GROUP MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT 2022

Raiffeisenlandesbank Niederösterreich-Wien

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The management report was prepared in accordance with the applicable legal regulations. It presents the development and performance of the business and the position of the company to provide a true and fair view of the assets, liabilities, financial position and profit or loss. The underlying regulations are defined by the Austrian Commercial Code (UGB) and the Austrian Stock Corporation Act (AktG) as well as the branch-specific requirements of the Austrian Banking Act (BWG) and Regulation (EU) Nr. 575/2013 (CRR – Capital Requirements Regulation), each in the version applicable as of the balance sheet date.

GROUP MANAGEMENT REPORT

Overview of the 2022 Financial Year

The economic environment in 2022 was shaped by the following issues and events:

- Geopolitical and economic developments were influenced throughout the entire year, above all, by Russia's war in Ukraine and the related uncertainties. Ongoing supply chain problems, potential energy shortages and constant high inflation were the determining factors for the economic environment.
- The upward trend in the Eurozone's inflation rate accelerated abruptly during the first half of 2022 and peaked in October with a year-on-year increase of 10.6%. In Austria, inflation averaged 8.6% for the year as a result of supply chain problems and the energy crisis.
- The European Central Bank (ECB) reacted sharply to the sharp rise in inflation with a series of four rate adjustments that raised the interest rate to 2.50% during the second half-year.
- In addition, the ECB Council terminated the Asset Purchase Programme (APP) created in 2014 as of 1 July 2022 and announced its intention not to reinvest the entire volume of the bonds in its portfolio. Reinvestments from the Pandemic Emergency Purchase Programme (PEPP) will, in contrast, continue at least up to the end of 2024.
- Economic growth in Austria was estimated at 4.7% for the year, and substantially outpaced the 3.5% GDP increase in the Eurozone. This development was supported, among others, by catch-up effects in the first half of 2022 which were based on the less severe effects of the omicron variant and the subsequent cancellation of most COVID-19 restrictions. The second half-year was influenced by substantial uncertainty over further developments that led to weaker demand and a downward trend in the domestic economy.

The following major events had a significant influence on RAIFFEISENLANDESBANK NIEDER-ÖSTERREICH-WIEN AG (RLB NÖ-Wien) during the 2022 financial year:

The retail business was substantially expanded in 2022, whereby the focus was placed primarily on the targeted acquisition of new business with existing customers and on private residential construction. The results were reflected in positive effects from the substantial upturn in market interest rates on the deposit business as well as an increase of 36.8% in net interest income to EUR 239.3 million. Net commission income was 7.5% lower than the previous year.

Administrative expenses were increased, above all, by investments in future projects.

The results from investments in companies valued at equity totalled EUR -75.5 million in 2022 (2021: EUR 7.6 million) and were generated primarily by the investment in Raiffeisen Bank International (RBI). RBI reported a substantial year-on-year improvement in earnings to EUR 3.6 billion in 2022 (2021: EUR 1.4 billion). The proportional share of earnings for RLB NÖ-Wien equalled EUR 800.9 million (2021: EUR 290.0 million). Uncertainty caused by the Russia-Ukraine war led to the recognition of a EUR -879.0 million impairment loss to the carrying amount of this investment as of 31 December 2022 (2021: EUR -285.0 million). The net effect of the investment in RBI valued at equity amounted to EUR -78.1 million (2021: EUR 5.0 million).

Profit after tax totalled EUR -22.4 million in 2022 (2021: EUR 55.1 million) and would have been clearly positive without the impairment loss recognized to RBI.

The Economic Environment

The global and European economies

The post-COVID-19 recovery of the global economy in 2022 was slowed by substantial interest rate hikes implemented to combat the persistent high inflation and by the energy price shock triggered by the war in Ukraine. According to the International Monetary Fund (IMF), the global economy grew by 3.4% year-on-year in 2022.

For the USA, the world's largest economy, a first official estimate points to growth at an annual rate of 2.9% in the fourth quarter of 2022 over the previous quarter. The gross domestic product (GDP) grew by 2.0% according to the IMF. Despite visibly robust growth in the final quarter, the US economy appears to be on the brink of a short and mild recession.

The Chinese economy was hit hard by the government's zero COVID-19 policy during the past year. Growth reached only 3.0% in 2022, which represented the second slowest expansion since the 1970s. It was far below the government's target of roughly 5.5% and, for the first time in decades, also below the global average. Moreover, the weakening global economy led to a reduction in the demand for Chinese goods. Lockdowns in megacities closed key industrial centres for weeks and months, and domestic consumption also declined. The collapse of the real estate sector, which normally served as a driver for the Chinese economy, was particularly severe. The number of new construction projects started in 2022 was more than one-third lower than the year before.

The Eurozone produced a surprisingly high year-on-year GDP increase of 3.5% in 2022, but growth came to a virtual standstill in the final quarter (0.1% versus the previous quarter). This downturn was attributable primarily to the record level of inflation and the resulting negative effects on private consumption. Germany fell even farther behind with a GDP decline of 0.2% below the previous quarter from October to December 2022. For the full 12 months of 2022, the Germany economy grew by 1.9%.

The inflation rate in the Eurozone declined for the second month in succession during December 2022, chiefly as the result of lower energy prices. The Harmonized Index of Consumer Prices (HICP) showed an increase of 9.2% over the previous year. Inflation peaked during October with a plus of 10.6% compared with the previous year.

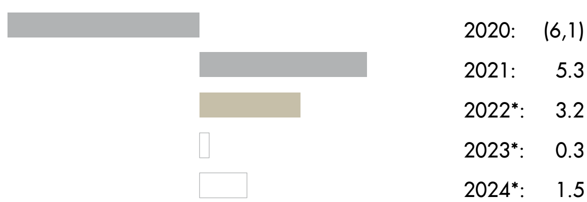
In spite of the threatening economic slowdown, the job market in the Eurozone remains sound. The seasonally adjusted unemployment rate fell to a record low of 6.6% in December 2022.

GDP Growth in the USA in % vs. prior year

*Forecast for 2022-2024: EU-Commission, Autumn Forecast 2022

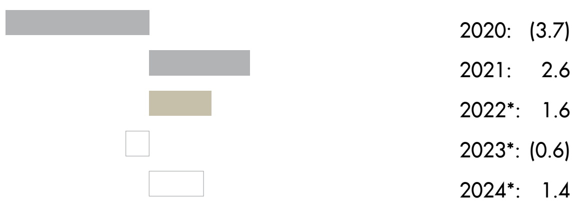
GDP Growth in the Eurozone in % vs. prior year

*Forecast for 2022-2024: EU-Commission, Autumn Forecast 2022



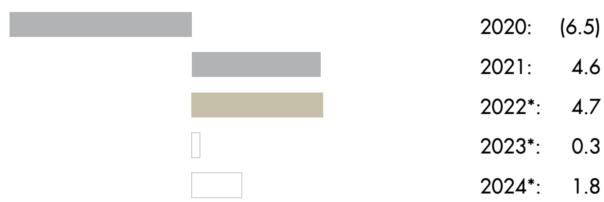
GDP Growth in Germany in % vs. prior year

*Forecast for 2022-2024: EU-Commission, Autumn Forecast 2022



GDP Growth in Austria in % vs. prior year

*Forecast for 2022-2024: WIFO forecast dated 15 December 2022



The Economy in Austria

The Austrian economy remained unexpectedly resilient during the past year in spite of the many severe crises, with growth reaching 4.7%. The first half-year was still heavily influenced by catch-up effects from the COVID-19 pandemic, but growth slowed beginning at mid-year due to the sharp rise in energy prices, substantial uncertainty and weakening international demand.

