SEMI-ANNUAL REPORT

AS OF 30 JUNE 2021

CONSOLIDATED SEMI-ANNUAL MANAGEMENT REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Raiffeisenlandesbank Niederösterreich-Wien

Consolidated Semi-Annual Management Report

Overview of the First Half of 2021

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

- The European Central Bank (ECB) held key interest rates (deposit facility rate) constant at the historically low level of -0.5% during the reporting period.
- In its June meeting, the ECB's Governing Council approved a third-quarter increase in bond purchases within the framework of the PEPP (Pandemic Emergency Purchase Programme; total volume EUR 1,850 billion; term extending, as a minimum, up to the end of March 2022) above the level recorded in the first quarter of this year. That represents a retention of the accelerated tempo as well as purchases of approximately EUR 80 billion per month over the summer. Bond purchases as part of the older APP (Asset Purchase Programme; term up to shortly before the first increase in the prime rate) totalled approximately EUR 20 billion per month. The series of quarterly targeted longer-term tenders (TLTRO III) with three-year terms will be continued through the end of 2021, which means two more tranches this year.
- The recent sharp rise in the Eurozone's inflation rate did not gain further speed in June. The 2.0% increase in May was followed by a slightly more moderate plus of 1.9% in June.
- Austria's GDP rose by a surprisingly strong 4.3% from the first to the second quarter of this year. In particular, the areas hardest hit by the COVID-19 crisis benefited from the repeal of government-imposed COVID-19 restrictions in mid-May. The retail, transport, accommodation and gastronomy sectors reported quarter-on-quarter growth of 20.5%. The easing of restrictions appears to have been responsible for a plus of roughly 50% over the previous quarter for the hotel and gastronomy industries - in other words, nearly half the GDP growth is attributable to these two sectors of the economy.

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

Net interest income declined marginally by -2.1% year-on-year. In addition to the positive development of the customer business and lower refinancing and issue costs, a slight deterioration was noted in the maturity transformation.

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

Raiffeisen Bank International AG (RBI), a material investment held by RLB NÖ-Wien, reported a substantial year-on-year improvement in earnings during the first half of 2021, above all due to a decline in risk costs. The proportional share of earnings for the first half of 2021 equalled EUR 138.6 million (H1 2020: EUR -213.5 million). Results for the previous year included an impairment loss of EUR –297.0 million to the carrying amount of the RBI investment to account for COVID-19 effects.

The valuation allowances for loans receivable as well as general allowances and liability provisions declined, on balance, in the first half of 2021 following the release of previously recognized risk provisions. Due to the additional allowances and provisions required in 2020, these positions turned positive and represented earnings in the first half of 2021. Releases of EUR 12.6 million are included as of 30 June 2021 (H1 2020: addition of EUR -80.5 million).

Profit after tax for the first half of 2021 totalled EUR 157.8 million, compared with the previous year which was significantly influenced by COVID-19 effects.

In the financial institutions group of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H. (Raiffeisen-Holding NÖ-Wien), which includes RLB NÖ-Wien, the total Tier 1 ratio equals 20.6% and the total capital ratio 22.5%. These indicators clearly exceed the minimum legal requirements for capital as well as the regulatory authority's capital benchmarks.

The Economic Environment for the Banking Sector in the First Half of 2021

The global economy returned to a growth course during the first half-year, supported by increasing hopes that the rapid progress of vaccination programmes would soon end the COVID-19 pandemic.

The US economy grew by an annualized 6.5% from the first to the second quarter of 2021, compared with a first quarter increase of 6.3%. This growth was weaker than generally expected, but the second quarter GDP results were, for the first time, stronger than the pre-pandemic fourth quarter of 2019. The US economy was driven by a drop in new infections, rapid vaccination successes and the cancellation of many restrictions. Other positive factors included the various economic stimulation measures (wage subsidies and special payments). The latter combined with recovery on the labour market boosted consumption, which rose by 11.8%. However, more robust GDP growth was inhibited by various bottlenecks (e.g. auto production and sales were slowed by computer chip delivery problems). Part of the demand was covered by stocks and additional imports, which cut growth by roughly 1.5 percentage points. Customers were, in some cases, frightened away by the massive rise in prices.

The second quarter brought an upturn in the Eurozone with GDP growth of 2.0% over the first quarter, compared with the previous quarter decline of -0.3%. This recovery presumably resulted from the steady decline in infections and the subsequent easing of restrictions. GDP growth in Germany remained below expectations with 1.5% over the previous quarter. Italy and Spain produced surprisingly positive results with increases of 2.7% and 2.8%, respectively, from the first to the second quarter - even though the COVID-19 situation remained in part difficult and had a negative effect, above all on private consumption and tourism. However, these two countries as well as France recorded significantly higher GDP losses than Germany in the previous year due to the COVID-19 pandemic.

In its June meeting, the ECB's Governing Council also approved a third-quarter increase in bond purchases within the framework of the PEPP (Pandemic Emergency Purchase Programme; total volume EUR 1,850 billion; term extending, as a minimum, up to the end of March 2022) above the level recorded in the first quarter of this year. That represents a retention of the accelerated tempo as well as monthly purchases of approximately EUR 80 billion over the summer. Bond purchases as part of the older APP (Asset Purchase Programme; term up to shortly before the first increase in the prime rate) totalled approximately EUR 20 billion per month. The series of quarterly targeted longer-term tenders (TLTRO III) with three-year terms will be extended through the end of 2021, which means two more tranches this year. The ECB is also continuing to adhere to its "easing bias“: The Governing Council assumes "that the ECB prime rates (main refinancing rate: 0.0%, deposit rate: -0.5%) will remain at their current or an even lower level until it determines that the inflationary outlook is moving substantially closer to the ECB target“.

The recent sharp rise in the Eurozone's inflation rate did not gain further speed in June. The increase of 2.0% in May was followed by a slightly more moderate plus of 1.9% in June. The reduced price pressure in June was related primarily to a slower increase in service prices. The strong inflationary pressure on energy prices also weakened, but the prices for industrial goods increased visibly.

Austria's GDP rose by a surprisingly strong 4.3% from the first to the second quarter of this year. In particular, the areas hardest hit by the COVID-19 crisis benefited from the repeal of government-imposed COVID-19 restrictions in mid-May. The retail, transport, accommodation and gastronomy sectors reported quarter-on-quarter growth of 20.5%. The easing of restrictions appears to have been responsible for a plus of roughly 50% over the previous quarter for the hotel and gastronomy industries - in other words, nearly half the GDP growth is attributable to these two sectors of the economy. The increase in the number of overnight stays totalled 8.6 million from April to June, compared with a total loss in the first quarter.

Earnings, Financial and Asset Position

Consolidated profit for the first half of 2021 versus the first half of 2020

The following tables can contain rounding differences.

€'000	01/01 - 30/06/2021	01/01 - 30/06/2020	Absolute +/(–) change	Absolute +/(–) change%
Net interest income	87,906	89,748	(1,842)	(2.1)
Net fee and commission income	26,828	27,981	(1,153)	(4.1)
Profit from equity-accounted investments	140,151	(217,041)	357,192	–
Profit/Loss from investments, financial and non-financial assets and liabilities	8,862	(41,254)	50,116	-
Other	4,822	(17,355)	22,177	-
Operating income	*268,569*	*(157,921)*	*426,490*	-
Staff costs	(57,307)	(48,098)	(9,209)	19.1
Other administrative expenses	(52,291)	(52,935)	644	(1.2)
Depreciation/amortization/write-offs	(6,883)	(7,166)	284	(4.0)
Depreciation, amortization, personnel and operating expenses	*(116,481)*	*(108,199)*	*(8,281)*	*7.7*
Consolidated operating profit	**152,088**	(266,120)	**418,208**	-

Net interest income declined marginally by -2.1% year-on-year. In addition to the positive development of the customer business and lower refinancing and issue costs, the maturity transformation deteriorated slightly.

Net interest income in EUR million

Net fee and commission income was slightly below the previous year at EUR 26.8 million (H1 2020: EUR 28.0 million). This decline was caused primarily by an increase in expenses for the credit business and lower earnings from payment transactions, which were contrasted by higher income from securities.

The **profit from equity-accounted investments** – which is influenced by the earnings contribution from RBI – amounted to EUR 140.1 million in the first half of 2021 (H1 2020: EUR -217.0 million). RBI recorded a sound year-on-year improvement in results for the first half of 2021, above all due to a reduction in risk costs. The proportional net at-equity earnings contribution from RBI totalled EUR 138.6 million for the reporting period (H1 2020: EUR -213.5 million). The previous year included an impairment loss of EUR –297.0 million to the carrying amount of the RBI investment to account for COVID-19 effects. The at equity contribution from Raiffeisen Informatik amounted to EUR 1.5 million (H1 2020: EUR -3.5 million).

The **profit/loss from investments and financial/non-financial assets and liabilities** totalled EUR 8.9 million (H1 2020: EUR -41.3 million). The previous year's results were influenced by the massive market turbulence caused by COVID-19, which led to valuation expenses for securities, derivatives and loans carried at fair value.

The position **Other**, which includes dividend income and other operating profit/(loss), improved by EUR 22.2 million year-on-year to EUR 4.8 million. This position was also negatively influenced in the previous year by high liability provisions which were related to impairment allowances and generally attributable to the development of the general impairment allowances (Stage 1 and Stage 2). This income statement item position also includes the expenses for the stability levy (EUR -2.5 million) as well as the contribution to the European resolution fund and the deposit insurance fund (EUR 19.9 million) for the full 2021 financial year.

Operating income in EUR million

The position **"depreciation, amortization, personnel and operating expenses"** amounted to EUR 116.5 million and was EUR 8.3 million higher than the previous year (H1 2020: EUR 108.2 million). The half-year results for 2020 included a reversal of EUR 5.9 million to a restructuring provision.

The RLB NÖ-Wien Group recorded **consolidated operating profit** of EUR 152.1 million in the first half of 2021.

€'000	01/01 - 30/06/2021	01/01 - 30/06/2020	Absolute +/(–) change	Absolute +/(–) change%
Consolidated operating profit	152,088	(266,120)	418,208	-
Impairment losses or reversals of impairment losses to financial assets	8,571	(70,707)	79,278	-
Profit for the period before tax	***160,659***	*(336,827)*	***497,486***	**-**
Income tax	(2,817)	22,447	(25,265)	-
Net profit for the period	**157,842**	(314,380)	**472,222**	**-**

The **net impairment loss/reversal of impairment to financial assets** amounted to EUR 8.6 million in the first half of 2021 (H1 2020: EUR -70.7 million). The increase in impairment losses in 2020 resulted, above all, from general allowances (IFRS 9 Stage 1 and 2) following the adjustment of the macroeconomic parameters used to calculate the expected credit losses.

Profit before tax amounted to EUR 160.7 million in the first half of 2021. In the previous year, profit before tax was negative at EUR -336.8 million for the above-mentioned reasons. After the deduction of income tax expense, **profit after tax** equalled EUR 157.8 million (H1 2020: EUR -314.4 million). Due to the negative results reported for the first half of 2020, RLB NÖ-Wien received a credit for tax income of EUR 22.4 million from Raiffeisen-Holding NÖ-Wien based on the tax group and transfer agreement. Tax expense for the first half of 2021 equalled EUR -2.8 million.

Profit for the period after tax in EUR million

Other comprehensive income of EUR 21.9 million leads to total comprehensive income for the first half of 2021. It includes, above all, the proportional share of negative effects (primarily FX effects) from the at-equity consolidation of RBI. **Total comprehensive income** amounted to EUR 179.8 million as of 30 June 2021 (H1 2020: EUR -424.2 million).

Segment Report

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

The **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. It 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 profit before tax of EUR 0.1 million in the first half of 2021 (H1 2020: EUR -20.2 million). The volume of loans and advances rose substantially by 13.7% to EUR 3.6 billion and also supported an increase in net interest income. However, the negative effect from the continued decline in the three-month EURIBOR was greater and led to a year-on-year reduction of EUR -1.4 million in net interest income to EUR 25.5 million. Depreciation, amortization, personnel and operating expenses were EUR -4.0 million higher than the previous year at EUR -64.8 million. Credit risk results in the retail business were positive at EUR 6.2 million due to reversals in the first half of 2021 (H1 2020: EUR -12.4 million, above all due to general allowances for IFRS 9 Stage 1 and 2 / COVID-19).

The **Corporate Clients Segment** recorded pre-tax profit of EUR 45.6 million in the first half of 2021 (H1 2020: EUR -32.3 million). Net interest income rose by EUR 2.2 million year-on-year to EUR 66.8 million (H1 2020: EUR 4.6 million). Positive credit risk results of EUR 3.3 million (H1 2020: EUR -58.5 million, based on general allowances for IFRS 9 Stage 1 and 2) led to a significant improvement in earnings in this segment.

The **Financial Markets Segment** generated profit before tax of EUR 4.8 million in the first half of 2021 (H1 2020: EUR -31.4 million). Net interest income declined by EUR -4.6 million to EUR 18.4 million (H1 2020: EUR 23.0 million). Valuation effects were responsible for positive results of EUR 7.1 million (H1 2020: EUR -33.5 million / COVID-19 effect) from financial assets and liabilities.

RBI, a material investment of RLB NÖ-Wien, contributed EUR 138.6 million to earnings in the first half of 2021 (H1 2020: EUR 83.5 million). Net profit before tax in the **RBI** Segment equalled EUR 114.6 million after the deduction of refinancing and administrative costs (H1 2020: EUR -239.1 million / an impairment loss of EUR -297.0 million was recognized in the first half of 2020).

The **Raiffeisen Association Segment** reported a pre-tax loss of EUR -1.0 million in the first half of 2021 (H1 2020: EUR -0.2 million).

The **Other Investments Segment** recorded profit before tax of EUR 0.3 million in the first half of 2021 (H1 2020: EUR -0.5 million).

The **Other Segment** includes, above all, the special bank levy and reported profit before tax of EUR -3.9 million (H1 2020: EUR -13.1 million).

