SEMI-ANNUAL REPORT

AS AT 30 JUNE 2023

CONSOLIDATED SEMI-ANNUAL MANAGEMENT REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Raiffeisenlandesbank Niederösterreich-Wien

Consolidated Semi-Annual Management Report

Overview of the First Half of 2023

The following factors and events characterized the economic environment in the first half of 2023:

- High uncertainty continued to influence the economic environment during the first half of 2023: Russia's ongoing war in Ukraine, high inflation and the related monetary measures as well as a decline in global demand fuelled concerns over a recession. The financial market climate was negatively influenced, above all, by the emergency takeover of Credit Suisse and the collapse of two US regional banks during the first months of the year.
- The inflation rate in the Eurozone remained very high at 5.5% in June and was even higher in Austria at 8%.
- The European Central Bank (ECB) raised the key interest rate gradually from 2.5% at year-end 2022 to 4.0% as of 30 June 2023.
- Economic growth in the Eurozone rose by 0.6% year-on-year despite the difficult framework conditions, but with strong regional differences. Similar to Germany, the Austrian GDP stagnated during the first half-year with a decline of 0.3% versus the first half of 2022.

The following major events had a considerable influence on RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) during the first half of the 2023 financial year:

The development of interest rates and the new customer business brought a significant increase in net interest income from EUR 110.4 million to EUR 154.4 million.

Raiffeisen Bank International AG (RBI), as material investment of RLB NÖ-Wien, held earnings at a high level of EUR 1.2 billion in the first half of 2023, compared to EUR 1.7 billion in the previous year. The proportional share of earnings for RLB NÖ-Wien equalled EUR 267.4 million in the first half of 2023 (H1 2022: 377.4 million). Uncertainty caused by the war in Ukraine led to the recognition of a EUR -41.8 million impairment loss to the carrying amount of this investment as of 30 June 2023. The investment in RBI valued at equity had a positive net effect of EUR 225.6 million on the income statement of RLB NÖ-Wien in the first half of 2023 (H1 2022: -532.6 million). In addition, a negative amount of EUR 156.3 million (H1 2022: +216.1 million) was recorded under equity (other comprehensive income), above all from foreign currency valuation.

Profit after tax for the first half of 2023 totalled EUR 269.3 million (H1 2022: -503.5 million) and total comprehensive income amounted to EUR 108.9 million (H1 2022: -287.5 million).

The financial institutions group of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H. (Raiffeisen-Holding NÖ-Wien) had a Tier 1 ratio of 17.0% and a total capital ratio of 18.1%. The liquidity situation remains positive with a Net Stable Funding Ratio (NSFR) of 116.2% and a Liquidity Coverage Ratio (LCR) of 142.2%.

The Economic Environment for the Banking Sector in the First Half of 2023

The collapse of two regional US banks and the emergency takeover of Credit Suisse led to uncertainty on the financial markets during the first half of 2023, which was intensified by the home-made crisis over the increase in the US household debt ceiling. The global economy remains in very fragile condition. Rising interest rates, high inflation and weak global demand have been reflected in a notably less optimistic economic outlook. In addition, experience is lacking over the effects of the unusually fast and strong monetary tightening.

The USA has remained surprisingly robust in view of the still high inflation, rapidly rising interest rates and geopolitical uncertainties. Annualized GDP growth of 2.4% from the first to the second quarter (versus 2.0% from January to March) exceeded expectations.

China, the world's second largest economy, saw the post-COVID-19-recovery implode more quickly than expected. The Chinese economy grew by only 0.8% over the previous quarter from April to June. In contrast, the strong growth of 6.3% reported in the previous year (versus 4.5% in Q1/2023) was based primarily on statistical bias. Growth has been slowed by the weak global economy and sluggish domestic demand.

The Eurozone economy performed surprisingly well in the second quarter. The GDP rose slightly by 0.3% over the previous quarter and by 0.6% versus the previous year despite the gloomy situation. Economic development in the individual countries differed widely. The German GDP stagnated (after two negative quarters in succession), while France and Spain generated growth of 0.5% and 0.4% respectively. Italy, the third largest economy in the currency union, recorded a decline of 0.3% (all values versus the previous quarter).

The Austrian economy had already entered a stagnation phase in mid-2022 due to the international economic downturn. According to a flash estimate by the Austrian Institute of Economic Research (WIFO), the Austrian GDP declined by 0.4%versus the previous quarter from April to June (compared with +0.1% in the first quarter of the year). In year-on-year comparison, that represents a reduction of 0.3%. The domestic economy has been divided in 2023: The industrial sector is confronted with a recession, but the service sector – and here, above all, the gastronomy and hotel trade, is experiencing value growth. The slowdown in Austrian industrial activity continued at the end of the second quarter, and this weakness is gradually spreading to the labour market. Unemployment has recently increased, while the number of job vacancies has declined and the growth in employment has been largely halted.

Explanation of Financial Position, Financial Performance and Cash Flows

Consolidated profit for the first half of 2023 versus the first half of 2022

The following tables can contain rounding differences.

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022	Absolute +/(–) change	Absolute +/(–) change%
Net interest income	154,422	110,384	44,037	39.9
Net fee and commission income	27,746	28,180	(434)	(1.5)
Profit/loss from investments in companies valued at equity	227,483	(530,597)	758,080	–
Profit/loss from investments, financial and non-financial assets and liabilities	(2,355)	18,094	(20,449)	-
Other	3,649	3,479	170	4.9
Operating income	***410,944***	*(370,459)*	***781,403***	-
Staff expenses	(64,167)	(59,061)	(5,106)	8.6
Other administrative expenses	(61,396)	(53,874)	(7,522)	14.0
Depreciation/amortization/write-offs	(8,257)	(7,547)	(709)	9.4
Depreciation, amortization, personnel and operating expenses	***(133,820)***	*(120,483)*	***(13,337)***	***11.1***
Consolidated operating profit	**277,124**	(490,942)	**768,066**	-

Net interest income rose mainly due to growth in the new credit business, the transition to a positive interest environment and the substantial increase in interest rates. The positive effects from the interest rate shift had a favourable influence, in particular, on the deposit side due to an improvement in the funding margin from the heavily burdened previous years. On the lending side, higher volumes and ongoing stable income from the credit business also contributed to the increase in net interest income.

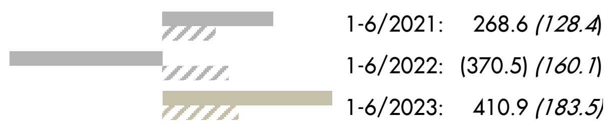
Net fee and commission income totalled EUR 27.7 million and was EUR 0.4 million below the first half of 2022. The increase in commission income from securities and payment transactions was contrasted by a decline in commission income from the lending business and brokerage.

Profit/loss from investments in companies valued at equity – which is influenced by the earnings contribution from RBI – amounted to EUR 227.5 million in the first half of 2023 (H1 2022: -530.6 million). RBI held earnings at a high level in the first half of 2023. The proportional net at-equity earnings contribution from RBI for the reporting period equalled EUR 225.6 million (H1 2022: -532.6 million). This contribution includes an impairment loss of EUR -41.8 million which was recognised as of 30 June 2023 (H1 2022: -910.0 million). The at equity contribution from Raiffeisen Informatik amounted to EUR +1.8 million (H1 2022: +2.0 million).

The **profit/loss from investments and financial/non-financial assets and liabilities** totalled EUR -2.4 million in the first half of 2023 (H1 2022: 18.1 million). Included here, above all, are the earnings contributions from the valuation of derivatives and securities as well as positive amounts from foreign currency transactions. The good results in the first half of 2022 resulted primarily from valuation gains on derivatives and from the floor portfolio that was compiled in 2022 and developed favourably in connection with the increase in interest rates.

The position **Other** was generally constant in year-on-year comparison with an increase of EUR 0.2 million.

Operating income
(Operating income without at Equity) in EUR million



The position **Depreciation, amortization, personnel and operating expenses** rose by EUR 13.3 million over the first half of 2022 to EUR 133.8 million. Staff costs were higher year-on-year, in particular, due to adjustments required by collective agreements. The increase in other administrative expenses resulted mainly from higher legal and consulting fees and operating costs. Expenses were also increased by costs related to the further development of IT systems and advertising campaigns.

Consolidated operating profit recorded by the RLB NÖ-Wien-Group equalled EUR 277.1 million (H1 2022: -490.9 million). After an adjustment for the EUR -41.8 million impairment loss recognised to the investment in RBI, consolidated net profit amounted to EUR 318.9 million.

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022	Absolute +/(–) change	Absolute +/(–) change%
Consolidated operating profit	277,124	(490,942)	768,066	-
Impairment losses or reversals of impairment losses to financial assets	(2,746)	(6,948)	4,202	(60.5)
Profit/loss before tax	***274,378***	***(497,890)***	***772,268***	**-**
Income tax	(5,060)	(5,651)	591	(10.5)
Profit/loss after tax	***269,319***	***(503,541)***	***772,860***	**-**

The **net impairment loss/reversal of impairment to financial assets** amounted to EUR -2.7 million in the first half of 2023 (H1 2022: -6.9 million). The conservative risk policy followed in recent years was continued.

Profit/loss before tax equalled EUR 274.4 million in the first half of 2023 (H1 2022: -497.9 million). After the deduction of EUR 5.1 million (H1 2022: 5.7 million) in income tax, **profit after tax** equalled EUR 269.3 million (H1 2022: -503.5 million).

Other comprehensive income was negative at EUR -160.4 million (H1 2022: 216.1 million) and includes, above all, the proportional share of negative effects (primarily foreign exchange effects) from the at equity consolidation of RBI. **Total comprehensive income** for the first half of 2023 equalled EUR 108.9 million (H1 2022: -287.5 million).

Segment Reporting

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 **Private Customer & SME Services Segment** covers the retail banking business in the Vienna branches. This segment offers various banking products and services for private and self-employed persons as well as business customers, 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 pre-tax profit of EUR 37.5 million in the first half of 2023 (H1 2022: 4.0 million). The volume of loans and advances rose substantially by 10.7% to EUR 4.2 billion. In the deposit business, rising interest rates had a positive effect on net interest income and margins improved despite a slight decline in volumes. In total, net interest income increased by EUR 56.5 million to EUR 88.0 million in the first half of 2023 (H1 2022: 31.5 million). Depreciation, amortization, personnel and operating expenses rose by EUR -5.4 million year-on-year to EUR -70.9 million. Credit risk results in the retail business were negative in the first half of 2023 at EUR -12.2 million (H1 2022: +1.3 million).

The **Corporate Clients Segment** recorded pre-tax profit of EUR 61.4 million in the first half of 2023 (H1 2022: 18.0 million). Net interest income rose by EUR 19.0 million year-on-year to EUR 83.2 million (H1 2022: 64.2 million). In the previous year, negative valuation effects of EUR -12.0 million from loans and advances measured at fair value (which resulted from the significant increase in interest rates during the first half of 2022) led to a substantial decline in earnings. The comparable value for 2023 currently equals EUR -1.0 million. The credit risk result was positive in the first half of 2023 at EUR 9.3 million (H1 2022: -6.9 million).

The **Financial Markets Segment** recorded a loss before tax of EUR -22.2 million in the first half of 2023 (H1 2022: profit before tax of 41.5 million) as a result of low interest income, high commission costs and expenses from the valuation of derivatives. Net interest income fell by EUR -29.8 million to EUR 5.9 million (H1 2022: 35.7 million) due to the stronger than expected increase in interest rates. In addition, earnings in the previous year were supported by positive valuation effects from financial assets and liabilities.

RBI, a material investment of RLB NÖ-Wien, contributed EUR 267.4 million to earnings in the first half of 2023 (H1 2022: 377.4 million). Net profit before tax in the **RBI Segment** amounted to EUR 201.7 million (H1 2022: -555.7 million) after the deduction of a EUR -41.8 million impairment loss (H1 2022: -910 million) and the deduction of refinancing and administrative costs.

The **Raiffeisen Association Services Segment** reported a pre-tax loss of EUR -1.0 million (H1 2022: -2.6 million).

The **Other Investments Segment** recorded profit before tax of EUR 0.1 million for the reporting period (H1 2022: -0.1 million).

The **Other Segment** includes, above all, a special charge for the subsequent addition to the deposit insurance fund. This segment recorded a pre-tax loss that reflects the previous year at EUR -3.1 million in the first half of 2023.

Consolidated Balance Sheet as of 30 June 2023

The balance sheet total of the RLB NÖ-Wien-Group rose by EUR 5,385.2 million over the level on 31 December 2022 to EUR 34,078.2 million as of 30 June 2023.

Assets

Loans and advances to customers increased to EUR 15,308.6 million (31 December 2022: 14,890.6 million), above all due to a higher volume of business credits and loans to private customers.

Loans and advances to other banks rose by 3.8% over year-end 2022 to EUR 4,160.7 million as of 30 June 2023 (31 December 2022: 4,008.7 million), primarily due to higher volumes with Raiffeisen sector institutions.

The interest in investments in companies valued at equity increased over the level on 31 December 2022 to EUR 1,938.7 million (31 December 2022: 1,867.2 million).

Other assets totalled EUR 6,967.6 million as of 30 June 2023. The year-on-year increase of EUR 2,974.6 million resulted primarily from a higher volume of deposits with the Austrian National Bank (OeNB).

€m	30/06/2023	31/12/2022	Absolute +/(–) change	Absolute +/(–) change%
Financial assets at amortized cost	24,026	23,030	996	4.3
Of which debt instruments	4,552	4,118	434	10.5
Of which loans and advances to other banks	4,161	4,009	152	3.8
Of which loans and advances to customers	15,309	14,891	418	2.8
Of which other financial assets	5	13	(8)	(63.0)
Financial assets designated at fair value through profit or loss	1,126	802	324	40.4
Of which held for trading	1,000	674	326	48.3
Of which investments, immaterial shares in subsidiaries and associates	15	14	0	3.0
Of which debt instruments not held for trading	1	1	0	0.1
Of which loans and advances to customers not held for trading	110	113	(3)	(2.2)
Financial assets at fair value through other comprehensive income	20	19	1	5.5
Investments in companies valued at equity	1,939	1,867	71	3.8
Other assets	6,968	2,975	3,993	>100.0
ASSETS	**34,078**	28,693	**5,385**	**18.8**

Liabilities and Equity

Deposits from other banks rose by EUR 2,566.7 million, or 27.3%, to EUR 11,954.0 million as of 30 June 2023. The increase was based primarily on a substantially higher volume of repurchase agreements. In contrast, this position was reduced by the partial repayment of TLTRO funds.

Deposits from customers, including savings deposits, were EUR 549.2 million higher than the previous year at EUR 9,445.4 million, above all due to an increase in deposits from companies, the federal government, municipalities and social security carriers.

The total volume of **securitized liabilities, incl. Tier 2 capital,** equalled EUR 9,279.6 million (31 December 2022: 7,083.7 million). The increase of EUR 2,195.9 million in the carrying amount during the first half of 2023 resulted chiefly from the bank's new issues.

Equity rose by EUR 110.3 million to EUR 2,208.1 million as of 30 June 2023. This increase was supported primarily by sound results from RBI, which were contrasted by negative currency effects recorded under other comprehensive income.

The volume of **other liabilities** declined slightly by EUR 11.9 million to EUR 772.2 million.

€m	30/06/2023	31/12/2022	Absolute +/(–) change	Absolute +/(–) change%
Financial liabilities at amortised cost	30,779	25,468	5,311	20.9
Of which deposits from other banks	11,954	9,387	2,567	27.3
Of which deposits from customers	9,445	8,896	549	6.2
Of which securitized liabilities (incl. Tier 2 capital)	9,280	7,084	2,196	31.0
Of which other financial liabilities	100	101	(1)	(1.0)
Financial liabilities designated at fair value through profit or loss	319	343	(24)	(7.0)
Equity	2,208	2,098	110	5.3
Other liabilities	772	784	(12)	(1.5)
LIABILITIES & EQUITY	**34,078**	28,693	**5,385**	**18.8**

Financial Performance Indicators

Performance Ratios

The **Group's cost- income ratio (CIR)** – i.e. the ratio of operating expenses less income from third party clearing to operating income (incl. the profit (loss) from financial instrument and associates, and excl. impairment losses) – equalled 26.3% as of 30 June 2023. The CIR for the RLB banking business (excluding the RBI Segment) equalled 59.3%.

The **Group's return on equity after tax** – i.e. the return on equity based on average equity – equalled 25.2% for the first half of 2023. In the comparative period (first half of 2022), the RoE was negative due to the impairment loss recognised to the RBI investment.

Own funds

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 own funds of the Raiffeisen-Holding NÖ-Wien credit institution group is presented below:

Own funds as defined in Article 72 in connection with Article 18 of the CRR totalled EUR 2,485.8 million (31 December 2022: 2,671.9 million). At 18.1% (2022: 20.0%), the Tier 1 ratio (for comprehensive risk) substantially exceeds the total capital requirement, including the buffer, of 16.65%. It includes the minimum capital requirement of 8.00% defined by Article 92 of the CRR as well as the additional capital requirement of 4.80% established by the Supervisory Review and Evaluation Process (SREP). The capital buffer requirements consist of a systemic risk buffer of 0.50%, a buffer of 0.75% for system-relevant institutions, a capital conservation buffer of 2.50%, and an countercyclical capital buffer of 0.10%.

Own funds comprises the following: Common equity Tier 1 includes the superior credit institution's subscribed capital of EUR 124.6 million, appropriated capital reserves of EUR 907.7 million, retained earnings of EUR 1,519.2 million, various regulatory adjustments of EUR -120.1 million and the application of IFRS 9 transition guidance at EUR 17.4 million. After deductions of EUR -207.6 million, common equity Tier 1 capital equals EUR 2,241.3 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 2,336.3 million as of 30 June 2023 (31 December 2022: 2,505.4 million).

Tier 2 capital of EUR 149.4 million (31 December 2022: 166.4 million) is based entirely on eligible Tier 2 instruments.