A flash estimate by the Austrian Institute of Economic Research (WIFO) indicated a sudden sharp drop of 0.7% in the GDP below the previous quarter in the fourth quarter of 2022. That represented the first decline in economic performance after three quarters of positive growth.

The highest inflation in 70 years led to a significant reduction in the real disposable income of private households during 2022. However, the strong recovery at the beginning of the year served as a driver for private consumption. The extent of this recovery was subsequently limited beginning in the second quarter by growing uncertainty over the war in Ukraine, the sharp rise in the cost of energy and the accelerating upward trend in consumer prices.

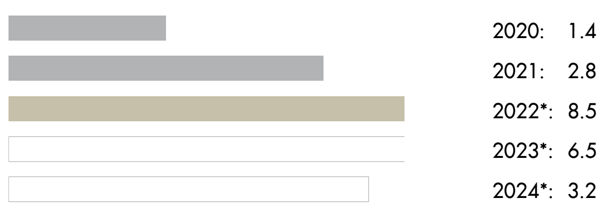
In the industrial sector, the summer of 2022 brought signs of a substantial downturn as well as stagnating value creation during the fourth quarter. The Purchasing Managers' Index (PMI), in contrast, pointed slightly upward in December with an increase of 0.7 points to 47.3 points. This indicator signalized a decline in the pace of the downward trend for the domestic industrial sector and marked the first signs of stabilization in the industrial cycle. The increase was, however, not sufficient to pass the growth threshold of 50 points.

The European energy crisis drove inflation (CPI) in Austria to a year-on-year average of 8.6% in 2022. The cost of energy alone rose by 41% during the reporting year. Inflation held steady at a double-digit level in December 2022 for the fourth month in succession, but levelled off at a high 10.2% compared with the previous year. This was a result of the electricity price cap introduced in December combined with declining pressure on fuel prices. Electricity could also have played a minor role in limiting prices.

The labour market in Austria developed well in 2022, even though many companies were desperate over the personnel shortage. The choice of jobs was larger than ever before. At 6.3% in 2022, the average unemployment rate represented the lowest level since 2008.

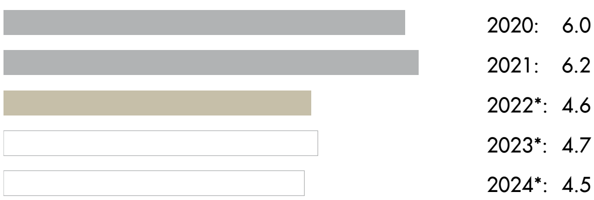
Inflation in Austria in %

*Forecast for 2022-2024: WIFO Forecast dated 15 December 2022



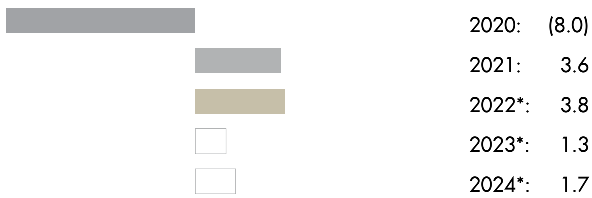
Unemployment in Austria in %

*Forecast for 2022-2024: WIFO Forecast dated 15 December 2022



Private Consumption in Austria in % vs. prior year

*Forecast for 2022-2024: WIFO Forecast dated 15 December 2022



Overview of the Financial Markets

2022 was a difficult year for the financial markets. The increase in inflation rates to multi-year highs in many countries led central banks to policy shifts in the form of rising interest rates. The result was an increasingly synchronized monetary cycle across the entire world which had a negative effect on global stock and bond markets.

- The ECB ended its negative interest policy in 2022 with increases totalling 250 BP in the key interest rate from July to December. In addition, the US Federal Reserve (Fed) delivered the fastest cycle of interest rate hikes in over 40 years with a total of 425 BP.
- The increase in key interest rates was accompanied by a strong upward trend in money market rates during 2022. Swap rates and government bond yields increased significantly on both sides of the Atlantic, whereby the development was decidedly volatile. The yields for 10-year German federal bonds clearly exceeded the level at the beginning of the year (-0.124%), rising to 2.562% at the end of 2022. In the USA, the yields on 10-year bonds climbed to a level not seen since 2007 (from 1.63% on 3 January 2022 to 3.831% on 30 December 2022).
- The Fed's interest rate increases and the flight to safer havens in crisis times drove the US Dollar to long-time highs in 2022. However, the tide turned during the final quarter with a substantial decline in the US Dollar versus the Euro and numerous other currencies. The EUR/USD started the year at 1.1296 and closed 2022 at 1.0704 after falling to a 20-year low of 0.9594 on 27 September 2022.
- The war in Ukraine, inflation and rising interest rates slowed stock market developments across the world. Many stock sectors were faced with high losses during the past year: For example, communication services lost nearly 38% and technology shares 31%. Only the energy sector was able to disengage from the general downward trend and brought investors gains of over 40% in 2022. The ATX started the year at 3,865.31 points and closed at 3,126.39 points.

Interest rates

The hard course taken by the US Federal Reserve was one of the greatest surprises for the financial markets in 2022. The Fed raised its key interest rates by 425 BP in several steps starting in early 2022 to a range of 4.25 to 4.50%, which represents the highest level since 2007. The adjustments included four steps of 75 BP each followed by an increase of 50BP in December 2022. In reaction to the gradual decline in inflation, the Fed recently signalized a reduction in the pace of monetary tightening – but also announced its intention to hold interest rates high for a longer period. Experience shows that interest rate steps only have a delayed effect on the economy. The yield curve has been inverse since July 2022, meaning ten-year treasuries offer a lower yield than two-year securities. In the past, this type of constellation has regularly served as an omen for recession. The Fed began to shorten its balance sheet in June 2022 ("quantitative tightening") as a means of further tightening financial conditions. This resulted in a reduction from the high of USD 8,937 billion in April 2022 to USD 8,551 billion at year-end 2022.

The Euro monetary watchdogs long viewed the high level of inflation as temporary and reversed their monetary course later than the Fed. At its meeting on 21 July 2022, the ECB Council raised Eurozone interest rates for the first time in 11 years. The fourth-rate hike in succession was followed at the December meeting by prospects of further increases in 2023. The interest rate at which banks can borrow money from the ECB rose to 2.50%, i.e. the highest level since December 2007. The deposit rate received by credit institutions for funds parked with the ECB increased to 2.0%. The end of the interest cycle appears to be clearly in the restrictive range and can be expected to remain there for a longer period.

Apart from the interest rate increase, other policies were also tightened: The ECB Council meeting in December approved the start of a balance sheet reduction (QT=Quantitative Tightening) in March 2023 which means not all of the funds from maturing bonds in the ECB portfolio will be reinvested. Specifically, reinvestments from the APP portfolio will decline by roughly EUR 15 billion/month and reduce the total APP volume by EUR 60 billion to approximately EUR 3,195 billion by the end of June. The pace of further actions will be determined at a later time. Repayments from the PEPP Programme (total volume: EUR 1,850 billion) will be reinvested in full, at least up to the end of 2024. The balance sheet is also declining because a growing number of banks are repaying funds from the long-term refinancing operations (TLTROs) which originally totalled EUR 2.2 trillion.

Federal and United States treasury yields rose to a multi-year high in 2022 as a result of the Fed's decisions and rhetoric. The yieds on 10-year federal bonds increased to the highest level since August 2011 with 2.571% on 30 December 2022. As seen over the year, 10-year German federal bonds rose by 275 BP.

