien is available at the company's headquarters and from the company register in Vienna.

Overview of Equity Investments (pursuant to § 265 (2) of the Austrian Commercial Code)

The following tables show the equity investments held by the RLB NÖ-Wien Group.

(56) Subsidiaries included in the consolidated financial statements

Entity, Registered office (country)	Subscribed capital	Currency	31/12/2021 Share in %	31/12/2020 Share in %	Type
"AKTUELL" Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H., Vienna (A)	73,000	EUR	100.00	100.00	OT
"BARIBAL" Holding GmbH, Vienna (A)	105,000	EUR	100.00	100.00	OT
"PRUBOS" Beteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
NAWARO ENERGIE Betrieb GmbH, Zwettl (A)	36,000	EUR	100.00	100.00	OT
RAIFFEISEN IMMOBILIEN VERMITTLUNG GES.M.B.H., Vienna (A)	622,000	EUR	98.75	98.75	OT
Raiffeisen Liegenschafts- und Projektentwicklungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
Raiffeisen Versicherungs- und Bauspar-Agentur GmbH), Vienna (A)	70,000	EUR	100.00	100.00	OT
Raiffeisen Vorsorge Wohnung GmbH, Vienna (A)	100,000	EUR	100.00	100.00	OT
RBE Raiffeisen Beratungs- und Entwicklungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
RLB Businessconsulting GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
RLB NÖ-Wien Sektorbeteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	FI
Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H., Raaba (A)	50,000	EUR	100.00	100.00	OT

Key:
Type of company
- CI Credit institution
- FI Financial institution
- NDL Ancillary service provider
- OT Other

(57) Companies included in the consolidated financial statements at equity

Entity, Registered office (country)	Subscribed capital	Currency	31/12/2021 Share in %	31/12/2020 Share in %	Type
Raiffeisen Bank International AG, Vienna (A)*	1,003,265,844	EUR	22.66	22.66	CI
Raiffeisen Informatik GmbH & Co KG, Vienna (A)**	---	---	---	---	OT

* Share in % including the treasury shares held by RBI
** Partnership, therefore, no information on subscribed capital or investment (however, unchanged at 47.35%)

Key:
Type of company
- CI Credit institution
- FI Financial institution
- NDL Ancillary service provider
- OT Other

RBI is designated as a material associate by management:

RLB NÖ-Wien holds 22.66% of the shares in RBI and is therefore its primary owner. RBI is the leading institution in the Austrian Raiffeisen banking group and provides services for its members. It holds and coordinates the individual member institution's minimum reserve and statutory liquidity reserve and provides support for liquidity management.

RBI had a quoted market price of EUR 25.88 per share as of 31 December 2021 (31 December 2020: EUR 16.68 per share).

Financial information on RBI, a material associate, is provided in the following table. The data are based on that company's IFRS consolidated financial statements.

Associates	Raiffeisen Bank International AG	
€'000	**2021**	**2020**
Interest income	4,594,591	4,494,800
Net profit	1,507,617	909,606
Other comprehensive income	150,319	(806,439)
Total comprehensive income	*1,657,936*	*103,167*
Attributable to equity holders of the parent	1,493,485	53,482
Attributable to non-controlling interest	164,451	49,685
Assets	192,100,504	165,958,871
Liabilities	176,625,496	151,670,826
Net assets	*15,475,008*	*14,288,045*
Attributable to equity holders of the parent	12,842,992	11,834,914
Attributable to non-controlling interest	1,010,286	820,470
Of which AT1 capital	1,621,730	1,632,661
Proportional share of net assets held by Raiffeisen-Holding NÖ-Wien	2,910,137	2,681,713
Goodwill/impairment	(924,891)	(639,891)
Carrying amount on the consolidated balance sheet as of 31 December	**1,985,246**	2,041,822
Carrying amount on the consolidated balance sheet as of 1 January	2,041,822	2,395,832
Proportional share of other changes in equity	2,516	(8,129)
Consolidated comprehensive income	317,496	12,119
Impairment	(285,000)	(358,000)
Dividends received	(91,589)	0
Carrying amount on the consolidated balance sheet as of 31 December	**1,985,246**	2,041,822

The following table shows the development of the carrying amount of the equity-accounted Raiffeisen Informatik GmbH & Co KG:

€'000	2021	2020
Carrying amount on the consolidated balance sheet as of 1 January	160,448	189,683
Share of profit/(loss) after tax	2,540	3,430
Share of other comprehensive income	1,071	483
Dividends received	(120,657)	(33,147)
Carrying amount on the consolidated balance sheet as of 31 December	**43,403**	160,448

(58) Subsidiaries not included through full consolidation

Entity, Registered office (country)	Subscribed capital	Currency	31/12/2021 Share in %	31/12/2020 Share in %	Type
„CALADIA“ Beteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	-	FI
Immonow Services GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH, Vienna (A)	400,000	EUR	75.00	75.00	OT
NÖ Raiffeisen Kommunalservice Holding GmbH, Vienna (A)	35,000	EUR	100.00	100.00	FI
Raiffeisen Analytik GmbH, Vienna (A)	100,000	EUR	99.60	99.60	NDL
Raiffeisen Beratung direkt GmbH, Vienna (A)	37,000	EUR	100.00	100.00	NDL
Raiffeisen e-service GmbH, Vienna (A)	35,000	EUR	100.00	-	SU
Raiffeisen-Landesrisikogenossenschaft Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung in Liquidation, Vienna (A)	41,256	EUR	98.91	98.81	OT
RLB NÖ-Wien Leasingbeteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	FI
TIONE Altbau-Entwicklung GmbH, Vienna (A)	37,000	EUR	100.00	100.00	OT
Waldviertel Immobilien-Vermittlung GmbH, Zwettl (A)	35,000	EUR	100.00	100.00	OT

Key:
Type of company
- CI Credit institution
- FI Financial institution
- NDL Ancillary service provider
- OT Other