Tier 1 capital as a per cent of eligible capital equalled 94.0% (31 December 2022: 93.8%).

The common equity Tier 1 ratio (CET1 ratio) equalled 16.3% as of 30 June 2023 (31 December 2022: 18.1%). The Tier 1 ratio for the total risk of the Raiffeisen-Holding NÖ-Wien credit institution group equalled 17.0% (31 December 2022: 18.8%), and the total capital ratio equalled 18.1% (31 December 2022: 20.0%).

The reduction in the equity ratios during the first half of 2023 is attributable, above all, to intra-year effects from other comprehensive income (OCI) that were caused primarily by foreign currency differences from the investment in RBI AG. The related positive effects in profit for the year, in contrast, have no effect on equity during the course of the year because Article 26 of the CRR only permits intra-year inclusion following an application to and approval by the supervisory authority. The potential inclusion of half-year results would lead to an improvement of approximately 2.0% in the equity ratios.

Under a fully loaded analysis, the CET 1 ratio equalled 16.2% (31 December 2022: 17.8%), the T1 ratio 16.8% (31 December 2022: 18.6%) and the total capital ratio 17.9% (31 December 2022: 19.8%).

Credit risk indicators

The following tables show the credit-impaired exposure in relation to the total exposure (1st column) based on the definition in CRR Article 47a. The data cover both non-performing and performing exposure.

30/06/2023 €'000 Receivables categories	Credit exposure	Non Performing					
		Amount	Risk provision	Collateral	NPE Ratio in %	Coverage Ratio I in %	Coverage Ratio II in %
Other Banks	8,340,773	670	670	0	0.0	100.0	100.0
Corporate customers	11,951,626	188,155	60,030	82,777	1.6	31.9	75.9
Retail exposures	3,012,635	82,537	42,700	29,585	2.7	51.7	87.6
Public sector exposures	7,435,276	0	0	0	0.0	0.0	0.0
Total	**30,740,310**	**271,362**	**103,399**	**112,361**	**0.9**	**38.1**	**79.5**

31/12/2022 €'000 Receivables categories	Credit exposure	Non Performing					
		Amount	Risk provision	Collateral	NPE Ratio in %	Coverage Ratio I in %	Coverage Ratio II in %
Other Banks	7,550,970	670	670	0	0.0	100.0	100.0
Corporate customers	11,699,464	212,781	102,297	49,990	1.8	48.1	71.6
Retail exposures	2,903,243	84,817	45,160	28,416	2.9	53.2	86.7
Public sector exposures	3,629,101	0	0	0	0.0	0.0	0.0
Total	25,782,778	298,268	148,127	78,406	1.2	49.7	75.9

The non-performing exposure (NPE) ratio, which is calculated similar to the EBA Risk Indicator AQT_3.1, equalled 0.9% as of 30 June 2023 (31 December 2022: 1.2%). 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 38.1% (31 December 2022: 49.7%) and Coverage Ratio II 79.5% (31 December 2022: 75.9%).

The NPL ratio, which is calculated similar to EBA Risk Indicator AQT_3.2 equalled 1.2% as of 30 June 2023 (31 December 2022: 1.4%).

€'000	Credit exposure		NPL		NPL Ratio in %	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022	30/06/2023	31/12/2022
Total	22,312,726	21,662,352	271,362	298,268	1.2	1.4

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

Risk Assessment

The first six months of 2023 were characterized by the consequences of the sharp rise in inflation since mid-2022 and by the Russia-Ukraine-war that has continued since 24 February 2022. The results of this development are a risk assessment for RLB NÖ-Wien at the half-year 2023 which reflects, among others, these two issues and the following economic consequences.

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 2023 are presented as a separate section in the Notes. Reference is made to Note (32) Risks arising from financial instruments, which provides information on financial risks as well as the current situation in view of the inflationary trend and its consequences as well as the effects of the ongoing Russia-Ukraine-war.

Outlook on the Second Half-year 2023

The Economic Environment

The second half of 2023 is expected to bring only very limited economic recovery. The International Monetary Fund (IMF) has, however, taken a more positive stance and raised its GDP forecast for the global economy in 2023 by 0.2 points to 3%. The expected growth will be driven primarily by large emerging countries like China and India. The IMF forecast for the USA was also adjusted upward, namely from 1.6% to 1.8%.

In the Eurozone, the economic climate has cooled significantly. The GDP in the currency union is projected to increase by 0.9% in 2023 (previous estimate: 0.8%), whereby Germany will be the only country among the 22 with a decline -0.3% this year.

The constantly high inflation remains a source of headaches. Core inflation has been more stubborn than expected and must be reduced more forcefully and more sustainably. Global inflation is projected to equal 6.8% this year before declining to 5.2% in 2024 according to the IMF. However, it could be the end of 2024 or the beginning of 2025 before inflation again reflects central banks' targets and interest policies can be changed.

Inflation in the Eurozone continued to gradually trend downward during July and declined to 5.3% versus the previous year (preliminary Harmonised Index of Consumer Prices (HICP): after 5.5% in June and 6.1% in May). Core inflation (excluding energy, food products, alcohol and tobacco) stagnated at the previous month's level of 5.5% (versus the previous year) and exceeded the total HICP for the first time.

The Austrian Institute of Economic Research (WIFO) also projects zero growth for this country in the third quarter of 2023, and there are currently no good signs from the early indicators. The Industrial Purchasing Managers Index fell to 38.8 points in July and remained below the growth threshold of 50 points for the twelfth month in succession. The lack of new orders was reflected in the strongest drop in production in over three years. Weak demand, high costs and changed financing conditions have fuelled the pessimistic mood in the Austrian industrial sector and reduced production expectations for the coming 12 months to the lowest level this year. The retail sector has also been faced with a drop in real turnover. Tourism is the only branch to show no signs of weakness.

An initial estimate placed inflation (CPI) in Austria at 7% versus the previous year in July, which represents the lowest level since March 2022 and a decline from 8% versus the previous year in June. Statistics Austria points to an easing of the pressure on energy prices as the decisive factor for the decline. In particular, fuel is much less expensive than a year ago. Gas and electricity are more expensive, but the trends in energy prices are below the overall inflation rate. The comparatively high inflation in Austria is explained, among others, by the relatively strong economic relevance of tourism. According to the Austrian Institute of Economic Research (WIFO), the inflation rate in Austria should decline to roughly 5% versus the previous year by the end of 2023.

WIFO and the Institute for Advances Studies (IHS) are projecting real growth of 0.3% (WIFO) and 0.5% (IHS; values versus the previous year) for Austria in 2023. The coming months are expected to bring an increase in service prices as inflation-driven input costs are passed on to consumers. These increases will, however, be offset in part by lower energy prices. These factors, in combination, explain the slow decline in inflation. Estimates by WIFO und IHS indicate that inflation for the full 12 months of 2023 will remain persistently high at 7.5% versus the previous year and an entire two percentage points higher than in Germany and the Eurozone.

The US Federal Reserve (Fed) raised the key interest rate to 5.25%-5.50% in July, the highest level since January 2001. Experts believe this eleventh rate hike could mark the peak. Fed President Powell has, however, left all options for further increases open.

The European Central Bank (ECB) adjusted interest rates for the nineth time in succession during July in its efforts to slow the economy and, in turn, curb the high inflation. Key interest rates were raised by a further 25 BP, which brought the main refinancing rate to 4.25% – the highest level since 2000. The ECB's stated goal is to return inflation to 2% over the medium-term. According to ECB President Lagarde, the next meetings could bring a pause or increase, but a reduction in interest rates is excluded. Reference was made repeatedly to the data-driven approach and decision-making from meeting to meeting.

The Development of the Group

The reorganization under Chairman Michael Höllerer that was approved in 2022 was completed with the appointment of Claudia Süssenbacher and Roland Mechtler to the Managing Board of RLB NÖ-Wien in March 2023. The necessary steps are now in place to drive the growth strategy for Raiffeisen NÖ-Wien over all business fields and to focus on absolute customer orientation, resilience and innovation.

The expansion of sustainability-related activities (ESG) in the RLB NÖ-Wien-Group will move continuously forward, also in view of the new requirements of the EU Taxonomy and regulatory reporting procedures.

RLB NÖ-Wien is affected by the current crises through inflation, gas and energy prices, and the after-effects of the COVID-19-pandemic, both directly and also indirectly through its customers and its investments.

Bank:

The ECB reacted to the sharp rise in inflation in the Eurozone with a first increase in the key interest rate during July 2022, a step that marked the reversal of previous interest rate policy. Further rate hikes followed. In its continuing efforts to fight inflation, the Council approved an increase of 0.25 percentage points in the key interest rate to 4.25% at the end of July 2023 – a level last seen at the beginning of the global financial crisis in early October 2008. The ECB's medium-term inflation target of 2.0% remains intact. Similar to the effects in 2022, the increase in interest rates is expected to have a positive effect on net interest income for RLB NÖ-Wien in 2023.

The Austrian economy has stagnated for a year, negatively affected by an inflation rate that is only slowly declining. Average inflation of 8.5% in 2022 is projected to decline to 7.5% in 2023 according to published forecasts. Measures to moderate the cost increases are under continuous evaluation.

As a strong partner for its customers, RLB NÖ-Wien plans to continue its growth course in the Corporate Clients Segment through support for existing customers and the development of new customer groups with an emphasis on the middle class. The private customer business will remain focused on the mortgage business, supplemented by a full range of services and products that will be offered to customers over conventional and broad-based online sales channels. Tailored and personalized solutions will also be developed in the retail segment to reinforce the position of RLB NÖ-Wien as a regional partner for customers. This growth course will further strengthen the bank's earnings position and capital base.

Another strategic focal point is the expansion of the service business. In the future, Raiffeisen will become an umbrella brand with a "beyond banking" offering that includes more than only banking products. The goal is to position Raiffeisen NÖ-Wien to accompany its customers in a variety of life situations – and always with professional partners. As a regional contact partner, personal advising for complex financial solutions and digital offerings for customized solutions will be offered in combination. The offering will be continuously expanded and improved. Raiffeisen NÖ-Wien has been a pioneer in financing for renewable energies over decades and, with the new green electricity tariff "Auri", markets an attractive offering. The investment held by Raiffeisen NÖ-Wien in NAWARO ENERGIE, a company active in renewable energy and heat generation, also makes an important contribution to regional supply security.

The implementation of the successfully launched new branch concept in Vienna will also continue. Its goal is to create a modern, practical branch network which meets the changing expectations and needs of the bank's customers. Private customers will also be able to access the channels of the digital regional bank for the fast and direct handling of their banking transactions.

In view of the current risk cost level, precise forecasts are connected with substantial uncertainty. RLB NÖ-Wien expects a slight increase in risk costs during the second half of the 2023 financial year based on current information and the above-mentioned, stagnating economic outlook. RLB NÖ-Wien can, however, rely on the stable foundation of a forward-looking and circumspect risk policy.

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 and strategic and operational cooperation will be strengthened.

RBI:

RBI, as the largest investment of RLB NÖ-Wien, is particularly affected by the current geopolitical situation surrounding the war in Ukraine due to its strong positioning in Central and Eastern Europe. The consolidated financial statements of RLB NÖ-Wien for the first half of the 2023 financial year reflect the major effects of this war on the development of the enterprise value of RBI based on currently available information. The sound operating development recorded by RBI in 2022 was repeated during the first half of 2023, with strong core earnings from continuing operations (excluding Russia and Belarus) despite higher provisions for outstanding legal proceedings. In spite of these favourable results, the recognition of an impairment loss to the carrying amount of the RBI investment was required.

The management of RBI is monitoring the related developments continuously, analysing potential scenarios, and evaluating various strategic options with regard to Russia and Belarus. Based on the information currently available, operating results – and especially interest and commission income – are expected to remain sound in the second half of 2023. The amount of possible further impairment losses depends primarily on the future development of the situation as well as the development of RBI's earnings and the Russian Rubel.

Current uncertainties are reflected in the continuous evaluation and appraisal of the information and situation by the Managing Board of RLB NÖ-Wien and the management of Raiffeisen-Holding NÖ-Wien. However, future developments are still uncertain.

Risk factors for the outlook on the 2023 financial year include geo-political and macroeconomic developments, regulatory measures and global health risks as well as changes in the competitive environment. Financial forecasts are still connected with increased uncertainty due to their effects on economic development.

Vienna, 12 September 2023
The Managing Board

Michael HÖLLERER
Chairman

Reinhard KARL Deputy Chairman	Roland MECHTLER Member of the Managing Board
Martin HAUER Member of the Managing Board	Claudia SÜSSENBACHER Member of the Managing Board

Consolidated Interim Financial Statements (IFRS)

Consolidated Statement of Comprehensive Income

Consolidated Income Statement

€'000	Notes	01/01 - 30/06/2023	01/01 - 30/06/2022
Net interest income	(1)	154,422	110,384
Interest income calculated according to the effective interest method		487,817	160,242
Interest income not calculated according to the effective interest method		44,336	38,379
Interest expense calculated according to the effective interest method		(353,177)	(51,646)
Interest expense not calculated according to the effective interest method		(24,554)	(36,591)
Net fee and commission income	(2)	27,746	28,180
Fee and commission income		49,680	46,850
Fee and commission expenses		(21,934)	(18,670)
Dividend income	(3)	1,051	974
Profit/loss from investments in companies valued at equity	(4)	227,483	(530,597)
Depreciation, amortization, personnel and operating expenses	(5)	(133,820)	(120,483)
Profit/loss from financial assets and liabilities	(6)	(2,186)	18,075
Of which profit/loss from derecognition of financial assets at amortized cost		(1,681)	(18)
Profit/loss from non-financial assets	(7)	(170)	18
Net impairment loss/reversal of impairment to financial assets	(8)	(2,746)	(6,948)
Other operating profit/loss	(9)	2,598	2,505
Other operating income		31,248	22,824
Other operating expenses		(27,625)	(25,588)
Addition to or release of provisions		(1,025)	5,269
Profit/loss before tax		**274,378**	(497,890)
Income tax	(10)	(5,060)	(5,651)
Profit/loss after tax		**269,319**	(503,541)
Of which attributable to non-controlling interests		1	(3)
Of which attributable to equity owners of the parent		269,318	(503,538)

Transition to Consolidated Comprehensive Income

€'000	Notes	01/01 - 30/06/2023	01/01 - 30/06/2022
Profit/loss after tax		***269,319***	*(503,541)*
Items that will not be reclassified to profit or loss in later periods		***3,482***	*(14,167)*
Remeasurement of defined benefit pension plans	(28)	(81)	9,646
Fair value changes in equity instruments (through other comprehensive income)	(31)	(169)	685
Deferred taxes on items not reclassified to profit or loss	(22)	(439)	(1,322)
Proportional share of other comprehensive income from investments in companies valued at equity	(31)	4,171	(23,176)
Items that may be reclassified to profit or loss in later periods		***(163,893)***	*230,233*
Proportional share of other comprehensive income from investments in companies valued at equity	(31)	(163,893)	230,233
Other comprehensive income		***(160,411)***	*216,067*
Consolidated comprehensive income		**108,907**	(287,474)
Of which attributable to non-controlling interests		1	(3)
Of which attributable to equity owners of the parent		108,906	(287,471)

Consolidated Balance Sheet

€'000	Notes	30/06/2023	31/12/2022
Cash, cash balances at central banks and other demand deposits	(11)	6,498,382	2,504,570
Financial assets held for trading	(12)	999,878	674,177
Derivatives		367,411	400,943
Other trading assets		632,467	273,234
Non-trading financial assets mandatorily at fair value through profit or loss	(13)	125,682	127,782
Financial assets at fair value through other comprehensive income	(14)	20,156	19,110
Financial assets at amortized cost	(15) (16)	24,026,183	23,030,143
Bonds		4,552,236	4,118,147
Loans and advances to other banks		4,160,653	4,008,682
Loans and advances to customers		15,308,574	14,890,552
Other assets		4,720	12,762
Derivatives - hedge accounting	(17)	610,319	679,100
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(18)	(465,128)	(526,983)
Investments in companies valued at equity	(19)	1,938,660	1,867,191
Property and equipment	(20)	142,469	134,575
Investment property		1,361	1,370
Intangible assets	(21)	6,139	6,910
Tax assets	(22)	12,089	10,372
Current tax assets		5,557	5,553
Deferred tax assets		6,531	4,819
Other assets	(23)	161,966	164,659
Total		**34,078,156**	28,692,978

€'000	Notes	30/06/2023	31/12/2022
Financial liabilities held for trading - Derivate	(24)	318,887	342,783
Financial liabilities at amortized cost	(25)	30,779,004	25,468,297
Deposits from other banks		11,953,992	9,387,312
Deposits from customers		9,445,382	8,896,230
Securitized liabilities		9,279,629	7,083,708
Other financial liabilities		100,000	101,048
Derivatives - hedge accounting	(26)	759,952	821,183
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(27)	(173,487)	(201,925)
Provisions	(28)	99,659	101,626
Tax liabilities	(29)	15,659	18,682
Other liabilities	(30)	70,379	44,546
Equity	(31)	2,208,102	2,097,785
Attributable to non-controlling interests		38	37
Attributable to equity owners of the parent		2,208,063	2,097,748
Total		**34,078,156**	28,692,978