Money market interest rates increased during the past year against the backdrop of the expected interest rate increases. The three-month Euribor equalled -0.57% on 3 January 2022 and, since 14 July 2022, i.e. before the ECB interest rate increase, traded in the positive range and closed at 2.132% on 30 December 2022.

Financial credit spreads increased in 2022 in anticipation of rising interest rates and the prevailing uncertainty. The iTraxx Senior Financials 5y traded at 55.06 BP on 3 January 2022 and at 100.183 BP on 30 December 2022.

Currencies and Equity Markets

2022 was a US Dollar year: It brought an increase of 6.2% for the US Dollar over the Euro. The growing energy crisis during the summer led to a decline in the EUR/USD below parity to a 20-year low of 0.9594 in September. The two most important reasons for the EUR/USD development were, on the one hand, the earlier and significantly faster interest rate increases by the Federal Reserve in comparison with the ECB. Along with the dynamic rate hike cycle, the Fed also began to reduce its balance sheet beginning in March 2022. On the other hand, Europe was confronted with greater economic risks in the wake of the Ukraine war and the related increase in energy prices. The strength of the US Dollar was most visible in the first three quarters when it increased by 16% over the Euro. The Euro then recovered substantially during the last quarter of 2022 due to a more optimistic US inflationary outlook, prospects of only a mild recession in Europe and the announcement of a more restrictive monetary policy by the ECB.

The Swiss Franc also confirmed its status as a safe haven for investors during 2022 in view of the growing uncertainty (energy crisis, monetary policies, geopolitics, the further course of the COVID-19 pandemic). In June 2022, the Swiss National Bank (SNB) ended an era in its monetary policy that began in 2015 (the termination of a minimum exchange rate versus the Euro) with negative interest and currency purchases to counter the then undesired upward pressure on the Franc. The SNB raised the key interest rate by 50 BP to 1.00% in December 2022. This new course for SNB monetary policy pushed the EUR/CHF exchange rate below parity. The strength of the Franc can also be attributed to the difference in inflation between the Eurozone and Switzerland. This currency pair closed at 0.9874 on 30 December 2022.

The EUR/GBP opened trading at 0.8384 on 3 January 2022 and closed at 0.8847 on 30 December 2022, for a devaluation of 5%. The increase in interest rates by the ECB beginning in July reduced the interest spread of the British Pound to the Euro. The Bank of England (BoE), which had completed the interest rate shift in December 2021, increased key interest rates by 325 BP in 2022. That represented the strongest increase since 1990. The key interest rate equalled 3.50% at the end of December. Confidence in the British economy was visibly weakened by the government crisis (Johnson-Truss-

Sunak) in autumn 2022. For the United Kingdom, the BoE sees a long economic crisis in the future.

Developments on the stock markets were influenced by both geopolitical and monetary policies in 2022. The combination of Russia's invasion of Ukraine, inflation and interest rate increases by many central banks had a negative effect on exchanges across the world and led to significant intermittent declines for the major global indexes. The new all-time high at the turn of the year 2021/22 was followed by a steady downturn after the outbreak of the war and related concerns over energy supplies and inflation. The most notable market barometers fell to the lowest level at mid-year from their previous all-time high. A summer rally materialized up through mid-August, supported by a better-than-expected second quarter reporting season in Europe and the USA. The leading indexes gained roughly 15%. The announcement of surprisingly high inflation rates for August and September triggered a further sharp downward slide on the markets and led to annual lows in October. Fears of recession and concerns over interest rates were the dominating factors until a slight recovery again took hold on the global stock markets. This upturn was supported by several factors: a solid reporting season in Europe and the USA, a substantial decline in the US inflation rate, China's reversal of the zero COVID-19 policy and an improvement in European confidence monitors. Towards the end of the year, the massive COVID-19 wave in China that followed the easing of restrictions and central bank statements over a continuation of the restrictive monetary policy were responsible for negative effects. The Frankfurt DAX rose substantially during the fourth quarter of 2022, but still closed the 2022 market year with a minus of 12.35%.

Development of the EUR vs. USD and CHF

Development of the Austrian Banking Sector

The Austrian financial sector coped very well with the effects of the COVID-19 pandemic and is seen as robust. The balance sheet total of the Austrian credit institutions has continued to grow and totalled EUR 1,068.6 billion at the end of the third quarter of 2022 (last available data) for an increase of 5.5% over the previous year.

Loans and advances to customers (non-bank) have risen steadily since the beginning of 2018. Momentum increased during the past year, whereby 8.4% more loans were granted quarter-on-quarter in the third quarter of 2022. The increase in yields and price losses on the bond market are also reflected in the development of the position “shares and other variable-yield securities“. This value was lower than the previous year for several quarters in succession, but mid-2022 brought a trend reversal and an improvement of 18.2% over 2021.

Of notable interest is the ongoing strong growth in “other assets“ from the beginning of 2020 to the end of 2021: It reflected the flood of liquidity from the ECB, which led to a substantial rise in overnight deposits with the central bank. This upward trend ended with a correction in 2022 and a quarter-on-quarter decline of 11.3% in the third quarter.

A contrasting position to the high volumes of the deposit facility is the increase in deposits from other banks. Included here are the ECB’s long-term refinancing transactions, which rose substantially during the past two years. The increase in the first half of 2022 was weaker (+3.3% and +8.6%), while double-digit growth was recorded in the third quarter (+10.4%).Deposits from customers (non-bank) rose by 5.0%. The volume of securitized liabilities increased again in 2022, and by an impressive 10.4% in the third quarter (all values versus the previous year). That represents the highest value since the second quarter of 2009.

The earnings position of the Austrian banks improved during 2022, but only at first glance: The increase in operating profit was extraordinarily strong, but net profit declined substantially.

The increase in net interest income has trended upward since the second quarter of 2021 and was 8.5% higher than the comparable prior year period in the third quarter of 2022. Operating income has also risen continuously, recently by 12.0% over the previous year. These factors supported a sound improvement in operating profit to EUR 7,085.3 million in the third quarter of 2022, for an increase of EUR 1,984.6 million, or 38.9%, over the previous year. However, there was a considerable increase in the volume of impairment losses that involved securities and investments as well as provisions for potential credit risks. Profit on ordinary activities was 17.0% lower than the previous year in the third quarter. Net profit as recorded by the Austrian credit institutions totalled EUR 4,415.1 million in the third quarter of 2022 and represents a year-on-year decline of 22.5%.

Explanation of Financial Position, Financial Performance and Cash Flows

The following tables can include rounding differences.

The consolidated financial statements of RLB NÖ-Wien are prepared in accordance with EU Directive (EC) 1606/2002 issued by the Commission on 11 September 2002 in connection with § 245a of the Austrian Commercial Code ("Unternehmensgesetzbuch") and § 59a of the Austrian Banking Act ("Bankwesengesetz") on the basis of the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The consolidated financial statements reflect the legal regulations in effect and applicable as of 31 December 2022. RLB NÖ-Wien also prepares separate financial statements in accordance with the Austrian Banking Act and in connection with the Austrian Commercial Code. The consolidated management report agrees with the consolidated financial statements and presents a true and fair view of the financial position, financial performance and cash flows of RLB NÖ-Wien.