Consolidated Balance Sheet as of 30 June 2021

The balance sheet total of the RLB NÖ-Wien Group rose by EUR 125.6 million over the level on 31 December 2020 to EUR 28,788.3 million as of 30 June 2021.

Assets

Loans and advances to customers were lower than the previous year at EUR 13,248.9 million as of 30 June 2021. The decline in business financing and loans to public sector authorities was contrasted by an increase in private sector credits.

Loans and advances to other banks rose by 2.3% to EUR 2,639.7 million as of 30 June 2021 (31 December 2020: EUR 2,580.4 million).

The **interest in equity-accounted investments** declined to EUR 2,198.1 million at the end of June 2021 (31 December 2020: EUR 2,202.3 million). The positive earnings contribution from RBI was contrasted by a distribution from R-IT.

Other assets totalled EUR 6,297.0 million as of 30 June 2021, whereby the increase over the previous year (31 December 2020: EUR 5,637.9 million) resulted primarily from a higher volume of deposits with OeNB.

€m	30/06/2021	31/12/2020	Absolute +/(–) change	Absolute +/(–) change%
Financial assets at amortized cost	19,548	19,842	(294)	(1.5)
Of which debt instruments	3,654	3,593	61	1.7
Of which loans and advances to other banks	2,640	2,580	59	2.3
Of which loans and advances to customers	13,249	13,658	(410)	(3.0)
Of which other financial assets	5	9	(5)	(52.0)
Financial assets designated at fair value through profit or loss	753	952	(198)	(20.9)
Of which held for trading	626	812	(186)	(22.9)
Of which investments, immaterial shares in subsidiaries and associates	9	9	0	0.0
Of which debt instruments not held for trading	1	1	0	2.1
Of which loans and advances to customers not held for trading	118	130	(12)	(9.4)
Financial assets at fair value through other comprehensive income	19	19	0	(2.0)
Interest in equity-accounted investments	2,198	2,202	(4)	(0.2)
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(27)	10	(37)	-
Other assets	6,297	5,638	659	11.7
ASSETS	**28,788**	28,663	**126**	**0.4**

Liabilities and Equity

Deposits from other banks rose by EUR 1,103.3 million, or 11.8%, to EUR 10,460.1 million as of 30 June 2021. The increase was based, above all, on a higher balance of liabilities with OeNB (primarily due to the use of TLTRO funds).

Deposits from customers, including savings deposits, declined by EUR 279.2 million to EUR 8,897.8 million. The lower volume of deposits from business customers and the public sector was contrasted by an increase in private customer deposits.

The total volume of **securitized liabilities, incl. Tier 2 capital,** equalled EUR 6,134.3 million and was EUR 680.9 million lower than the previous year. This decline resulted, above all, from the maturity of large-volume issues.

Equity rose by EUR 170.8 million in the first half of 2021 to EUR 2,197.6 million as of 30 June 2021. The increase was based primarily on the positive earnings recorded for the period. Other contributing factors included foreign exchange effects at RBI, which are included in other comprehensive income.

The volume of **other liabilities** declined by EUR 68.9 million to EUR 636.8 million.

€m	30/06/2021	31/12/2020	Absolute +/(–) change	Absolute +/(–) change%
Financial liabilities measured at amortised cost	25,583	25,444	140	0.5
Of which deposits from other banks	10,460	9,357	1,103	11.8
Of which deposits from customers	8,898	9,177	(279)	(3.0)
Of which securitized liabilities (incl. Tier 2 capital)	6,134	6,815	(681)	(10.0)
Of which other financial liabilities	91	95	(4)	(3.7)
Financial liabilities designated at fair value through profit or loss	371	487	(116)	(23.8)
Equity	2,198	2,027	171	8.4
Other liabilities	637	706	(69)	(9.8)
LIABILITIES & EQUITY	**28,788**	28,663	**126**	**0.4**

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 44.0% as of 30 June 2021.

The **Group's return on equity after tax** – i.e. the return on equity based on average equity – equalled 14.9% as of 30 June 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 2,895.9 million (H1 2020: EUR 2,921.7 million). At 22.5% (H1 2020: 20.0%), 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 buffer of 0.50% for system-relevant institutions 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 1,528.0 million, various regulatory adjustments of EUR 0.5 million and the application of the IFRS 9 transition guidance of EUR 53.6 million. After deductions of EUR -51.5 million, common equity Tier 1 capital equals EUR 2,562.2 million. The additional Tier 1 capital comprises an additional Tier 1 capital instrument of EUR 95.0 million. Tier 1 capital, after deductions, therefore totalled EUR 2,657.2 million (H1 2020: EUR 2,509.2 million).

Tier 2 capital of EUR 238.7 million (H1 2020: EUR 412.4 million) comprises eligible Tier 2 instruments of EUR 223.6 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 91.8% as of 30 June 2021 (H1 2020: 85.9%).

The common equity Tier 1 ratio (CET1 ratio) equalled 19.9% as of 30 June 2021 (H1 2020: 16.5%), and the Tier 1 ratio for the overall risk of the Raiffeisen-Holding NÖ-Wien credit institution group equalled 20.6% (H1 2020: 17.2%). The total capital ratio equalled 22.5% (H1 2020: 20.0%).

Under a fully loaded analysis, the CET 1 ratio equalled 19.4% (H1 2020: 16.5%), the T1 ratio 20.1% (H1 2020: 17.2%), and the total capital ratio 21.9% (H1 2020: 19.8%).

Credit risk indicators

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

30/06/2021 €'000 Receivables categories	Credit exposure						Non Performing
		Amount	Risk provision	Collateral	NPE Ratio in %	Coverage Ratio I in %	Coverage Ratio II in %
Other Banks	6,086,380	670	670	0	0.0	100.0	100.0
Corporate customers	10,309,731	189,065	77,159	55,316	1.8	40.8	70.1
Retail exposures	2,565,456	96,218	57,638	23,600	3.8	59.9	84.4
Public sector exposures	6,512,702	0	0	0	0.0	0.0	0.0
Total	**25,474,268**	**285,954**	**135,467**	**78,916**	**1.1**	**47.4**	**75.0**

31/12/2020 €'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 1.1% as of 30 June 2021 (31 December 2020: 1.3%). Coverage Ratio I is defined as the Stage 3 risk provision for non-performing credit exposure in relation to the total non-performing credit exposure, and Coverage Ratio II as the Stage 3 risk provision plus collateral (after haircuts) for non-performing credit exposure in relation to the total non-performing credit exposure. Coverage Ratio I equalled 47.4% (31 December 2020: 47.4%) and Coverage Ratio II 75.0% (31 December 2020: 77.3%).

The NPL ratio, which is calculated similar to EBA Risk Indicator AQT_3.2 equalled 1.3% as of 30 June 2021 (31 December 2020: 1.5%).

€'000	Credit exposure		NPL		NPL Ratio in %	
	30/06/2021	31/12/2020	**30/06/2021**	31/12/2020	**30/06/2021**	31/12/2020
Total	**21,815,579**	21,460,630	**21,815,579**	317,131	**1.3**	1.5

Risk Assessment

The first half of 2020 was influenced by 15 months of the COVID-19 pandemic. The consequences of this development are a risk assessment for RLB NÖ-Wien at the half-year 2021 which reflects the 2020 financial year.

Explanations of the financial risks to which the RLB NÖ-Wien Group is exposed and current developments as seen from the risk perspective as of 30 June 2021 are presented as a separate section in the Notes. Reference is therefore made to Note (31) Risks arising from financial instruments, which provides information on financial risks as well as the current situation and effects of the COVID-19 pandemic.

Outlook on the Second Half-year 2021

The Economic Environment

The gradual easing of COVID-19 restrictions in nearly all industrialized countries has cleared the way for sound economic recovery in the second half of 2021 – most of the European countries will reach the GDP recorded at year-end 2019 by the end of 2021, and the USA is expected to be several months ahead owing to the extremely expansive fiscal policy. However, the recent sharp rise in COVID-19 infections caused by the Delta variant in many countries across the world has clearly shown that the COVID-19 pandemic is not over. Reactions are, on the contrary, not expected to include further far-reaching, government-ordered containment measures. The outlook for a noticeable economic recovery is therefore still valid.

The widening economic gap has become a source of headaches for the International Monetary Fund (IMF): The industrialized countries have recovered quickly from the pandemic, but the developing and emerging countries are lagging far behind. The access to vaccines appears to be the major dividing factor. Moreover, poorer countries have been largely powerless to support their labour markets and domestic economies.

Stronger recovery in many developed countries combined with downward revisions for countries like China means that the forecasts for global growth will remain unchanged compared with April: According to the IMF preview issued at the end of June, the global economy is expected to grow by 6.0% in 2021. Global GDP growth of 4.9% is projected for the coming year, which represents an increase of 0.5 percentage points over the spring forecast.

The USA is again serving as the growth engine: The world's largest economy is expected to grow by 7.0% this year (April forecast: 6.4%), and the IMF has raised its projections for next year by a sound 1.4 percentage points to 4.9%. The IMF also sees stronger growth in the Eurozone: The monetary union's GDP is expected to grow by 4.6% in 2021 (April forecast: 4.4%) and by 4.3% in 2022 (plus 0.5 percentage points).

The Austrian institutions Wifo (Austrian Institute of Economic Research Vienna) and IHS (Institute for Advanced Studies) appear to view the COVID-19 crisis as effectively over. In June, Wifo spoke of the start of an economic boom and forecasted growth of 4.0% for this year. The Austrian economy is projected to grow by an even stronger 5.0% in 2022 because the return of winter guests in the coming year is expected to support sustainable recovery in tourism. The IHS is somewhat less optimistic and is forecasting a GDP plus of 3.4% in 2021 and 4.5% in the coming year.

Inflation will represent a key issue for the second half of 2021. The IMF expects a sharp rise in consumer prices across the world but has warned central banks against a rapid reversal of "cheap money" policies. According to the IMF, central banks should ignore inflationary pressure for the time-being and avoid tightening monetary policy until there is greater clarity over the underlying price dynamics. Inflation is definitely on the rise this year: The current IMF economic forecast points to an inflation rate of 2.4% for the industrialized countries (April forecast: 1.6%)., and the forecast for 2022 was raised from 1.7% to 2.1%.

The European Central Bank (ECB) is following the IMF's "recommendation“ and plans to retain its ultra-expansive monetary course for a longer period. Base rates remain low and, via large-volume, flexible bond purchases, the central bankers continue to promise favourable financing conditions. As a result, yields in the Eurozone will remain comparatively low even when slight interim increases are possible.

Outlook on the Development of RLB NÖ-Wien

RLB NÖ-Wien is continuing to implement its new branch concept in Vienna based on the goal to establish a modern and sustainable branch network. The emphasis is on growth, above all in residential construction lending. Other strategic focal points include the expansion of the successful corporate customer business and the extension of the current digital offering to all customer groups.

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

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

The previous institution-based protection scheme at the federal and provincial level (B-IPS, L-IPS) was dissolved for the Raiffeisen- IPS at the end of June 2021 based on an official notice, and the special assets were transferred to the new Raiffeisen-IPS.
Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS, formerly Sektorrisiko eGen) will be responsible for the early identification of risk and reporting for the Raiffeisen-IPS and, in particular, manage the funds for the IPS and the funds for the legal deposit protection scheme. The Raiffeisen-IPS will be managed by the Overall Risk Committee which includes representatives of RBI, the Raiffeisen regional banks and the Raiffeisen banks. It will be supported in performing its duties, among others, by risk committees at the provincial level.

This new Raiffeisen-IPS was formally approved by the regulatory authorities - by the ECB on 12 May 2021 and by the FMA on 18 May 2021. It was also recognized by the FMA as a deposit protection and investor compensation scheme as defined by the ESAEG on 28 May 2021. In accordance with the ESAEG's legal regulations, the institutions in the Raiffeisen banking group will resign from Einlagensicherung Austria (ESA) before the end of this year.