Consolidated Statement of Changes in Equity

€'000	Subscribed capital	Capital reserves	Attributable to equity holders of the parent Retained earnings incl. profit or loss	Additional tier 1	Other comprehensive income for the period (OCI)	Equity attributable to owners of the parent	Non-controlling interests	Total
Equity as at 01/01/2022	*219,789*	*556,849*	*1,815,667*	*0*	*(474,912)*	*2,117,394*	*52*	*2,117,445*
Consolidated comprehensive income	0	0	(503,538)	0	216,067	(287,471)	(3)	(287,474)
Net profit/loss for the period	0	0	(503,538)	0	0	(503,538)	(3)	(503,541)
Other comprehensive income	0	0	0	0	216,067	216,067	0	216,067
Dividends paid	0	0	0	0	0	0	(10)	(10)
Enterprise's interest in other changes in equity of investments in companies valued at equity	0	0	1,309	0	0	1,309	0	1,309
Equity as at 30/06/2022	**219,789**	**556,849**	**1,313,438**	**0**	**(258,846)**	**1,831,231**	**39**	**1,831,270**
Equity as at 01/01/2023	*219,789*	*556,849*	*1,789,233*	*76,000*	*(544,124)*	*2,097,748*	*37*	*2,097,785*
Consolidated comprehensive income	0	0	269,318	0	(160,411)	108,906	1	108,907
Net profit/loss for the period	0	0	269,318	0	0	269,318	1	269,319
Other comprehensive income	0	0	0	0	(160,411)	(160,411)	0	(160,411)
Enterprise's interest in other changes in equity of investments in companies valued at equity	0	0	4,861	0	0	4,861	0	4,861
Other changes	0	0	(3,452)	0	0	(3,452)	0	(3,452)
Equity as at 30/06/2023	**219,789**	**556,849**	**2,059,961**	**76,000**	**(704,536)**	**2,208,064**	**38**	**2,208,102**

Consolidated Cash Flow Statement

€'000	Notes	01/01 - 30/06/2023	01/01 - 30/06/2022
Profit/loss after tax		***269,319***	***(503,541)***
Write-downs/(write-ups) of property and equipment and measurement of financial assets and equity investments		(6,945)	284,380
Profit/loss from investments in companies valued at equity	(4)	(227,483)	530,597
Release of/addition to provisions and impairment allowances		(38,954)	(11,672)
(Gains)/losses on disposals of property and equipment and financial investments		(1,103)	3,397
Reclassification of net interest income, dividends and income taxes		(150,413)	(105,708)
Other adjustment (net)		(3,656)	(12,955)
Subtotal before change in assets/liabilities (operating)		***(159,235)***	***184,498***
Other demand deposits		(355,482)	(104,156)
Financial assets held for trading		(321,433)	6,152
Financial assets designated at fair value through profit or loss		2,517	19,509
Financial assets at amortized cost		(479,370)	(1,540,448)
Derivatives - hedge accounting		(26,307)	165,613
Other assets		2,694	12,004
Financial liabilities held for trading		(19,702)	(17,425)
Financial liabilities at amortized cost		5,223,093	814,184
Other provisions		(6,221)	(3,233)
Other liabilities		25,834	18,176
Interest received		473,715	243,051
Dividends received		2,235	9,315
Interest paid		(259,463)	(116,232)
Income taxes paid		(10,238)	(4,952)
Cash flow from operating activities		***4,092,635***	***(313,944)***
Cash receipts from sales of financial investments		142,858	235,899
Cash receipts from sales of equity investments		0	26
Cash receipts from sales of property and equipment and intangible assets		69	94
Cash paid for financial investments		(563,224)	(1,413,218)
Cash paid for property and equipment and intangible assets		(7,252)	(13,167)
Cash flow from investing activities		***(427,549)***	***(1,190,365)***
Cash inflows from Tier 2 capital	(25)	1,590	771
Cash outflows from Tier 2 capital	(25)	(22,939)	(57,355)
Repayments from lease liabilities	(25)	(4,922)	(4,770)
Dividends paid		0	(10)
Cash flow from financing activities		***(26,271)***	***(61,365)***

€'000	Notes	01/01 - 30/06/2023	01/01 - 30/06/2022
Cash and cash equivalents at end of previous year	(11)	*283,858*	*2,847,153*
Cash flow from operating activities		4,092,635	(313,944)
Cash flow from investing activities		(427,549)	(1,190,365)
Cash flow from financing activities		(26,271)	(61,365)
Cash and cash equivalents at end of year	(11)	**3,922,674**	1,281,481

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 2023 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. The condensed consolidated interim financial statements do not include all information and disclosures required for consolidated financial statements and, therefore, should be read in connection with the consolidated financial statements for 2022 of RLB NÖ-Wien. These condensed consolidated interim financial statements are based on the same principles and methods applied in preparing the consolidated financial statements for 2022. Standards and interpretations which required initial application during the reporting period were taken into account.

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.

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

Judgments and estimates

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 based on the respective standards and in keeping with the goal defined for the consolidated financial statements, which is to provide meaningful information on the company's asset, financial and earnings positions. These condensed consolidated interim financial statements are based on the same principles applied in preparing the consolidated financial statements as of 31 December 2022. Actual results may deviate from the estimated values.

Scope of consolidation

There were no changes in the number of consolidated subsidiaries or entities valued at equity during the reporting period. Moreover, there were no business combinations or disposals of operations during the first half of 2023.

Application of new and revised standards and interpretations

New and revised standards and interpretations which required application as of 1 January 2022 or at a later date were reflected in the preparation of the consolidated financial statements for 2022. The following section explains the changes which had an influence on the RLB NÖ-Wien-Group or the changes which were announced during the first half of 2023.

IAS 12 (Income Taxes)

The International Accounting Standards Board (IASB) issued changes to IAS 12 (Income Taxes) on 23 May 2023. These changes were based on the upcoming introduction of a global minimum tax (Pillar II). The Pillar II rules are directed to achieving a minimum tax of 15% for companies with global revenues of at least EUR 750 million. These rules must be implemented by the EU member states by the end of 2023 and are applicable to financial years beginning on or after 31 December 2023. The IASB changes provide a temporary exemption from the obligation to recognised deferred taxes resulting from the implementation of the Pillar II rules and also include the addition of various disclosure requirements. To ensure compliance with the disclosure requirements in financial reporting for 2023, RLB NÖ-Wien is currently working on a Group-wide project to implement the Pillar II rules and make the necessary process and technical adjustments.

Segment Reporting

01/01 - 30/06/2023 €'000	Retail/ SME	Corporate Customers	Financial Markets	RBI	Raiffeisen Association	Other equity invest ments	Other	Total
Net interest income	88,017	83,168	5,865	(21,912)	0	(127)	(589)	154,422
Net fee and commission income	31,247	7,640	(12,783)	0	1,642	0	0	27,746
Dividend income	0	470	184	0	0	397	0	1,051
Profit/loss from investments in companies valued at equity	0	0	1,839	225,644	0	0	0	227,483
Depreciation, amortization, personnel and operating expenses	(70,860)	(35,039)	(10,146)	(1,503)	(16,058)	(214)	0	(133,820)
Profit/loss from financial assets and liabilities	770	(1,604)	(2,908)	0	674	0	883	(2,186)
Profit/loss from non-financial assets	4	(174)	0	0	0	0	0	(170)
Net impairment loss/reversal of impairment to financial assets	(12,213)	9,319	149	0	0	0	0	(2,746)
Other operating profit/loss	576	(2,411)	(4,370)	(561)	12,699	16	(3,350)	2,598
Profit/loss before tax	**37,540**	**61,368**	**(22,171)**	**201,668**	**(1,043)**	**72**	**(3,056)**	**274,378**
Income tax	(2,957)	(3,622)	1,282	4	60	(4)	177	(5,060)
Profit/loss after tax	**34,584**	**57,746**	**(20,889)**	**201,672**	**(983)**	**68**	**(2,879)**	**269,319**
Av. allocated capital (in EUR mill.)	277	786	580	493	0	16	0	2,153
Return on equity after tax	12.5%	7.3%	-	40.9%	-	0.4%	-	25.2%
Cost Income Ratio (bank operations)	54.1%	36.5%	-	-	> 100%	74.4%	-	59.3%
Cost Income Ratio (incl. at equity)	-	-	-	-	-	-	-	26.3%

The comparative prior year data are as follows:

01/01 - 30/06/2022 €'000	Retail/Raiffeisen Association Services	Corporate Customers	Financial Markets	RBI	Raiffeisen Association	Other equity investments	Other	Total
Net interest income	31,494	64,166	35,706	(20,817)	(81)	(84)	0	110,384
Net fee and commission income	29,034	7,066	(9,442)	0	1,522	0	0	28,180
Dividend income	584	0	0	0	0	390	0	974
Profit/loss from investments in companies valued at equity	0	0	1,964	(532,561)	0	0	0	(530,597)
Depreciation, amortization, personnel and operating expenses	(65,450)	(28,057)	(9,346)	(1,309)	(16,147)	(173)	0	(120,483)
Profit/loss from financial assets and liabilities	989	(12,666)	28,893	0	859	0	0	18,075
Profit/loss from non-financial assets	9	4	2	0	3	0	0	18
Net impairment loss/reversal of impairment to financial assets	1,270	(6,915)	(1,303)	0	0	0	0	(6,948)
Other operating profit/loss	6,109	(5,614)	(4,965)	(1,018)	11,290	(187)	(3,109)	2,505
Profit/loss before tax	**4,039**	**17,984**	**41,509**	**(555,705)**	**(2,554)**	**(54)**	**(3,109)**	**(497,890)**
Income tax	(610)	360	0	1	0	(3)	(5,399)	(5,651)
Profit/loss after tax	**3,429**	**18,344**	**41,509**	**(555,704)**	**(2,554)**	**(57)**	**(8,508)**	**(503,541)**
Av. allocated capital (in EUR mill.)	262	710	612	378	0	12	0	1,974
Return on equity after tax	2.6%	5.2%	13.6%	-	-	-	-	-
Cost Income Ratio (bank operations)	96.7%	54.9%	17.9%	-	> 100%	> 100%	-	60.5%
Cost Income Ratio (incl. at equity)	-	-	-	-	-	-	-	22.4%

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. A market interest rate method is used to calculate net interest income. The interest income from equity is determined by applying a theoretical interest rate; it is 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.

In accordance with IFRS 8, the section presentation is classified as follows:

- The Private Customer and SME 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 private customers and SMEs 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).

  The Corporate Clients Service Department is responsible for processing export loans and foreign investments (e.g. export loans from export funds and Oesterreichische Kontrollbank (OeKB) and 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 manages 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 as well as a full range of subsidized credit products. Transactions are also executed 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 under 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).

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

Details on the Consolidated Income Statement

(1) Net interest income

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022
Interest income		
Financial assets held for trading	41,972	36,892
Non-trading financial assets mandatorily at fair value through profit or loss	2,364	1,487
Financial assets at amortized cost	481,811	129,721
Of which from derivatives - hedge accounting, interest rate risk	33,058	(29,868)
Negative interest from liabilities	6,006	30,521
Total interest income	***532,153***	***198,621***
Interest expenses		
Financial liabilities held for trading - derivatives	(24,554)	(36,591)
Financial liabilities at amortized cost	(352,544)	(29,964)
Of which from derivatives - hedge accounting, interest rate risk	(57,295)	42,238
Other liabilities	(259)	(3,005)
Negative interest from financial assets	(375)	(18,677)
Total interest expenses	***(377,731)***	***(88,236)***
Net interest income	**154,422**	110,384

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 negative interest on non-derivative financial liabilities from the banking business are reported under net interest income. The interest income and expenses from derivatives in hedge accounting are allocated to the respective underlying transaction to appropriately present the economic connection. Interest income includes interest income from impairment-adjusted loans and advances to customers and other banks of TEUR 6,811 (H1 2022: 3,207). The interest expense from financial liabilities measured at amortized cost includes interest expense from lease liabilities of TEUR -624 (H1 2022: -608).

Net interest income for the first half of 2023 includes interest expense from participation in the TLTRO III programme of TEUR -27,176 (H1 2022: interest income of 13,398). In October 2022, the ECB changed the method for determining the interest rate for periods beginning on 23 November 2022: An average of the ECB's key interest rates must be used for periods beginning on or after that date up to maturity or the date of any premature redemption. The determination of the interest rate for periods up to 22 November 2022 is not affected by this change.

RLB NÖ-Wien determines the effective interest rate for each tranche on a quarterly basis. As of 30 June 2023, the effective interest rates ranged from 1.9% and 3.0% depending on the tranche.

(2) Net fee and commission income

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022
Securities	4,526	5,202
Custody business	5,529	4,772
Services for payment transactions	17,030	15,487
Brokerage commissions	8,426	8,879
Insurance broker	9,167	8,213
Credit business	3,784	2,684
Other fee and commission income	1,218	1,613
Fee and commission income	***49,680***	***46,850***
Securities	(1,596)	(1,936)
Custody business	(669)	(570)
Services for payment transactions	(3,123)	(2,727)
Insurance broker	(1,102)	(877)
Credit business	(13,282)	(10,364)
Other fee and commission expenses	(2,163)	(2,195)
Fee and commission expenses	***(21,934)***	***(18,670)***
Net fee and commission income	**27,746**	28,180

Net fee and commission income covers the income and expenses to which the company is legally entitled for the provision of services. Fee and commission income from the credit business consists primarily of liability remuneration, while fee and commission income from the securities business includes 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 measured at amortized cost and represent part of effective interest are recognized to net interest income over the respective term.

(3) Dividend income

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022
Non-trading financial assets designated at fair value through profit or loss	480	400
Financial assets at fair value through other comprehensive income	570	574
Dividend income	**1,051**	974

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.

(4) Profit/loss from investments in companies valued at equity

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022
Profit/loss for the period from investments in companies valued at equity	269,296	379,403
Revaluation gains/(losses) from investments in companies valued at equity	(41,813)	(910,000)
Profit/loss from investments in companies valued at equity	**227,483**	(530,597)

The profit/loss from investments in companies valued at equity represents the proportional share of profit or loss from the participations in the two associated and at-equity accounted companies in Raiffeisen Bank International AG (RBI) and Raiffeisen Informatik GmbH & Co KG (R-IT) which are included in the consolidated financial statements of RLB NÖ-Wien.

The revaluation loss of TEUR -41,813 (H1 2022: -910,000) from investments in companies valued at equity resulted from the latest impairment test of the investment in RBI.

An overall assessment of facts and circumstances as of the closing date on 30 June 2023 – above all the development of the market price and the war in Ukraine — provided objective evidence of impairment as defined in IAS 28.41A – 28.41C which led to indications of a decline in fair value. The investment valued at equity in RBI was therefore tested for impairment as of 30 June 2023. 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 costs of disposal; this amount was compared with the at-equity carrying amount of the RBI investment. The market price of the RBI share on 30 June 2023 equalled EUR 14.5. 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 Supervisory Board of RBI and valid at the time the impairment test was carried out.

In order to appropriately depict the current uncertain economic environment resulting from the war in Ukraine and the related sanctions against Russia, the investment in Raiffeisenbank Russia was valued separately from the remainder of RBI based on the dual steering approach followed by RBI. The valuation included all restrictions on distributions currently in effect as well as the increased risk associated with the Russian investment (higher discount rate, reduced commercial growth, higher risk costs). All strategic options for the future of Raiffeisenbank Russia – up to the carefully managed exit of the bank from the Russian market – are currently under evaluation. Due to the current state of decisions and approvals, these options were not included in the value in use calculation in accordance with accounting regulations.

A low/mid/high case scenario was used to determine the value in use for the core area. It included, above all, sensitivity analyses for the development of risk costs, the sustainable CIR, net interest and fee and commission results over the coming years. The respective sensitivities were analysed and critically evaluated by the management of RLB NÖ-Wien and, in part, subsequently transferred to the value in use calculation.

Various scenarios were applied to determine the value in use for the Russian network bank based on the dual steering approach – from the settlement of the conflict to further escalation – and subsequently weighted based on probability.

The management of RLB NÖ-Wien examined the assumptions underlying the forecasts in detail. In view of the uncertainties connected with current macroeconomic developments as of the closing date on 30 June 2023 (war in Europe, high inflation, low economic growth etc.) and to ensure consistency with the valuations at previous closing dates, the sensitivity analyses were supported by more conservative assumptions for risk costs than the assumptions made by RBI management. In addition, a more conservative weighting was applied to the individual scenarios for the further development of RBI Russia.

The cash flows realizable from the RBI investment were discounted with an average, risk-adjusted capitalization rate of 10.9% for Russia and 11.5% for the other country markets (H1 2022: 13.7% for the entire RBI Group). A sustainable growth rate of 2.0% (H1 2022: 2.0%) was included in determining the value in use of RBI, which reflects the ECB's communicated inflation target. In previous years, RBI was valued based on the group's consolidated corporate planning. Adjustments to the valuation as of 30 June 2023 were required, however, due to the current geopolitical situation in connection with the war in Ukraine and the dual steering approach applied by management. The peer group for the core business was therefore directed to banks with a focus on business in Central and Eastern Europe. Business in Russia was not relevant for the selection of this peer group. The resulting beta factor for the business segment excluding Russia equalled 1.49, respectively 1.39 für Russia. As of 30 June 2022, a uniform beta factor of 1.75 was used for the valuation.

A comparison of the resulting value in use with the carrying amount led to the recognition of an impairment loss of TEUR -41,813 (H1 2022: -910,000) to investment valued at equity in RBI. The decisive factor for impairment was, above all, the war in Ukraine. The proportional share of earnings from RBI amounted to TEUR 267,457 in the first half of 2023 (H1 2022: 377,439). After the deduction of the impairment loss, the net earnings contribution from RBI equalled TEUR 225,644 (H1 2022: -532,561).

There was a substantial deviation between the market price of the RBI share and the value in use as of 30 June 2023. This difference is explained primarily by RBI's extensive presence on the Russian market and the exit of numerous investors as a result of the war. These exits do not, however, reflect the actual earning power of RBI. The development of the RBI share price, according to an assessment by RLB NÖ-Wien, includes factors which go beyond the company's cash flow generating capacity. In the opinion of RLB NÖ-Wien, the discounts currently included in the share price therefore have no relation to RBI's sustainable earning power.

Potential valuation uncertainties related to key forecast assumptions and valuation parameters were evaluated as best as possible by management on the basis of sensitivity analyses and compared with externally available market data for plausibility where possible. The sensitivity analysis of the value in use included parameters for the change in valuation-relevant cash flows, the return on equity (RoE TV) and a change in the interest rate (market return). The following table shows the effects of material valuation parameters on the value in use. Every sensitivity and its effect were evaluated separately under the assumption that the other parameters remain constant.