Consolidated operating profit 2022 vs. 2021

€'000	2022	2021	Absolute +/(–) Change	Change in percent
Net interest income	239,301	174,964	64,336	36.8
Net fee and commission income	51,922	56,106	(4,184)	(7.5)
Profit from investments in companies valued at equity	(75,527)	7,569	(83,096)	-
Profit/Loss from investments and financial/non-financial assets and liabilities	9,887	9,736	152	1.6
Other	40,360	29,485	10,875	36.9
Operating income	***265,943***	***277,860***	***(11,917)***	***(4.3)***
Staff costs	(123,809)	(114,254)	(9,556)	8.4
Other administrative expenses	(112,526)	(98,053)	(14,473)	14.8
Depreciation/amortization/write-offs	(15,753)	(14,712)	(1,041)	7.1
Amortization, personnel and operating expenses, depreciation	***(252,088)***	***(227,019)***	***(25,069)***	***11.0***
Group operating income	**13,855**	50,841	**(36,986)**	**(72.7)**

Net interest income rose by 36.8% to EUR 239.3 million in 2022. The following factors were responsible for significant the year-on-year increase:

- The retail business generated sound growth (loans and advances to customers rose by 10.3% in 2022).
- The end of the negative interest environment in the Eurozone had clear positive effects on net interest income, in particular on the deposit business which was heavily influenced in the past by the low-interest climate.

Net interest income in EUR million

Net fee and commission income declined by 7.5% to EUR 51.9 million (2021: EUR 56.1 million). An increase in commission income from payment transactions and brokerage was contasted by higher commission expenses, above all for the management of the cover pool.

Profit/(loss) from investments accounted for at equity totalled EUR -75.5 million in 2022 (2021: EUR 7.6 million). The proportional share of earnings from RBI equalled EUR 800.9 million (2021: EUR 290.0 million). Uncertainty connected with the Russia-Ukraine war led to the recognition of an impairment loss of EUR -879.0 million (2021: EUR -285.0 million) to the carrying amount of the RBI investment. The earnings contribution from Raiffeisen Informatik GmbH & Co KG (R-IT) equalled EUR 6.1 million in 2022 (2021: EUR 2.5 million). In addition, the carrying amount of R-IT was written down by EUR 3.5 million.

Profit/loss from investments and financial/non-financial assets and liabilities totalled EUR 9.9 million in 2022 (2021: EUR 9.7 million). In addition to a substantial improvement in results from the valuation and realization of financial instruments (increase of EUR 6.1 million) and positive deconsolidation results of EUR 9.8 million from the sale of two subsidiaries, this position also includes an exceptional write-down of EUR 15.4 million to intangible assets.

Other operating profit/(loss) improved by EUR 10.9 million to EUR 40.4 million. The increase resulted, above all, from a higher net surplus from real estate investments and services. This position also includes the contribution to the European resolution fund and the deposit insurance fund (EUR 21.7 million; 2021: EUR 21.1 million).

Operating income in EUR million

Personnel expenses amounted to EUR 123.8 million and were EUR 9.6 million higher than the previous year (2021: EUR 114.3 million).

Operating expenses rose from EUR 98.1 million to EUR 112.5 million in 2022, above all due to targeted investments in future projects involving IT and consulting. **Depreciation and amortization** were EUR 1.0 million higher than the previous year at EUR 15.8 million.

General administrative expenses in EUR million

Consolidated net profit recorded by the RLB NÖ-Wien Group declined by EUR 37.0 million to EUR 13.9 million in 2022. This development was based on an improvement in results from the banking business which, however, was reduced by the development of RBI and the related reduction in at-equity results (incl. impairment).

€'000	2022	2021	Absolute +/(–) Change	Change in percent
Group operating income	13,855	50,841	(36,986)	(72.7)
Net impairment loss/reversal of impairment to financial assets	(26,869)	11,393	(38,262)	-
Profit for the period before tax	(13,014)	62,234	(75,248)	-
Income tax	(9,339)	(7,161)	(2,178)	30.4
Net profit/loss for the period	**(22,353)**	55,073	**(77,426)**	-

The **net impairment loss/reversal of impairment to financial assets** amounted to EUR -26.9 million (2021: EUR 11.4 million). The net addition to credit impairment charges totalled EUR -35.0 million, in contrast to releases of EUR 0.1 million in 2021. The effects of the Russia-Ukraine war and the resulting energy market volatility on the financial position of customers were monitored on a regular basis throughout 2022. Individual adjustments were made to the credit standing of customers who were affected to a very strong or strong extent by the Russia-Ukraine war and/or the energy crisis.

Profit before tax amounted to EUR -13.0 million (2021: EUR 62.2 million). After the deduction of income tax expense, **profit after tax** amounted to EUR -22.4 million (2021: EUR 55.1 million).

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

Other comprehensive income of EUR -69.3 million (2021: EUR 33.1 million) leads to total comprehensive income for 2022. The negative balance of other comprehensive income for the reporting year resulted primarily from the negative other comprehensive income from RBI, which is included as part of the at equity consolidation. **Total comprehensive income** for 2022 amounted to EUR -91.7 million (2021: EUR 88.2 million).

Segment Report

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

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

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

The **Retail/ Raiffeisen Association Services Segment** covers the retail banking business in the Vienna branches, which service personal banking, trade and business and self-employed customers. The segment offers various banking products and services for these customer groups, in particular for investments and financing. Private banking teams provide professional advice to high net worth personal banking customers in Vienna, while small and medium-sized businesses are supported by the trade and business teams. This segment recorded pre-tax profit of EUR 15.8 million in 2022, compared with a loss of EUR 2.6 million in the previous year. The average volume of loans and advances rose substantially by 9.0% to EUR 4.0 billion and, in turn, led to an improvement in net interest income. In the deposit business, rising interest rates had a positive effect on net interest income which increased by EUR 33.1 million to EUR 78.8 million 2022 (2021: EUR 45.7 million). Depreciation, amortization, personnel and operating expenses were EUR 11.9 million higher than the previous year at EUR 137.4 million. The additions to impairment allowances totalled EUR 3.4 million, in contrast to reversals of EUR 6.2 million in the previous year.

The **Corporate Clients Segment** recorded pre-tax profit of EUR 51.2 million in 2022 (2021: EUR 96.1 million). A year-on-year increase in the average volume of loans and advances (4.2% resp. EUR 460 million) and the improvement in the deposit business which resulted from the upward trend in interest rates offset the lower margin on loans and advances. Net interest income improved slightly to EUR 132.8 million (2021: EUR 132.5 million). Negative valuation effects of EUR 11.9 million from loans and advances measured at fair value (due to the sharp rise in interest rates during 2022) led to a substantial decline in earnings. The addition to impairment allowances amounted to EUR -24.1 million in 2022 (2021: release of EUR 5.7 million).

The **Financial Markets Segment** generated pre-tax profit of EUR 47.5 million in 2022 (2021: EUR 15.2 million). Net interest income rose by EUR 27.1 million to EUR 70.0 million (2021: EUR 42.9 million). The strong increase in interest rates was responsible for a positive valuation effect of EUR 17.1 million (2021: EUR 7.7 million) to financial assets and liabilities. The investment in R-IT valued at equity, which is allocated to the Financial Markets Segment, recorded results of EUR 2.6 million in 2022 (2021: EUR 2.5 million).

RBI a material investment of RLB NÖ-Wien, reported a pre-tax loss of EUR 123.9 million (2021: loss of EUR -43.5 million). An impairment loss of EUR -879.0 million was recognized in 2022 (2021: EUR -285.0 million).

The **Raiffeisen Association Segment** reported a pre-tax loss of EUR -0.5 million (2021: EUR -0.7 million).

The **Other Investments Segment** recorded profit before tax of EUR 0.5 million (2021: EUR 0.7 million).

The Other Segment includes, above all, a special charge for the subsequent addition to the deposit insurance fund. A pre-tax loss of EUR 3.7 million was recorded in 2022 (2021: EUR -2.9 million).