(59) Other equity investments

Associates which are not accounted for at equity due to materiality reasons:

Entity, Registered office (country)	Subscribed capital	Currency	31/12/2021 Share in %	31/12/2020 Share in %	Type
Central Danube Region Marketing & Development GmbH, Vienna (A)	200,000	EUR	50.00	50.00	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H., Vienna (A)	36,400	EUR	40.00	40.00	FI
Die Niederösterreichische Leasing Gesellschaft m.b.H. & CO KG, Vienna (A)	---	---	---	---	FI
ecoplus International GmbH, Vienna (A)	35,000	EUR	30.00	30.00	OT
NÖ Bürgschaften und Beteiligungen GmbH, Vienna (A)	5,316,414	EUR	20.14	20.14	FI
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna (A)	50,000	EUR	74.00	74.00	FI
Raiffeisen Digital GmbH, Vienna (A)	75,000	EUR	25.50	25.50	OT
Raiffeisen Informatik Geschäftsführungs GmbH, Vienna (A)	70,000	EUR	47.35	47.35	OT
Raiffeisen Software GmbH, Linz (A)	150,000	EUR	25.50	25.50	OT
Raiffeisen-Leasing Managment GmbH, Vienna (A)	300,000	EUR	21.56	21.56	FI
Raiffeisen-Leasing Österreich GmbH, Vienna (A)	100,000	EUR	32.34	32.34	FI
RSC Raiffeisen Service Center GmbH, Vienna (A)	2,000,000	EUR	46.20	46.30	OT

Key:
Type of company
- CI Credit institution
- FI Financial institution
- NDL Ancillary service provider
- OT Other

The following companies were identified as joint ventures in accordance with IFRS 11 – Joint Arrangements – because they are under common management: Die Niederösterreichische Leasing Gesellschaft m.b.H., Niederösterreichische Leasing Gesellschaft m.b.H. & CO KG, NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H. and RSC Raiffeisen Service Center GmbH.

(60) Companies related through the parent, Raiffeisen-Holding NÖ-Wien

The following companies are included in the scope of consolidation of Raiffeisen-Holding NÖ-Wien through full consolidation:

"ALMARA" Holding GmbH, Vienna (A)
"HELANE" Beteiligungs GmbH, Vienna (A)
"LAREDO" Beteiligungs GmbH, Vienna (A)
"LOMBA" Beteiligungs GmbH, Vienna (A)
"RASKIA" Beteiligungs GmbH, Vienna (A)
"SEPTO" Beteiligungs GmbH, Vienna (A)
"URUBU" Holding GmbH, Vienna (A)
AURORA MÜHLEN GMBH, (Sub-group LLI), Hamburg (D)
BLR-Baubeteiligungs GmbH, Vienna (A)
Botrus Beteiligungs GmbH, Vienna (A)
cafe+co Delikomat Sp. z o.o., (Sub-group LLI), Bielsko-Biala (PL)
cafe+co Deutschland GmbH, (Sub-group LLI), Wenzenbach (D)
cafe+co International Holding GmbH, (Sub-group LLI), Vienna (A)
cafe+co ltal - és Ételautomata Kft., (Sub-group LLI), Alsónémedi (H)
café+co Österreich Automaten-Catering und Betriebsverpflegung Ges.m.b.H., (Sub-group LLI), Vienna (A)
Castellmühle Krefeld GmbH, (Sub-group LLI), Hamburg (DE)
DELIKOMAT d.o.o., (Sub-group LLI), Belgrade (SRB)
DELIKOMAT d.o.o., (Sub-group LLI), Maribor (SLO)
Delikomat Slovensko spol. s r.o., (Sub-group LLI), Stupava (SK)
Delikomat s.r.o., (Sub-group LLI), Modrice (CZ)
DZR Immobilien und Beteiligungs GmbH, Vienna (A)
Frischlogistik und Handel GmbH, (Sub-group NÖM), Baden bei Wien (A)
GoodMills Bulgaria EOOD, (Sub-group LLI), Sofia (BG)
GoodMills Česko s.r.o., (Sub-group LLI), Prague (CZ)
GoodMills Deutschland GmbH, (Sub-group LLI), Hamburg (D)
GoodMills Group GmbH, (Sub-group LLI), Vienna (A)
GoodMills Innovation GmbH, (Sub-group LLI), Hamburg (D)
GoodMills Magyarország Kft., (Sub-group LLI), Komárom (H)
GoodMills Österreich GmbH, (Sub-group LLI), Schwechat (A)
GoodMills Polska Kutno Sp. z o.o., (Sub-group LLI), Kutno (PL)
GoodMills Polska Sp. z o.o., (Sub-group LLI), Stradunia (PL)
GoodMills Romania S.A., (Sub-group LLI), Pantelimon (RO)
KURIER Beteiligungs-Aktiengesellschaft, Vienna (A)
La Cultura del Caffe Gesellschaft m.b.H., (Sub-group LLI), Krems a. d. Donau (A)
Latteria NÖM s.r.l., (Sub-group NÖM), Milan (I)
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (A)
Liegenschaftsbesitz Obere Donaustraße 91-95 GmbH, Vienna (A)
Marchfelder Zuckerfabriken Gesellschaft m.b.H., (Sub-group LLI), Vienna (A)
Medicur - Holding Gesellschaft m.b.H., Vienna (A)
Medicur Sendeanlagen GmbH, Vienna (A)
Müller's Mühle GmbH, (Sub-group LLI), Gelsenkirchen (D)
Naber Kaffee Manufaktur GmbH, (Sub-group LLI), Vienna (A)
Niederösterreichische Milch Holding GmbH, Vienna (A)
NÖM AG, (Sub-group NÖM), Baden bei Wien (A)
nöm Gast Lebensmittel GmbH (formerly: Haas Lebensmittel GmbH), (NÖM sub-group), Vienna (A)
Printmedien Beteiligungsgesellschaft m.b.H., Vienna (A)
Raiffeisen Agrar Holding GmbH, (Sub-group LLI), Vienna (A)