		30.06.2023			30.06.2022		
	Change in the parameter	Increase	Decrease	Effects €m	Increase	Decrease	Effects €m
Cash flow	10%	9.6%	(9.7)%	+180 / (180)	9.5%	(9.7)%	+160 / (160)
RoE TV	100 basis points	11.2%	(11.1)%	+210 / (210)	9.9%	(9.9)%	+160 / (140)
Market yield	50 basis points	(7.8)%	9.0%	(150) / +170	8.7%	9.9%	(140) / +160

(5) Personnel and operating expenses, depreciation and amortization

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022
Personnel expenses	(64,167)	(59,061)
Other administrative expenses	(61,396)	(53,874)
Write-downs of property, equipment and intangible assets	(8,257)	(7,547)
Depreciation, amortization, personnel and operating expenses	**(133,820)**	(120,483)

(6) Profit/loss from financial assets and liabilities

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022
Profit/loss from financial assets and liabilities at amortized cost	*(1,376)*	*455*
Financial assets at amortized cost	(1,681)	(18)
Loans and advances	(1,681)	(18)
Financial liabilities at amortized cost	305	472
Securitized liabilities	305	472
Profit/loss from financial assets and liabilities held for trading	*(4,722)*	*26,494*
Derivatives	(4,571)	44,124
Equity instruments	(281)	258
Bonds	130	(17,888)
Profit/loss from financial assets not held for trading, mandatorily at fair value	*(849)*	*(12,084)*
Equity instruments	8	32
Loans and advances	(857)	(12,116)
Profit/loss from modifications	*883*	*(976)*
Profit/loss from hedge accounting	*1,108*	*1,292*
Foreign exchange transactions	*2,770*	*2,894*
Profit/loss from financial assets and liabilities	**(2,186)**	18,075

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.

Profit/loss from financial assets and liabilities measured at amortized cost

The profit/loss from financial assets and liabilities measured at amortized cost include realized gains and losses from assets and liabilities. The sales of assets measured 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 liabilities measured at amortized cost show the results from the repurchase of securities issued by RLB NÖ-Wien during the reporting period (TEUR 305; H1 2022: 472).

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

The profit/loss from financial instruments held for trading totalled TEUR -4,722 in the first half of 2023 (H1 2022: 26,494) and resulted primarily from the negative valuation of interest rate derivatives. The positive results recorded in the previous year were based on the substantially higher valuation of interest rate swaps and the positive contribution of earnings from the floor portfolio established in 2022. This was contrasted by the negative valuation results from securities caused by the sharp rise in interest rates.

The profit/loss from financial instruments measured mandatorily at fair value amounted to TEUR -849 in the first half of 2023 (H1 2022: -12,084) and was mainly influenced by the valuation of loans and advances measured at fair value. The fair value decline in loans and advances resulted chiefly from the increase in interest rates and the related decline in discount factors. Additional details on the determination of these valuation results are provided under Note (33) Fair value of financial instruments.

Profit/loss from modifications

The modification of contractual payment flows led to results of TEUR 883 in the first half of 2023 (H1 2022: -976). The following table shows the amortized cost before changes to the modified financial instruments which did not lead to derecognition based on qualitative and quantitative criteria.

€'000	**Stage 1**	**Stage 2-3**	**Total**
Modification effect from financial assets	718	165	883
Carrying amount before modification of financial assets	229,571	104,331	333,902

The comparative data as of 30 June 2022 are as follows:

€'000	**Stage 1**	**Stage 2-3**	**Total**
Modification effect from financial assets	(1,662)	686	(976)
Carrying amount before modification of financial assets	276,296	139,742	416,038

Financial instruments with a carrying amount of TEUR 7,060 before modification (H1 2022: 0) and a modification effect of TEUR 24 in the first half of 2023 (H1 2022: 0) which were classified as Stage 2 or 3 at the time of modification are now classified as Stage 1.

Profit/loss from hedge accounting

The profit/loss from hedge accounting shows the ineffectiveness of the hedges recognized by RLB NÖ-Wien (TEUR 1,108; H1 2023: 1,292). This amount includes TEUR -8,123 (H1 2022: 193,630) from the measurement of hedging derivatives and TEUR 9, 231 (H1 2022: -192,337) 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 (34) Hedge accounting.

(7) Profit/loss from non-financial assets

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022
Profit/loss from the derecognition of non-financial assets	(170)	18
Profit/loss from land, equipment and buildings	(198)	(31)
Profit/loss from other assets	28	20
Profit/loss from right of use assets	0	30
Profit/loss from non-financial assets	**(170)**	18

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.

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

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022
Net impairment loss/reversal of impairment to financial assets at amortized cost	(2,746)	(6,948)
Bonds	(39)	750
Loans and advances	(2,707)	(7,750)
Trade receivables	0	52
Net impairment loss/reversal of impairment to financial assets	**(2,746)**	(6,948)

This position covers all income and expenses arising from valuation adjustments to financial instruments measured 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).

(9) Other operating profit/loss

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022
Other operating income	*31,248*	*22,824*
Revenue from service, real estate and industrial subsidiaries	12,358	5,482
Revenues from services provided to Raiffeisen banks	10,292	9,333
Other income	8,599	8,010
Other operating expenses	*(27,625)*	*(25,588)*
Contributions to deposit protection schemes	(6,700)	(6,213)
Bank levy	(2,632)	(2,349)
Resolution fund	(9,027)	(15,009)
Cost of materials and purchased services from service, real estate and industrial subsidiaries	(8,009)	(404)
Other expenses	(1,256)	(1,613)
Addition to or release of provisions	*(1,025)*	*5,269*
Addition to or release of provisions for commitments and financial guarantees	(2,289)	2,453
Release of other provisions	1,264	2,816
Other operating profit/loss	**2,598**	**2,505**

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).

(10) Income tax

€'000	01/01 - 30/06/2023	01/01 - 30/06/2022
Current taxes	(7,242)	342
Deferred taxes	2,182	(5,993)
Income tax	**(5,060)**	(5,651)

Details on the Consolidated Balance Sheet

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

€'000	30/06/2023	31/12/2022
Cash	49,396	55,504
Balances with central banks	3,872,977	228,317
Other demand deposits	2,576,010	2,220,749
Total	**6,498,382**	2,504,570

Other demand deposits include the legally required minimum reserve of TEUR 328,808 (31 December 2022: 326,812). This balance sheet position includes Stage 1 impairment losses of TEUR 1,652 (31 December 2022: 1,118).

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	30/06/2023	31/12/2022
Cash	49,396	55,504
Balances with central banks	3,872,977	228,317
Other demand deposits from customers	302	37
Cash and cash equivalents	***3,922,674***	*283,858*
Other demand deposits from other banks	2,575,708	2,220,712
Total cash, cash balances at central banks and other demand deposits	**6,498,382**	2,504,570

(12) Financial assets held for trading

€'000	30/06/2023	31/12/2022
Derivatives	367,411	400,943
Equity instruments	87,630	50,715
Bonds	544,837	222,519
Debt instruments from other banks	297,245	155,702
Debt instruments from customers	247,592	66,817
Total	**999,878**	674,177

This balance sheet position includes derivatives with positive market values, which do not serve as hedging instruments in hedge relationships.

Equity instruments represent shares held for trading. They include shares in an associated company which have a carrying amount of TEUR 87,630 (31 December 2022: 50,391) and are accounted for based on the exemption provided by IAS 28.19.

This position also includes bonds which are held not to collect contractual cash flows, but to realize fair value through sales in accordance with the underlying business model.

(13) Non-trading financial assets mandatorily measured at fair value

€'000	30/06/2023	31/12/2022
Equity instruments	14,502	14,086
Bonds	835	834
Loans and advances from customers	110,345	112,862
Total	**125,682**	127,782

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 measured at fair value through other comprehensive income" (also see Note (14)). The bonds, loans and advances to customers in this valuation category have contractual cash flows that do not consist entirely of interest and principal payments and must therefore be measured at fair value. Most of the equity instruments in this category are financial instruments which have only limited rights of recourse to the borrower's assets or incongruent interest components.

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

€'000	30/06/2023	31/12/2022
Equity instruments	20,156	19,110
Total	**20,156**	19,110

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. Dividends of TEUR 570 were recognised from these equity instruments during the first half of 2023 (H1 2022: 574; see Note (3)). There were no sales from this asset category during the reporting period and no sales are planned.

(15) Financial assets measured at amortized cost

€'000	30/06/2023	31/12/2022
Bonds	***4,552,236***	*4,118,147*
Debt instruments from other banks	1,597,995	1,326,662
Debt instruments from customers	2,954,242	2,791,485
Loans and advances	***19,469,227***	*18,899,234*
Loans and advances to other banks	4,160,653	4,008,682
Loans and advances to customers	15,308,574	14,890,552
Trade receivables	***4,720***	*12,762*
Total	**24,026,183**	23,030,143

This balance sheet position includes the debt instruments assigned to the "hold to collect" business model which meet the cash flow criterion. Also included here are the risk provisions related to these financial instruments. Additional details are provided below under Note (16) Risk provisions.

(16) Risk provisions

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired	POCI	Total
Risk provisions - On-Balance	*21,795*	*33,483*	*100,408*	*2,994*	*158,681*
Loans and advances to other banks	4,816	0	670	0	5,486
Loans and advances to customers	15,619	33,360	99,738	2,994	151,712
Bonds to other banks	857	123	0	0	979
Bonds to customers	503	0	0	0	503
Risk provisions - Off-Balance	*3,646*	*6,372*	*7,992*	*0*	*18,010*
Provisions for granted commitments and financial guarantees	3,646	6,372	7,992	0	18,010
Risk provisions - Total 30/06/2023	**25,441**	**39,855**	**108,400**	**2,994**	**176,690**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired	POCI	Total
Risk provisions - On-Balance	*21,143*	*31,635*	*147,041*	*2,816*	*202,634*
Loans and advances to other banks	4,912	0	670	0	5,582
Loans and advances to customers	14,806	31,616	146,371	2,816	195,608
Bonds to other banks	743	19	0	0	762
Bonds to customers	683	0	0	0	683
Risk provisions - Off-Balance	*4,027*	*6,604*	*5,098*	*0*	*15,729*
Provisions for granted commitments and financial guarantees	4,027	6,604	5,098	0	15,729
Risk provisions - Total 31/12/2022	25,171	38,238	152,139	2,816	218,363

The following tables provide detailed information on the gross carrying amounts and the development of the impairment allowances for loans and advances as well as 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)".

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

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross Carrying amount						
Gross Carrying amount as at 01/01/2023	6,462,623	0	670	0	0	6,463,293
Gross Carrying amount as at 30/06/2023	10,614,153	0	670	0	0	10,614,823
Risk provisions						
Opening balance sheet risk provisions 01/01/2023	***4,912***	***0***	***670***	***0***	***0***	***5,582***
Increase due to new additions	3,798	0	0	0	0	3,798
Decreases due to disposals	(2,243)	0	0	0	0	(2,243)
Changes in credit risk	(1,650)	0	0	0	0	(1,650)
Closing balance sheet risk provisions 30/06/2023	**4,816**	**0**	**670**	**0**	**0**	**5,486**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2022	8,127,805	0	670	0	0	8,128,475
Gross carrying amount as at 30/06/2022	7,467,441	0	670	0	0	7,468,111
Risk provisions						
Opening balance sheet risk provisions 01/01/2022	4,305	0	670	0	0	4,975
Increase due to new additions	3,013	0	0	0	0	3,013
Decreases due to disposals	(2,730)	0	0	0	0	(2,730)
Changes in credit risk	1,657	0	0	0	0	1,656
Foreign currency effects and other adjustments	27	0	0	0	0	27
Closing balance sheet risk provisions 30/06/2022	6,271	0	670	0	0	6,941

Gross carrying amounts and impairment allowances for loans and advances to customers, at amortized cost

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired		POCI	Total
			significant	not significant		
Gross Carrying amount						
Gross carrying amount as at 01/01/2023	12,014,842	2,768,902	177,643	82,195	42,578	15,086,160
Gross carrying amount as at 30/06/2023	12,944,421	2,247,763	181,099	79,358	7,645	15,460,286
Risk provisions						
Opening balance sheet risk provisions 01/01/2023	***14,806***	***31,616***	***101,003***	***45,367***	***2,816***	***195,608***
Increase due to new additions	7,261	2,364	5	21	0	9,651
Decreases due to disposals	(248)	(624)	(2,195)	(1,069)	0	(4,135)
Changes resulting from reclassification between stages	616	(5,446)	4,773	57	0	0
Transfers from Stage 1	(4,408)	4,376	13	19	0	0
Transfers from Stage 2	5,023	(10,204)	4,773	408	0	0
Transfers from Stage 3	0	383	(13)	(370)	0	0
Changes in credit risk	(6,815)	5,468	3,483	3,645	178	5,959
Changes due to modifications, excl. disposal	0	0	(1)	(5)	0	(6)
Decreases due to use of impairment losses	0	0	(49,960)	(5,335)	0	(55,295)
Foreign currency effects and other adjustments	(2)	(18)	(31)	(21)	0	(71)
Closing balance sheet risk provisions 30/06/2023	**15,619**	**33,360**	**57,078**	**42,661**	**2,994**	**151,711**

The direct write-downs to loans receivable totalled TEUR -937 in the first half of 2023 (H1 2022: -1,635). Income, excluding the effects of changes in the risk provisions (e.g. income from loans receivable which were previously written off) amounted to TEUR 594 in the reporting period (H1 2022: 557).

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2022	10,723,334	2,717,083	122,637	88,716	40,760	13,692,530
Gross carrying amount as at 30/06/2022	11,747,065	2,453,802	119,821	74,700	40,291	14,435,678
Risk provisions						
Opening balance sheet risk provisions 01/01/2022	*18,912*	*34,703*	*74,815*	*57,604*	*2,913*	*188,947*
Increase due to new additions	7,758	488	0	2	0	8,248
Decreases due to disposals	(774)	(675)	(65)	(1,129)	0	(2,642)
Changes resulting from reclassification between stages	2,102	(2,087)	378	(394)	0	0
Transfers from Stage 1	(3,857)	3,822	26	9	0	0
Transfers from Stage 2	5,936	(6,535)	367	233	0	0
Transfers from Stage 3	23	626	(14)	(635)	0	0
Changes in credit risk	(10,596)	6,076	3,347	1,593	(16)	404
Changes due to modifications, excl. disposal	0	0	(1)	(4)	0	(5)
Decreases due to use of impairment losses	0	0	(3,815)	(12,052)	0	(15,868)
Foreign currency effects and other adjustments	29	95	106	109	0	338
Closing balance sheet risk provisions 30/06/2022	17,431	38,600	74,765	45,730	2,897	179,424

Gross carrying amounts and impairment allowances for debt instruments issued by other banks, at amortized cost

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired		POCI	Total
			significant	not significant		
Gross carrying amount						
Gross carrying amount as at 01/01/2023	1,316,619	10,806	0	0	0	1,327,424
Gross carrying amount as at 30/06/2023	1,586,456	12,518	0	0	0	1,598,975
Risk provisions						
Opening balance sheet risk provisions 01/01/2023	***743***	***19***	***0***	***0***	***0***	***762***
Increase due to new additions	466	0	0	0	0	466
Decreases due to disposals	(223)	0	0	0	0	(223)
Changes resulting from reclassification between stages	8	(8)	0	0	0	0
Transfers from Stage 1	(10)	10	0	0	0	0
Transfers from Stage 2	18	(18)	0	0	0	0
Changes in credit risk	(138)	113	0	0	0	(25)
Closing balance sheet risk provisions 30/06/2023	**857**	**123**	**0**	**0**	**0**	**979**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross Carrying amount						
Gross Carrying amount as at 01/01/2022	1,154,163	3,092	0	0	0	1,157,255
Gross Carrying amount as at 30/06/2022	1,301,657	20,449	0	0	0	1,322,106
Risk provisions						
Opening balance sheet risk provisions 01/01/2022	*679*	*24*	*0*	*0*	*0*	*703*
Increase due to new additions	174	0	0	0	0	174
Decreases due to disposals	(83)	0	0	0	0	(83)
Changes resulting from reclassification between stages	432	(432)	0	0	0	0
Transfers from Stage 1	(37)	37	0	0	0	0
Transfers from Stage 2	470	(470)	0	0	0	0
Changes in credit risk	(373)	581	0	0	0	208
Foreign currency effects and other adjustments	(16)	0	0	0	0	(16)
Closing balance sheet risk provisions 30/06/2022	813	173	0	0	0	986

Gross carrying amounts and impairment allowances for debt instruments issued by customers, at amortized cost

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2023	2,792,167	0	0	0	0	2,792,167
Gross carrying amount as at 30/06/2023	2,954,744	0	0	0	0	2,954,744
Risk provisions						
Opening balance sheet risk provisions 01/01/2023	***683***	***0***	***0***	***0***	***0***	***683***
Increase due to new additions	278	0	0	0	0	278
Decreases due to disposals	(302)	0	0	0	0	(302)
Changes in credit risk	(155)	0	0	0	0	(155)
Closing balance sheet risk provisions 30/06/2023	503	0	0	0	0	503

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2022	2,481,665	0	0	0	0	2,481,665
Gross carrying amount as at 30/06/2022	3,224,725	0	0	0	0	3,224,725
Risk provisions						
Opening balance sheet risk provisions 01/01/2022	*2,149*	*0*	*0*	*0*	*0*	*2,149*
Increase due to new additions	70	0	0	0	0	70
Decreases due to disposals	(30)	0	0	0	0	(30)
Changes in credit risk	(1,087)	0	0	0	0	(1,087)
Foreign currency effects and other adjustments	16	0	0	0	0	16
Closing balance sheet risk provisions 30/06/2022	**1,118**	0	0	0	0	**1,118**

Provision for granted commitments and financial guarantees

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired		Total
			significant	not significant	
Opening balance sheet risk provisions 01/01/2023	*4,027*	*6,604*	*3,291*	*1,807*	*15,729*
Increase due to new additions	1,127	1	414	3	1,545
Decreases due to disposals	(725)	(573)	(412)	(168)	(1,878)
Changes resulting from reclassification between stages	588	(371)	(219)	2	0
Transfers from Stage 1	(678)	678	0	0	0
Transfers from Stage 2	1,266	(1,292)	0	26	0
Transfers from Stage 3	0	243	(219)	(24)	0
Changes in credit risk	(1,366)	709	3,465	(192)	2,616
Foreign currency effects and other adjustments	(6)	2	0	0	(4)
Closing balance sheet risk provisions 30/06/2023	**3,646**	**6,372**	**6,539**	**1,453**	**18,010**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	Total
Opening balance sheet risk provisions 01/01/2022	*5,203*	*9,185*	*3,263*	*2,361*	*20,013*
Increase due to new additions	2,175	5	981	4	3,166
Decreases due to disposals	(860)	(399)	(692)	(506)	(2,457)
Changes resulting from reclassification between stages	(111)	107	63	(59)	0
Transfers from Stage 1	(1,018)	1,018	0	0	0
Transfers from Stage 2	903	(990)	82	4	0
Transfers from Stage 3	4	79	(19)	(64)	0
Changes in credit risk	(1,732)	(1,111)	(757)	452	(3,148)
Foreign currency effects and other adjustments	4	6	0	0	10
Closing balance sheet risk provisions 30/06/2022	4,679	7,792	2,860	2,253	17,584

Calculation of risk provisions

RLB NÖ-Wien recognizes impairment losses in accordance with IFRS 9 for financial assets arising from debt instruments which are measured at amortized cost or at fair value through other comprehensive income. Included here are assets reported under the balance sheet position "financial assets at amortized cost" as well as contingent liabilities and outstanding credit commitments. The impairment losses are based on the expected credit losses (ECL) and reflect the following:

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

The resulting expected credit losses are discounted back to the reporting date based on the effective interest rate.