Consolidated Balance Sheet 2022

The balance sheet total of the RLB NÖ-Wien Group rose by EUR 100.7 million over the previous year to EUR 28,693.0 million as of 31 December 2022. The higher volume of interbank and customer loans and advances was contrasted, in particular, by a decline in deposits with central banks. On the liability side, a lower volume of interbank and customer deposits was contrasted by a substantial increase in issue volumes.

Assets

€m	31/12/2022	31/12/2021	Absolute +/(–) Change	Change in percent
Financial assets measured at amortized cost	23,030	20,138	2,892	14.4
Of which loans and advances to customers	14,891	13,504	1,387	10.3
Of which bonds	4,118	3,636	482	13.3
Of which loans and advances to other banks	4,009	2,987	1,022	34.2
Of which other financial assets	13	12	1	5.5
Financial assets measured at fair value through profit or loss	802	673	129	19.2
Of which trading portfolio	674	542	132	24.3
Of which investments, immaterial shares in subsidiaries and associates	14	9	5	48.3
Of which bonds not held for trading	1	1	0	(15.6)
Of which loans and advances to customers not held for trading	113	120	(7)	(6.0)
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(527)	(52)	(475)	>100.0
Financial assets measured at fair value through other comprehensive income	19	20	0	(2.4)
Investments in companies valued at equity	1,867	2,029	(161)	(8.0)
Other assets	3,502	5,785	(2,283)	(39.5)
Consolidated assets	**28,693**	28,592	**101**	**0.4**

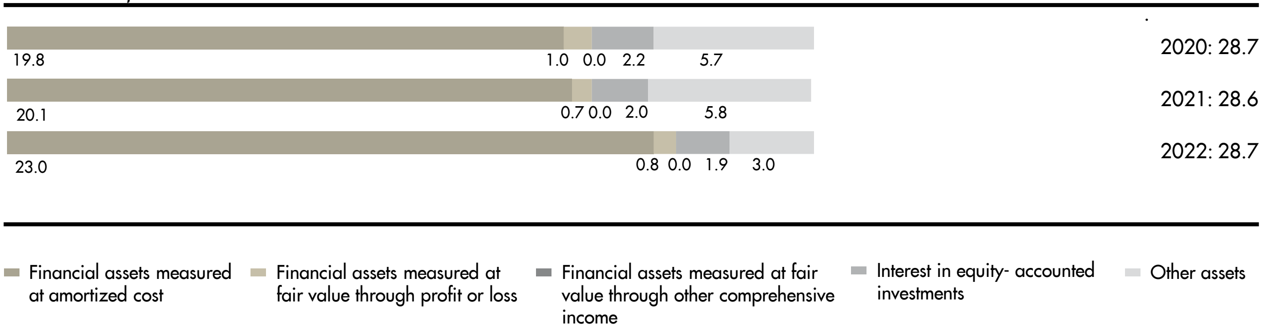
Loans and advances to customers, among others to companies and private persons, rose by EUR 1,387.0 million to EUR 14,890.6 million.

Loans and advances to other banks totalled EUR 4,008.7 million as of 31 December 2022 (31 December 2021: EUR 2,986.5 million), chiefly as the result of higher volumes in the Raiffeisen sector.

The interest in investments in companies valued at equity declined from EUR 2,028.6 million to EUR 1,867.2 million, above all due to the impairment loss recognized to RBI.

Other assets totalled EUR 3,501.6 million at year-end 2022, compared with EUR 5,784.6 million as of 31 December 2021. The year-on-year decline resulted primarily from a substantially lower volume of deposits with central banks (decline in 2022: EUR -2,567.8 million).

Structure of assets on the consolidated balance sheet in EUR billion



Liabilities and Equity

€m	31/12/2022	31/12/2021	Absolute +/(–) Change	Change in percent
Financial liabilities measured at amortised cost	25,468	25,624	(155)	(0.6)
Of which deposits from other banks	9,387	10,449	(1,062)	(10.2)
Of which deposits from customers	8,896	9,088	(192)	(2.1)
Of which securitized liabilities (incl. Tier 2 capital)	7,084	5,986	1,097	18.3
Of which other financial liabilities	101	101	0	0.5
Financial liabilities measured at fair value through profit or loss	343	322	21	6.6
Equity	2,098	2,117	(20)	(0.9)
Other liabilities	784	529	255	48.1
Consolidated equity and liabilities	**28,693**	28,592	**101**	**0.4**

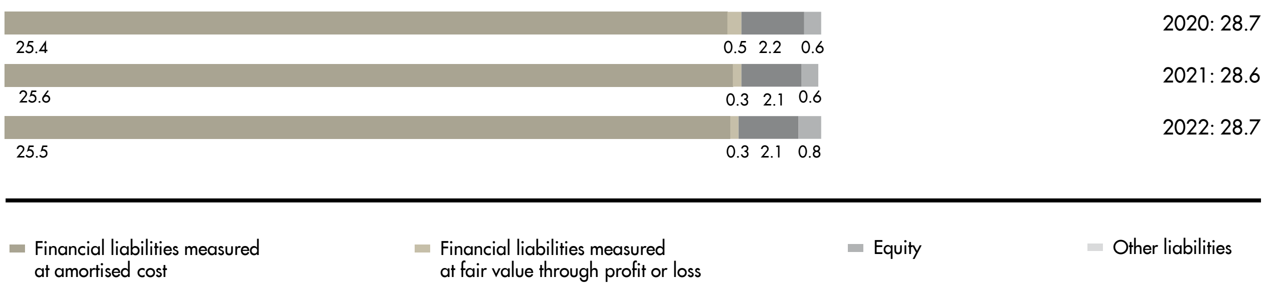
Deposits from other banks amounted to EUR 9,387.3 million as of 31 December 2022. The decline of EUR 1,061.7 million, or 10.2%, below the prior year value of EUR 10,449.0 million resulted mainly from a lower volume of deposits with the Austrian National Bank. A total of EUR 1,030 million from the TLTRO programme was repaid in 2022.

Deposits from customers, including savings deposits, were slightly lower than the previous year at EUR 8,896.2 million.

The total volume of **securitized liabilities, incl. Tier 2 capital,** equalled EUR 7,083.7 million and was EUR 1,097.4 million higher than the previous year due to new issues and replacement investments for maturing securities.

Equity totalled EUR 2,097.8 million as of 31 December 2022 (31 December 2021: EUR 2,117.4 million).

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



Financial Performance Indicators

Performance Ratios

The **Group's cost- income ratio (CIR)** – i.e. the ratio of operating expenses less income from clearing to third parties to operating income (incl. the profit (loss) from financial instrument and associates, and excl. impairment losses) – equalled 18.4% in 2022 (2021: 35.2%). The CIR for the RLB banking business (excluding dividends and refinancing expenses from the RBI investment) equalled 59.8% (2021: 66.3%).

The **Group's return on equity after tax** – i.e. the return on equity based on average equity – equalled -1.1% in 2022 due to the negative results from operations (2021: 2.7%).

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 Art. 72 in connection with Art. 18 of the CRR totalled EUR 2,671.9 million (2021: EUR 2,884.7 million). At 20.0% (2021: 22.2%), the Tier 1 ratio (for comprehensive risk) substantially exceeds the total capital requirement, including the buffer, of 16.36% established by the Supervisory Review and Evaluation Process (SREP). It includes the minimum capital requirement of 8.00% defined by Art. 92 of the CRR as well as an additional capital requirement of 4.80% which was set by the SREP. The capital buffer requirements consist of a systemic risk buffer of 0.50%, the O-SII buffer of 0.50%, the countercyclical capital buffer of 0.06% and a capital conservation buffer of 2.50%.