RAIFFEISEN-HOLDING NÖ-Wien Beteiligungs GmbH, Vienna (A)
RH Finanzberatung und Treuhandverwaltung Gesellschaft m.b.H., Vienna (A)
RH Finanzbeteiligungs GmbH, Vienna (A)
RHG Holding GmbH, Vienna (A)
St. Leopold Liegenschaftsverwaltungs- und Beteiligungsgesellschaft m.b.H., Vienna (A)"
VK Grundbesitz GmbH, (Sub-group LLI), Hamburg (D)
VÖS167 Liegenschaft GmbH, (Sub-group NÖM), Baden bei Wien (A)
Zucker Invest GmbH, Vienna (A)
Zucker-Beteiligungsgesellschaft m.b.H., Vienna (A)

Unconsolidated companies included in the Raiffeisen-Holding NÖ-Wien Group:

"BENEFICIO" Holding GmbH, Vienna (A)
"BROMIA" Beteiligungs GmbH, Vienna (A)
"CLEMENTIA" Holding GmbH, Vienna (A)
"SERET" Beteiligungs GmbH, Vienna (A)
"TOJON" Beteiligungs GmbH, Vienna (A)
BENIGNITAS GmbH, Vienna (A)
C - Holding s.r.o., (Sub-group LLI), Modrice (CZ)
CAFE+CO Timisoara S.R.L., (Sub-group LLI), Timisoara (RO)
Farina Marketing d.o.o., (Sub-group LLI), Laibach (SLO)
GoodMills Innovation Polska Sp.z.o.o., (Sub-group LLI), Poznan (PL)
KASERNEN Projektentwicklungs- und Beteiligungs GmbH, Vienna (A)
Müfa Mehl und Backbedarf Handelsgesellschaft mbH, (Sub-group LLI), Hamburg (D)
Neuß & Wilke GmbH, (Sub-group LLI), Gelsenkirchen (D)
PBS Immobilienprojektentwicklungs GmbH, Vienna (A)
RHU Beteiligungsverwaltung GmbH & Co OG, Vienna (A)*
ROLLEGG Liegenschaftsverwaltungs GmbH, Vienna (A)
Rosenmühle GmbH, (Sub-group LLI), Hamburg (D)
Techno-Park Tulln GmbH, Wiener Neudorf (A)
THE AUTHENTIC ETHNIC FOOD COMPANY GmbH, (LLI Sub-group), Gelsenkirchen (D)
ZEG Immobilien- und Beteiligungs registrierte Genossenschaft mit beschränkter Haftung, Vienna (A)

* Shareholder with unlimited liability

Boards and Officers

Managing Board:

Chairman
Klaus BUCHLEITNER

Deputy Chairman:
Reinhard KARL

Members:
Andreas FLEISCHMANN
Martin HAUER
Michael RAB

Supervisory Board:

Chairman:
Erwin HAMESEDER

Deputy Chairman:
Alfons NEUMAYER

Members:
Anton BODENSTEIN
Hermine DANGL
Reinhard KERBL
Veronika MICKEL-GÖTTFERT
Johann POLLAK
Gerhard PREISS
Christian RESCH
Brigitte SOMMERBAUER

Delegated by the Staff Council:
Wolfgang EINSPIELER
Anton HECHTL
Michael HOFER
Christian JENKNER
Eva TATSCHL

State Commissioners:
Alfred LEJSEK
Markus STEINER

The Managing Board of RLB NÖ-Wien issued these consolidated financial statements on 22 March 2022. They were prepared in accordance with the provisions of International Financial Reporting Standards, as adopted by the European Union, as well as the supplementary provisions of Austrian corporate law as defined in § 245a of the Austrian Commercial Code in conjunction with § 59a of the Austrian Banking Act, each in the version applicable as of the balance sheet date. The Group management report was prepared in accordance with the provisions of Austrian corporate law and is consistent with the consolidated financial statements.

The Managing Board

Klaus BUCHLEITNER

Reinhard KARL
Deputy Chairman

Andreas FLEISCHMANN
Member

Martin HAUER
Member

Michael RAB .
Member

The Managing Board released the consolidated financial statements on 22 March 2022 for distribution to the Supervisory Board.

Statement by the Managing Board

"We confirm to the best of our knowledge that the consolidated 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 Group management report presents the development and performance of the business and the position of the Group so as to provide a true and fair view of the assets, liabilities, financial position and profit or loss; and that the Group management report describes the principal risks and uncertainties to which the Group is exposed. 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."

The Managing Board

Klaus BUCHLEITNER
Chairman, responsible for
the Directorate General

Reinhard KARL
Deputy Chairman, responsible for
the Corporate Clients Segment

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

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

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

Auditor's Report

Report on the Consolidated Financial Statements

Audit Opinion

I have audited the consolidated financial statements of

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG, Vienna,

and its subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements.

In my opinion, the consolidated financial statements comply with legal requirements and provide a true and fair view of the consolidated financial position of the Group as of 31 December 2021 as well as its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional requirements defined by Section 245a of the Austrian Commercial Code ("Unternehmensgesetzbuch") and the Austrian Banking Act ("Bankwesengesetz").

Basis for Opinion

I conducted my audit in accordance with EU Regulation No. 537/2014 (hereafter EU-Regulation) and Austrian Generally Accepted Auditing Standards, which require the application of International Standards on Auditing (ISA). My responsibilities pursuant to these rules and standards are described in the "Auditors' Responsibility" section of this report. I am independent of the audited entity within the meaning of Austrian commercial law and professional regulations and have fulfilled my other responsibilities under these requirements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter

I refer to the comments by management on the uncertainties connected with the recoverability of the investment in Raiffeisen Bank International AG (RBI) during subsequent periods, which are provided in Note (54) "Events after the balance sheet date and approval of the consolidated financial statements" to the consolidated financial statements. My audit opinion is not qualified by these comments.