Risk provision model

The IFRS risk provision model 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 (Lifetime ECL).

Stage 3: : Transactions in default or impaired. RLB NÖ-Wien distinguishes between significant and non-significant customers for the determination of impairment losses. This differentiation is based on the following: Customers with legal or economic interdependence are aggregated into a "group of associated customers". If the total gross liability in this group equals or exceeds EUR 1 million at the time the impairment allowance is calculated, each customer in the group is considered significant. Analogously, customers in a group with a total liability of less than EUR 1 million are classified as not significant.

All credit-impaired loans and advances to significant customers are measured with a discounted cash flow method. The impairment loss equals the difference between the carrying amount and the present value of future expected payment flows, whereby one or more scenarios are calculated and weighted dependent on the expected payment flows.

Credit-impaired loans and advances to non-significant customers are measured on the basis of a model, whereby the impairment loss is determined by the unsecured exposure (EAD, exposure at default) and a loss ratio that is dependent on the default period (LGD, loss given default).

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 (32).

Determination of risk parameters

The calculation of the ECL includes historical as well as future-oriented information and is based on the following formula: the probability of default (PD) x the loss given default (LGD) x exposure at default (EAD). The resulting expected credit losses are discounted back to the reporting date based on the effective interest rate.

For companies and private customers, the credit risk-relevant parameters are calculated at the portfolio level. A separate probability of default is estimated for each customer in the bank portfolio with the help of external data. The default probabilities for countries are calculated at the individual country level, whereby forecasted 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 required multi-year PDs for companies and private customers are calculated with a continuous time Markov chain. Migration matrices are 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, form the basis for deriving the required point-in-time (PiT), future-oriented default probability.

The approaches used for countries and banks are based on external migration matrices with a subsequent PiT adjustment (countries) or a direct PiT adjustment (banks) to the parameters relevant for rating.

The LGD is estimated with the help of a component model and includes a differentiation between the value of the underlying collateral and an LGD for the unsecured portion.

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 that 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. The CCF model differentiates not only between customer groups but also between the various types of products.

All point-in-time (PiT) adjustments to risk parameters (PD, LGD, CCF) were optimally selected for the respective portfolio. A variety of different models was tested, and the final model was selected from the most convincing recommendations. The models are monitored regularly and validated annually. The validation results are transferred to an action plan that is approved by management and subsequently implemented. This can lead to the adjustment of the models within the existing modelling logic.

Scenarios and macroeconomic, future-oriented information

All risk parameters were calculated for three different scenarios (also see Note (32) Risk Report):

- “Baseline“ scenario – the expected economic development
- “Optimistic“ scenario – somewhat better than the expected economic development
- “Pessimistic“ scenario – somewhat more negative than the expected economic development

An 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.

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.

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.

COVID-19-pandemic

The Covid-19-crisis has caused deep economic distortions across the world since March 2020 (closed borders, interrupted supply chains, national lockdowns, i.e. restricted or interrupted business operations in many branches).

The government support measures initially introduced in spring 2020 moderated the effects of these distortions in Austria. However, catch-up effects from the economic distortions and an increased number of insolvencies are still expected after the end of the crisis.

Wide-ranging government measures have delayed the negative effects of the crisis, and the current macroeconomic outlook was therefore adjusted to reflect the expected catch-up effects (COVID-19-induced bankruptcies, payment difficulties, etc.). In this way, it was possible to depict the credit risk expectations resulting from the delay in bankruptcies attributable to government assistance measures.

Two different scenarios were used to show the decline in catch-up effects. The first scenario reflects previous efforts and involves resetting the risk parameter calculations to the beginning of the COVID-19-pandemic to model the catch-up effects. The risk parameters from this forecast are then reduced by one-eighth each over a period of eight quarters. The second scenario involves determining the risk parameters with current economic scenarios and increasing these parameters by one-eighth each over a period of eight quarters. The final risk parameters represent the sum of these two scenarios over time. The resulting risk parameters are used to calculate the credit impairment allowances. As of 30 June 2023, the catch-up effects after six quarters were reduced to 2/8 and the current scenarios after six quarters were increased to 6/8. This procedure gradually aligns the forecasts with the scenarios for the current economic situation. This procedure will be retained during the second half of 2023. No adjustments to the models were required.

Russia-Ukraine-war, energy crisis and inflation

Since the beginning of the Russia-Ukraine-war and the related indirect risks caused by volatility on the energy markets and the sharp rise in inflation, involved customers have been regularly monitored and frequently re-evaluated by risk management and the market units. The increased risk for particularly affected customers (direct commitment in Russia/Ukraine, energy price risk) was addressed through individual adjustments to the credit standing. The effect of these adjustments on the expected credit losses totalled TEUR 16,211 in the first half of 2023 (2022: 17,812).

Due to the ongoing economic uncertainty, the impairment allowance for Stage 1 and 2 loans and advances to customers remains at a high level of TEUR 65,296 million (2022: 63,409).

The adjusted scenarios and the individual credit standing adjustments adequately reflect the effects of COVID-19, the current situation of the Russia-Ukraine-war, and the related energy crisis and inflation. Consequently, further adjustments were not required. As the previous weighting of the optimistic – baseline – pessimistic - scenarios at 30%-40%-30% proved to be suitable in past analyses, the weighting was not changed as of 31 December 2022.

Sensitivity analysis risk provisions

The risk provision for Stage 1 and 2 financial assets is calculated for three scenarios (optimistic – baseline – pessimistic) and weighted at an unchanged 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	30/06/2023	100% optimistic	100% baseline	100% pessimistic
Risk provisions Stage 1&2	65.3	58.4	63.2	75.6

The comparative prior year data are shown below.

€m	31/12/2022	100% optimistic	100% baseline	100% pessimistic
Risk provisions Stage 1&2	63.4	50.0	61.0	80.6

The following sensitivity analysis shows the effect on the risk provision that would result from the transfer of 100% of all Stage 1 and 2 financial instruments not in default. However, the probability that one of these two scenarios would actually occur is extremely unlikely.

€m	30/06/2023	100% in Stage 1	100% in Stage 2
Risk provisions Stage 1&2	65.3	53.3	126.8

The comparative prior year data are shown below.

€m	31/12/2022	100% in Stage 1	100% in Stage 2
Risk provisions Stage 1&2	63.4	52.1	119.4

(17) Derivatives – hedge accounting

€'000	30/06/2023	31/12/2022
Fair value hedges	610,319	679,100
Positive fair values of derivatives in micro fair value hedges	176,118	194,820
Positive fair values of derivatives in portfolio fair value hedges	434,201	484,281
Total	**610,319**	679,100

Derivative financial instruments are reported as hedging instruments when the conditions for hedge accounting under IFRS 9 are met. RLB NÖ-Wien has specified that it will not hedge any payment flows in the form of cash flow hedges. Details on the recognized fair value hedges as well as the underlying transactions, hedging instruments and hedged risks can be found in Note (34) Hedge accounting.

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

€'000	30/06/2023	31/12/2022
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(465,128)	(526,983)
Total	**(465,128)**	(526,983)

RLB NÖ-Wien applies hedge accounting to hedge the fair value of a portfolio against interest rate risks as defined in IAS 39.AG114-AG132. This position includes – independent of a positive or negative sign – the fair value changes to the assets in portfolio hedges which are attributable to the hedged risk (IAS 39.AG123). Additional details can be found in Note (34) Hedge accounting.

(19) Investments in companies valued at equity

€'000	30/06/2023	31/12/2022
Investments in companies valued at equity	1,938,660	1,867,191
Total	**1,938,660**	1,867,191

This balance sheet position includes the shares in the following investments in companies valued at equity:

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

(20) Property and equipment

€'000	30/06/2023	31/12/2022
Property and equipment	***47,240***	*43,339*
Land and buildings - own use	7,029	7,185
Other property and equipment	40,092	36,037
IT hardware	118	118
Right of use assets	***95,230***	*91,236*
Right of use assets for land and buildings	94,514	90,710
Right of use assets for autos and other tangible assets	716	526
Total	**142,469**	134,575

(21) Intangible assets

€'000	30/06/2023	31/12/2022
Purchased software and licenses	6,139	6,910
Total	**6,139**	6,910

(22) Tax assets

€'000	30/06/2023	31/12/2022
Current tax assets	5,557	5,553
Deferred tax assets	6,531	4,819
Total	**12,089**	10,372

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 2022).

(23) Other assets

€'000	30/06/2023	31/12/2022
Trust receivables - federal and provincial IPS	44,843	44,646
Deposits	28,947	28,977
Prepayments made and accrued income	938	386
Semi- and finished goods/unfinished goods/inventories	3,774	4,304
Receivables from other taxes and duties	3,274	4,440
Other assets	80,190	81,906
Total	**161,966**	164,659

The line item "Other assets" includes outstanding amounts of TEUR 42,839 (2022: 57,526) from payment transactions which were settled after the closing date. This position also includes accruals and receivables from custodial fees.

(24) Financial liabilities held for trading - derivatives

€'000	30/06/2023	31/12/2022
Derivatives	318,887	342,783
Total	**318,887**	342,783

This balance sheet position consists entirely of derivatives with negative market values, which do not serve as hedging instruments in hedge relationships.

(25) Financial liabilities measured at amortized cost

€'000	30/06/2023	31/12/2022
Deposits from other banks	11,953,992	9,387,312
Demand deposits	5,124,678	4,215,289
Time deposits	6,829,315	5,172,022
Deposits from customers	9,445,382	8,896,230
Demand deposits	6,237,922	6,619,017
Time deposits	2,072,691	1,102,060
Savings deposits	1,134,768	1,175,152
Securitized liabilities	9,279,629	7,083,708
Issued bonds	8,822,294	6,615,547
Tier 2 capital	457,335	468,161
Other financial liabilities	100,000	101,048
Lease liabilities	97,441	93,382
Trade payables	2,559	7,666
Total	**30,779,004**	25,468,297

The position “deposits from other banks“ includes liabilities of TEUR 1,555,082 (2022: 2,292,964) from participation in the ECB’s TLTRO III programme.

The following table reconciles Tier 2 capital and leasing liabilities from 31 December 2022 to 30 June 2023, classified by cash and non-cash changes (see the consolidated cash flow statement).

€'000	At 01/01/2023	Cash changes	Non-Cash changes	At 30/06/2023
Tier 2 capital	468,161	(21,349)	10,524	457,336
Lease liabilities	93,382	(4,922)	8,981	97,441
Total	**561,543**	**(26,271)**	**19,504**	**554,777**

The comparative prior year data are shown below.

€'000	At 01/01/2022	Cash changes	Non-Cash changes	At 30/06/2022
Tier 2 capital	490,399	(56,584)	(4,277)	429,537
Lease liabilities	97,970	(4,770)	2,521	95,721
Total	588,368	(61,355)	(1,756)	525,258

(26) Derivatives – hedge accounting

€'000	30/06/2023	31/12/2022
Fair value hedges	759,952	821,183
Negative fair values of derivatives in micro fair value hedges	475,275	512,085
Negative fair values of derivatives in portfolio fair value hedges	284,677	309,099
Total	**759,952**	821,183

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

€'000	30/06/2023	31/12/2022
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(173,487)	(201,925)
Total	**(173,487)**	(201,925)

RLB NÖ-Wien uses hedge accounting as defined in IAS 39.AG114-AG132 to hedge the fair value of a portfolio against changes in interest rates. This position includes – independent of a positive or negative sign – the fair value changes to the liabilities in portfolio hedges which are attributable to the hedged risk (IAS 39.AG123). Additional details can be found in Note (34) Hedge accounting.

(28) Provisions

€'000	30/06/2023	31/12/2022
Post-employment benefits	24,849	24,996
Termination benefits	19,866	21,139
Long-service bonuses	5,117	5,036
Pending legal proceedings	24,372	23,902
Obligations and issued guarantees	18,010	15,730
Other provisions	7,446	10,823
Total	**99,659**	101,626

The provisions for pending legal proceedings include provisions for negative indicator values of TEUR 19,691 (2022: 19,986).

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

(29) Tax liabilities

€'000	30/06/2023	31/12/2022
Tax liabilities	15,659	18,682
Total	**15,659**	18,682

This position consists solely of liabilities from the group tax charge.

(30) Other liabilities

€'000	30/06/2023	31/12/2022
Liabilities from other taxes and duties	8,770	7,521
Prepayments received and accrued expenses	867	284
Other liabilities	60,743	36,741
Total	**70,379**	44,546

“Other liabilities“ consist primarily of outstanding payments for employee-related expenses and also include accruals for legally required deposit insurance and amounts related to coverage collateral.

(31) Equity

€'000	30/06/2023	31/12/2022
Attributable to non-controlling interests	*38*	*37*
Attributable to equity owners of the parent	*2,208,063*	*2,097,748*
Share capital, paid in	219,789	219,789
Capital reserves	556,849	556,849
Additional tier 1	76,000	76,000
Other comprehensive income for the period (OCI)	(704,536)	(544,124)
Other comprehensive income for the period (OCI) - not recyclable	33,012	29,530
IAS 19 reserve (revaluation of net liability from defined benefit plans)	(15,181)	(14,660)
Share of other comprehensive income from associates, at equity	48,728	44,557
Financial assets - equity instruments at fair value through other comprehensive income	(536)	(367)
Other comprehensive income for the period (OCI) - recyclable	(737,547)	(573,654)
Share of other comprehensive income from associates, at equity	(737,547)	(573,654)
Retained earnings	1,790,643	1,811,590
Share of profit from associates, other changes in equity	(169,759)	(174,620)
Other retained earnings	1,960,402	1,986,210
Profit or loss attributable to equity owners of the parent	269,317	(22,357)
Equity	**2,208,102**	2,097,785

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:

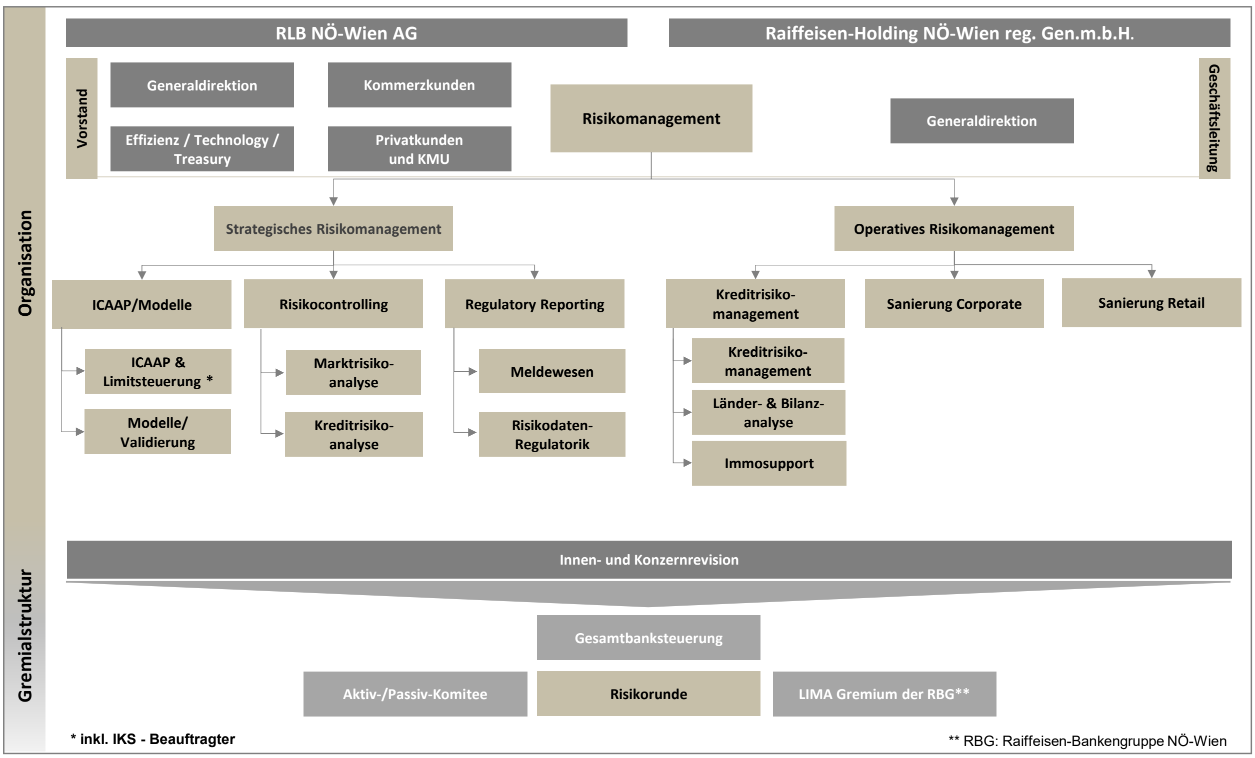
€'000	IAS 19 reserve	Fair value OCI reserve	Total
As at 01/01/2022	***(19,646)***	***158***	***(19,488)***
Unrealized gains/(losses) in the period	0	685	685
Actuarial gains and losses	9,646	0	9,646
Tax effects	(1,322)	0	(1,322)
As at 30/06/2022	***(11,322)***	***842***	***(10,479)***
As at 01/01/2023	***(14,660)***	***(367)***	***(15,027)***
Unrealized gains/(losses) in the period	0	(169)	(169)
Actuarial gains and losses	(81)	0	(81)
Tax effects	(439)	0	(439)
As at 30/06/2023	***(15,181)***	***(536)***	***(15,717)***

The fair value OCI reserve includes the measurement of investments which are assigned to this category based on their strategic focus (also see Note (14) Financial assets at fair value through other comprehensive income).