Own funds comprise the following: The common equity Tier 1 ratio 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 1,684.1 million, various regulatory adjustments of EUR -129.5 million, and the application of IFRS 9 transition guidance of EUR 26.8 million. After deductions of EUR -203.4 million, common equity Tier 1 capital equals EUR 2,410.4 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 2,505.4 million (2021: EUR 2,672.6 million).

Tier 2 capital of EUR 166.4 million (2021: EUR 212.1 million) is based entirely on eligible Tier 2 instruments.

Tier 1 capital as a per cent of eligible capital equalled 93.8% (2021: 92.6%).

The common equity Tier 1 ratio (CET1 ratio) equalled 18.1% as of 31 December 2022 (31 December 2021: 19.9%), and the Tier 1 ratio for the total risk of the Raiffeisen-Holding NÖ-Wien credit institution group equalled 18.8% (2021: 20.6%).

The Internal Control System for the Accounting Process

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

Control Environment

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

The internal control system comprises guidelines and processes which:

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

Risk Assessment

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

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

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

Control Measures

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

Information and Communication

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

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

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

Monitoring

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

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

Risk Report

Detailed information on the financial risks to which the RLB NÖ-Wien Group is exposed and the goals and methods for risk management is provided in the risk report, which represents an integral part of the notes to the consolidated financial statements (Note (32) Risks arising from financial instruments).

Branches and Offices

The branch structure was further optimized in 2022. The personal and business banking customers of RLB NÖ-Wien were serviced at 20 locations throughout Vienna as of 31 December 2022. The Raiffeisen Haus also offered services for the Raiffeisen organization and its employees during the past year, while five customer representative teams were available for business customers. The Raiffeisenhaus on Friedrich Wilhelm-Raiffeisen-Platz 1 in Vienna operated as the service centre for corporate clients in 2022. RLB NÖ-Wien has no branches or offices in foreign countries.

Research and Development

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

Non-financial Performance Indicators

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

Significant Events after the Balance Sheet Date

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

Outlook for 2023

The Economic Environment

The outlook for the global economy has become slightly more encouraging in recent months. The International Monetary Fund (IMF) issued the first upward revision to its forecast for global growth in a year with an increase of 0.2 percentage points to 2.9%. However, growth still remains below the historical average for the past two decades. The world's economy appears to be handling the consequences of the war in Ukraine and continuing high inflation better than originally feared. The IMF does not expect a slip into recession during 2023. Great Britain will apparently be the only G7 economy to contract in 2017. Half of the expected worldwide growth should be generated alone by two large emerging countries – India and China. The USA and the Eurozone will produce only one-tenth of the total growth. Global inflation should slow to 6.6% in the coming year (after 8.8% in 2022).

For the USA, the world's largest economy, the IMF is forecasting year-on-year GDP growth of 1.4% in 2023. The US Federal Reserve continued its series of interest rate hikes on 1 February 2023 and raised the federal funds rate, as expected, by 25 BP to a range of 4.5 to 4.75%. This eighth step in succession increased the key interest rate to the highest level since October 2007. It also marks the smallest increase since March 2022, the start of the monetary tightening phase. The Fed has remained by its so-called guidance, whereby the interest rate adjustments in the coming months should be sufficient to slow inflation to the Fed's 2% target.

The inverse trend of the US yield curve since July 2022 signalizes a significant economic downturn. The market currently sees a "soft landing" for the US economy as well as a further increase of 25 BP in interest rates on 22 March and a trend reversal in interest rates during the second half of 2023.

Average growth in nearly all countries is projected to remain far below the previous year in 2023, with the exception of China. The IMF raised its forecast for the Chinese economy from 4.4% to 5.2% over the previous year. Consumption is seen as the main driver, but the reopening of the Chinese economy after the end of the zero COVID-19 policy is also viewed as an important factor for global demand. Economic recovery in China will also stimulate the demand for oil. Further developments will, however, be negatively influenced by the decline in the Chinese population for the first time since 1961.

Estimates by the IMF point to year-on-year growth of 0.7% for the Eurozone, but with substantial regional differences. Germany will apparently be weaker with a plus of only 0.1% over the reporting year.

The Austrian economic research institutes WIFO and HIS have forecasted a cooling phase and only moderate positive growth for 2023 in their 15 December 2022 report (GDP plus of 0.3% according to WIFO and 0.4% according to IHS, values versus the previous year). Private consumption is expected to remain reserved during the coming months (for 2023, 1.3% versus the previous year according to a WIFO projection) because of the high energy prices. The increase in interest rates has also had a negative effect on consumption and corporate investments. A positive factor is the start of recovery expected for spring 2023 which should provide impulses for both consumption and foreign trade.

The ECB approved the fifth interest rate increase in succession – an adjustment of 50 BP to 3.0% - on 2 February 2023, and a further 50 BP step was signalized for the coming ECB meeting on 16 March 2023. The target for the end of the interest rate cycle is still unclear, but key rates are expected to hold steady at a restrictive level for a longer period. The yield curve should remain inverse throughout 2023.

The ECB Council has not announced any changes in plans to reduce its securities holdings beginning in March 2023. Maturities from the APP will no longer be reinvested in full. The portfolio will be initially reduced by EUR 15 billion each month up to June 2023, while the speed of subsequent reductions will be defined at a later date.

The Fed's decision on 1 February 2023 was followed by a further increase in the Euro versus the US Dollar to over USD 1.10, a rate not seen since April 2022. The markets now apparently view the risk of an energy crisis in Central Europe and a subsequent recession as much lower due to the mild winter. The end of the pandemic-related restrictions in China has also improved the outlook of many European exporters. Pricing reactions by the markets reflect expectations that the Fed will end its interest rate cycle earlier than the ECB and also start to reduce key interest rates before the ECB.

Outlook on the Group's Development

The appointment of Michael Höllerer as the new chairman of Raiffeisen-Holding NÖ-Wien and RLB NÖ-Wien marked the start of a generation change. On 1 March 2023, Claudia Süssenbacher and Roland Mechtler joined the Managing Board. Raiffeisen NÖ-Wien follows a selective growth strategy across all business fields with further steps to focus on absolute customer orientation, growth and innovation.

The expansion of sustainability activities throughout the RLB NÖ-Wien Group will continue, also in view of the new reporting requirements.

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

The bank:

The ECB's fight against rising inflation in the Eurozone was reflected in a first increase of 50 basis points in the key interest rate during July, a step that ended the low interest policy after more than six years. Further interest rate increases followed. Record inflation subsequently led the ECB to raise the key interest rate to 3.0% in February 2023. The ECB's medium-term inflation target of 2.0% remains intact. Similar to the effects in 2022, the increase in interest rates is also expected to have a positive effect on net interest income for RLB NÖ-Wien in 2023.

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. 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 solutions will also be developed in the retail segment to support the position of RLB NÖ-Wien as a regional partner for customers. This growth course will further strengthen the bank's earnings position.

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. 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.

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 for the 2023 financial year based on currently available information and the previously described, stagnating economic outlook. RLB NÖ-Wien can, however, rely on the stable foundation of a forward-looking and circumspect risk policy.

Inflation appears to have peaked. After an average inflation rate of 8.5% in 2022, the research institutions are forecasting a decline to 6.5 to 6.7% in 2023. Measures to cushion the effects of cost increases are evaluated regularly.

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 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 2022 financial year reflect the major effects of this war on the development of the enterprise value of RBI. In spite of the sound development of the operating business, the recognition of a substantial impairment loss to the carrying amount of RBI 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, the interest and commission income from operations is expected to reflect a normalised level in 2023. The amount of possible further impairment losses depends primarily on the future development of the situation as well as the development of earnings and the Russian Rubel.