Key Audit Matters

Key audit matters represent the matters which, in my professional judgment, were of the greatest significance for my audit of the consolidated financial statements for the financial year. These matters were addressed during my audit of and the formation of an opinion on the consolidated financial statements as a whole, and I did not issue a separate opinion on these matters.

My audit identified three key audit matters, which are described below:

1. Valuation of the equity-accounted investment in Raiffeisen Bank International AG

Relevant facts and risk for the financial statements
The investment in Raiffeisen Bank International AG (RBI), which also represents the central institution for RLB NÖ-W AG, is reported under "interest in equity-accounted investments" at an amount of TEUR 1,985,246 in the consolidated financial statements of RLB NÖ-W AG as of 31 December 2021.

The Company describes the procedure for the valuation of equity-accounted investments in the consolidated financial statements as of 31 December 2021 in the notes under "Principles of Accounting under IFRS" and in note (4) "Profit from equity-accounted investments". The escalation of the conflict between Russia and Ukraine and the resulting developments as well as their financial effect on the valuation of the investment in RBI are addressed under Note (54) "Events after the balance sheet date and approval of the consolidated financial statements".

The recoverability of the carrying amount of the equity-accounted investment in RBI must be tested if there is any objective evidence of impairment. Impairments or revaluations must be recognized up to the recoverable amount. The recoverable amount represents the higher of fair value less selling costs and the value in use.

Objective evidence of impairment to the RBI investment was identified as of 31 December 2021.

In evaluating the recoverability of the investment, the carrying amount of the shares was compared with the recoverable amount. The value in use was determined in accordance with a discounted cash flow method and exceeded the fair value. An impairment loss of EUR 285 million was recognized to reflect the fact that the net carrying amount exceeded the recoverable amount as of 31 December 2021.

The risk for the financial statements arises from the significant dependence of the value in use calculation on management's estimates of future cash flows and the significant dependence of the valuation results on the applied discount rate. Consequently, this valuation is connected with a high degree of estimation uncertainty.

Audit procedures
I evaluated the processes used to identify the objective evidence for impairment and/or revaluation and tested the installed controls to determine whether they are suitable to identify objective evidence of impairment or the possible need for revaluation on a timely basis.

Moreover, I evaluated management's estimates for objective evidence of impairment.

I verified the correct calculation of the recoverable amount by comparing the fair value (market price) and the value in use, which was determined by an external valuation opinion and included adjustments to the cash flows by management.

My evaluation covered the basis for this external opinion as well as the adjustments made by the Company and, in particular, the appropriateness of the valuation model. I verified the input parameters, such as the discount rate, through a comparison with capital market data as well as Company-specific information and market expectations.

I compared the future cash flows used in the external valuation opinion with the Group's planning and also analysed and evaluated the quality of this planning, in particular based on the Company's documentation and the external valuation opinion.

I compared the fair value used to determine the recoverable amount with the market price published on the last day of trading on the Vienna Stock Exchange in 2021.

The mathematical accuracy of the impairment calculation was verified.

I also evaluated the appropriateness of the disclosures in the consolidated financial statements (notes) on the impairment of the RBI investment and the appropriateness of the presentation of events after 31 December 2021 on the nature of developments and their financial effects in connection with Russia's military offensive in Ukraine.

2. Valuation of loans and advances to customers

Relevant facts and risk for the financial statements
In the consolidated financial statements of RLB NÖ-W AG as of 31 December 2021, the balance sheet position "financial assets at amortized cost" includes loans and advances to customers totalling TEUR 13,503,583. The risk provisions for these receivables amount to TEUR 188,947 as of 31 December 2021 (31 December 2020: TEUR 215,193).

The Company describes the procedure for determining the risk provisions in the notes under "Significant Accounting Policies", which also address issues related to COVID 19, and in Note (16) "Risk provisions". Information on the applied macroeconomic parameters is provided in Note (31) "Risks arising from financial instruments (Risk Report)" under the section on "Information on expected credit losses".

As part of loan monitoring procedures, the Company evaluates whether there is any objective evidence of impairment which would require the recognition of individual risk provisions. This evaluation also includes an assessment of whether customers can repay the full contractually agreed amount.

The calculation of the risk provision for individually significant customers who are in default is based on an analysis of the expected future cash inflows. This analysis is influenced by estimates of the respective customer's economic position and development, the valuation of collateral, and estimates for the amount and timing of the related cash inflows.

The risk provision for individual customers who are not material but in default is calculated with a statistical valuation model.

The Bank also uses statistical valuation models to calculate the loss allowances for loans and advances that do not carry any objective evidence of impairment.

The loss allowance for receivables whose default risk has not increased significantly since initial recognition is based on the 12-month expected credit loss. For receivables whose default risk has increased significantly since initial recognition, the loss allowance is based on the lifetime expected credit loss.

The valuation model includes the outstanding customer balances, collateral and macroeconomic factors. Parameters which are based on statistical assumptions include, in particular, the default probability based on the individual customer's credit rating and the loss rate before and after collateral.

COVID-19 led to an adjustment of the input factors for the macroeconomic parameters and, in turn, to an increase in the loss allowances.

For the financial statements, this involves the risk that the identification of objective evidence of impairment and the determination of a significant increase in default risk since initial recognition are based on assumptions and estimates. The determination of the credit risk provisions is influenced to varying degrees by the above assumptions and estimates and is therefore also connected with discretionary judgment and estimation uncertainty, above all due to the macroeconomic factors applied in connection with the ongoing COVID-19 pandemic.

Audit procedures
I analysed the existing documentation and processes for granting, classifying and monitoring loans and advances to customers as well as the creation of the related risk provisions. My work also included an evaluation of whether these processes are appropriate to identify objective evidence of impairment and a significant increase in default risk since initial recognition and, consequently, are suitable to ensure the correct valuation of the loans and advances to customers. I identified the related process workflows and material controls and tested the design and implementation of key controls for their effectiveness, also through sampling procedures.