Vienna, 13 September 2021
The Managing Board

Klaus BUCHLEITNER m.p.
Chairman

Reinhard KARL m.p.
Deputy Chairman

Andreas FLEISCHMANN m.p.
Member of the Managing Board

Martin HAUER m.p.
Member of the Managing Board

Michael RAB m.p.
Member of the Managing Board

Consolidated Interim Financial Statements (acc. to IFRS)

Consolidated Statement of Comprehensive Income

Consolidated Income Statement

€'000	Notes	01/01 - 30/06/2021	01/01 - 30/06/2020
Net interest income	(1)	87,906	89,748
Interest income calculated according to the effective interest method		143,802	139,090
Interest income not calculated according to the effective interest method		47,354	72,017
Interest expense calculated according to the effective interest method		(59,312)	(61,001)
Interest expense not calculated according to the effective interest method		(43,939)	(60,357)
Net fee and commission income	(2)	26,828	27,981
Fee and commission income		43,823	42,115
Fee and commission expenses		(16,996)	(14,135)
Dividend income	(3)	819	168
Profit from equity-accounted investments	(4)	140,151	(217,041)
Depreciation, amortization, personnel and operating expenses	(5)	(116,481)	(108,199)
Profit/Loss from financial assets and liabilities	(6)	7,941	(41,244)
Of which profit/loss from financial assets at amortized cost		(1)	4,033
Profit/Loss from investments and non-financial assets	(7)	921	(10)
Net impairment loss/reversal of impairment to financial assets	(8)	8,571	(70,707)
Other operating profit/loss	(9)	4,002	(17,524)
Other operating income		22,111	26,705
Other operating expenses		(25,326)	(35,535)
Addition to or release of provisions		7,217	(8,693)
Profit for the period before tax		**160,659**	(336,827)
Income tax	(10)	(2,817)	22,447
Profit for the period after tax		**157,842**	(314,380)
Of which attributable to non-controlling interests		4	1
Of which attributable to equity owners of the parent		157,838	(314,381)

Reconciliation to Consolidated Comprehensive Income

€'000	**01/01 - 30/06/2021**	**01/01 - 30/06/2020**
Profit for the period after tax	***157,842***	*(314,380)*
Items that will not be reclassified to profit or loss in later periods	***(1,753)***	*3,277*
Remeasurement of defined benefit pension plans	1,441	197
Fair value changes in equity instruments (through other comprehensive income)	(387)	(439)
Deferred taxes on items not reclassified to profit or loss	(180)	(259)
Proportional share of other comprehensive income from equity-accounted investments	(2,628)	3,776
Items that may be reclassified to profit or loss in later periods	***23,697***	*(113,108)*
Cash flow hedge reserve	0	(1,008)
Deferred taxes on items that may be reclassified to profit or loss	0	330
Proportional share of other comprehensive income from equity-accounted investments*	23,697	(112,430)
Other comprehensive income	***21,944***	*(109,831)*
Consolidated comprehensive income	**179,786**	(424,211)
Of which attributable to non-controlling interests	4	1
Of which attributable to equity owners of the parent	179,782	(424,212)

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

Consolidated Balance Sheet

€'000	Notes	30/06/2021	31/12/2020
Cash, cash balances at central banks and other demand deposits	(11)	5,666,800	4,930,949
Financial assets held for trading	(12)	625,704	811,971
Derivatives		366,124	472,212
Other trading assets		259,580	339,759
Non-trading financial assets mandatorily at fair value through profit or loss	(13)	127,668	139,879
Financial assets at fair value through other comprehensive income	(14)	19,083	19,472
Financial assets at amortized cost	(15) (16)	19,547,629	19,841,540
Bonds		3,654,494	3,593,206
Loans and advances to other banks		2,639,671	2,580,439
Loans and advances to customers		13,248,927	13,658,437
Other assets		4,538	9,457
Derivatives - hedge accounting	(17)	366,545	442,929
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(18)	(26,941)	9,710
Interest in equity-accounted investments	(19)	2,198,148	2,202,271
Property and equipment	(20)	105,564	104,261
Investment property		1,539	1,851
Intangible assets	(21)	15,373	16,402
Deferred tax assets	(22)	18,093	20,358
Tax assets		178	158
Deferred tax assets		17,915	20,200
Other assets	(23)	123,134	121,121
Balance sheet assets		**28,788,341**	28,662,712

€'000	Notes	30/06/2021	31/12/2020
Financial liabilities held for trading - derivatives	(24)	370,626	486,581
Financial liabilities measured at amortized cost	(25)	25,583,385	25,443,707
Deposits from other banks		10,460,092	9,356,799
Deposits from customers		8,897,839	9,177,078
Securitized liabilities		6,134,343	6,815,205
Other liabilities		91,111	94,625
Derivatives - hedge accounting	(26)	381,310	501,560
Provisions	(27)	119,168	134,428
Tax liabilities	(28)	4,359	3,940
Tax liabilities		4,359	3,940
Other liabilities	(29)	131,929	65,739
Equity	(30)	2,197,564	2,026,758
Attributable to non-controlling interests		40	46
Attributable to equity owners of the parent		2,197,524	2,026,712
Balance sheet equity and liabilities		**28,788,341**	28,662,712

Consolidated Statement of Changes in Equity

€'000	Attributable to equity holders of the parent						
	Subscribed capital	Capital reserves	Retained earnings incl. profit or loss attributable to equity owners of the parent	Other comprehensive income	Equity attributable to owners of the parent	Non-controlling 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	(314,381)	(109,831)	(424,212)	1	(424,211)
Net profit/loss for the period	0	0	(314,381)	0	(314,381)	1	(314,380)
Other comprehensive income	0	0	0	(109,831)	(109,831)	0	(109,831)
Dividends paid	0	0	0	0	0	(5)	(5)
Enterprise's interest in other changes in equity of equity-accounted investments	0	0	556	0	556	0	556
Other changes	0	0	(82)	82	0	0	0
Equity at 30/06/2020	219,789	556,849	1,758,107	(444,823)	2,089,925	36	2,089,960
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	157,838	21,944	179,782	4	179,786
Net profit/loss for the period	0	0	157,838	0	157,838	4	157,842
Other comprehensive income	0	0	0	21,944	21,944	0	21,944
Dividends paid	0	0	0	0	0	(10)	(10)
Enterprise's interest in other changes in equity of equity-accounted investments	0	0	(8,970)	0	(8,970)	0	(8,970)
Equity at 30/06/2021	**219,789**	**556,849**	**1,906,953**	**(486,068)**	**2,197,524**	**40**	**2,197,564**

Consolidated Cash Flow Statement

€'000	Notes	01/01 - 30/06/2021	01/01 - 30/06/2020
Profit for the period after tax		***157,842***	*(314,380)*
Write-downs/(write-ups) of property and equipment and measurement of financial assets and equity investments		96,179	(83,494)
Profit from equity-accounted investments	(4)	(140,151)	217,041
Release of/addition to provisions and impairment allowances		(22,611)	80,742
(Gains)/losses on disposals of property and equipment and financial investments		410	(11,627)
Reclassification of net interest income, dividends and income taxes		(85,908)	(112,364)
Other adjustment (net)		(5,206)	(1,263)
Subtotal before change in assets/liabilities (operating)		***554***	*(225,346)*
Other demand deposits		(77,907)	(69,287)
Financial assets held for trading		185,521	47,334
Financial assets designated at fair value through profit or loss		12,231	11,926
Financial assets at amortized cost		363,770	(477,222)
Derivatives - hedge accounting		(7,871)	37,974
Other assets		9,717	(12,165)
Financial liabilities held for trading		(115,988)	52,187
Financial liabilities measured at amortized cost		138,412	1,465,532
Other provisions		(15,079)	(9,860)
Other liabilities		65,743	294,815
Interest received		200,648	209,238
Dividends received		157,218	33,316
Interest paid		(93,091)	(92,924)
Income taxes paid		(65)	119
Cash flow from operating activities		***823,815***	*1,265,636*
Cash receipts from sales of financial investments		69,514	551,224
Cash receipts from sales of equity investments		2	0
Cash receipts from sales of property and equipment and intangible assets		637	251
Cash paid for financial investments		(227,513)	(140,194)
Cash paid for property and equipment and intangible assets		(3,551)	(1,595)
Cash flow from investing activities		***(160,911)***	*409,686*
Cash inflows from Tier 2 capital		0	313
Cash outflows from Tier 2 capital		(109)	(8,745)
Repayments from lease liabilities		(4,702)	(4,127)
Dividends paid		(10)	(5)
Cash flow from financing activities		***(4,822)***	*(12,564)*

€'000	**01/01 - 30/06/2021**	01/01 - 30/06/2020
Cash and cash equivalents at end of previous year	***2,664,614***	*915,352*
Cash flow from operating activities	823,815	1,265,636
Cash flow from investing activities	(160,911)	409,686
Cash flow from financing activities	(4,822)	(12,564)
Cash and cash equivalents at end of year	**3,322,696**	2,578,110

Notes

General Information

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

The consolidated interim financial statements as of 30 June 2021 are in agreement with International Accounting Standard (IAS) 34, which defines the minimum content of an interim financial report and the accounting and measurement principles applicable to interim financial reporting. Accordingly, these consolidated interim financial statements should be read in connection with the consolidated financial statements for 2020 of RLB NÖ-Wien.

The preparation of interim financial reports involves judgments, estimates and assumptions that influence the recognition of assets and liabilities, the disclosure of contingent liabilities and the presentation of income and expenses. The exercise of judgment by management in applying the various accounting policies is also based on the goal defined for the consolidated financial statements, which is to provide meaningful information on the company's asset, financial and earnings positions as well as changes in the asset, financial and earnings positions in agreement with the applicable accounting standards. These condensed consolidated interim financial statements are based on the same principles applied in preparing the consolidated financial statements as of 31 December 2020. Actual results may deviate from the estimated values.

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

There were no changes in the number of consolidated subsidiaries and equity-accounted entities during the reporting period. The total number of these entities is shown below.

Number of Entities	01/01 - 30/06/2021	01/01 - 30/06/2020	01/01 - 30/06/2021	01/01 - 30/06/2020
	Consolidated		Equity Method	
At 1 January	12	12	2	2
Changes during the period	0	0	0	0
At 30 June	**12**	12	**2**	2

No business combinations or disposals of operations were recognized during the first half of 2021.

As of 30 June 2021, there were no outstanding legal disputes which could endanger the continued existence of RLB NÖ-Wien as a going concern.

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

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

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

- 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

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 become due between 1 April 2020 and 31 January 2021 for a period of ten months 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. It was based on an "opt-in model", i.e. customers must actively request a payment deferral from the bank. In addition, RLB NÖ-Wien gave involved customers opportunity to adjust their contracts at a bilateral level (so-called voluntary deferral measures). The borrower is therefore not considered to be in default during the period in which payments are deferred.

Government moratoria as well as voluntary concessions lead to a change in the contractual payment flows from the underlying assets. The significant accounting policies described in the consolidated financial statements as of 31 December 2020 on the modification of contractual payment flows as a result of COVID-19 remain valid in this connection.

Since most of the COVID-19-related contract changes are temporary deferrals, they generally do not have any substantial present value effects that would result in derecognition. The extensions to existing moratoria and announcement of new moratoria during the first half of 2021 did not lead to the recognition of material modification losses.

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

Government guarantees

Information on the accounting and valuation methods for the recognition of government guarantees for risk positions in connection with Covid-19 is provided in the consolidated financial statements as of 31 December 2020.

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 the reporting period. As of 30 June 2021, deposits from other banks included TEUR 2,895,000 (H1 2020: TEUR 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.

Negative interest from liabilities in the first half of 2021 includes (negative) interest costs of TEUR 10,115 from participation in the TLTRO III programme. This presentation is based on an analysis of business development with regard to lending targets which showed that RLB NÖ-Wien would meet or exceed these targets with a probability bordering on certainty. These 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.

Application of new and revised standards and interpretations

The following new or revised standards and interpretations are effective for financial years beginning on or after 1 January 2021 and were reported in the consolidated financial statements for 2020. The following section explains the changes which have an effect on RLB-NÖ-Wien or which were announced during the first half of 2021.

IFRS 9/IAS 39/IFRS7/IFRS 4 and 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. With regard to the USD Libor, RLB NÖ-Wien expects a gradual changeover by mid-2023.

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.

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. Regular reports are submitted to the Managing Board.

All developments related to the reference interest rate reform are 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.

IFRS 16 COVID-19-related rental concessions

(Extension of application period; publication date: 31 March 2021)

This change extends the application period for the changes to IFRS 16 by one year from May 2020 to 30 June 2022. They provide 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.

Segment Reporting

01/01 - 30/06/2021 €'000	Retail/Raiff-eisen Association Services	Corporate Customers	Financial Markets	RBI	Raiffeisen Association	Other equity investments	Other	Total
Net interest income	25,540	66,800	18,390	(22,677)	0	(146)	0	87,906
Net fee and commission income	27,755	6,208	(8,449)	0	1,313	0	0	26,828
Dividend income	50	350	0	0	0	420	0	819
Profit from equity-accounted investments	0	0	1,524	138,627	0	0	0	140,151
Depreciation, amortization, personnel and operating expenses	(64,762)	(27,180)	(8,978)	(1,347)	(14,003)	(211)	0	(116,481)
Profit/Loss from financial assets and liabilities	597	(721)	7,100	0	965	0	0	7,941
Profit/Loss from investments and non-financial assets	380	161	57	9	89	225	0	921
Net impairment loss/reversal of impairment to financial assets	6,186	3,258	(873)	0	0	0	0	8,571
Other operating profit/loss	4,313	(3,253)	(3,959)	23	10,673	59	(3,854)	4,002
Profit for the period before tax	**59**	**45,623**	**4,812**	**114,635**	**(963)**	**347**	**(3,854)**	**160,659**
Income tax	(479)	115	0	0	0	(25)	(2,428)	(2,817)
Profit for the period after tax	**(420)**	**45,738**	**4,812**	**114,635**	**(963)**	**322**	**(6,282)**	**157,842**
Av. allocated capital (in EUR mill.)	255	765	596	480	0	15	0	2,112
Return on equity before tax	-	11.9%	1.6%	47.8%	-	4.5%	-	15.2%
Return on equity after tax	-	12.0%	1.6%	47.8%	-	4.2%	-	14.9%
Cost/Income Ratio (incl. at equity)	> 100%	41.2%	61.0%	1.2%	> 100%	37.8%	-	44.0%

The comparative prior year data are as follows:

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

Segment Reporting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The Other Segment only includes the limited expenses which cannot be allocated to one of the other segments.

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

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

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

Details on the Consolidated Income Statement

(1) Net interest income

Net interest income includes interest income and expenses as well as all similar recurring and non-recurring income and expenses. Interest and similar income, respectively expenses, are calculated according to the effective interest method and accrued accordingly. Negative interest on loans and advances to customers and other banks are included under interest and similar expenses, while positive interest on non-derivative financial liabilities from the banking business are included under interest and similar income and reported under net interest income. Interest income includes interest income of TEUR 3,000 (H1 2020: TEUR 2,066) from impairment-adjusted loans and advances to customers and other banks.

The accounting treatment of (negative) interest expense in connection with TLTRO III financing transactions is explained in the section on "Significant Accounting Policies".

€'000	01/01 - 30/06/2021	01/01 - 30/06/2020
Interest income		
Financial assets held for trading	45,903	70,335
Non-trading financial assets mandatorily at fair value through profit or loss	1,451	1,682
Financial assets carried at amortized cost - incl. related derivatives (interest rate risks)*	121,917	133,187
Other assets	1,526	92
Negative interest from liabilities	20,360	5,811
Total interest income	***191,156***	***211,107***
Interest expenses		
Financial liabilities held for trading	(43,939)	(60,357)
Financial liabilities carried at amortized cost - incl. related derivatives (interest rate risks)*	(36,730)	(45,026)
Other liabilities	(5,100)	(6,641)
Negative interest from financial assets	(17,482)	(9,335)
Total interest expenses	***(103,250)***	***(121,358)***
Net interest income	**87,906**	89,748

* The interest expense from derivatives in hedge accounting for assets totals TEUR -26,896 (H1 2020: EUR -24,507); the interest income from derivatives in hedge accounting for liabilities totals TEUR 35,335 (H1 2020: EUR 39,045).