Current uncertainties are reflected in the continuous evaluation and appraisal of the information and situation by the Management 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, 20 March 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 FINANCIAL STATEMENTS (IFRS) 2022

Consolidated Statement of Comprehensive Income

Consolidated Income Statement

€'000	Notes	01/01 - 31/12/2022	01/01 - 31/12/2021
Net interest income	(1)	239,301	174,964
Interest income calculated according to the effective interest method		380,668	288,682
Interest income not calculated according to the effective interest method		63,275	87,792
Interest expense calculated according to the effective interest method		(150,671)	(119,129)
Interest expense not calculated according to the effective interest method		(53,971)	(82,380)
Net fee and commission income	(2)	51,922	56,106
Fee and commission income		92,240	91,334
Fee and commission expenses		(40,318)	(35,228)
Dividend income	(3)	1,974	1,569
Profit from investments in companies valued at equity	(4)	(75,527)	7,569
Depreciation, amortization, personnel and operating expenses	(5)	(252,088)	(227,019)
Profit/Loss from financial assets and liabilities	(6)	15,086	9,026
Of which profit/loss from derecognition of financial assets measured at amortized cost		224	104
Profit / loss from investments and non-financial assets	(7)	(5,199)	710
Net impairment loss/reversal of impairment to financial assets	(8)	(26,869)	11,393
Other operating profit/loss	(9)	38,386	27,917
Other operating income		69,053	47,707
Other operating expenses		(38,408)	(30,593)
Addition to or release of provisions		7,741	10,802
Profit for the period before tax		**(13,014)**	62,234
Income tax	(10)	(9,339)	(7,161)
Profit for the period after tax		**(22,353)**	55,073
Of which attributable to non-controlling interests		3	8
Of which attributable to equity owners of the parent		(22,357)	55,065

Transition to Consolidated Comprehensive Income

€'000	Notes	01/01 - 31/12/2022	01/01 - 31/12/2021
Profit for the period after tax		*(22,353)*	*55,073*
Items that will not be reclassified to profit or loss in later periods		***17,864***	*9,570*
Remeasurement of defined benefit pension plans	(28)	5,375	5,244
Fair value changes in equity instruments (through other comprehensive income)	(31)	(660)	91
Deferred taxes on items not reclassified to profit or loss	(22)	(389)	(656)
Proportional share of other comprehensive income from investments in companies valued at equity	(31)	13,538	4,890
Items that may be reclassified to profit or loss in later periods		***(87,212)***	*23,530*
Proportional share of other comprehensive income from investments in companies valued at equity	(31)	(87,212)	23,530
Other comprehensive income		***(69,349)***	*33,100*
Consolidated comprehensive income		**(91,702)**	88,173
Of which attributable to non-controlling interests		3	8
Of which attributable to equity owners of the parent		(91,705)	88,166

Consolidated Balance Sheet

Assets, €´000	Notes	31/12/2022	31/12/2021
Cash, cash balances at central banks and other demand deposits	(11)	2,504,570	5,188,041
Financial assets held for trading	(12)	674,177	542,368
Derivatives		400,943	309,519
Other trading assets		273,234	232,849
Non-trading financial assets mandatorily measured at fair value through profit or loss	(13)	127,782	130,502
Financial assets measured at fair value through other comprehensive income	(14)	19,110	19,577
Financial assets measured at amortized cost	(15) (16)	23,030,143	20,138,284
Bonds		4,118,147	3,636,067
Loans and advances to other banks		4,008,682	2,986,534
Loans and advances to customers		14,890,552	13,503,583
Other financial assets		12,762	12,100
Derivatives - hedge accounting	(17)	679,100	315,002
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(18)	(526,983)	(51,651)
Investments in companies valued at equity	(19)	1,867,191	2,028,649
Property, Plant and Equipment	(20)	134,575	117,075
Investment property	(20)	1,370	1,529
Intangible assets	(21)	6,910	20,155
Tax assets	(22)	10,372	19,210
Current tax assets		5,553	2,427
Deferred tax assets		4,819	16,783
Other assets	(23)	164,659	123,555
Total		**28,692,978**	28,592,295

Equity and Liabilities, €´000	Notes	31/12/2022	31/12/2021
Financial liabilities held for trading - derivatives	(24)	342,783	321,626
Financial liabilities measured at amortized cost	(25)	25,468,297	25,623,761
Deposits from other banks		9,387,312	10,449,047
Deposits from customers		8,896,230	9,087,847
Securitized liabilities		7,083,708	5,986,274
Other financial liabilities		101,048	100,594
Derivatives - hedge accounting	(26)	821,183	340,817
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(27)	(201,925)	0
Provisions	(28)	101,626	110,212
Tax liabilities	(29)	18,682	22,822
Other liabilities	(30)	44,546	55,612
Equity	(31)	2,097,785	2,117,445
Attributable to non-controlling interests		37	52
Attributable to equity owners of the parent		2,097,748	2,117,394
Total		**28,692,978**	28,592,295

Consolidated Statement of Changes in Equity

€'000	Attributable to equity holders of the parent							
	Subscribed capital	Capital reserves	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 at 01/01/2021	*219,789*	*556,849*	*1,758,085*	*0*	*(508,012)*	*2,026,712*	*46*	*2,026,758*
Consolidated comprehensive income	0	0	55,065	0	33,100	88,165	8	88,173
Net profit/loss for the period	0	0	55,065	0	0	55,065	8	55,073
Other comprehensive income	0	0	0	0	33,100	33,100	0	33,100
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	2,516	0	0	2,516	0	2,516
Other changes	0	0	0	0	0	0	8	8
Equity at 31/12/2021	**219,789**	**556,849**	**1,815,667**	**0**	**(474,912)**	**2,117,394**	**52**	**2,117,445**
Equity 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	(22,357)	0	(69,349)	(91,705)	3	(91,702)
Net profit/loss for the period	0	0	(22,357)	0	0	(22,357)	3	(22,353)
Other comprehensive income	0	0	0	0	(69,349)	(69,349)	0	(69,349)
Capital increases	0	0	0	76,000	0	76,000	0	76,000
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	(4,077)	0	0	(4,077)	0	(4,077)
Changes in the scope of consolidation	0	0	0	0	136	136	(8)	128
Equity at 31/12/2022	**219,789**	**556,849**	**1,789,233**	**76,000**	**(544,125)**	**2,097,748**	**37**	**2,097,785**

Consolidated Cash Flow Statement

€'000	Notes	01/01 - 31/12/2022	01/01 - 31/12/2021
Profit for the period after tax		***(22,353)***	***55,073***
Write-downs (+)/writeups (-) of property and equipment and measurement of financial assets and equity investments		431,931	135,247
Profit from investments in companies valued at equity	(4)	75,527	(7,569)
Release of/addition to provisions and impairment allowances		16,693	(23,760)
(Gains)/losses on disposals of property and equipment and financial investments		3,214	1,118
Reclassification of net interest income, dividends and income taxes		(241,693)	(169,372)
Other adjustment (net)		(3,987)	(8,935)
Subtotal before change in assets/liabilities (operating)		***259,331***	***(18,198)***
Other demand deposits		120,733	(74,677)
Financial assets held for trading		(169,280)	259,597
Financial assets measured at fair value through profit or loss		7,154	9,880
Financial assets measured at amortized cost		(2,393,606)	(233,212)
Derivatives - hedge accounting		357,523	4,411
Other assets		(41,199)	(10,366)
Financial liabilities held for trading - derivatives		47,838	(162,308)
Financial liabilities measured at amortized cost		(179,611)	272,468
Other provisions		(8,082)	(18,557)
Other liabilities		(9,643)	4,624
Interest received		488,145	406,857
Dividends received		10,315	213,814
Interest paid		(210,927)	(216,828)
Income taxes paid		(4,750)	5,028
Cash flow from operating activities		***(1,726,058)***	***442,532***
Cash receipts from sales of financial investments		596,704	201,697
Cash receipts from sales of equity investments		0	3
Cash receipts from sales of property and equipment and intangible assets		434	444
Cash receipts from the sale of subsidiaries, less cash and cash equivalents		10,203	0
Cash paid for financial investments		(1,477,305)	(368,047)
Cash paid for property and equipment and intangible assets		(30,916)	(16,388)
Cash flow from investing activities		***(900,880)***	***(182,290)***
Capital increases		76,000	0
Cash inflows from Tier 2 capital	(25)	77,159	2,012
Cash outflows from Tier 2 capital	(25)	(78,971)	(70,275)
Repayments from lease liabilities	(25)	(10,545)	(9,461)
Dividends paid		(10)	(10)
Cash flow from financing activities		***63,632***	***(77,734)***