I evaluated, through sampling, the correct classification of loans and advances to customers in connection with the business model and the characteristics of the contractual cash flows based on the Company's documentation and processes.

The correct level assignment in accordance with IFRS 9 (staging) and internal guidelines was verified.

For individually significant customers, I used sampling procedures to test the loans and advances for the existence of objective evidence of impairment and to determine whether the amount of the risk provisions was appropriate. The samples were selected on the basis of risk-oriented criteria with a particular focus on rating levels with a higher risk of default and branches that were particularly affected by the COVID-19 pandemic and in accordance with statistical procedures. In cases where objective evidence of impairment was identified, I reviewed the assumptions and underlying scenarios used by the Bank for the timing and amount of expected cash inflows. I also tested, through sampling, the internal valuation of collateral to determine whether the assumptions underlying the models were adequate.

For individual customers who are not significant but in default and for customers with no objective evidence of impairment, I verified, together with the help of experts, the applied models, related parameters and future-oriented information, also taking into consideration the validations carried out by the Bank. These models and parameters were evaluated with regard to their appropriateness for the determination of adequate risk provisions.

I verified the calculation of the risk provisions.

In addition, I assessed whether the disclosures in the notes to the financial statements regarding the valuation of loans and advances to customers are appropriate.

Information on estimation uncertainty related to the determination of loss allowances with statistical valuation models is provided in the notes under “Significant Accounting Policies“, in the section on “Judgments and estimates“ and in Note (16) “Risk provisions“. Information on the applied macroeconomic parameters is provided in Note (31) “Risks arising from financial instruments (Risk Report)“ under the section on “Information on expected credit losses“.

3. Valuation of securities and derivative financial instruments

Relevant facts and risk for the financial statements
The fair values of the securities and derivative financial instruments in the consolidated financial statements of RLB NÖ-W AG are based on observable market prices or determined with valuation models. Derivative financial instruments are mostly used for the creation of hedging instruments or for trading purposes.

The Company describes the procedures for the valuation of securities and derivative financial instruments as well as the creation of hedging relationships in the notes to the consolidated financial statements under “Significant accounting and valuation policies”, note (32) “Hedge accounting”, and note (34) “Fair value of financial instruments”.

The fair value measurement of securities and derivative financial instruments for which market prices and sufficient observable market data are not available is connected with discretionary judgment due to the use of internal valuation models and the included assumptions and parameters.

Additionally, the creation of hedging relationships requires compliance with documentation requirements for the hedge and its effectiveness.

Hedging the fair value of a portfolio against interest risk also requires attention to the separate nature and homogeneity of the underlying portfolios as well as the determination of the separate balance sheet position.

The risk for the consolidated financial statements is based on the high degree of judgment connected with the assumptions and parameters used in the models to determine fair value. A further risk involves compliance with the formal and material requirements on hedging relationships.

Audit procedures
I reviewed the guidelines issued by the Bank and the documentation of the installed processes for the measurement of securities and derivative financial instruments and carried out sampling procedures to test the effectiveness of the material controls.

I reviewed the valuation models and the underlying valuation parameters used to determine fair value for their appropriateness and consistent application. This process also included a sample-based comparison of the material applied parameters with external data and the verification of fair value calculations.

Hedging relationships were evaluated, in particular, to determine whether documentation requirements and internal guidelines were met and the effectiveness of the hedge was given. I also critically reviewed the effectiveness tests carried out by the Bank for their appropriateness.

With reference to the fair value hedge of a portfolio against interest risk, I also verified the separate nature and homogeneity of the underlying portfolios as well as the determination of the separate balance sheet position.

I also assessed the appropriateness and completeness of the disclosures in the notes to the consolidated financial statements on the valuation methods and the creation of hedging relationships.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional requirements pursuant to Section 245a of the Austrian Commercial Code ("Unternehmensgesetzbuch") and the Austrian Banking Act ("Bankwesengesetz"). Furthermore, the Company's management is responsible for such internal controls considered necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my audit opinion. Reasonable assurance represents a high level of assurance but provides no guarantee that an audit conducted in accordance with the EU-Regulation and with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, will always detect a material misstatement if any. Misstatements may result from fraud or error and are considered material if they could, individually or in total, reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU-Regulation and with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, I exercise professional judgment and retain professional scepticism throughout the audit.

Moreover:

- I identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; I plan and perform procedures to address these risks; and I obtain sufficient and appropriate audit evidence to serve as a basis for my audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misleading representation or the override of internal controls.
- I obtain an understanding of the internal controls relevant for the audit in order to design audit procedures that are appropriate under the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
- I evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates as well as related disclosures made by management.
- I conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the respective note in the financial statements or, if such disclosures are not appropriate, to modify my audit opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as going concern.
- I evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit, and I remain solely responsible for my audit opinion.

I communicate with the audit committee, among others, regarding the planned scope and timing of my audit as well as significant findings, including any significant deficiencies in the internal control system that I identify during my audit.

Furthermore, I report to the audit committee that I have complied with the relevant professional requirements regarding my independence and report any relationships and other circumstances that could reasonably affect my independence and, where appropriate, on related measures taken to ensure my independence.

Of the matters communicated with the audit committee, I determine the matters that were of most significance in the audit of the consolidated financial statements of the respective financial year and are therefore designated as key audit matters. I describe these key audit matters in my auditor's report, unless laws or other legal regulations preclude public disclosure of such matters, or in very rare cases, I determine that a matter should not be included in my auditor's report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Austrian commercial law requires the group management report to be audited to determine whether it is consistent with the consolidated financial statements and whether it was prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian commercial law and banking regulations.

I conducted my audit in accordance with generally accepted standards on the audit of group management reports.