(2) Net fee and commission income

Net fee and commission income covers the income and expenses to which the company is legally entitled for the provision of services. Fee and commission income from the credit business consists primarily of liability remuneration, commission income from securities and custodial and brokerage fees.

Fee and commission expenses from the credit business consist chiefly of liability remuneration in connection with cover pool collateral. The fees arising from financial instruments which are carried at amortized cost and represent part of effective interest are recognized to net interest income over the respective term.

€'000	01/01 - 30/06/2021	01/01 - 30/06/2020
Securities	5,284	4,683
Custody business	4,618	4,006
Fiduciary transactions	5	0
Services for payment transactions	13,772	13,917
Brokerage commissions	8,356	6,757
Credit business	2,702	3,738
Other fee and commission income	9,086	9,015
Fee and commission income	***43,823***	***42,115***
Securities	(2,200)	(1,945)
Custody business	(570)	(547)
Fiduciary transactions	(5)	0
Services for payment transactions	(1,984)	(2,512)
Credit business	(9,204)	(6,372)
Other fee and commission expenses	(3,033)	(2,759)
Fee and commission expenses	***(16,996)***	***(14,135)***
Net fee and commission income	**26,828**	**27,981**

(3) Dividend income

This position includes the dividend income from securities and the income from unconsolidated company shares and investments.

In accordance with IFRS 9.5.7.1A, dividends are recognized to profit or loss when there is a legal entitlement to receive payment.

€'000	01/01 - 30/06/2021	01/01 - 30/06/2020
Non-trading financial assets designated at fair value through profit or loss	353	5
Financial assets at fair value through other comprehensive income	466	164
Dividend income	**819**	168

(4) Profit/(loss) from equity-accounted investments

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

€'000	01/01 - 30/06/2021	01/01 - 30/06/2020
Profit/loss from companies accounted for at equity	140,151	79,959
Revaluation gains/(losses) on equity-accounted investments	0	(297,000)
Profit from equity-accounted investments	**140,151**	(217,041)

As of the reporting date on 30 June 2021, an overall assessment of events – in particular, the fact that the market price was substantially below the book value – provided objective indications as defined in IAS 28.41A – 28.41C in connection with IAS 36.12 of a decline in fair value. The equity-accounted investment in RBI was therefore tested for impairment as of 30 June 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. The fair value less selling costs was determined on the basis of the market price of RBI as of the closing date and equalled EUR 19.1 per share (H1 2020: EUR 16.7 per share). The recoverable amount was determined as a value in use based on the present value of the expected cash flows (dividend discount model). The cash flows were derived from five-year forecasts which were approved by the management of RBI and valid at the time the impairment test was carried out; they were adapted marginally in connection with a plausibility check. The management of RLB NÖ-Wien examined the planning assumptions extensively, including information gained from the supervisory Board of RBI which includes members of the management of RLB NÖ-Wien.

The cash flows realizable from the RBI investment were discounted with an average, risk-adjusted capitalization rate, whereby a 12.21% (H1 2020: 12.50%) after-tax cost of equity was applied. A sustainable growth rate of 2.0% (H1 2020: 2.0%) was included in determining the value in use of RBI, which reflects the ECB's communicated inflation target.

A comparison of the resulting value in use with the carrying amount did not indicate any need for the recognition of an impairment loss or a revaluation as of 30 June 2021.

The deviation between the value in use and the market price resulted, above all, from the extreme market reactions to the corona pandemic and the related branch-wide drop in share prices as well as an over-emphasis on short-term corporate trends. The development of the RBI share price includes, in our opinion, factors that go beyond the company's capacity to generate cash flows. The discounts currently included in the share price have no relation, in our opinion, to RBI's sustainable earning power.

The assumptions made in connection with the valuation were subjected to further sensitivity analysis through additions and reductions along the valuation range.

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

A change of +/- 10% in all valuation-relevant cash flows leads to a change of approximately +/-9% in the value in use (H1 2020:
+/- 10%). A change of +/- 50 basis points in the market return would lead to a change of approximately -8%, respectively +9% (H1 2020: -9% and +10%). An increase or decrease of 100 basis points in the RoE TV would have an impact of roughly +9%, respectively -9% (H1 2020: +9% and -9%). 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 - 30/06/2021	01/01 - 30/06/2020
Write-downs of property, equipment and intangible assets	(6,883)	(7,166)
Staff costs	(57,307)	(48,098)
Other administrative expenses	(52,291)	(52,935)
Depreciation, amortization, personnel and operating expenses	**(116,481)**	(108,199)

(6) Profit/loss from financial assets and liabilities

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

€'000	01/01 - 30/06/2021	01/01 - 30/06/2020
Profit/loss from financial assets and liabilities not carried at fair value through profit or loss	*(32)*	*4,016*
Financial assets at amortized cost	(1)	4,033
Bonds	0	3,934
Other loans and advances	(1)	99
Financial liabilities measured at amortized cost	(31)	(17)
Profit/loss from financial assets and liabilities held for trading	***8,171***	*(40,216)*
Derivatives	11,400	(48,683)
Equity instruments	0	(1)
Bonds	(3,229)	8,468
Profit / loss from financial assets not held for trading, mandatorily at fair value	*(2,241)*	*(5,124)*
Equity instruments	(5)	(1,551)
Bonds	20	(50)
Other loans and advances	(2,255)	(3,523)
Profit/Loss from modifications	*(36)*	*(956)*
Profit / loss from hedge accounting	*(526)*	*(1,007)*
Foreign exchange transactions	***2,605***	*2,044*
Profit/Loss from financial assets and liabilities	**7,941**	(41,244)

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

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

The profit/loss from financial assets and liabilities carried at amortized cost show the results from the repurchase or premature redemption of securities issued by RLB NÖ-Wien (TEUR -31; H1 2020: -17).

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

The profit/loss from financial assets and liabilities held for trading totalled TEUR 8,171 in the first half of 2021 (H1 2020: EUR -40,216). 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 also show the narrowing of the spreads on securities which began in the second half of the previous year and influenced the results of bond trading and valuation – in contrast to the crisis-related, negative trading results and high valuation losses on securities recorded in the first half of 2020, which was significantly shaped by the COVID-19 pandemic.

The profit/loss from financial instruments carried mandatorily at fair value amounted to TEUR -2,241 in the first half of 2021 (H1 2020: TEUR -5,124). These results were primarily influenced by the valuation of loans and advances carried at fair value, which were negatively affected by an increase in spreads.

Profit/loss from modifications

The profit/loss from modifications shows the income and expenses which resulted from the adjustment of contractual cash flows. In the first half of 2021, the results of these modifications totalled TEUR -36 (H1 2020: TEUR -956). The following table shows the amortized cost before the changes to the modified financial instruments which did not lead to derecognition according to qualitative and quantitative criteria. This table also includes the profit/loss on modifications classified by their current assignment based on the impairment logic. Modified financial instruments with a premodification carrying amount of TEUR 0 (H1 2020: TEUR 2,346) and a modification effect of TEUR 0 (H1 2020: TEUR -3) which were assigned to Stage 2 or 3 are now assigned to Stage 1.

The share of the modification loss attributable to the COVID-19-related measures equalled TEUR -52 in the first half of 2021 (H1 2020: EUR -675).

The following table shows the modification effects for the current reporting period and as of 30 June 2021.

€'000	**Stage 1**	**Stage 2-3**	**Total**
Modification effect from financial assets	(245)	209	(36)
Carrying amount before modification of financial assets	134,989	309,302	444,291

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 -526; H1 2020: TEUR -1,007). This amount includes TEUR 42,026 (H1 2020: TEUR -46,832) from the measurement of hedging derivatives and TEUR -42,552 (H1 2020: TEUR 45,825) from changes in the carrying amounts of the underlying transactions within the framework of hedge accounting. Additional details on hedge accounting are provided under Note (33) Hedge accounting.

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

This position shows the profit/loss on the derecognition or impairment of non-financial assets as well as the derecognition of rights of use following the termination or modification of rental and operating leases. There were no such results from investments (deconsolidation effects) in the first half of 2021 or the first half of 2020.

€'000	01/01 - 30/06/2021	01/01 - 30/06/2020
Profit/loss from the derecognition of non-financial assets	282	105
Impairment losses or reversals of impairment losses to non-financial assets	638	(115)
Profit / loss from investments and non-financial assets	**921**	(10)

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

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

€'000	01/01 - 30/06/2021	01/01 - 30/06/2020
Net impairment loss/reversal of impairment to financial assets at amortized cost	8,571	(70,707)
Bonds	(345)	69
Loans and advances	8,893	(70,783)
Trade receivables	23	7
Net impairment loss/reversal of impairment to financial assets	**8,571**	(70,707)

(9) Other operating profit/loss

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

The results from the addition to or release of provisions include the change from provisions for obligations and guarantees given. Additional details are provided under Note (16).

The sector facilities included under other operating expenses represent the contributions to deposit protection schemes. Additional details in this connection and on the new Raiffeisen deposit protection scheme and related, compulsory national institution-based protection scheme are provided under Note (37) Other Agreements.

€'000	01/01 - 30/06/2021	01/01 - 30/06/2020
Other operating income	*22,111*	*26,705*
Revenue from service and real estate subsidiaries	7,682	12,881
Revenues from services provided to Raiffeisen banks	9,305	9,465
Other income	5,123	4,359
Other operating expenses	*(25,326)*	*(35,535)*
Sector facilities	(6,450)	(5,200)
Bank levy	(2,476)	(13,350)
Resolution fund	(13,438)	(11,126)
Cost of materials and purchased services from service and real estate subsidiaries	(1,818)	(4,738)
Other expenses	(1,144)	(1,121)
Addition to or release of provisions	*7,217*	*(8,693)*
Addition to or release of provisions for obligations and granted guarantees	4,009	(9,760)
Release of other provisions	3,208	1,067
Other operating profit/loss	**4,002**	(17,524)

(10) Income tax

€'000	01/01 - 30/06/2021	01/01 - 30/06/2020
Current taxes	(754)	1,526
Deferred taxes	(2,064)	20,922
Income tax	**(2,817)**	22,447

Details on the Consolidated Balance Sheet

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

€'000	30/06/2021	31/12/2020
Cash	51,841	58,643
Balances with central banks	3,270,625	2,605,910
Other demand deposits	2,344,333	2,266,396
Total	**5,666,800**	4,930,949

Cash balances at central banks include the statutory minimum reserve of TEUR 309,544 (H1 2020: TEUR 297,114). This balance sheet position includes Stage 1 impairment losses of TEUR 1,835 (H1 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	30/06/2021	31/12/2020
Cash	51,841	58,643
Balances with central banks	3,270,625	2,605,910
Other sight deposits from customers	230	61
Cash and cash equivalents	***3,322,696***	*2,664,614*
Other sight deposits from other banks	2,344,103	2,266,335
Total cash, cash balances at central banks and other demand deposits	**5,666,800**	4,930,949

(12) Financial assets held for trading

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

€'000	30/06/2021	31/12/2020
Derivatives	366,124	472,212
Bonds	259,580	339,759
Total	**625,704**	811,971

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

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

€'000	30/06/2021	31/12/2020
Equity instruments	9,014	9,014
Bonds	989	969
Other loans and advances	117,665	129,896
Total	**127,668**	139,879

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

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

€'000	30/06/2021	31/12/2020
Equity instruments	19,083	19,472
Total	**19,083**	19,472

Dividends of TEUR 466 were recorded from these equity instruments in the first half of 2021 (H1 2020: TEUR 164). There were no sales from this asset category during the reporting period.

(15) Financial assets at amortized cost

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

€'000	30/06/2021	31/12/2020
Bonds	***3,654,494***	*3,593,206*
Debt instruments from credit institutions	1,109,789	1,144,532
Debt instruments from customers	2,544,705	2,448,675
Other loans and advances	***15,888,597***	*16,238,876*
Loans and advances to other banks	2,639,671	2,580,439
Loans and advances to customers	13,248,927	13,658,437
Trade receivables	***4,538***	*9,457*
Total	**19,547,629**	19,841,540

(16) Risk provisions

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

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

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Opening balance sheet 01/01/2021	*3,688*	*0*	*670*	*0*	*0*	*4,358*
Increase due to new additions	340	0	0	0	0	340
Decreases due to disposals	(93)	0	0	0	0	(93)
Changes in credit risk	(50)	0	0	0	0	(50)
Foreign currency effects and other adjustments	(1)	0	0	0	0	(1)
Closing balance sheet 30/06/2021	**3,885**	**0**	**670**	**0**	**0**	**4,555**

The comparative prior year data are shown below:

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

As of 30 June 2021, none of the loans or advances to other banks carried at amortized cost were classified as impaired on purchase or origination (POCI).

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

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Opening balance sheet 01/01/2021	*29,089*	*36,328*	*85,788*	*60,978*	*3,010*	*215,193*
Increase due to new additions	5,592	587	4	73	0	6,256
Decreases due to disposals	(1,591)	(3,035)	(11,794)	(1,796)	0	(18,216)
Changes resulting from reclassification between stages	(3,913)	1,938	1,749	227	0	0
Transfers to Stage 1	(7,681)	7,679	0	2	0	0
Transfers to Stage 2	3,753	(6,121)	1,749	619	0	0
Transfers to Stage 3	15	380	0	(395)	0	0
Changes in credit risk	(6,975)	(3,016)	(814)	3,276	289	(7,241)
Changes due to modifications, excl. disposal	0	0	(1)	(3)	0	(3)
Decreases due to use of impairment losses	0	0	(301)	(5,892)	0	(6,192)
Foreign currency effects and other adjustments	16	0	(7)	0	0	8
Closing balance sheet 30/06/2021	**22,218**	**32,801**	**74,624**	**56,862**	**3,299**	**189,805**

The direct write-downs to loans receivable totalled TEUR -17 in the first half of 2021 (H1 2020: TEUR -522). Income, excluding the effects of changes in the risk provisions (e.g. income from loans receivable which were previously written off), amounted to TEUR 4 in the first half of 2021 (H1 2020: TEUR 743).