(32) Risk report

The business activities of a bank are connected with the acceptance of branch-specific risks. These risks are undertaken in accordance with the risk policy and strategy defined by the RLB NÖ-Wien-Group. The efficient identification, evaluation and active 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 2022 Annual Report under "Risks arising from financial instruments (Risk Report)". Risk management is the responsibility of the Managing Board and has covered strategic risk management, operational risk management, compliance and law since the reorganization on 1 June 2023. The risk management function in the sense of risk measurement and risk reporting is carried out by the Strategic Risk Management Departments. The overall group perspective forms the focal point for the Raiffeisen-Holding financial institution group in connection with the Internal Capital Adequacy Assessment Process (ICAAP) and includes the RLB NÖ-Wien-Group. The risk policy and strategy as well as risk management are uniformly defined for Raiffeisen-Holding and RLB NÖ-Wien.

The organizational structure of the risk management departments in the Risk Management Group as of 30 June 2023 is shown below:



Strategic Risk Management covers the ICAAP/Models, Risk Controlling and Regulatory Reporting Departments. The **ICAAP/Models Department** is responsible for overall risk analysis (risk capacity analysis and stress testing), the selection and implementation of models, the analysis, monitoring and management of investment and country risk as well as the internal control system (ICS) and the operational risk allocated to "non-financial risk". The **Risk Controlling Department** is responsible for the analysis, assessment, monitoring and management of credit, macroeconomic, market (including credit spread risk) and liquidity risk, including the selection and implementation of models. The **Regulatory Reporting Department** is in charge of reporting and the optimization of the data structure for regulatory reporting, controlling and risk issues.

Operational Risk Management includes the Credit Risk Management, Corporate Recovery and Retail Recovery Departments. Operational credit risk management is the responsibility of the **Credit Risk Management Department** and includes the management and analysis of credit commitments from their inception through 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. The **Corporate Recovery** and **Retail Recovery Departments** deal with customers in financial difficulties as part of operational risk management. These departments provide recovery support and advising as well as resolution for customers with payment difficulties

Risk management also includes the **Credit Processing Department** as support for efficiency management in the Efficiency/Technology/Treasury Group, which is responsible for the administrative part of the lending process.

The models and methods used to quantify risk reflect the descriptions provided in the consolidated financial statements for 2022 under the section "Risk Report".

From a business and risk viewpoint, the first half of 2023 was characterized by uncertainty, soaring inflation, inconsistent economic growth and the consequences of the ongoing Russia-Ukraine-war. This risk report explains, among others, the development of risk including the previous effects of rising inflation and the Russia-Ukraine-war on the RLB NÖ-Wien-Group in the first half of 2023. The reported quantitative data are intended to clarify these effects. The information contained in the risk report to the annual financial statements as of 31 December 2022 applies to all other general descriptions concerning the risk strategy, culture and management (also see the commentary at the beginning of this risk report).

Macroeconomic environment and economic situation – inflation and the Russia-Ukraine-war

The tense situation in the global economy and financial markets eased during the first half of 2023. Analyses by the Austrian National Bank point towards continued but weak growth in the world's economy. The downward trend at the end of 2022 reversed during the first half of 2023 but brought no indications of a stronger recovery. This upturn was driven by the emerging countries, while developments in the industrial states, for example Germany and the USA, were mixed. The latest forecast by the Austrian National Bank estimates growth at 2.7% in 2023.

Economic performance in the Eurozone has been stable since the end of 2022. The labour market remains robust, and consumer confidence has recovered since the end of last year but still remains below the level before the start of the war in Ukraine. The economic outlook for the currency union calls for recovery beginning in mid-2023, but developments in the individual Euro countries do not present a uniform picture. Growth was weak in the Euro system during the first six months, but an improvement is expected beginning at mid-year with the support of high foreign demand, reduced supply shortages, moderate energy price developments, a robust labour market, declining inflation and a reduction in uncertainty.

The Austrian National Bank expects the more stringent financing conditions will have only a limited effect on the real economy (see the Austrian National Bank report "KONJUNKTUR AKTUELL Berichte und Analysen zur wirtschaftlichen Lage – June 2023", page 8). However, growth will be negatively affected over the medium-term by a reduction in fiscal support measures. The expected tightening of monetary policy, potential turbulence in the banking sector, increasing geopolitical tensions and the future of the Ukraine war with its impact on energy prices and supplies represent risks for future economic development and forecasts.

Russia-Ukraine-war

In reaction to the invasion of Ukraine by Russian troops in February 2022 and the ongoing hostilities, the EU imposed numerous sanctions against Russia. The Russian response included countersanctions in the form of a substantial cutback in gas and oil deliveries that triggered a sharp rise in energy sector prices, far above the scope that would have resulted from the energy transformation and sustainability factors. The Russia-Ukraine-war is continuing with unbroken severity and, despite the downward trend in energy prices, still has an impact on economic and inflationary developments in Europe.

Inflation

Recent months have brought a slight decline in energy prices despite the ongoing Russia-Ukraine-war. The result has been a marginal reduction in inflation and the pressure on household budgets. The Austrian National Bank sees the current situation as a reduced headline inflation rate, while core inflation and the underlying pressure on prices remain very robust. The OECD expects a substantial decline in global inflation to 6.6% in 2023.

The current economic environment is generally dominated by unusually high uncertainty. The many crises in recent years continue to affect growth, and the outlook is further complicated by a lack of empirical evidence over the effects of the unusually rapid and strong monetary reversal.

In its June 2023 report, the Austrian National Bank projects a recovery for the country during the second half-year and GDP growth of 0.5% for the full 12-month period. The catch-up process after the COVID-19-pandemic came to a standstill in the second half of 2022, and the Austrian economy has since lingered in a stagflation phase due to the uncertainties connected with the Russia-Ukraine-war, weaker momentum in the international environment and the sharp rise in inflation caused by energy prices. The Austrian economy is expected to move along an upward trend during the second half-year, which should gradually reduce inflation. The Austrian National Bank expects weak growth of roughly 0.5% for the full 12 months of 2023. The continuing labour market shortage is expected to limit the increase in the unemployment rate to 0.1% and a total of 6.4% in 2023 despite the weak economic climate (see the Austrian National Bank report „KONJUNKTUR AKTUELL Berichte und Analysen zur wirtschaftlichen Lage – June 2023", page 14).

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 2023 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 the Russia-Ukraine-war and the sharp rise in inflation. Reference to the effects of the COVID-19-crisis are only includes if they still had a material influence on a specific risk or are require separate comments.

The utilization of the risk capacity in Pillar II has remained relatively stable since 31 December 2022 despite the effects of the Russia-Ukraine-war and inflation.

The risk capacity analysis and stress tests are 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 strain in the utilization of the risk capacity (caused by the Russia-Ukraine-war) since the first half of 2022 have eased. The development of inflation was highly unusual, above all during the second half of 2022 and the first half of 2023. A scenario with very negative inflationary trends was designed and analysed for the half-year stress tests. These results confirm that the Raiffeisen-Holding NÖ-Wien Financial Institutions Group, similarly to the results of the risk capacity analysis, 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 is currently defined as 90% of the coverage pool.

Credit risk

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

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

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

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

Credit risk includes the limitation and management of economic capital at the business segment level. Concentration risks in the credit business are minimized by a detailed line and limit system.

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

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

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

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

The risk content of a commitment is recorded in an extensive rating system which includes various models for the different customer segments. For the risk assessment process, customers are assigned to nine active credit classes based on these rating and scoring models. Default cases are classified in accordance with CRR/CRD IV and assigned to default class "D". All rating systems used by RLB NÖ-Wien are validated at least once each year, and performance improvement measures are implemented or new models are developed where necessary.

The periodic updating of ratings and the evaluation of collateral also include the regular recognition of any necessary risk provisions. Impairment losses are recognized to loans that are expected to become uncollectible, taking any collateral received into account, while risk provisions are recognized for off-balance sheet exposures. In identifying and calculating the risk provisions, RLB NÖ-Wien follows the requirements defined by IFRS 9. The accounting definition of default applied by RLB NÖ-Wien in the sense of assignment to Stage 3 reflects the regulatory definition of default provided in Article 178 CRR. RLB NÖ-Wien applies the CRR definition of default in full. Default in every customer segment always covers all receivables attributable to the respective customer (from the customer's viewpoint).

Effect of the current macroeconomic environment on credit risk
Russia-Ukraine-war
Impact analyses for the corporate client business were instituted following the outbreak of the Russia-Ukraine-war. These analyses were updated regularly and expanded to also include the volatility on energy markets and rising inflation.

With few individual exceptions, the impact analyses carried out to date in 2023 have not shown any increased deterioration in the credit quality of the portfolio. Results from the increased monitoring of payment difficulties are similar and show no accumulation in the identified, potentially affected portfolio to date. The Russia-Ukraine-war does not expose RLB NÖ-Wien to any country risk. RLB NÖ-Wien has no exposure in Ukraine and only a very limited exposure towards Russian customers. There is no exposure towards the Russian government or physical presence in either of these two countries.

Inflation
In addition to the above analyses, further analyses and stress tests were carried out on the private customer portfolio to depict the effect of inflationary increases in cost or instalment payments due to rising interest rates. The current economic outlook (energy price risk, high inflation, rising interest rates etc.) was reflected in the calculations for the credit impairment allowances. Additional details are provided in Note (16).

COVID-19-pandemic
There are currently only a limited number of voluntary COVID-19-deferrals in the portfolio. The volume of bridge financing will also decline steadily over the coming years. No new COVID-19-measures (bridge financing or voluntary deferrals) were approved in 2023.

There was no material increase in the risk costs from the credit portfolio of previously expired deferrals and bridge financing in 2023.

Sustainability and ESG factors in credit risk

RLB NÖ-Wien uses an external scoring tool to evaluate the ESG relevance of risk positions. This tool classifies each transaction according to E (Environmental), S (Social) and G (Governance) criteria and assigns an appropriate ESG score. Each scores is weighted according to its importance in the respective rating scheme to develop an overall ESG rating for each loan/security. The scale for the assignment of these ratings ranges from AAA, the best rating and very low ESG risk, to C, which represents the worst possible classification. The evaluation of the ESG standing of loans and securities is included in the lending decision and also in decisions concerning the purchase of securities – in qualitative form at the present time, but will based on the ESG rating after the complete implementation of the scoring system. Sustainability risks represent an important part of the risks for central bank management at RLB NÖ-Wien, and the implementation of appropriate classification and analysis models and processes is a focal point of activities. The goals defined by the sustainability strategy support the gradual transformation to a sustainable credit portfolio.

This goal is underscored by a commitment letter which confirms the decision by RLB NÖ-Wien to observe the PCAF standards (Partnership for Carbon Accounting Financials).

Information on expected credit losses

The start of the Russia-Ukraine conflict in 2022 created problems for the estimation of the risk provisions similar to the situation during the COVID-19-pandemic. Individual customers are directly affected by the war, primarily through their production locations, supply chains, markets or sanctions, or are indirectly involved due to the volatility on energy markets and the ongoing uncertainty over energy supplies. These indirect risks are related, above all, to energy-intensive companies and branches that are exposed to high economic risks from price fluctuations and supply problems.

As described in Note (16), it is assumed that the expected credit risks from the Covid-19-crisis will not be realized immediately, but the resulting defaults will be distributed over several quarters. The catch-up effects will also gradually decline over a period of several quarters.

Two different scenarios were prepared to show the decline in the catch-up effects. The first scenario includes – similar to the procedure used in previous years to model possible catch-up effects – resetting the risk parameters to the beginning of the COVID-19-pandemic. The major risk parameters used for this purpose are designated as “modified” in the following table. The risk parameters from this forecast were reduced by one-eighth each over a period of eight quarters. For the second scenario, the risk parameters were based on current economic developments and increased by one-eighth each over a period of eight quarters. The major risk parameters can be found under “current” in the following table. The final risk parameters represent the total of these two scenarios over time. The resulting risk parameters were used to calculate the credit impairment allowances. As of 30 June 2023, the catch-up effects were reduced to 2/8 and the current scenarios increased to 6/8 after six quarters. This procedure gradually aligns the forecasts with the scenarios for the current economic situation, and no adjustments to the models were required.

The estimates of the economic trends 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 2023: 30% optimistic/40% baseline/30% pessimistic for all transactions. These weightings remain unchanged compared to the previous year.

The following table shows the estimates for economic development in Austria under various scenarios based on the material macroeconomic factors used to calculate credit losses. The column "current" includes the latest economic forecasts by Moody´s Analytics as of the data retrieval date (June 2023). The column "modified" shows the macro factors used to model possible catch-up effects:

Variable	Scenario	2022		2023		2024	
		Current	Modified	Current	Modified	Current	Modified
Annual GDP growth in %	baseline	3.79%	(4.18)%	1.68%	3.88%	1.24%	3.15%
	optimistic	4.16%	(4.09)%	2.66%	4.12%	1.10%	3.39%
	pessimistic	2.67%	(4.46)%	(3.43)%	2.60%	1.94%	2.48%
Unemployment rate	baseline	5.30%	6.12%	5.17%	5.51%	4.79%	4.90%
	optimistic	5.24%	6.06%	4.97%	5.31%	4.56%	4.68%
	pessimistic	5.46%	6.30%	6.15%	6.47%	5.94%	6.02%
Short-term yield (3M Euribor)	baseline	(0.45)%	(0.39)%	0.30%	(0.25)%	0.93%	(0.09)%
	optimistic	(0.41)%	(0.38)%	0.63%	(0.14)%	1.40%	0.58%
	pessimistic	(0.40)%	(0.16)%	(0.49)%	(0.45)%	(0.55)%	(0.46)%
Stock index (Eurostoxx)	baseline	164.46	127.81	166.97	132.40	171.49	151.16
	optimistic	174.06	134.08	193.32	153.04	188.78	168.05
	pessimistic	146.02	112.03	115.89	95.13	141.44	124.39
Residential property prices - Annual growth rate	baseline	4.94%	1.20%	2.85%	3.15%	2.35%	3.06%
	optimistic	5.18%	1.79%	3.69%	4.57%	1.96%	2.97%
	pessimistic	2.90%	(0.98)%	1.37%	1.19%	4.84%	3.69%

Market risk (incl. credit spread risk)

Market risk and the related sub-risks are quantified for both the trading and banking book of the RLB NÖ-Wien-Group by the value at risk (VaR) indicator, which is calculated by historical simulation with equally weighted time series and the SAS Risk Management for Banking system. This calculation is based on a four-year history, which means crisis situations which lie more than four years in the past were previously excluded. A conservative mark-up was therefore added to the VaR at the end of March 2023 to reflect the market risk. This add-on is based on an extended time series and covers an economic cycle with greater probability. Inflation does not represent a direct risk factor for the calculation of the VaR, but the model does include the resulting changes in interest rates. After stronger fluctuations during the first half of 2022, the total gone concern market risk in the first half of 2023 reached a high of TEUR 472,773 (at the end of January) before stabilizing at a low of TEUR 409,835 (at the end of April). The most important categories of market risk, which result from trading activities by the RLB NÖ-Wien Treasury Department and from customer transactions, were the credit spread risk and interest rate risk.

The following table shows the monthly VaR for 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 the first half of 2023. 31 December 2022 was selected as the comparative date.

€'000	VaR* at 30/06/2023	Average-VaR	VaR* at 31/12/2022
Currency risk	522	2,312	3,323
Interest rate risk	153,544	170,020	209,520
Price risk	147	358	473
Credit spread risk	393,890	359,697	321,848
Total	**412,773**	**429,839**	421,313

* 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 market risk in the trading book, similar to the first half of 2022, has been influenced by price risk as the most dominant sub-risk since the resumption of stock trading. The volume of the shares in the trading book nearly doubled during the first half of 2023, which resulted in a steady increase in the VaR, driven by price risk, from TEUR 4,461 (at the end of December 2022) to TEUR 7,213 (at the end of June 2023). The other sub-risks were of lesser importance. The following table shows the VaR (99% VaR, 1 day) for the market risk in the trading book, classified by type or risk and including correlations. 31 December 2022 was selected as the comparative date.

€'000	VaR* at 30/06/2023	Average-VaR	VaR* at 31/12/2022
Currency risk	13	35	49
Interest rate risk	180	93	31
Price risk	7,615	5,652	4,400
Credit spread risk	64	67	84
Total	**7,213**	**5,633**	4,461

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

Liquidity risk

Structural liquidity (SLFT) and the refinancing concentration risks as of 30 June 2023 are substantially higher than the prescribed lower limits and, in the range up to seven years, remained nearly unchanged compared with 31 December 2022.

The Russia-Ukraine-war and the current inflationary situation in the Eurozone have had no significant effects on the liquidity situation or liquidity indicators to date. The effect of the Russia-Ukraine-war is reflected primarily in higher spreads and new issue premiums on the primary market. Deposits by customers are stable and show a slight increase. The available tender potential is also stable.