Opinion

In my opinion, the group management report was prepared in accordance with the applicable legal requirements, includes the disclosures required by Section 243a, Para. 2 of the Austrian Commercial Code ("Unternehmensgesetzbuch") and is consistent with the consolidated financial statements.

Statement

Based on the knowledge gained in the course of my audit of the consolidated financial statements and my understanding of the Group and its environment, I did not note any material misstatements in the group management report.

Additional Information pursuant to Article 10 of the EU Regulation

I was appointed as the auditor for the 2021 financial year by Österreichische Raiffeisenverband, the auditing association responsible for the statutory audit of the consolidated financial statements in the sense of the Austrian Banking Act ("Bankwesengesetz"). I have been responsible for the audit of the consolidated financial statements of the Company without interruption since 2016.

I hereby confirm that the audit opinion in the section "Report on the Consolidated Financial Statements" is in agreement with the additional report to the audit committee made in accordance with Article 11 of the EU-Regulation.

Furthermore, I confirm that I have not performed any prohibited non-audit services (Article 5 Para. 1 of the EU-Regulation) and that I maintained my independence from the Group during the entire audit performance.

Responsible Austrian Certified Public Accountant

The responsible auditor is Ms. Alexandra Tychi.

Vienna

22 March 2022

The bank auditor appointed by Österreichischer Raiffeisenverband:

Alexandra Tychi
Austrian Certified Public Accountant

Publication or sharing with third parties of the group financial statements together with my auditor's opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 par. 2 UGB (Austrian Commercial Code) applies to alternated versions.

This report is a translation of the original report in German, which is solely valid.

Report by the Independent Auditor

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG, Vienna,

and its subsidiaries ("the Group"), which comprise the Consolidated Statement of Financial Position as at 31 December 2021, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as Section 59a BWG (Austrian Banking Act).

Basis for Opinion

We were engaged by the Company's legal representatives as a further (voluntary) auditor and conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group within the meaning of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) as well as Austrian professional regulations as defined in the Austrian Professional Accountants and Tax Advisors' Act of 2017 ("Wirtschaftstreuhandberufsgesetz 2017, "WTBG 2017") and related directives ("Richtlinien für die Ausübung der Wirtschaftstreuhandberufe") and guidelines, and we have fulfilled our other responsibilities under these requirements and the IESBA Code. Our responsibility and liability as an auditor to the Company and to third parties are defined by the regulations under Section 275 of the Austrian Commercial Code. The rules defined by Directive (EU) No. 537/2014 on specific requirements regarding the statutory audit of public-interest entities have not been agreed upon. Not applying these rules may mean that provisions have not been complied with, such as compliance with external rotation, compliance regarding the provision of prohibited non-audit services ("fee cap") and the obligation to prepare a separate report to the audit committee.

We believe the audit evidence we have obtained by the date of this audit opinion is sufficient and appropriate to provide a basis for our audit opinion on this date.

Emphasis of Matter

We refer to the comments by management on the uncertainties connected with the recoverability of the investment in Raiffeisen Bank International AG (RBI) during subsequent periods, which are provided in Note (54) "Events after the balance sheet date and approval of the consolidated financial statements" to the consolidated financial statements. Our audit opinion is not qualified by these comments.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance for our audit of the consolidated financial statements. These matters were addressed during the context of our audit of the consolidated financial statements as a whole and integrated in the development of our audit opinion, but we do not provide a separate opinion on these matters.

Our audit identified the following key audit matters, which are described below:

- Valuation of the equity-accounted investment in Raiffeisen Bank International AG
- Valuation of loans and advances to customers

Valuation of the equity-accounted investment in Raiffeisen Bank International AG

Risk for the financial statements

The investment in Raiffeisen Bank International AG (RBI) is reported under “interest in equity-accounted investments” at an amount of TEUR 1,985,246 in the consolidated financial statements of RLB NÖ-W as of 31 December 2021.

The Company describes the procedure for the valuation of equity-accounted investments in the consolidated financial statements as of 31 December 2021 in the notes under “Principles of Accounting under IFRS” and in note (4) “Profit from equity-accounted investments”. The escalation of the conflict between Russia and Ukraine and the resulting developments as well as their financial impact on the valuation of the investment in RBI are addressed under Note (54) “Events after the balance sheet date and approval of the consolidated financial statements“.

The recoverability of the carrying amount of an equity-accounted investment must be tested if there is any objective evidence of impairment. The value in use for the determination of possible impairment is calculated in accordance with a discounted cash flow method which, in turn, is based on an external opinion.

The risk for the financial statements arises from the significant dependence of the value in use calculation on management’s estimates of future cash flows and the significant dependence of the valuation results on the applied discount rate. Consequently, this valuation is connected with a high degree of estimation uncertainty.

Audit procedures

Our audit procedures to evaluate the valuation of the equity-accounted investment in RBI included the following key audit activities:

- We evaluated the processes used to identify objective evidence of impairment and tested the installed controls to determine whether they are suitable to identify objective evidence of impairment on a timely basis.
- We verified management’s estimates as to the presence of impairment indicators and the valuation of the investment in RBI based on an assessment of the underlying external opinion.
- Our valuation specialists evaluated the basis for this external opinion, including, in particular, the valuation model and applied parameters such as the discount rate. The appropriateness of the valuation parameters used for the external opinion was also evaluated.
- We analysed and evaluated the appropriateness of the future cash inflows and planning accuracy included in the calculation, in particular based on the Company’s documentation and the external opinion.

- The appropriateness of the disclosures on the valuation of the investment in RBI in the consolidated financial statements was also evaluated, especially in view of current developments.

Valuation of loans and advances to customers

Risk for the financial statements

Loans and advances to customers are reported on the consolidated balance sheet at an amount of TEUR 13,503,583. The risk provisions to these receivables totalled TEUR 188,947 as of 31 December 2021.

Management describes the procedure used to determine the risk provisions in the notes under "Significant Accounting Policies", in note 16 "Risk provisions", and in Note 31 "Risk Report".