The decline of TEUR 11,794 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 30 June 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 35,100 (H1 2020: TEUR 6,603). The increase resulted from the above-mentioned customer restructuring.

The comparative prior year data are shown below:

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

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

€'000	**Stage 1 Performing**	**Stage 2 Under Performing**	**Stage 3 Credit impaired significant**	**Stage 3 Credit impaired not significant**	**POCI**	**Total**
Opening balance sheet 01/01/2021	***967***	***70***	***0***	***0***	***0***	***1,037***
Increase due to new additions	1	0	0	0	0	1
Decreases due to disposals	(3)	(7)	0	0	0	(10)
Changes in credit risk	(60)	(23)	0	0	0	(83)
Foreign currency effects and other adjustments	5	0	0	0	0	5
Closing balance sheet 30/06/2021	**911**	**40**	**0**	**0**	**0**	**951**

As of 30 June 2021, none of the debt instruments issued by other banks and carried at amortized cost were classified as impaired on purchase or origination (POCI).

The comparative prior year data are shown below:

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

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

€'000	**Stage 1 Performing**	**Stage 2 Under Performing**	**Stage 3 Credit impaired significant**	**Stage 3 Credit impaired not significant**	**POCI**	**Total**
Opening balance sheet 01/01/2021	***1,840***	***0***	***0***	***0***	***0***	***1,840***
Increase due to new additions	178	0	0	0	0	178
Decreases due to disposals	(11)	0	0	0	0	(11)
Changes in credit risk	253	0	0	0	0	253
Foreign currency effects and other adjustments	(5)	0	0	0	0	(5)
Closing balance sheet 30/06/2021	**2,255**	**0**	**0**	**0**	**0**	**2,255**

As of 30 June 2021, none of the debt instruments issued by customers and carried at amortized cost were classified as impaired on purchase or origination (POCI).

The comparative prior year data are shown below:

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

Provision for granted commitments and financial guarantees

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	Total
Opening balance sheet 01/01/2021	*5,689*	*11,993*	*5,079*	*1,945*	*24,705*
Increase due to new additions	1,356	2	40	22	1,419
Decreases due to disposals	(508)	(1,704)	(258)	(77)	(2,546)
Changes resulting from reclassification between stages	(100)	244	0	(144)	0
Transfers to Stage 1	(999)	999	0	0	0
Transfers to Stage 2	897	(904)	0	7	0
Transfers to Stage 3	2	149	0	(151)	0
Changes in credit risk	(1,162)	(1,593)	(267)	141	(2,881)
Foreign currency effects and other adjustments	3	(2)	(5)	0	(4)
Closing balance sheet 30/06/2021	**5,279**	**8,941**	**4,587**	**1,887**	**20,694**

The comparative prior year data are shown below:

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

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:

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

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

COVID-19 pandemic

The current macroeconomic forecasts prepared by Moody’s Analytics for Austria include specific information on the effects of the COVID-19 crisis and the related government reactions (short-time work, etc.). This information was used to develop the calculation parameters. Moody's Analytics provides specific country scenarios as well as optimistic and pessimistic projections.

The applied forecasts represent a long-term trend and include the effects of the lockdowns in 2020 and the first half of 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 form government assistance measures. No adjustments to the models were required.

The criteria for identifying a significant increase in credit risk were expanded 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 +1. 1 million as of 30 June 2021. The significant increase in the Stage 1 and 2 risk provisions in 2020 was primarily attributable to the COVID-19 pandemic. Due to the ongoing uncertain economic situation – current COVID-19 measures, possible fourth lockdown in autumn – the impairment allowance for Stage 1 and 2 credits declined but remained at a high level (from EUR 65.4 million as of 31 December 2020 to EUR 55.0 million as of 30 June 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 was therefore not changed.

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 have been granted a COVID-19-related deferral 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	30/06/2021	100% optimistic	100% baseline	100% pessimistic
Risk provisions Stage 1&2	76.3	53.1	72.2	105.2

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	30/06/2021	100% in Stage 1	100% in Stage 2
Risk provisions Stage 1&2	76.3	68.9	126.2

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

(17) Derivatives – hedge accounting

Derivative financial instruments are reported as hedging instruments when the conditions for hedge accounting under IFRS 9 are met. RLB NÖ-Wien has decided not to hedge any payment flows through cash flow hedges. Details on the recognized fair value hedges, underlying transactions, hedging instruments and hedged risks are provided in Note (33) Hedge Accounting.

€'000	30/06/2021	31/12/2020
Fair value hedges	366,545	442,929
Positive fair values of derivative financial instruments from micro-fair value hedges	338,304	442,768
Positive fair values of derivative financial instruments from portfolio-fair value hedges	28,241	161
Fair value hedges	**366,545**	442,929

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

RLB NÖ-Wien applies hedge accounting to hedges which are intended to protect the fair value of a portfolio against interest rate risks as defined in IAS 39.AG144-AG132. Additional details can be found in Note (33) Hedge Accounting.

€'000	30/06/2021	31/12/2020
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	**(26,941)**	9,710

(19) Interest in equity-accounted investments

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

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

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

€'000	30/06/2021	31/12/2020
Interest in equity-accounted investments	**2,198,148**	2,202,271

The decline in the position "interest in equity-accounted investments" resulted primarily from an increased distribution from Raiffeisen Informatik GmbH & Co KG following the sale of a listed investment (SoftwareONE) and the related reduction in the book value and equity.

(20) Property and equipment

€'000	30/06/2021	31/12/2020
Property and equipment	***18,494***	*16,353*
Land and buildings - own use	5,418	5,012
Other property and equipment	12,932	11,258
IT hardware	144	83
Usage rights	***87,070***	*87,908*
Usage rights for land and buildings	86,570	87,341
Usage rights for autos and other tangible assets	500	567
Total	**105,564**	104,261

(21) Intangible assets

€'000	30/06/2021	31/12/2020
Purchased software and licenses	15,373	16,402
Total	**15,373**	16,402

(22) Tax assets

Deferred taxes are measured at the rate resulting from the surplus of temporary differences in the individual years (see the section on income tax under Significant Accounting Policies in the Notes to the consolidated financial statements as of 31 December 2020).

€'000	30/06/2021	31/12/2020
Tax assets	178	158
Deferred tax assets	17,915	20,200
Total	**18,093**	20,358

(23) Other assets

This position consists chiefly of the trust receivables related to the Institutional Protection Scheme (IPS; also see Note (37) Other Agreements) as well as security deposits and receivables from other taxes and duties.

€'000	30/06/2021	31/12/2020
Trust receivables - federal and provincial IPS	43,455	43,547
Deposits	28,949	28,977
Prepayments made and accrued income	917	99
Semi- and finished goods/unfinished goods/inventories	611	1,020
Receivables from other taxes and duties	1,333	1,005
Miscellaneous other assets	47,870	46,473
Total	**123,134**	121,121

The line item "miscellaneous other assets" includes, above all, prepaid expenses and deferred charges as well as outstanding amounts from the operating business which were settled after the closing date.

(24) Financial liabilities held for trading

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

€'000	30/06/2021	31/12/2020
Derivatives	370,626	486,581
Total	**370,626**	486,581

(25) Financial liabilities at amortized cost

€'000	30/06/2021	31/12/2020
Deposits from other banks	10,460,092	9,356,799
Demand deposits	4,644,028	4,122,292
Time deposits	5,816,064	5,234,506
Deposits from customers	8,897,839	9,177,078
Sight deposits	6,753,442	6,838,049
Time deposits	790,852	947,831
Savings deposits	1,353,546	1,391,198
Securitized liabilities	6,134,343	6,815,205
Issued bonds	5,563,759	6,248,804
Tier 2 capital	570,583	566,401
Other liabilities	91,111	94,625
Lease liabilities	89,986	91,518
Trade payables	1,125	3,107
Total	**25,583,385**	25,443,707

Details on the participation of RLB NÖ-Wien in the European Central Bank's TLTRO-III programme are provided under "Significant Accounting Policies". This participation is reported under deposits from other banks.

The following table reconciles Tier 2 capital and leasing liabilities from 31 December 2020 to 30 June 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 30/06/2021
Tier 2 capital	566,401	(109)	4,292	570,583
Lease liabilities	91,518	(4,702)	3,171	89,986
Total	**657,919**	**(4,812)**	**7,462**	**660,570**

The comparative prior year data are shown below.

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

(26) Derivatives – hedge accounting

€'000	30/06/2021	31/12/2020
Fair value hedges	381,310	501,560
Negative fair values of derivative financial instruments from micro-fair value hedges	380,579	491,588
Negative fair values of derivative financial instruments from portfolio-fair value hedges	731	9,973
Total	**381,310**	501,560

(27) Provisions

€'000	30/06/2021	31/12/2020
Post-employment benefits	35,239	36,604
Termination benefits	21,229	22,096
Long-service bonuses	5,560	5,458
Restructuring	1,769	2,832
Pending legal and tax proceedings	22,194	20,737
Obligations and issued guarantees	20,694	24,705
Other provisions	12,482	21,996
Total	**119,168**	134,428

The provisions for negative indicator values total TEUR 22,050 (H1 2020: TEUR 20,550). This position also includes provisions of TEUR 995 (H1 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.

The reduction in other provisions resulted chiefly from the use of a provision for portfolio commissions not yet forwarded (TEUR 8,480; H1 2020: TEUR 0). Provisions of TEUR 1,008 (H1 2020: TEUR 5,863) for restructuring measures were released.

Details on the development of the provisions for obligations and issued guarantees are provided in Note (16) Risk provisions.

(28) Tax liabilities

€'000	30/06/2021	31/12/2020
Tax liabilities	4,359	3,940
Total	**4,359**	3,940

(29) Other liabilities

€'000	30/06/2021	31/12/2020
Liabilities from other taxes and duties	9,292	7,614
Prepayments received and accrued expenses	830	99
Miscellaneous other liabilities	121,807	58,027
Total	**131,929**	65,739

Miscellaneous other liabilities consist primarily of outstanding invoices from the operating business which were paid after the end of the reporting period as well as accruals for employee-related expenses and other accrued items.

(30) Equity

€'000	30/06/2021	31/12/2020
Attributable to non-controlling interests	***40***	*46*
Attributable to equity owners of the parent	***2,197,524***	*2,026,712*
Share capital, paid in	219,789	219,789
Capital reserves	556,849	556,849
Other comprehensive income for the period (OCI)	(486,068)	(508,012)
Other comprehensive income for the period (OCI) - not recyclable	207	1,960
IAS 19 reserve (revaluation of net liability from defined benefit plans)	(22,974)	(24,235)
Share of other comprehensive income from associates, at equity	23,501	26,128
Financial assets - equity instruments at fair value through other comprehensive income	(320)	66
Other comprehensive income for the period (OCI) - recyclable	(486,275)	(509,972)
Share of other comprehensive income from associates and joint ventures, at equity	(486,275)	(509,972)
Retained earnings	1,749,115	2,013,770
Share of profit from associates, other changes in equity	(182,029)	(173,059)
Other retained earnings	1,931,145	2,186,829
Profit or loss attributable to equity owners of the parent	157,838	(255,685)
Equity	**2,197,564**	2,026,758

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	***(21,814)***	***856***	***47***	***(20,911)***
Unrealized gains/(losses) in the period	0	0	(439)	(439)
Gains/(losses) reclassified to profit or loss	0	(1,008)	0	(1,008)
Actuarial gains and losses	197	0	0	197
Tax effects	(317)	330	59	72
Other changes	0	0	82	82
At 30/06/2020	***(21,934)***	***179***	***(250)***	***(22,006)***
At 01/01/2021	***(24,235)***	***0***	***66***	***(24,169)***
Unrealized gains/(losses) in the period	0	0	(387)	(387)
Gains/(losses) reclassified to profit or loss	0	0	0	0
Actuarial gains and losses	1,441	0	0	1,441
Tax effects	(180)	0	0	(180)
Other changes	0	0	0	0
At 30/06/2021	**(22,974)**	**0**	**(320)**	**(23,294)**

The fair value OCI reserve includes the measurement of investments (also see Note (14) Financial assets at fair value through other comprehensive income).

Other Disclosures

(31) Risks arising from financial instruments (risk report)

The business activities of a bank are connected with the acceptance of branch-specific risks. These risks are taken in accordance with the risk policy and strategy defined by RLB NÖ-Wien. The efficient identification, evaluation and management of risks represents a central focus of the bank's activities. Additional information on the handling of risk and the organization of risk management is provided in the 2020 Annual Report under "Risks arising from financial instruments (Risk Report)". Risk management, as a corporate function, reports to the Managing Board member responsible for Risk Management/Accounting and consists of four departments: Models & Analytics, Risk/Data Service, Credit Risk Management and Administration. The group's overall perspective forms the focal point for the Raiffeisen Holding financial institution group in connection with the Internal Capital Adequacy Assessment Process (ICAAP).

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

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

The models and methods used to quantify risk reflect the descriptions provided in the consolidated financial statements for 2020 under the section "Risk Report".

From a business and risk viewpoint, the first half of 2021 was still influenced by the dynamics and consequences of the COVID-19 crisis. The information in this Risk Report is intended primarily to show the effects of the COVID-19 crisis on RLB NÖ-Wien during the first half of 2021. The quantitative details are designed to better explain these effects. The information in the Risk Report included in the consolidated financial statements as of 31 December 2020 applies to all other general descriptions concerning the risk strategy, culture and management (also see the comments at the beginning of this Risk Report).