The following table shows the structural liquidity of the RLB NÖ-Wien-Group as of 30 June 2023:

€'000 Maturity band	Gap (absolute)	GoA	GoA limit	Accumulated from behind	S-LFT	S-LFT limit
18 months	(1,086,815)	1.0%	(10.0)%	(159,168)	122.2%	> 80%
2 years	93,800	0.9%	(10.0)%	927,648		
3 years	(1,335,527)	1.6%	(10.0)%	833,848	121.3%	> 70%
5 years	437,742	2.4%	(10.0)%	2,169,374	112.2%	> 60%
7 years	(299,084)	(0.7)%	(10.0)%	1,731,632		
10 years	(2,481,104)	-	-	2,030,717	106.5%	> 50%
15 years	1,267,631	-	-	4,511,820		
20 years	1,397,789	-	-	3,244,189		
30 years	1,811,161	-	-	1,846,400		
> 30 years	35,239	-	-	35,239		

The following table shows the structural liquidity of the RLB NÖ-Wien-Group as of 31 December 2022:

€'000 Maturity band	Gap (absolute)	GoA	GoA limit	Accumulated from behind	S-LFT	S-LFT limit
18 months	(1,261,201)	2.4%	(10.0)%	(225,202)	117.1%	> 80%
2 years	107,136	0.8%	(10.0)%	1,035,999		
3 years	(1,006,371)	4.1%	(10.0)%	928,864	122.2%	> 70%
5 years	155,814	1.7%	(10.0)%	1,935,235	115.4%	> 60%
7 years	247,774	1.2%	(10.0)%	1,779,422		
10 years	(2,322,786)	-	-	1,531,647	116.8%	> 50%
15 years	890,007	-	-	3,854,433		
20 years	1,362,124	-	-	2,964,426		
30 years	1,709,295	-	-	1,602,302		
> 30 years	(106,993)	-	-	(106,993)		

As of 30 June 2023, the liquidity coverage ratio (LCR) of the RLB NÖ-Wien-Group equalled 142.92% (2022: 118.50%).

The decisive factor for the upturn in the LCR during the first half of 2023 was the increase of approximately EUR 2 billion in the liquidity buffer that resulted from higher issuing activity and customer deposits.

The following table shows the quantitative data as of 30 June 2023 compared with 31 December 2022:

		All currencies 30/06/2023	31/12/2022
Liquidity buffer		8,580,330,760	6,604,239,595
Net liquidity outflow		6,003,715,849	5,573,058,943
MINIMUM LIQUIDITY RATIO (LIQUIDITY COVERAGE RATIO LCR)		**142.92%**	118.50%
	Total unweighted amount	*Total weighted amount*	*Total weighted amount*
HIGH-QUALITY LIQUID ASSETS			
Level 1 - assets excl. extremely high quality covered bonds	10,572,301,897	7,329,591,369	4,762,022,219
Level 1 - extremely high quality covered bonds	1,254,654,867	1,166,829,026	1,788,737,969
Level 2A - assets	56,653,811	48,155,739	26,174,709
Level 2B - assets	71,509,251	35,754,625	27,304,698
Liquidity buffer	**11,955,119,825**	**8,580,330,760**	6,604,239,595
CASH OUTFLOWS			
Outflows from unsecured transactions/deposits	17,903,338,338	6,722,600,663	6,388,540,250
1.1 Personal banking customer deposits	4,740,058,205	367,205,121	374,594,038
1.2 Operational deposits	4,761,971,872	3,622,525,864	3,383,631,324
1.3 Excess operational deposits	0	0	0
1.4 Non-operational deposits	3,772,738,878	1,735,855,470	1,549,252,202
1.5 Additional outflows (i.a. outflows from derivatives)	563,590,390	563,590,390	642,445,875
1.6 Committed facilities	2,109,533,259	220,649,518	225,806,757
1.7 Other products and services	1,943,037,486	200,366,052	193,145,514
1.8 Other liabilities	12,408,248	12,408,248	19,664,540
Outflows from secured lending and capital market-driven transactions	1,082,744,926	0	0
TOTAL OUTFLOWS	**18,986,083,263**	**6,722,600,663**	6,388,540,250
CASH INFLOWS			
Inflows from unsecured transactions/deposits	1,297,527,092	718,884,815	815,481,307
1.1 monies due from non-financial customers (except for central banks)	188,117,761	98,844,943	114,821,071
1.2 monies due from central banks and financial customers	690,248,046	200,878,588	177,405,793
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	6,369,312
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	419,161,284	419,161,284	516,885,131
1.10 inflows from undrawn credit or liquidity facilities provided by members of a group or an institutional protection scheme where the competent authorities have granted permission to apply a higher inflow rate	0	0	0

1.11 Other inflows	0	0	0
Inflows from secured lending and capital market-driven transactions	0	0	0
TOTAL INFLOWS	**1,297,527,092**	**718,884,815**	815,481,307
Inflows subject to 75% Cap	1,297,527,092	718,884,815	815,481,307
Fully exempt inflows	0	0	0
NET LIQUIDITY OUTFLOW	**17,688,556,172**	**6,003,715,849**	5,573,058,943

* The comparative amounts as of 31 December 2022 represent the final reported data from the financial statements as of 31 December 2022 (these amounts were not yet available when the notes to the financial statements were prepared)

Equity investment risk

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

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

The management and control of equity investments and the related risks are carried out by Raiffeisen-Holding NÖ-Wien. Diligent and detailed investment management and controlling form the basis for the systematic management of investments (Information is provided in the 2022 consolidated financial statements of the RLB NÖ-Wien-Group 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 the carrying amount (value in use)
- Legal or contractual funding obligations

The quantification of risk is based on a simulation model (Monte Carlo simulation) that was evaluated and adjusted in 2022. The model was also validated.

Based on historical volatilities for changes in the market capitalization of peer group companies, on the value in use of the equity investments and on the base interest rate, the potential loss in the (market) value of the simulated investments is calculated at a specific confidence level (95% and 99.9%) in the sense of value-at-risk based on the assumption of a normal distribution. The investment risk model also transfers the calculated risk premiums to the value in use of the investments as an exposure. The risk potential is still viewed at the individual and portfolio levels. This simulation tool is used to generate a quarterly evaluation – extreme case (95.0%) and liquidation case (99.9%) – of the risk potential and risk cover pools from the investments, which is then transferred to the risk capacity analysis which is calculated regularly at the overall bank level.

The individual portfolio companies are responsible for sustainable management operations that are appropriate for their business activities. In particular, RBI, as a material investment of RLB NÖ-Wien, has installed a separate unit to adequately deal with this issue. RBI operates an extensive sustainability management system and has been working for some time on the development of a closely meshed risk management system to identify, quantify and manage ESG risks. It has also published a high-level sustainability report for several years. All other portfolio companies are addressing the issue of sustainability, depending on their area of business. The effects of these ESG aspects flow into the valuation of the individual investments and, consequently, also into the risk quantification.

The effects of the Russia-Ukraine-war have a significant influence on RBI due to its positioning in Central and Eastern Europe.

RBI remains the owner of subsidiary banks in Russia and Ukraine despite the EU's instructions to European companies to withdraw from business on the Russian market. RBI is acting here with the greatest possible caution and circumspection because companies – also in connection with their business activities in Russia – have moral-social and legal obligations to their employees and customers which can involve additional risks (e.g. legal risks, reputation risks) if they are not adequately considered.

The management of RBI is continuously monitoring further developments. All strategic options for the future of Raiffeisenbank Russia are under evaluation, up to the carefully managed exit from Raiffeisenbank in Russia.

RLB NÖ-Wien is also carrying out scenario analyses to evaluate the potential impact of the Russia-Ukraine-war on its core investments. These analyses equip RLB NÖ-Wien to deal with the effects of the crisis on its risk capacity and to manage and control this risk at the right time. The effects also flow into the valuation of the equity investments and into the quantification of equity investment risk at RLB NÖ-Wien in the form of a dual steering approach (i.e. through the separate analysis of the RBI "Core" and RBI "Russia").

Rising inflation has no material or sustained direct effects on the equity investment risk of RLB NÖ-Wien. However, there is an indirect effect through the resulting increase in interest rates. Current interest trends have led to a sharp rise in the cost of capital applied to company valuations and a corresponding influence on equity investment risk.

An external appraiser was commissioned to perform a trend analysis of RBI as of 30 June 2023 based on the latest medium-term forecasts. The analysis resulted in a revaluation over the level on 31 December 2022.

The following table shows the carrying amounts of the equity investments held by the RLB NÖ-Wien-Group as of 30 June 2023 and the comparative date on 31 December 2022.

€ '000	Carrying amount 30/06/2023	Percentage held	Carrying amount 31/12/2022	Percentage held
Investments in other banks	1,960,673	99.4%	1,884,773	99.2%
Investments in banking-related fields	12,327	0.6%	15,296	0.8%
Total equity investments	**1,973,000**	**100.0%**	1,900,069	100.0%

The carrying amounts of the investments increased by EUR 73 million in the first half of 2023, primarily due to the revaluation of the RBI investment.

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 sub-risk "operational risk" (incl. IT risk and legal risk) as well as outsourcing risk, compliance risk and model risks as sub-risks. (Information on the sub-risk types is provided in the 2022 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 RLB NÖ-Wien-Group works to ensure, among others, the smooth and efficient functioning of IT and system security at all times. 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 identify 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 integrated in the company's operational risk framework.

The development of inflation has had no direct impact on the sub-risks which comprise non-financial risk. The Russia-Ukraine-war has had an effect on compliance risk and IT risk. The increased due diligence requirements in connection with the Russian sanctions were reflected in extensive system and process measures to limit compliance risk. Due to the ongoing, high cybersecurity risk, measures were implemented together with the major IT service providers to further strengthen IT security.

The ESG requirements for the sub-risks assigned to non-financial risk were evaluated and are gradually being implemented. The influence of ESG factors on risk identification and assessment as part of operational risk represented the focal point of this work in 2022 and the first half of 2023.

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-Group.

Sustainability and ESG risks

The increased attention to and integration of sustainability aspects (ESG - Environment, Social, Governance) represent an integral part of the business strategy and, as such, have been incorporated in the organizational units of the Raiffeisen-Holding NÖ-Wien-Group and RLB NÖ-Wien. Sustainability aspects at RLB NÖ-Wien are now anchored in a separate department "ESG Transformation", which reports directly to the Managing Board member responsible for "Efficiency/Technology/Treasury". These activities were assigned to Corporate Communications at Raiffeisen-Holding NÖ-Wien up to May 2023 but were reassigned as part of the reorganization which took effect on 1 June 2023.

Together with the sustainability strategy defined for the Raiffeisen-Holding NÖ-Wien-Group, which is updated annually as part of the business strategy, ESG issues are anchored in RLB NÖ-Wien and in the Raiffeisen-Holding NÖ-Wien-Group. The necessary measures related to sustainability risks and ESG factors were monitored, analysed and improved during the first half of 2023. The methods, models and strategies applicable to ESG risks will be continuously improved over the coming years and should contribute to the more precise measurement of inherent ESG risks. These issues are derived from the sustainability strategy and are also an integral part of the risk strategy. ESG risks describe the possible negative impact on companies, in particular as the result of climate and environmental effects. Banks are exposed to sustainability and ESG risks in a number of ways. ESG factors are taken into consideration as partial aspects of the risk types identified by the risk inventory, e.g. credit, market, liquidity and non-financial risk (and here, above all, operational risk) as well as reputation risk. The effects of ESG factors can result, on the one hand, from physical risks like the consequences of climate change and can lead to default by borrowers or impairment losses to collateral. On the other hand, the effects can result from so-called transition risks caused, for example, by political or technological developments. The intervention measures implemented to attain certain climate policy goals can have a sizeable negative influence on branches with a greater environmental impact. Accordingly, banks with financing in these branches are involved to a significant degree. An analysis of the individual branches for their ESG relevance and the resulting interaction with these branches has been in progress in the Raiffeisen-Holding NÖ-Wien-Group since the end of 2022.

In addition to the social and environmental motivation to examine ESG factors, lawmakers and supervisory authorities have placed high demands on the financial sector for sustainability risk management and reporting. The Raiffeisen-Holding NÖ-Wien-Group – and, accordingly, RLB NÖ-Wien – continued their work on projects involving ESG factors/risks, an ESG market programme and the ESG taxonomy in 2022 to further implement and integrate sustainability issues in all areas of the banking group. Projects to integrate ESG-relevant requirements are also currently in preparation in other areas (e.g. adequacy tests for securities customers, SFDR, CSRD(ESRS)). That means ESG issues, factors and risks will be included in the banking group's governance as well as its corporate identity, product offering and customer support and also in risk management, risk measurement and stress tests. High priority has also been given to the implementation of an ESG corporate rating (ISS rating) in the banking group. The Data Protection & Outsourcing Department has already defined assessment questions based on ESG criteria and standards for cooperation with external service providers, which were provided by ESG Transformation. That will accomplish one of the most important challenges relating to ESG.

Additional information on sustainability in the Raiffeisen-Holding NÖ-Wien-Group and in the RLB NÖ-Wien-Group can be found in the "Non-financial statement" which represents part of the management report of the Raiffeisen-Holding NÖ-Wien-Group as of 31 December 2022.

(33) Fair value of financial instruments

Financial instruments measured at fair value

Fair value measurement is based on a multi-level hierarchy (fair value hierarchy). 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 loss given default (LGD) and the counterparty’s probability of default (PD). 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. If 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. 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. 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 measured at fair value based on the IFRS 13 valuation hierarchy (classified by the fair value level):

€'000	30/06/2023			31/12/2022		
	Level I	Level II	Level III	Level I	Level II	Level III
Balance sheet assets						
Financial assets held for trading	*530,395*	*469,483*	*0*	*126,947*	*547,229*	*0*
Derivatives	0	367,411	0	0	400,943	0
Equity instruments	87,630	0	0	50,715	0	0
Bonds	442,765	102,072	0	76,232	146,286	0
Non-trading financial assets mandatorily at fair value through profit or loss	*0*	*835*	*124,848*	*0*	*834*	*126,948*
Equity instruments	0	0	14,502	0	0	14,086
Bonds	0	835	0	0	834	0
Loans and advances	0	0	110,345	0	0	112,862
Financial assets at fair value through other comprehensive income	*0*	*0*	*20,156*	*0*	*0*	*19,110*
Equity instruments	0	0	20,156	0	0	19,110
Derivatives - hedge accounting	*0*	*610,319*	*0*	*0*	*679,100*	*0*
Balance sheet equity and liabilities						
Financial liabilities held for trading	*0*	*318,887*	*0*	*0*	*342,783*	*0*
Derivatives	0	318,887	0	0	342,783	0
Derivatives - hedge accounting	*0*	*759,952*	*0*	*0*	*821,183*	*0*

The assignment of loans and advances to Level 3 results primarily from credit risk premiums that are not observable on the market. No securities were reclassified from Level I to Level II or from Level II to Level I in the first half of 2023.

The following table shows the development from 1 January 2023 to 30 June 2023 of the assets measured at fair value which are assigned to Level III:

€'000	01/01/2023	Additions	Disposals	Profit, income statement	Profit, other comprehensive income	30/06/2023
Balance sheet assets						
Non-trading financial assets mandatorily at fair value through profit or loss	***126,948***	***3,297***	***(4,591)***	***(806)***	***0***	***124,848***
Equity instruments	14,086	408	0	8	0	14,502
Loans and advances	112,862	2,889	(4,591)	(814)	0	110,345
Financial assets at fair value through other comprehensive income	***19,110***	***1,215***	***0***	***0***	***(169)***	***20,156***
Equity instruments	19,110	1,215	0	0	(169)	20,156

There have been no reclassifications to or from Level III since the end of the last reporting period.

The following table shows the development from 1 January 2022 to 30 June 2022 of the assets measured at fair value which are assigned to Level III:

€'000	01/01/2022	Additions	Disposals	Profit, income statement	Profit, other comprehensive income	30/06/2022
Balance sheet assets						
Non-trading financial assets mandatorily at fair value through profit or loss	*129,513*	*3,420*	*(10,392)*	*(11,993)*	*0*	*110,548*
Equity instruments	9,497	538	(26)	32	0	10,041
Loans and advances	120,016	2,882	(10,366)	(12,025)	0	100,507
Financial assets at fair value through other comprehensive income	*19,577*	*0*	*0*	*0*	*685*	*20,262*
Equity instruments	19,577	0	0	0	685	20,262

The results recognized to the income statement for the financial instruments allocated to Level III totalled TEUR -1,059 in the first half of 2023 (H1 2022: -11,346) and are reported under "profit/loss from financial assets and liabilities".

Valuation guidelines

The methods used for the fair value measurement of securities were selected by the Models & Analytics Department and approved by the Managing Board. These valuation guidelines are designed to ensure accurate measurement results and the use of consistent methods.

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

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

Sensitivity analysis of the non-observable parameters for financial instruments measured 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 2023, 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 +1.0 million (31 December 2022: +1.1 million) or a decrease of EUR -1.4 million (31 December 2022: -1.5 million) in the fair value of loans and advances (assets). This calculation reflects the applicable market conditions and internal valuation requirements. RLB NÖ-Wien held no securities classified under Level III as of 30 June 2023.

Financial instruments not measured at fair value

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

Additional details in this connection are provided under Note (32) Risks arising from financial instruments (Risk Report).