As part of loan monitoring procedures, the Company evaluates whether there are any objective indications of impairment which would require the recognition of individual risk provisions (Stage 3) for the expected credit loss (ECL). Model-based risk provisions are calculated for the expected loss on loans and advances which are not in default (Stage 1 and Stage 2), whereby the effects of the COVID-19 pandemic were incorporated in selecting and defining the macroeconomic assumptions.

The risk provision for significant loans and advances in default (Stage 3) is calculated individually based on an analysis of the expected future cash inflows. These cash inflows are influenced substantially by the respective customer's economic position and development, the valuation of collateral, and the amount and timing of the expected cash flows derived from the scenarios.

The risk provisions for loans and advances to non-significant customers which are in default are based on calculations that include statistical risk parameters. The calculation of these risk provisions is based on the available collateral as well as statistical loss rates.

A risk provision is also recognized for loans and advances to customers which are not in default based on the expected credit loss (ECL), whereby the 12-month ECL (Level 1) is generally applied. A significant increase in the credit risk results in transfer to a different level; the ECL is then calculated over the lifetime expected loss (Level 2). The determination of the ECL is based on loss rates and rating-oriented default probabilities which include current as well as future-oriented, assumption-based information.

The transfer between levels and the determination of the risk provision are significantly dependent on assumptions that include discretionary judgment. The risk for the financial statements arises from possible misstatements of the amount of the required risk provisions.

Audit procedures
Our audit procedures to evaluate the valuation of loans and advances to customers included the following key audit activities:

- We identified and evaluated the existing documentation on the processes used to monitor and create the risk provisions for loans and advances to customers and evaluated whether these processes are suitable to identify default and to appropriately determine the risk provisions for loans and advances to customers. We also reviewed the relevant key controls, evaluated their design and implementation and, through sampling, tested their effectiveness.
- Based on a sampling of individual customers from different portfolios, we evaluated whether indicators for default were identified. The samples were generally selected according to risk-oriented criteria with particular weighting for rating levels with a higher risk of default.
- In cases of default on individual significant loans and advances to customers, we tested, through sampling, whether the estimates for the amount and timing of future cash inflows were appropriate.
- For individual loans and advances which are not significant but in default and loans and advances not in default where the risk provisions were determined statistically, we analysed the documentation of the methods for consistency with the requirements of IFRS 9. We evaluated the internal validation of the models and the underlying mathematical processes as well as the included parameters for their suitability in determining appropriate risk provisions. The selection and measurement of the future-oriented estimates and scenarios as well as their inclusion in the parameter assessment were also analysed. We verified the correctness and completeness of the risk provisions with a simplified retroactive calculation of the statistically determined risk provisions, together with the involvement of our financial mathematicians.

Other Information
Management is responsible for the preparation of other information which comprises all information in the annual report, with the exception of the individual and consolidated financial statements and the independent auditor's report.

Our audit opinion on the consolidated financial statements does not cover this other information, and we do not provide any kind of assurance in this respect.

In connection with our audit of the consolidated financial statements, we are responsible for reading the other information and evaluating whether it materially contradicts the understanding gained during the audit of the consolidated financial statements or is otherwise misstated.

If we identify a material misstatement to the other information obtained prior to our audit opinion, we are required to report this matter. We have nothing to report in this connection.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, as well as Austrian corporate and banking regulations and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code)and Section 59a BWG (Austrian Banking Act) so as to present a true and fair picture of the Group's financial position and financial performance. Moreover, management is responsible for such internal controls as deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance but provides no guarantee that an audit conducted in accordance with International Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.
- We obtain an understanding of the internal control system relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information on the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in the internal control system that we identify during our audit.
- We inform the audit committee that we have complied with the relevant professional requirements in respect of our independence and confirm that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit, i.e. key audit matters. We describe these key audit matters in our auditor’s report unless laws or other legal regulations preclude public disclosure about the matter or when, in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Responsible Austrian Certified Public Accountant

The responsible auditor is Mr. Bernhard Mechtler.

Vienna, 22 March 2022

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Bernhard Mechtler
Austrian Certified Public Accountant

Publication or sharing with third parties of the group financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 par. 2 UGB (Austrian Commercial Code) applies to alternated versions.

This report is a translation of the original report in German, which is solely valid.

Glossary

Backtesting – The ex post comparison of calculated values at risk (VaR) with actual results to evaluate the quality of a model.

Bank book – All risk-bearing positions on a bank's balance sheet, both on- and off-balance sheet, which are not allocated to the trading book.

CAPM (Capital Asset Pricing Model) – A model that explains pricing and the relationship between the expected return and risk of financial assets under extremely restrictive assumptions.

Cash flow – Inflows and outflows of cash and cash equivalents.

CDS (Credit Default Swap) – A financial instrument that hedges the credit risks related to loans or securities (also see credit derivative).

Common Equity Tier 1 capital – Equals the total of common equity Tier 1 capital as defined in Art. 50 of the CRR and additional Tier 1 capital as defined in Art. 61 of the CRR.

Companies accounted for at equity – Companies over which the investor has significant influence with respect to business and financial policies.

Credit derivatives – Instruments that transfer the credit risks associated with loans, bonds or other risk assets or market positions to another person (also see CDS).

Credit exposure – Comprises all loans, advances and debt securities recorded on the balance sheet as well as off-balance sheet guarantees and credit lines.

CRR/CRD IV – The Capital Requirements Regulation (CRR) and Capital Requirements Directive IV (CRD IV) were adopted by the EU on 27 June 2013. They form the new supervisory framework for the capital, debt and liquidity ratios. The new capital requirements call for mandatory application starting on 1 January 2014. The rules for the liquidity and debt ratios must be applied starting in 2015, resp. 2018. The implementation of these requirements is supplemented by further technical standards issued by the European Banking Authority (EBA).