COVID-19 pandemic

The outbreak of the COVID-19 virus in the Chinese province of Hubei at the end of 2019 developed into a global pandemic during 2020 which continues through to today. In reaction to the exponential spread of the virus with its accompanying high death rates and related pressure on healthcare systems, many countries took steps in 2020 and in spring 2021 to massively restrict civil liberties and economic activity. Included here, in particular, are the shutdown of entire business sectors (essentially all areas apart from basic supplies like food, pharmaceuticals, etc.), the implementation of in part rigid curfews, bans on events and certain areas as well as the (re)introduction of border controls. Starting from its origins in China, the COVID-19 pandemic continues to have a major impact on the European Union. The virus has spread across all continents and resulted in severe consequences, above all for developing countries with weaker medical care systems.

Most countries, including Austria, implemented restrictions to slow the spread of the COVID-19 pandemic – for example, curfews and business shutdowns which massively limited social and business life. The restrictions on civil liberties and economic activity have had a severe negative impact on the global economy, and the resulting economic setback has now exceeded the 2008 financial crisis. The major capital markets recorded sharp downturns of 50% or more within two weeks. COVID-19 plunged the global economy into a severe recession that even extensive monetary and fiscal measures were unable to prevent. The restrictions continued into the first months of 2021, and the easing of these measures in Austria beginning in mid-June have helped to gradually restart the economy.

The financial measures passed as part of the COVID-19 Act in Austria (short-time work, deferrals, guarantees, bridge loans, direct support in various forms for the business sector, etc.) provide essential assistance which can moderate, but not prevent the financial impact of the COVID-19 crisis. The restrictions on public life have, for the most part, been lifted and vaccination programmes are continuing but have not completely eased the economic tensions. The spread of the Delta variant has led to growing uncertainty over the further course of the pandemic. Policymakers, central banks and regulators have implemented wide-ranging measures since 2020 to cushion the adverse effects of the pandemic on the economy, which include multi-billion social and business aid programmes, interest rate cuts and credit repayment moratoria. The short-work programme will continue after 1 July 2021 in selected branches which were particularly hard hit by the COVID-19 restrictions and will be supplemented by a transition model with a "deductible" for less affected companies.

Support for the economic recovery has been provided by the progress of vaccination campaigns since mid-June.

Macroeconomic environment and markets

The new corona virus and the measures implemented to contain the COVID-19 pandemic led to severe distortions on the financial markets and plunged the global economy into the most serious recession since World War II. The extensive monetary and fiscal support packages implemented, in part very quickly, by central banks and governments across the world were also unable to prevent these developments. Slight recovery during the summer months was followed by growing tensions in mid-October caused by the COVID-19 pandemic and the increasing spread of the virus. Two further shutdown phases in winter 2020 through May 2021, with a corresponding slowdown in economic activity, were the result. The economy has reacted to the full opening in mid-July 2021 with gradual recovery. However, the spread of a new corona mutation in the form of the Delta variant leads to expectations of further restrictions this autumn.

Economic tensions have gradually eased with the progress of wide-ranging vaccination campaigns. OeNB is expecting robust recovery for the global economy and, in turn, also for the Austrian economy in 2021. Growth is projected to range from 5.6% to 6.0% for the full 12 months of 2021 and from 4.3% to 4.4% in 2022. The industrialized countries will generally recoup the declines caused by the COVID-19 crisis due to the success of vaccination programmes, while the developing countries will be unable to fully offset these losses. Most of the industrialized countries will, consequently, reach their 2019 real GDP level at the end of 2022. In the Eurozone, increasing international demand and the progress of vaccinations provide grounds for optimism in most countries. A decisive factor for the further course of growth, above all this autumn, will be the success of vaccinations in combating the circulation of the virus and its mutations.

The situation in Austria is similar to the Eurozone: The end of numerous health-related measures with the progress of vaccinations led to an upturn in mid-2021. The 6.7% decline in real GDP in 2020 is expected to be followed by growth of 3.9%, respectively 4.2% in 2021 and 2022. According to "Konjunktur aktuell – Juni 2021“ published by OeNB, the catch-up process will be concluded in 2023 and growth will normalize at 1.9%.

RLB NÖ-Wien Group - Risk management in the COVID-19 crisis – Business Continuity Management (BCM)

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

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

The Managing Board meetings have now returned to their original schedule, and the Allocation Committee Liquidity was dissolved in mid-June 2020. Liquidity management was re-integrated in the defined standard processes and committee procedures.

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

In contrast to normal business and risk procedures (as described in the above-mentioned Risk Report in the consolidated financial statements for 2019), 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. 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 for the correct continuation of business operations in this challenging situation:

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

The Team Health Protection is still active as a BCM measure in connection with the COVID-19 crisis. It is responsible for ongoing adjustments and crisis monitoring as well as issuing the necessary requirements and rules for the employees of the Raiffeisen-Holding NÖ-Wien financial institutions group.

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

Internal Capital Adequacy Assessment Process (ICAAP) and stress testing

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

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

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

The RLB NÖ-Wien Group monitors the following types of risk, including the related sub-risks:

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

This Risk Report as of 30 June 2021 provides detailed information on the types of risk which comprise the major component of materiality and have, or had, a substantial influence on the bank through COVID-19 crisis.

The utilization of the risk capacity in Pillar II increased substantially, as expected, at the high point of the COVID-19 pandemic. The effects, among others, of the strong dependence on the RBI investment, the sharp rise in the credit spread risk and market risk and the risk capacity analysis are presented, discussed and any necessary measures are taken at the quarterly meetings of the Risk Circle. Following the expiration of the deferral periods for tax and social security payments, particular focus was placed on the development of credit standings and possible credit defaults.

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

The review carried out in the first half of 2020 to evaluate the COVID-19 situation showed an appropriate strain in the utilization. This strain was reduced by the implementation of countermeasures and the positive development of the economy. A comparison of the stress tests from 31 December 2020 and 30 June 2020 reflects this easing. The possible effects of the COVID-19 situation remained a key element of the analyses for the stress test as of 30 June 2021. The results of the stress test, similar to the risk capacity analysis, confirmed that the Raiffeisen-Holding NÖ-Wien financial institutions group is substantially dependent on investments, loans and the credit spread as risk drivers. The risk capacity of the bank is met under every scenario. The risk appetite at the RLB NÖ-Wien

Group level was temporarily raised from 85% to 90% and will be returned to 85% at the beginning of the 2022 financial year. This picture is confirmed by the results of the COVID-19 real case scenario and the bundle of measures approved by the Managing Board.

Credit risk

The COVID-19 pandemic and the resulting economic restrictions led to extensive measures in the credit portfolio of the RLB NÖ-Wien Group in 2020 and 2021. Consumers and micro-entrepreneurs who were negatively affected financially by the COVID-19 crisis were entitled to defer principal payments between 1 April 2020 and 30 June 2020 as part of a legal moratorium (so-called legal deferral measures). This legal moratorium was extended twice by the Austrian federal government during the pandemic - up to 31 October 2020, respectively 31 January 2021.

The RLB NÖ-Wien Group took part in a private, non-legislative moratorium based on the EBA guidelines and, in accordance with criteria defined by the Austrian Financial Market Authority, offered credit deferrals to business customers who were negatively affected by the COVID-19 crisis but not eligible for the legal moratorium.

RLB NÖ-Wien also concluded bilateral agreements with private and corporate customers affected by the COVID-19 crisis for contract adjustments (so-called voluntary deferral measures).

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/Österreichische Hotel- und Tourismusbank, aws/Austria Wirtschaftsservice Gesellschaft mbH, OeKB/Oesterreichische Kontrollbank AG).

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

In accordance with the applicable EBA Guideline (EBA/GL/2020/02), forbearance actions were only taken in connection with legal deferral measures on an exception basis. Most of the transactions with voluntary deferrals and bridge loans are classified as forborne.

COVID-19 bridge financing and loans covered 454 transactions with a credit exposure of EUR 135 million, and an additional credit exposure of EUR 5 million was provided as pre-financing for short-time work. As of 30 June 2021, 64% of these loans were secured by government guarantees (ÖHT, aws, OeKB).

Legal deferrals covered 2,955 transactions with a credit exposure of EUR 288 million as of 30 June 2021. Of this total, EUR 44 million were classified as forborne under CRR Article 47b. A credit exposure of EUR 5 million from customers with legal deferral measures was subsequently classified as in default under CRR Article 178. As of 1 February 2021, all deferrals under the legal moratorium had expired because the Austrian government did not extend the applicable law.

Voluntary deferrals covered 294 transactions with a credit exposure of EUR 315 million as of 30 June 2021. Of this total, EUR 249 million were classified as forborne under CRR Article 47b. A credit exposure of EUR 11 million from customers with voluntary deferral measures was subsequently classified as in default under CRR Article 178. Of the voluntary deferrals, 234 with an exposure of EUR 227 million expired as of 30 June 2021; that means the customers must meet their regular payment schedules.

Deferrals under the private moratorium covered 858 transactions with a credit exposure of EUR 404 million. Of this total, EUR 7 million were classified as forborne under CRR Article 47b. A credit exposure of EUR 1 million from customers with a private moratorium was subsequently classified as in default under CRR Article 178. All deferrals under the private moratorium expired on 1 April 2021.

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

- Early termination of country lines for new business in the countries most affected at the beginning of the crisis
- Adjustments to the offered product catalogue
- Introduction of stricter lending criteria for real estate financing
- Monitoring of customers with COVID-19 measures as part of the early warning system
- Daily monitoring of the consumer credit business
- Branch analyses and stress tests
- Expansion of and increase in the frequency of management reporting
- Regular risk classification of all COVID-19-related transactions
- Regular monitoring and risk classification of customers with a legal moratorium (where applicable, also expired)
- Case-by-case analysis of the significant customers affected by COVID-19 and adjustment of the credit standing where necessary
- Adjustment of the credit management process when the legal moratorium expires

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. The RLB NÖ-Wien Group sees 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 30 June 2021: 30% optimistic/40% baseline/30% pessimistic for all transactions. The following table shows the forecast values for the indicators as of 30 June 2021. Details on the calculation logic underlying the expected credit losses and the effects of COVID-19 can be found in Note (16) Risk provisions.

The following tables show the estimates for economic development in Austria under various scenarios:

Variable	Segment	Scenario	2021	2022	2023
GDP annual growth in %	CORPORATE and RETAIL	baseline	2.01	3.79	2.45
		optimistic	2.69	4.12	2.06
		pessimistic	0.30	(0.06)	3.38
Unemployment rate in %	BANKS	baseline	5.62	4.94	4.53
		optimistic	5,43	4.72	4.30
		pessimistic	6.58	6.05	5.32
Inflation (AUT) in %	SOVEREIGNS	baseline	3.29	2.34	2.34
		optimistic	3.91	2.52	2.38
		pessimistic	1.97	2.36	2.34
Long-term yields (10-year bonds AUT) in %	SOVEREIGNS	baseline	(0.15)	0.20	0.62
		optimistic	0.81	1.47	2.04
		pessimistic	(0.54)	(0.40)	(0.16)
Private consumption - annual growth rate in %	CORPORATE and RETAIL	baseline	1.90	2.87	1.75
		optimistic	2.18	3.23	1.70
		pessimistic	0.12	(0.66)	2.46
Gross investments (annual growth in %)	CORPORATE and SOVEREIGNS	baseline	4.02	10.75	6.67
		optimistic	3.93	9.93	6.81
		pessimistic	1.16	6.36	8.29
Short-term yields (3M-Euribor) in %	BANKS	baseline	(0.43)	(0.43)	(0.31)
		optimistic	(0.40)	0.31	1.19
		pessimistic	(0.43)	(0.43)	(0.43)
Government deficit (in % of GDP)	CORPORATE and RETAIL	baseline	(0.01)	0.01	0.01
		optimistic	(0.01)	0.00	0.01
		pessimistic	(0.02)	(0.01)	(0.01)
GDP deflator (annual growth in %)	SOVEREIGNS	baseline	1.99	1.61	1.60
		optimistic	2.19	1.59	1.60
		pessimistic	2.01	1.35	1.45
Housing prices - annual growth rate in %	CORPORATE and RETAIL	baseline	3.25	3.30	3.64
		optimistic	4.87	3.30	3.64
		pessimistic	1.13	3.30	3.64
Net exports of goods and services (year-on-year change; in billion EUR)	RETAIL	baseline	(4.58)	(1.83)	1.40
		optimistic	(4.63)	(0.31)	2.73
		pessimistic	(4.80)	(6.92)	0.34

Variable	Segment	Scenario	2021	2022	2023
Stock index (EURO STOXX) (Index 2010=100, NSA)	BANKS	baseline	120.88	144.39	153.38
		optimistic	139.61	161.14	163.67
		pessimistic	88.22	118.70	136.80

Market risk (incl. credit spread risk)

After the sharp rise in risk caused by the COVID-19 crisis in 2020, the gone concern market risk stabilized at a level substantially higher than before the crisis and equalled TEUR 541,207 on 30 June 2021. No additional steps were therefore required to reduce market risk, above all the credit spread risk as the most dominant sub-risk, in 2021.

The following table shows the monthly VaR in the first half of 2021 for the entire gone concern market risk of the RLB NÖ-Wien Group for the risk capacity analysis, classified by type of risk and including correlations. In view of the COVID-19 crisis, 31 December 2020 was intentionally selected as the comparative date.

€'000	VaR* at 30/06/2021	Average-VaR	VaR* at 31/12/2020
Currency risk	2,805	2,857	982
Interest rate risk	166,465	164,876	167,213
Price risk	230	250	223
Credit spread risk	486,319	479,263	497,911
Total	**541,207**	**540,966**	553,883

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

The trading book was reopened for trading at the beginning of 2021, after the stop-loss limit was triggered on 16 March 2020. This led to a continuous increase in the VaR in the trading book from TEUR 205 on 31 December 2020 to TEUR 500 on 30 June 2021.

The following table shows the VaR (99% VaR, 1 day) for the market risk in the trading book, classified by type or risk and including correlations. The comparative date was consciously set at 31 December 2021 in view of the COVID-19 crisis.