30/06/2023 €'000	**Fair value**	**Carrying amount**	**Difference**
Balance sheet assets			
Cash, cash balances at central banks and other demand deposits	*6,499,732*	*6,498,382*	*1,350*
Financial assets at amortized cost	*23,230,608*	*24,021,463*	*(790,855)*
Bonds	4,334,371	4,552,236	(217,865)
Loans and advances	18,896,236	19,469,227	(572,991)
Balance sheet equity and liabilities			
Financial liabilities at amortized cost	*30,474,055*	*30,679,003*	*(204,949)*
Deposits	21,360,958	21,399,374	(38,416)
Securitized liabilities	9,113,096	9,279,629	(166,533)

The comparative prior year data are shown below:

31/12/2022 €'000	Fair value	Carrying amount	Difference
Balance sheet assets			
Cash, cash balances at central banks and other demand deposits	*2,505,688*	*2,504,570*	*1,118*
Financial assets at amortized cost	*22,080,113*	*23,017,381*	*(937,268)*
Bonds	3,895,947	4,118,147	(222,200)
Loans and advances	18,184,166	18,899,234	(715,068)
Balance sheet equity and liabilities			
Financial liabilities at amortized cost	*25,032,501*	*25,367,249*	*(334,748)*
Deposits	18,122,238	18,283,541	(161,304)
Securitized liabilities	6,910,263	7,083,708	(173,445)

The following table shows the classification of the financial instruments measured at amortized cost, based on the fair value hierarchy:

30/06/2023 Fair Value €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Total			
Cash, cash balances at central banks and other demand deposits	49,395	3,873,030	2,577,306
Bonds	3,896,494	437,878	0
Loans and advances	0	0	18,896,236
Total			
Deposits	0	0	21,360,958
Securitized liabilities	0	8,646,055	467,041

The comparative prior year data are shown below:

31/12/2022 Fair Value €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Total			
Cash, cash balances at central banks and other demand deposits	55,504	2,425,641	24,543
Bonds	3,461,723	434,224	0
Loans and advances	0	309	18,183,857
Total			
Deposits	0	0	18,122,238
Securitized liabilities	0	6,519,858	390,405

The methods used to determine the fair values of the bonds, loans and advances reported “at amortized cost“ in the above tables reflect the methods described in the previous section (“Financial instruments measured at fair value“).

The deposits measured at amortized cost are assigned to Level III since the credit spreads used for valuation can only be observed indirectly. The securitized liabilities which are measured 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.

(34) Hedge accounting

This 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 2022.

The following table shows the nominal volumes, carrying amounts and fair value changes of the derivatives used as hedging instruments. These derivatives represent the interest rate swaps used to hedge interest risk which are classified according to the underlying transactions and also include floors. 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“.

€'000	Nominal Value 30/06/2023	Carrying amount 30/06/2023 Total	Total	Change in fair value 01/01 - 30/06/2023	Income statement presentation - fair value change	Income statement effect - ineffectiveness 01/01 - 30/06/2023	Income statement presentation - ineffectiveness
Interest rate risk - micro-hedges							
Interest Rate Swaps - Bonds	2,531,887	111,513	16,517	(21,262)	Profit or loss from hedge accounting	(1,757)	Profit or loss from hedge accounting
Interest Rate Swaps - Loans and advances	707,509	51,906	2,708	(6,651)	Profit or loss from hedge accounting	(326)	Profit or loss from hedge accounting
Interest Rate Swaps - Deposits	364,985	8,935	20,779	3,725	Profit or loss from hedge accounting	(318)	Profit or loss from hedge accounting
Interest Rate Swaps - Securitized liabilities	7,564,632	3,764	435,270	47,075	Profit or loss from hedge accounting	1,363	Profit or loss from hedge accounting
Interest rate risk - portfolio hedges							
Interest rate swaps - Assets	3,104,475	403,338	12,023	(42,016)	Profit or loss from hedge accounting	(5,082)	Profit or loss from hedge accounting
Interest Rate Swaps - Liabilities	2,153,500	2,210	179,610	5,452	Profit or loss from hedge accounting	2,486	Profit or loss from hedge accounting
Floors - Assets	5,776,200	28,653	93,044	5,554	Profit or loss from hedge accounting	4,741	Profit or loss from hedge accounting
Floors - Assets 3-month-EURIBOR	2,300,400	0	10,716	(1,641)	Profit or loss from hedge accounting	904	Profit or loss from hedge accounting
Floors - Assets 6-month-EURIBOR	3,475,800	28,653	82,328	7,195	Profit or loss from hedge accounting	3,837	Profit or loss from hedge accounting

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

€'000	Nominal Value 31/12/2022	Carrying amount 31/12/2022 Total	Total	Change in fair value 01/01 - 30/06/2022	Income statement presentation - fair value change	Income statement effect - ineffectiveness 01/01 - 30/06/2022	Income statement presentation - ineffectiveness
Interest rate risk - micro-hedges							
Interest Rate Swaps - Bonds	1,912,521	127,837	9,791	280,346	Profit or loss from hedge accounting	1,523	Profit or loss from hedge accounting
Interest Rate Swaps - Loans and advances	577,995	58,899	1,655	63,123	Profit or loss from hedge accounting	1,827	Profit or loss from hedge accounting
Interest Rate Swaps - Deposits	401,911	7,977	22,028	(80,175)	Profit or loss from hedge accounting	(148)	Profit or loss from hedge accounting
Interest Rate Swaps - Securitized liabilities	6,455,531	107	478,610	(308,508)	Profit or loss from hedge accounting	(2,447)	Profit or loss from hedge accounting
Interest rate risk - portfolio hedges							
Interest rate swaps - Assets	2,422,141	446,606	1,233	277,212	Profit or loss from hedge accounting	(2,657)	Profit or loss from hedge accounting
Interest Rate Swaps - Liabilities	2,135,250	264	200,134	(105,440)	Profit or loss from hedge accounting	768	Profit or loss from hedge accounting
Floors - Assets	5,721,200	37,411	107,732	67,071	Profit or loss from hedge accounting	2,427	Profit or loss from hedge accounting
Floors - Assets 3-month-EURIBOR	2,270,400	0	8,990	20,383	Profit or loss from hedge accounting	2,398	Profit or loss from hedge accounting
Floors - Assets 6-month-EURIBOR	3,450,800	37,411	98,742	46,688	Profit or loss from hedge accounting	29	Profit or loss from hedge accounting

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 of the hedged items 30/06/2023		Cumulative fair value changes of the hedged items		Fair value changes of the hedged items 01/01 - 30/06/2023	Cumulative Fair Value changes of the de-designated hedged items 30/06/2023
	Total	Total	Total	Total		
Interest rate risk - micro-hedges						
Financial assets at amortized cost	*3,090,936*		*(154,930)*		*25,830*	*4,709*
Bonds	2,431,028		(104,317)		19,505	0
Loans and advances	659,908		(50,613)		6,325	4,709
Financial liabilities at amortised cost		*9,190,101*		*(471,313)*	*(49,755)*	*223*
Deposits		357,013		(16,914)	(4,043)	223
Securitized liabilities		8,833,088		(454,399)	(45,713)	0
Interest rate risk - portfolio hedges						
*Portfolio-Hedge**	*6,039,418*	*2,310,944*	*(3,028)*	*16,103*	*33,156*	*(305,214)*
Portfolio-Hedge Assets	3,717,942		(6,812)		36,935	(392,017)
Portfolio-Hedge Liabilities		2,310,944		16,103	(2,966)	157,384
Portfolio- Hedge Floors Assets	4,563,634		4,281		(813)	(70,581)
Portfolio-Hedge Floors Assets 3-month-EURIBOR	2,242,158		498		2,545	(16,165)
Portfolio-Hedge Floors Assets 6-month-EURIBOR	2,321,476		3,784		(3,357)	(54,416)

* The amounts reported under the carrying amount represent the synthetic underlying transactions as of 30 June 2023, including the designation quota.

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

€'000	Carrying amount of the hedged items 31/12/2022		Cumulative fair value changes of the hedged items		Fair value changes of the hedged items 01/01 - 30/06/2022	Cumulative Fair Value changes of the de-designated hedged items 31/12/2022
	Total	Total	Total	Total		
Interest rate risk - micro-hedges						
Financial assets at amortized cost	*2,346,643*		*(187,135)*		*(340,119)*	*5,551*
Bonds	1,824,545		(129,360)		(278,823)	0
Loans and advances	522,099		(57,775)		(61,295)	5,551
Financial liabilities at amortised cost		*6,993,910*		*(521,392)*	*(386,087)*	*0*
Deposits		391,100		(21,180)	(80,027)	0
Securitized liabilities		6,602,811		(500,212)	(306,061)	0
Interest rate risk - portfolio hedges						
Portfolio-Hedge*	*7,259,495*	*2,293,010*	*(134,780)*	*(50,321)*	*(238,306)*	*(240,599)*
Portfolio-Hedge Assets	2,668,730		(102,712)		(279,869)	(355,139)
Portfolio-Hedge Liabilities		2,293,010		(50,321)	106,207	151,604
Portfolio- Hedge Floors Assets	4,590,765		(32,068)		(64,644)	(37,064)
Portfolio-Hedge Floors Assets 3-month-EURIBOR	2,262,320		(5,716)		(17,985)	(14,402)
Portfolio-Hedge Floors Assets 6-month-EURIBOR	2,328,445		(26,352)		(46,659)	(22,662)

* The amounts reported under the carrying amount represent the synthetic underlying transactions as of 31 December 2022, including the designation quota.

(35) 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 companies valued at equity.

€'000	**30/06/2023**	31/12/2022
Cash, cash balances at central banks and other demand deposits	***2,423,212***	*2,052,462*
Associates	2,423,212	2,052,462
Financial assets held for trading	***192,754***	*152,847*
Parent	190	1,046
Entities related via the parent	41	53
Associates	192,522	151,739
Entities accounted for using the equity method via the parent	0	9
Financial assets at amortized cost	***2,105,766***	*2,021,918*
Parent	1,190,554	1,143,391
Subsidiary / subsidiaries	11,870	12,727
Entities related via the parent	261,283	247,568
Associates	511,025	404,992
Entities accounted for using the equity method via the parent	131,011	213,205
Joint ventures	23	35
Derivatives - hedge accounting	***59***	*18*
Associates	59	18
Other assets	***28,959***	*28,948*
Parent	28,945	28,935
Entities related via the parent	4	4
Associates	3	4
Entities accounted for using the equity method via the parent	6	5

€'000	30/06/2023	31/12/2022
Financial liabilities held for trading	***107,279***	*121,312*
Parent	104,054	115,878
Associates	3,225	5,435
Financial liabilities at amortized cost	***1,088,241***	*362,230*
Parent	91,590	122,036
Subsidiary / subsidiaries	5,675	4,415
Entities related via the parent	209,605	79,145
Associates	641,068	109,161
Entities accounted for using the equity method via the parent	125,563	30,851
Joint ventures	14,739	16,621
Other liabilities	***540***	*284*
Parent	538	268
Associates	0	10
Entities accounted for using the equity method via the parent	2	6

€'000	30/06/2023	31/12/2022
Contingent liabilities and other off-balance sheet obligations	***444,551***	*411,080*
Parent	294	0
Subsidiary / subsidiaries	4,930	30,785
Entities related via the parent	63,762	78,013
Associates	92,184	84,267
Entities accounted for using the equity method via the parent	282,881	217,519
Joint ventures	500	497

The business relationships with related entities are shown below:

01/01 - 30/06/2023 €'000	Interest income	Interest expenses	Purchased services and merchandise and other expenses	Services provided, sale of merchandise and fixed assets and other income
Parent	20,138	12,635	11,457	2,641
Subsidiary / subsidiaries	339	6	3,229	25
Entities related via the parent	3,279	7	126	23
Associates	38,183	4,251	19,120	1,791
Entities accounted for using the equity method via the parent	3,580	125	1,280	1
Joint ventures	1	95	3,115	0
Other related parties	2	11	0	0

The comparative prior year data are as follows:

01/01 - 30/06/2022 €'000	Interest income	Interest expenses	Purchased services and merchandise and other expenses	Services provided, sale of merchandise and fixed assets and other income
Parent	7,441	4,340	8,801	2,606
Subsidiary / subsidiaries	309	5	2,852	144
Entities related via the parent	2,324	37	18	3
Associates	6,985	4,299	13,769	1,167
Entities accounted for using the equity method via the parent	1,526	33	351	0
Joint ventures	0	35	3,063	0
Other related parties	2	1	0	0

The following legal and business relations exist with related companies:

- The parent company of RLB NÖ-Wien is Raiffeisen-Holding NÖ-Wien. The business relationships between RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien consist primarily of refinancing for Raiffeisen-Holding NÖ-Wien.
- 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. 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 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 concluded a tax contribution agreement. In 2022, the corporate tax group with Raiffeisen-Holding NÖ-Wien as its head included RLB NÖ-Wien as well as 45 (2022: 42) 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 2023, the receivables from tax charges equalled TEUR 5,294 (H1 2022: 2,894) and the liabilities from tax charges amounted to TEUR 12,937 (H1 2022: 15,656).
- 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 Versicherungsüber-prüfung 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 Raiffeisen deposit protection scheme and the national Raiffeisen institution-based protection scheme are provided in the consolidated financial statements for 2022.
- As of 30 June 2023, leases with the parent company included TEUR 77,617 (H1 2022: 74,767) of rights of use assets as well as TEUR 79,643 (H1 2022: 77,687) of lease liabilities. The resulting interest expense totalled TEUR 529 (H1 2022: 530) and amortization equalled TEUR 3,513 (H1 2022: 3,374).
- A conditional agreement to offset the loans and advances to and deposits from other banks was concluded with an associate. In addition, a settlement agreement was concluded with the parent company for the reciprocal offset of Interbank deposits and credits.

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	30/06/2023	31/12/2022
Demand deposits	3,507	4,119
Bonds	493	10
Time deposits	400	0
Savings deposits	269	423
Total	**4,669**	4,551
Current accounts	10	13
Loans	750	926
Other liabilities	12	13
Total	**771**	952

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 exercise control:

€'000	30/06/2023	31/12/2022
Current accounts	63	11
Total	**63**	11

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

€'000	30/06/2023	31/12/2022
Demand deposits	261	235
Savings deposits	49	50
Total	**310**	285
Current accounts	3	5
Total	**3**	5

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

New issues totalled TEUR 3,918,017 in the first half of 2023 (H1 2022: 811,940). Own bonds with a total nominal value of TEUR 1,658,000 were used in connection with securities lending transactions and repurchase agreements which are not reported on the balance sheet due to the net form of presentation (offsetting of financial assets and liabilities).

Bonds totalling TEUR 2,045,191 were redeemed during the reporting period (H1 2022: 147.514). In addition, issues of TEUR 1,899,600 were confounded before the end of the original term following the expiration of the lending or repurchase transaction.

Bond repurchases in the first half of 2023 amounted to TEUR 8,357 (H1 2022: 31,850).

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

€'000	30/06/2023	31/12/2022
Contingent liabilities	***615,270***	*622,347*
Of which arising from other guarantees	577,108	596,922
Of which arising from letters of credit	29,939	17,202
Of which other contingent liabilities	8,223	8,223
Commitments	***3,408,373***	*3,567,682*
Of which arising from revocable loan commitments	1,323,837	1,347,240
Of which arising from irrevocable loan commitments	2,084,536	2,220,442
Up to 1 year	262,993	330,443
More than 1 year	1,821,543	1,889,999

(38) Own funds

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 own funds requirements for the financial institution group are reported below and in the consolidated financial statements of Raiffeisen-Holding NÖ-Wien.

€'000	30/06/2023	31/12/2022
Paid-in capital	1,032,072	1,032,072
Retained earnings	2,186,638	2,186,952
Less qualified investments	(191,055)	(186,951)
Accumulated other comprehensive income and other equity	(667,426)	(502,814)
Common equity Tier 1 before deductions	***2,360,228***	***2,529,258***
Intangible assets incl. goodwill	(7,441)	(8,008)
Other transition adjustments to common equity Tier 1 capital	17,448	26,781
Risk provisions-backstop for non-performing loans (NPLs)	(8,787)	(8,150)
Corrections in respect of cash flow hedge reserves	(109,468)	(119,374)
Corrections for credit standing related to changes in values of derivatives	(7,267)	(6,802)
Value adjustment based on the prudent valuation requirement	(3,384)	(3,282)
Common equity Tier 1 capital after deductions (CET1)	***2,241,329***	***2,410,422***
Additional core capital after deductions	95,000	95,000
Additional own funds	***2,336,329***	***2,505,422***
Eligible supplementary capital	149,436	166,439
Supplementary capital after deductions	***149,436***	***166,439***
Total qualifying capital	***2,485,765***	***2,671,861***
Total capital requirement	**1,100,504**	1,067,283
Common equity Tier 1 ratio (CET1 ratio)	16.29%	18.07%
Tier 1 ratio (T1 ratio)	16.98%	18.78%
Total capital ratio	18.07%	20.03%
Surplus capital ratio	125.88%	150.34%

Under a fully loaded analysis, the Common Equity Tier 1 Ratio equalled 16.15% (2022: 17.84%) and the Total Capital Ratio 17.93% (2022: 19.81%).

Total capital requirements comprise the following:

€'000	30/06/2023	31/12/2022
Capital requirements for credit risk	1,032,282	1,004,560
Capital requirements for position risk in debt instruments and assets	18,146	12,193
Capital requirement CVA	4,649	5,105
Capital requirements for operational risk	45,426	45,426
Total capital requirement (total risk)	**1,100,504**	1,067,283
Assessment base for credit risk	***12,903,527***	*12,556,994*
Total basis of assessment (total risk)	***13,756,300***	*13,341,042*

(39) Average number of employees

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

	01/01 - 30/06/2023	01/01 - 31/12/2022
Salaried employees	1,152	1,219
Wage earners	27	17
Total	**1,179**	1,236

(40) Events after the reporting date

Up to the present date, there were no transactions or other events which would have had 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 2023 in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as of 12 September 2023. A half-year management report was also prepared. The requirements for interim financial reporting defined by § 125 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, 12 September 2023

The Managing Board

Michael HÖLLERER
Chairman,
responsible for the Directorate General

Reinhard KARL
Deputy Chairman, responsible for
the Corporate Clients Segment

Roland MECHTLER
Member, responsible for
Efficiency/Technology/Treasury

Martin HAUER
Member, responsible for
Private Customers & SMEs

Claudia SÜSSENBACHER
Member, responsible for
Risk Management