Currency risk – The risk that the value of a financial instrument could change because of fluctuations in exchange rates.

CVA (Credit Valuation Adjustment)/DVA (Debt Value Adjustment) – Counterparty default risk, resp. inclusion of own probability of default in the valuation of derivatives.

DBO – (Defined Benefit Obligation) The present value of a defined benefit obligation represents the present value of expected future payments, before the deduction of plan assets, which are required to meet the entitlements earned by employees during the current period or an earlier period.

DCF method – The discounted cash flow (DCF) method calculates the value of an investment/liability/etc. by discounting future cash flows.

Default risk – The risk that a contract partner in a transaction for a financial instrument cannot meet his/her obligations and causes a financial loss for the other partner.

Deferred tax assets – Deferred tax assets are reported under other assets and are recognised for future tax effects arising from temporary differences between the tax base of assets and liabilities and their value for tax purposes or from unused tax loss carryforwards and tax credits.

Derivative – Derivatives are financial instruments whose value increases or decreases based on the change in an underlying base item, e.g. interest rate, financial instrument price, raw material price, foreign exchange rate, index of prices or rates, credit rating or credit index or another similar variable; which require no or only a minimal initial net investment; and which are settled at a future date. The most important derivatives are swaps, options and futures.

Discount – Negative difference between the purchase price and the nominal value.

EBA – European Banking Authority

ECL (Expected Credit Loss) as defined in IFRS 9.5.5 – The weighted average of credit losses, whereby the weighting is based on the probability of default. A risk allowance for expected credit losses must be calculated for all financial assets (with the exception of financial assets carried at fair value through profit or loss).

EONIA (Euro Overnight Index Average)/EURIBOR (Euro Interbank Offered Rate)/€STR (Euro Short-Term Rate) – Reference interest rates for the interbank market in the Eurozone/SOFR (Secured Overnight Financing Rate) – reference interest rates for the interbank market.

Equity as defined by the CRR – Equals the total of Tier 1 capital and Tier 2 capital.

Fair value – The amount for which an asset could be exchanged or a liability could be settled between knowledgeable, willing parties in an arm's length transaction.

Futures – Standardised, listed contracts that require the buyer to purchase or sell a specific commodity traded on the money market, capital market, precious metals market or currency market at a predetermined price and time.

Hedge accounting – An accounting procedure that is designed to minimise the influence on the income statement of contrary developments in the value of a hedge and the underlying transaction.

ICAAP – Internal Capital Adequacy Assessment Process: an internal bank procedure to ensure adequate capital coverage for all major types of risk.

IFRIC, SIC – International Financial Reporting Interpretation Committee (IFRIC) – the body responsible for issuing interpretations of International Financial Reporting Standards (IFRS), formerly called the Standing Interpretations Committee (SIC).

IFRS, IAS – International Financial Reporting Standards, resp. International Accounting Standards are accounting regulations issued by the International Accounting Standards Board (IASB). They are intended to create the basis for transparent and comparable accounting on an international basis.

Individual valuation allowance – In connection with the credit risks associated with loans and advances to customers and banks, provisions are recognised to account for expected default. A loan or advance is considered to be in danger of default when the expected discounted principal and interest payments – after the deduction of collateral – are lower than the carrying amount of the respective receivable.

Interest rate risk – The risk that the value of a financial instrument could change because of fluctuations in the market interest rate.

Liquidity risk – The risk that the bank would be unable to meet its current and/or future payment obligations in full and on time and that transactions could not be concluded at all or only at unfavourable conditions in the event of insufficient market liquidity.

LGD (Loss Given Default) – The loss rate in the event of default.

Market risk – The risk that the value of a financial instrument could change due to fluctuations in market prices. These fluctuations can be based on factors characteristic to an individual security or issuer as well as factors that affect all securities traded on the market.

Monte Carlo simulation – A numerical method used to solve mathematical problems by modelling probabilities.

NPE (non-performing exposure) – Problem commitments; loans and advances with delayed or defaulted payments.

Operational risk – The risk of losses arising from errors in systems or processes, actions by employees or external factors.

OTC products – Financial instruments that are not standardised or listed but traded directly between market participants (over-the-counter).

Overall risk – Risk-weighted exposure as defined in Art. 92 (3) of the CRR.

Premium – Positive difference between the purchase price and the nominal value

PD (Probability of Default) – The counterparty's probability of default.

Projected United Credit Method – actuarial valuation method for pension obligations.

Rating, external – Standardised assessment of the credit standing of an issuer and its debt instruments by a specialised agency.

Rating, internal – Detailed risk assessment of a debtor by the bank.

Regulatory capital – The total of core capital (Tier 1) and Tier 2 capital.

Risk-weighted positions (credit risk) – The total asset positions and off-balance sheet positions weighted by business and partner risk, calculated in accordance with the CRR definitions.

SREP – Supervisory Review and Evaluation Process: Internal bank procedures and methods for the regulatory review and evaluation process defined by the EBA (European Banking Authority).

Stress test – An instrument used for risk management in the financial sector. A differentiation is made between micro-stress tests carried out by the financial institution itself and micro-prudential supervision (e.g. OeNB or ECB).

TLTRO III (Targeted longer-term refinancing operations) – A longer term refinancing programme for banks initiated by the European Central Bank (ECB).

Trading book – A bank supervisory term for positions held by a financial institution for sale over the short-term to utilise fluctuations in prices and/or interest rates. Items not assigned to the trading book are administered in the banking book.

VaR (Value at Risk) – The maximum risk of loss on a specific portfolio during an assumed retention period based on an assumed probability and confidence level (e.g. 95%, 99% or 99.9%.

Imprint

Information in the Internet:

The website of Raiffeisenlandesbank NÖ-Wien AG provides detailed,
up-to-date information on Raiffeisen: www.raiffeisenbank.at
An electronic version of the 2021 Annual Report is also available in the internet under:
www.raiffeisenbank.at

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