€'000	VaR* at 30/06/2021	Average-VaR	VaR* at 31/12/2020
Currency risk	8	7	7
Interest rate risk	118	129	159
Price risk	12	11	10
Credit spread risk	427	270	158
Total	**500**	**292**	**205**

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

Liquidity risk

Structural liquidity as of 30 June 2021 was generally unchanged compared with December 2020. The development of refinancing concentration risks (GBS) and the structural liquidity transformation (SLFT) was stable in comparison with December 2020.

The main impact of the COVID-19 crisis on the structural liquidity of the RLB NÖ-Wien Group was the increase in the liquidity position to mobilize eligible securities and loans receivable in keeping with operational and structural limits. Due to the moderate volume of deferrals and moratoria, the resulting effect on structural liquidity was manageable.

The following table shows the structural liquidity of the RLB NÖ-Wien Group as of 30 June 2021:

€'000 Maturity band	Gap (absolute)	GoA	GoA limit	Accumulated from behind	S-LFT	S-LFT limit
18 months	977,789	(1.1)%	(10.0)%	8,730	123.3%	> 80%
2 years	343,652	1.8%	(10.0)%	(969,059)		
3 years	(2,945,616)	(2.5)%	(10.0)%	(1,312,711)	128.5%	> 70%
5 years	831,703	3.2%	(10.0)%	1,632,905	123.0%	> 60%
7 years	365,623	1.8%	(10.0)%	801,202		
10 years	(3,490,345)	-	-	435,579	153.0%	> 50%
15 years	659,631	-	-	3,925,924		
20 years	1,045,992	-	-	3,266,293		
30 years	2,084,632	-	-	2,220,301		
> 30 years	135,669	-	-	135,669		

The following table shows the structural liquidity of the RLB NÖ-Wien Group 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		

As of 30 June 2021, the LCR of the RLB NÖ-Wien Group equalled 139.48% (H1 2020: 155.00%). The decisive factor for the decline was the increase in deposits to non-payment accounts over the level in December 2020.

The following table shows the quantitative data as of 30 June 2021 in comparison with 31 December 2020:

		All currencies 30/06/2021	**31/12/2020**
Liquidity buffer		7,948,464,669	7,886,561,384
Net liquidity outflow		5,698,605,097	5,088,244,249
MINIMUM LIQUIDITY RATIO (LIQUIDITY COVERAGE RATIO LCR)		**139.48%**	155.00%
	Total unweighted amount	***Total weighted amount***	*Total weighted amount*
HIGH-QUALITY LIQUID ASSETS			
Level 1 - assets excl. extremely high quality covered bonds	10,663,832,384	7,726,224,457	6,997,277,913
Level 1 - extremely high quality covered bonds	188,856,062	175,636,137	889,196,387
Level 2A - assets	4,526,313	3,847,366	87,084
Level 2B - assets	85,513,417	42,756,709	0
Liquidity buffer	**10,942,728,176**	**7,948,464,669**	7,886,561,384
CASH OUTFLOWS			
Outflows from unsecured transactions/deposits	14,814,462,454	6,295,237,056	5,922,653,457
1.1 Personal banking customer deposits	4,837,651,248	400,313,154	389,398,915
1.2 Operational deposits	3,865,208,534	3,169,508,079	3,005,860,902
1.3 Excess operational deposits	0	0	0
1.4 Non-operational deposits	4,113,416,905	2,097,420,636	1,695,579,210
1.5 Additional outflows (i.e. outflows from derivatives)	548,245,338	548,245,338	740,485,805
1.6 Committed facilities	779,272,420	70,737,113	67,988,592
1.7 Other products and services	669,011,312	7,356,039	7,170,796
1.8 Other liabilities	1,656,697	1,656,697	16,169,238
Outflows from secured lending and capital market-driven transactions	0	0	0
TOTAL OUTFLOWS	**14,814,462,454**	**6,295,237,056**	5,922,653,457
CASH INFLOWS			
Inflows from unsecured transactions/deposits	823,461,150	596,631,959	834,409,209
1.1 monies due from non-financial customers (except for central banks)	151,622,588	80,660,088	120,911,557
1.2 monies due from central banks and financial customers	232,015,652	76,148,961	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	0	0	19,698,820
1.6 loans and advances with an undefined contractual end date	0	0	
1.7 monies due from positions in major index equity instruments provided that there is no double counting with liquid assets	0	0	0

1.8 inflows from the release of balances held in segregated accounts in accordance with regulatory requirements for the protection of customer trading assets	0	0	0
1.9 inflows from derivatives	439,822,911	439,822,911	629,744,290
1.10 inflows from undrawn credit or liquidity facilities provided by members of a group or an institutional protection scheme where the competent authorities have granted permission to apply a higher inflow rate	0	0	0
1.11 other inflows	0	0	0
Inflows from secured lending and capital market-driven transactions	0	0	0
TOTAL INFLOWS	**823,461,150**	**596,631,959**	834,409,209
Inflows subject to 75% Cap	823,461,150	596,631,959	834,409,209
Fully exempt inflows	0	0	0
NET LIQUIDITY OUTFLOW	**13,991,001,304**	**5,698,605,097**	5,088,244,248

Investment risk

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

Diligent and detailed investment management and controlling form the basis for the systematic management of investments (Information is provided in the 2020 consolidated financial statements of RLB NÖ-Wien under the section "Risks arising from financial instruments (Risk Report)".

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

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

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

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

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

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

The following table shows the carrying amounts of the equity investments held by the RLB NÖ-Wien Group together with the weighted and cumulative rating as of 30 June 2021 and the comparative date on 31 December 2020.

€ '000	Carrying amount 30/06/2021	Percentage held	Rating	Carrying amount 31/12/2020	Percentage held	Rating
Investments in other banks	2,218,100	99.6%	1.0	2,222,222	99.6%	1.0
Investments in banking-related fields	7,863	0.4%	1.5	8,257	0.4%	1.5
Total equity investments	**2,225,963**	**100.0%**	**1.0**	2,230,479	100.0%	1.0

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

The carrying amounts of the investments remained nearly unchanged in the first half of 2021. This is attributable to the positive earnings contributions from RBI, which offset the distribution made during the reporting period. A trend analysis as of 30 June showed no negative changes in RBI's medium-term planning and, consequently, further impairment losses were not required.

Non-financial risk

The Raiffeisen-Holding NÖ-Wien financial institutions group (and therefore also the RLB NÖ-Wien Group) defines non-financial risk (NFR) as a separate type for risk strategy and risk management. This risk type includes the former type "operational risk" (incl. IT risk and legal risk) as well as the new sub-risk type "outsourcing risk" and compliance risk and model risk, which previously represented sub-risk types under "other risks". (Information on the sub-risk types is provided in the 2020 consolidated financial statements of the RLB NÖ-Wien Group under the section "Risks arising from financial instruments (Risk Report)").

Non-financial risk flows into the risk capacity analysis together with the risk type "operational risk".

The COVID-19 crisis was observable in NFR through a variety of related measures. One of the most important instruments during this crisis was the functioning Business Continuity Management (BCM). The BCM management implemented by the RLB NÖ-Wien Group has been extensively used, adapted and further developed since 2020 to deal with the special challenges created by the COVID-19 pandemic. Additional information on this subject is provided at the beginning of the Risk Report under "Risk management in the COVID-19 crisis – Business Continuity Management (BCM)". The RLB NÖ-Wien Group has implemented sufficient processes and frameworks as part of the BCM, which are available to everyone for use as needed. The suitability of the BCM is regularly evaluated through emergency testing, and the results are then reported to the Managing Board. At all times, and especially during crises, RLB NÖ-Wien works, among others, to ensure the smooth and efficient functioning of IT and system security. Increased steps have also been taken to prevent fraud. IT risks are depicted through risk scenarios in the IT risk management framework. The goals of this framework are to define and assess the IT risks to which the company is exposed and to manage these risks with specific actions and appropriate controls. The risks and controls from the IT risk management framework are mapped in the company's internal control and operating risk system.

Internal control system - ICS

The RLB NÖ-Wien Group 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 financial institutions group. The COVID-19 crisis has led to the development and implementation of new processes and controls in internal guidelines to meet the related legal requirements.

Sustainability and ESG risks

The future will also bring increased attention to and the integration of sustainability aspects (ESG - Environment, Social, Governance) in the annual reports of the Raiffeisen-Holding NÖ-Wien Group. 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 the RLB NÖ-Wien Group.

The implementation of necessary measures relating to sustainability risks was examined more closely in 2020 and will be given high priority in 2021. ESG risks represent possible negative effects for companies, above all as the result of climate and environmental factors. Banks are exposed to sustainability 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 sustainability risks can result, on the one hand, from physical risks like the consequences of climate events 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 risks, lawmakers and supervisory authorities have placed high demands on the financial sector concerning the management of sustainability risks. The Raiffeisen-Holding NÖ-Wien Group has therefore launched a project to implement and integrate sustainability issues in all areas of the banking association. That means ESG issues 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.

(32) Fair value of financial instruments

Financial instrument carried at fair value

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

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

- **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 internal 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, prepayment models are used to include premature repayments that are not defined by the respective contract in the measurement of the loan. This involves the evaluation of past experience with premature repayments based on a regression analysis and the development of a model to allocate the expected prepayment rate to the operating 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 financial instruments between levels takes place each quarter at the end of the reporting period.

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

€'000	30/06/2021 Level I	Level II	Level III	31/12/2020 Level I	Level II	Level III
Balance sheet assets						
Financial assets held for trading	*152,317*	*473,387*	*0*	*209,103*	*602,868*	*0*
Derivatives	0	366,124	0	0	472,212	0
Bonds	152,317	107,263	0	209,103	130,656	0
Non-trading financial assets mandatorily at fair value through profit or loss	*0*	*989*	*126,679*	*0*	*969*	*138,910*
Equity instruments	0	0	9,014	0	0	9,014
Bonds	0	989	0	0	969	0
Other loans and advances	0	0	117,665	0	0	129,896
Financial assets at fair value through other comprehensive income	*0*	*0*	*19,083*	*0*	*0*	*19,472*
Equity instruments	0	0	19,083	0	0	19,472
Derivatives - hedge accounting	*0*	*366,545*	*0*	*0*	*442,929*	*0*

€'000	30/06/2021 Level I	Level II	Level III	31/12/2020 Level I	Level II	Level III
Balance sheet equity and liabilities						
Financial liabilities held for trading	*0*	*370,626*	*0*	*0*	*486,581*	*0*
Derivatives	0	370,626	0	0	486,581	0
Derivatives - hedge accounting	*0*	*381,310*	*0*	*0*	*501,560*	*0*

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

As shown in the following table, there were no reclassifications from Level I to Level II in the first half of 2021 (H1 2020: EUR 37.7 million). Furthermore, there were no reclassifications from Level II to Level I in the current reporting period or the comparative period (1 January to 30 June 2020).

€'000	01/01 - 30/06/2021 From Level I to Level II	01/01 - 30/06/2021 From Level II to Level I	01/01 - 30/06/2020 From Level I to Level II	01/01 - 30/06/2020 From Level II to Level I
Balance sheet assets				
Financial assets held for trading	***0***	***0***	*37,745*	*0*
Bonds	0	0	37,745	0

The following table shows the development from 1 January 2021 to 30 June 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	30/06/2021
Balance sheet assets						
Non-trading financial assets mandatorily at fair value through profit or loss	***138,910***	***713***	***(10,193)***	***(2,751)***	***0***	***126,679***
Equity instruments	9,014	6	0	(5)	0	9,014
Other loans and advances	129,896	707	(10,193)	(2,746)	0	117,665
Financial assets at fair value through other comprehensive income	***19,472***	***0***	***(2)***	***0***	***(387)***	***19,083***
Equity instruments	19,472	0	(2)	0	(387)	19,083

The results recognized to the income statement for the financial instruments allocated to Level III totalled TEUR -2,602 in the first half of 2021 (H1 2020: TEUR -2,822) and are reported under profit/loss from financial assets and liabilities.

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

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

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

As of 30 June 2021, all loans and advances carried at fair value were assigned to Level III in the fair value hierarchy.

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

30/06/2021	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	9.0	DCF method	Internal forecasts	-
Other loans and advances	Other loans and advances	117.7	DCF method	Credit risk premiums	0.014% - 38%
Financial assets at fair value through other comprehensive income					
Equity instruments	Equity investments	19.1	DCF method	Internal forecasts	-

The comparative prior year data are shown below:

31/12/2020	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	9.0	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. A source is then selected in agreement with the valuation guidelines and current legal requirements. Priority is given to generally accepted valuation parameters that can be obtained from recognized data providers.

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

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

A range of alternative parameters is available for selection and application in cases where the value of a financial instrument is dependent on non-observable data. As of 30 June 2021 and 31 December 2020, RLB NÖ-Wien held no securities classified under Level III.

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

A range of alternative parameters is available for selection and application in cases where the value of a loan or an advance is dependent on non-observable parameters (Level III). A shift in the parameters at the ends of these ranges (+/- 100 bps with a floor at 0) would lead to an increase of EUR +1.4 million (H1 2020: EUR +1.6 million) or a decrease of EUR -1.7 million (H1 2020: EUR -1.8 million) the fair value of loans and advances (assets) as of 30 June 2021. This calculation reflects the applicable market conditions and internal valuation requirements.

Fair value of financial instruments not carried at fair value

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

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

30/06/2021 €'000	Fair value	Carrying amount	Difference
Balance sheet assets			
Financial assets at amortized cost	***20,186,710***	***19,543,091***	***643,619***
Bonds	3,721,049	3,654,494	66,555
Other loans and advances	16,465,661	15,888,597	577,064
Balance sheet equity and liabilities			
Financial liabilities measured at amortized cost	***25,839,460***	***25,492,274***	***347,186***
Deposits	19,532,883	19,357,931	174,952
Securitized liabilities	6,306,577	6,134,343	172,234

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. The spreads for securitized liabilities also declined in comparison with 31 December 2020.

The comparative prior year data are shown below.

31/12/2020 €'000	Fair value	Carrying amount	Difference
Balance sheet assets			
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.

30/06/2021 €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Balance sheet assets			
Bonds	3,310,513	410,536	0
Other loans and advances	0	0	16,465,661
Balance sheet equity and liabilities			
Deposits	0	0	19,532,883
Securitized liabilities	0	5,712,119	594,458

The comparative prior year data are shown below.

31/12/2020 €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Balance sheet assets			
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 (“fair values of 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 observable indirectly. 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.

(33) Hedge accounting

The following section provides detailed information on the accounting treatment of hedges, the underlying transactions, hedging instruments and hedged risks in the form of tables. The risk strategy applied by the RLB NÖ-Wien Group remains unchanged and reflects the description in the consolidated financial statements for 2020.

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“.

		Carrying amount 30/06/2021					
€'000	Nominal Value 30/06/2021	Balance sheet assets	Balance sheet equity and liabilities	Change in fair value 01/01 - 30/06/2021	Income statement presentation - fair value change	Income statement effect - ineffec-tiveness 01/01 - 30/06/2021	Income statement presentation - ineffec-tiveness
Interest rate risk - micro-hedges							
Interest Rate Swaps - Bonds	1,959,952	818	326,125	92,819	Profit or loss from hedge accounting	(346)	Profit or loss from hedge accounting
Interest Rate Swaps - Loans and advances	578,568	0	52,690	16,684	Profit or loss from hedge accounting	926	Profit or loss from hedge accounting
Interest Rate Swaps - Deposits	590,882	115,565	0	(29,396)	Profit or loss from hedge accounting	(90)	Profit or loss from hedge accounting
Interest Rate Swaps - Securitized liabilities	2,947,914	221,921	1,765	(75,244)	Profit or loss from hedge accounting	(457)	Profit or loss from hedge accounting
Interest rate risk - portfolio hedges							
Interest rate swaps*	1,386,458	28,241	731	37,163	Profit or loss from hedge accounting	(560)	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:

€'000	Nominal Value 31/12/2020	Carrying amount 31/12/2020		Change in fair value 01/01 - 30/06/2020	Income statement presentation - fair value change	Income statement effect - ineffec-tiveness 01/01 - 30/06/2020	Income statement presentation - ineffec-tiveness
		Balance sheet assets	Balance sheet equity and liabilities				
Interest rate risk - micro-hedges							
Interest Rate Swaps - Bonds	2,039,034	378	420,376	(87,233)	Profit or loss from hedge accounting	(313)	Profit or loss from hedge accounting
Interest Rate Swaps - Loans and advances	583,456	0	69,115	(12,075)	Profit or loss from hedge accounting	74	Profit or loss from hedge accounting
Interest Rate Swaps - Deposits	640,705	145,458	0	15,237	Profit or loss from hedge accounting	79	Profit or loss from hedge accounting
Interest Rate Swaps - Securitized liabilities	3,183,535	296,932	2,096	45,815	Profit or loss from hedge accounting	(1,081)	Profit or loss from hedge accounting
Interest rate risk - portfolio hedges							
Interest rate swaps*	789,316	161	9,973	(8,576)	Profit or loss from hedge accounting	234	Profit or loss from hedge accounting

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

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

€'000	Carrying amount 30/06/2021		Value of cumulative basis adjustments for hedged items		Changes in hedged fair value 01/01 - 30/06/2021	Cumulative basis adjustments for designated hedged items
	Balance sheet assets	Balance sheet equity and liabilities	Balance sheet assets	Balance sheet equity and liabilities		30/06/2021
Interest rate risk - micro-hedges						
Financial assets at amortized cost	*2,955,486*		*363,578*		*(108,923)*	*(1,578)*
Bonds	2,312,191		310,657		(93,165)	849
Other loans and advances	643,295		52,921		(15,757)	(2,427)
Financial liabilities measured at amortised cost		*4,963,107*		*263,312*	*(104,093)*	
Deposits		708,267		104,547	(29,306)	
Securitized liabilities		4,254,840		158,765	(74,787)	
Interest rate risk - portfolio hedges						
Portfolio-Hedge*	1,398,576		1,487		(37,723)	(28,428)

* The TEUR 1,398,576 reported under the carrying amount represents the synthetic underlying transaction as of 30 June 2021, including the designation quota.

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

€'000	Carrying amount 31/12/2020		Value of cumulative basis adjustments for hedged items		Changes in hedged fair value 01/01 - 30/06/2020	Cumulative basis adjustments for designated hedged items
	Balance sheet assets	Balance sheet equity and liabilities	Balance sheet assets	Balance sheet equity and liabilities		31/12/2020
Interest rate risk - micro-hedges						
Financial assets at amortized cost	*3,174,484*		*474,117*		*99,070*	*(2,621)*
Bonds	2,509,160		405,438		86,920	0
Other loans and advances	665,324		68,679		12,150	(2,621)
Financial liabilities measured at amortised cost		*5,476,038*		*367,484*	*62,056*	
Deposits		798,743		133,853	15,159	
Securitized liabilities		4,677,295		233,631	46,897	
Interest rate risk - portfolio hedges						
Portfolio-Hedge*	792,692		1,779		8,811	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.

(34) Related party disclosures

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

€'000	30/06/2021	31/12/2020
Cash, cash balances at central banks and other demand deposits	***2,062,292***	*1,968,486*
Associates	2,062,291	1,968,486
Financial assets held for trading	***90,594***	*109,023*
Parent	25,497	25,558
Associates	65,097	83,164
Financial assets at amortized cost	***1,701,881***	*2,010,797*
Parent	1,182,214	1,182,066
Subsidiary / subsidiaries	47,081	47,517
Entities related via the parent	267,340	273,205
Associates	205,008	317,006
Joint ventures	238	675
Derivatives - hedge accounting	***43,611***	*43,426*
Associates	43,611	43,426
Other assets	***25,246***	*36,873*
Parent	25,228	28,948
Subsidiary / subsidiaries	0	7,907

€'000	30/06/2021	31/12/2020
Financial liabilities held for trading	***13,001***	*16,763*
Associates	13,001	16,757
Financial liabilities measured at amortized cost	***827,268***	*818,240*
Parent	318,592	329,260
Subsidiary / subsidiaries	2,407	62,684
Entities related via the parent	189,666	169,558
Associates	303,651	207,709
Joint ventures	12,951	10,839
Other liabilities	***5,474***	*1,394*
Parent	5,369	1,376
Subsidiary / subsidiaries	5	6
Associates	100	0

€'000	30/06/2021	31/12/2020
Contingent liabilities and other off-balance sheet obligations	***691,669***	*1,046,207*
Parent	294	294
Subsidiary / subsidiaries	34,306	35,375
Entities related via the parent	90,942	94,019
Associates	550,225	580,076
Joint ventures	15,901	16,728

The business relationships with related entities are shown below:

01/01 - 30/06/2021 €'000	**Interest income**	**Interest expenses**	**Purchased services and merchandise and other expenses**	**Services provided, sale of merchandise and fixed assets and other income**
Parent	8,101	5,791	9,819	2,281
Subsidiary / subsidiaries	310	2	2,551	44
Entities related via the parent	2,557	32	36	2
Associates	6,845	4,302	14,037	1,055
Joint ventures	13	24	3,417	0

The comparative prior year data are as follows:

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

The 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 NÖ-Wien 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. As of 30 June 2021, the corporate tax group with Raiffeisen-Holding NÖ-Wien as its head included RLB NÖ-Wien as well as 39 (H1 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 NÖ-Wien. In the event of a tax loss, RLB NÖ-Wien receives a negative tax charge. As of 30 June 2021, the receivables from tax charges equalled TEUR 7,932 (H1 2020: TEUR 7,932) and the liabilities from tax charges amounted to TEUR 15,359 (H1 2020: TEUR 14,999).
- 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 institution-based protection scheme by the Raiffeisen banks, RLB NÖ-Wien, the other Raiffeisen regional banks and RBI can be found under Note (37) Other Agreements.
- Leases with the parent company included TEUR 78,429 (H1 2020: TEUR 79,066) for rights of use and TEUR 81,269 (H1 2020: TEUR 82,581) for lease liabilities as of 30 June 2021. The resulting interest expense totalled TEUR 549 (H1 2020: 582) and amortization amounted to TEUR 3,545 (H1 2020: TEUR 3,270).
- 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	30/06/2021	31/12/2020
Sight deposits	4,052	3,105
Bonds	10	120
Savings deposits	597	530
Other receivables	0	0
Total	**4,659**	3,755
Current accounts	12	12
Loans	1,198	587
Other liabilities	11	13
Total	**1,222**	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	30/06/2021	31/12/2020
Loans	117	130
Total	**117**	130
Nominal amounts of loan commitments, financial guarantees and contingent liabilities	73	71

The relationships of persons closely related to the key management of RLB NÖ-Wien are shown below:

€'000	30/06/2021	31/12/2020
Sight deposits	170	155
Savings deposits	11	10
Total	**182**	165
Current accounts	3	2
Loans	39	40
Total	**41**	42

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

RLB NÖ-Wien issued bonds totalling TEUR 17,490 in the first half of 2021 (H1 2020: TEUR 512,561). Bonds with a value of TEUR 635,674 (H1 2020: TEUR 59,746) were redeemed and TEUR 3,183 (H1 2020: TEUR 8,131) were repurchased.

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

€'000	30/06/2021	31/12/2020
Contingent liabilities	***662,545***	*685,030*
Of which arising from other guarantees	637,696	670,552
Of which arising from letters of credit	16,604	6,233
Of which other contingent liabilities	8,245	8,245
Commitments	***6,149,466***	*6,005,916*
Of which arising from revocable loan commitments	2,842,264	2,796,307
Of which arising from irrevocable loan commitments	3,307,202	3,209,609
To 1 year	1,057,518	1,022,607
More than 1 year	2,249,684	2,187,002

(37) Other agreements

On 21 December 2020, RBI, Raiffeisen-Holding NÖ-Wien, RLB NÖ-Wien, the other Raiffeisen regional banks and the Raiffeisen banks (with few exceptions) filed applications with the ECB and FMA to create the basis for a separate Raiffeisen deposit protection scheme and the required, related national Raiffeisen institution-based protection scheme (in short "RBG-IPS“ or "Raiffeisen-IPS“). These applications requested approval for the following: (i) the zero weighting of their risk positions towards the other RBG-IPS members, (ii) the non-deductibility of their positions in equity instruments to the respective central institution and (iii) the acceptance of the Austrian RBG-IPS and "Österreichische Raiffeisen-Sicherungseinrichtung eGen“ ("ÖRS“, formerly Sektorrisiko eGen) as a deposit protection and compensation scheme in accordance with the Austrian Deposit Protection and Investor Compensation Act ("Einlagensicherungs- und Anlegerentschädigungsgesetz", ESAEG).

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 related approvals based on the new Raiffeisen IPS were granted by the ECB on 12 May 2021 and by the FMA on 18 May 2021. The recognition as a deposit protection and investor compensation scheme as defined by the ESAEG was received on 28 May 2021. In accordance with the ESAEG's legal regulations, the participating institutions in the Raiffeisen banking group will resign from Einlagensicherung AUSTRIA Ges.m.b.H. (ESA) by the end of November 2021. 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.

The ÖRS manages the funds for the 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.

(38) Regulatory capital

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

€'000	30/06/2021	31/12/2020
Paid-in capital	1,031,406	1,031,480
Retained earnings	2,097,411	2,014,558
Accumulated other comprehensive income and other equity	(603,677)	(623,444)
Common equity Tier 1 before deductions	***2,525,140***	***2,422,594***
Intangible assets incl. goodwill	(16,852)	(20,929)
Other transition adjustments to common equity Tier 1 capital	53,578	68,733
Risk provisions-Backstop for non-performing loans (NPLs)	(96)	0
Corrections in respect of cash flow hedge reserves	3,402	7,953
Corrections for credit standing related to changes in values of derivatives	(1,093)	(735)
Value adjustment based on the prudent valuation requirement	(1,856)	(2,399)
Common equity Tier 1 capital after deductions (CET1)	***2,562,222***	***2,475,217***
Additional core capital after deductions	95,000	95,000
Additional own funds	***2,657,222***	***2,570,217***
Eligible supplementary capital	238,693	364,924
Supplementary capital after deductions	***2,895,915***	***364,924***
Total qualifying capital	***2,895,915***	***2,935,141***
Total capital requirement	**1,031,053**	**1,085,375**
Common equity Tier 1 ratio (CET1 ratio)	19.88%	18.24%
Tier 1 ratio (T1 ratio)	20.62%	18.94%
Total capital ratio	22.47%	21.63%
Surplus capital ratio	180.87%	170.43%

Under a fully loaded analysis, the Common Equity Tier 1 Ratio equalled 19.39% (H1 2020: 18.21%) and the Total Capital Ratio 21.92% (H1 2020: 21.39%).

Total capital requirements comprise the following:

€'000	**30/06/2021**	**31/12/2020**
Capital requirements for credit risk	977,378	1,037,278
Capital requirements for position risk in debt instruments and assets	7,590	4,390
Capital requirement CVA	5,842	3,463
Capital requirements for operational risk	40,244	40,244
Total capital requirement (total risk	**1,031,053**	**1,085,375**
Assessment base for credit risk	***12,217,227***	***12,965,974***
Total basis of assessment (total risk)	***12,888,167***	***13,567,183***

(39) Average number of employees

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

	01/01 - 30/06/2021	**01/01 - 31/12/2020**
Salaried employees	1,199	1,160
Wage employees	13	18
Total	**1,213**	**1,178**

(40) Events after the balance sheet date

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

Statement by the Managing Board

The Managing Board of RLB NÖ-Wien prepared these condensed consolidated interim financial statements as of 30 June 2021 in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as of 13 September 2021. A half-year management report was also prepared. The requirements for interim financial reporting defined by § 87 of the Austrian Stock Exchange Act were therefore met.

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

Vienna, 13 September 2021

The Managing Board

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

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

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

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

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