€'000	Notes	01/01 - 31/12/2022	01/01 - 31/12/2021
Cash and cash equivalents at end of previous year	(11)	*2,847,153*	*2,664,614*
Cash flow from operating activities		(1,726,058)	442,532
Cash flow from investing activities		(900,880)	(182,290)
Cash flow from financing activities		63,632	(77,734)
Effect of exchange rate changes and other effects		11	31
Cash and cash equivalents at end of year	(11)	**283,858**	2,847,153

Notes

The Company

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

RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung (Raiffeisen-Holding NÖ-Wien) holds 100% (2021: 100%) of RLB NÖ-Wien. The consolidated financial statements of Raiffeisen-Holding NÖ-Wien are filed with the company register in accordance with Austrian disclosure regulations and also published in the Raiffeisen newspaper.

RLB NÖ-Wien is a modern regional and commercial bank located in eastern Austria which serves as the leading institution for the 44 Lower Austrian Raiffeisen banks. RLB NÖ-Wien traditionally concentrates on the Austrian capital, above all in keeping with the motto “Raiffeisen in Wien. Meine Stadtbank.“, while the local independent Raiffeisen banks represent the leading banking group in the province of Lower Austria.

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

Principles of Accounting under IFRS

Principles

The consolidated financial statements for the 2022 financial year, including the comparative data for 2021, were prepared in accordance with EU Directive (EC) No. 1606/2002 issued by the Commission on 11 September 2002 in connection with § 245a of the Austrian Commercial Code and § 59a of the Austrian Banking Act in the version applicable as of the respective balance sheet date. All International Financial Reporting Standards (IFRS) and IFRIC interpretations that were adopted by the EU and required mandatory application were applied in preparing the consolidated financial statements.

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

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

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

Scope of consolidation

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

As of 31 December 2022, the scope of consolidation, excluding RLB NÖ-Wien as the parent company, comprised 10 (2021: 12) fully consolidated companies. The registered headquarters of all Group companies are located in Austria.

The shares in RAIFFEISEN IMMOBILIEN VERMITTLUNG GES.M.B.H and Raiffeisen Vorsorge Wohnung GmbH were sold by RLB NÖ-Wien to Raiffeisen-Holding NÖ-Wien based on a share deal for a purchase price of TEUR 10,206 through a contract dated 12 December 2022. The RLB NÖ-Wien Group deconsolidated both companies as of 31 December 2022. These sale transactions led to deconsolidation results of TEUR 9,758, which are reported under "Profit/loss from investments and non-financial assets" (see Note (7)).

The balance sheet date for all companies included in the consolidated financial statements through full consolidation or at equity is 31 December 2022, with the exception of the subsidiary NAWARO ENERGIE Betrieb GmbH. This company has a balance sheet date of 31 March but is also consolidated as of 31 December.

The scope of consolidation did not include any financial statements prepared in a foreign currency. A list of consolidated companies, entities valued at equity and other equity investments is provided in the Overview of Equity Investments in Note (57) to Note (60).

Basis of consolidation

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

Investments accounted for at equity

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

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

Significant Accounting Policies

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In accordance with IFRS 9, all financial instruments must be recognized on the balance sheet and measured at their fair value as of the acquisition date. The fair value of financial instruments which are not classified at fair value through profit or loss also includes the transaction costs applicable to the purchase (addition) or issue (deduction). Fair value is “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date” (IFRS 13). It represents a market-based valuation; the fair value for listed financial instruments corresponds to the market price. In the absence of an active market, standard market valuation methods based on observable data are used for measurement. Market prices are used to determine the fair value of listed products, while near-market prices (Bloomberg, Reuters) are used for non-listed products. In cases where observable input factors are not available, fair value is based on the assumptions, including the assumptions for risks, which market participants would use in pricing the financial instrument. The determination of fair value also includes the future cash flows from a financial instrument, which are discounted by means of financial methods and the interest rate curve applicable to the valuation date. Additional details on the determination of fair value are provided in Note (35) Fair value of financial instruments.

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

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

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

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

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

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

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

- “Hold to collect“: the objective is to collect contractual cash flows over the term of the financial instrument
- “Hold to collect and sell“: the objective is to collect contractual cash flows and to sell the financial instrument (not used by RLB NÖ-Wien in 2021 or 2022)

- “Other“: the objective is not to collect contractual cash flows, but to realize the fair values.

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

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

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

Financial assets held for trading

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

Initial recognition and subsequent measurement are based on fair value, with any changes in fair value reported on the income statement under profit/loss from financial assets and liabilities. The interest result attributable to these financial instruments is reported under net interest income.

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

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

Financial assets measured at fair value through profit or loss

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

RLB NÖ-Wien did not use this classification option in 2021 or 2022.

Financial assets measured at fair value through other comprehensive income

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

RLB NÖ-Wien did not use the “hold to collect and sell“ business model in 2021 or 2022 and, therefore, only reports equity instruments under this balance sheet position. These assets are initially recognized and subsequently measured at fair value, whereby changes are recorded to other comprehensive income and not reclassified to the income statement.

Financial assets measured at amortized cost

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

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

Modifications to the contractual cash flows of financial instruments

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

Risk provisions

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

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

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

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

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

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

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

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

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

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

In accordance with IFRS 9.5.5.1, impairment allowances are calculated for all financial assets classified at amortized cost according to IFRS 9.4.1.2 or at fair value through other comprehensive income according to IFRS 9.4.1.2A. This applies to on-balance sheet as well as off-balance sheet items. The amount of the impairment allowance is calculated in accordance with IFRS 9.5.5.1. based on the expected credit loss (ECL) approach and, for credit-impaired positions (Stage 3) as defined in IFRS 9 B5.5.33, equals the difference between the carrying amount and the present value of the expected future cash flows. All credit-impaired loans and advances to significant customers are measured at the individual financial instrument level with a discounted cash flow method. Credit-impaired loans and advances to non-significant customers are measured on the basis of a model, whereby the amount of the loss allowance is determined by the unsecured exposure (EAD, exposure at default) and a loss ratio that is dependent on the default period (LGD, loss given default). Impairment losses for financial instruments which are not in default are calculated on the basis of the ECL for Stage 1 (no significant increase in the default risk since initial recognition) or on the basis of the lifetime ECL for Stage 2 (a significant increase in the default risk since initial recognition). The applied point-in-time (PiT) models use historical as well as future-oriented information. All models are monitored regularly and validated annually. The results of the validation are translated into an action plan which is approved by management and subsequently implemented. This can lead to the adjustment of the models within the framework of the applicable modelling logic.

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

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

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

Derivatives and hedge accounting

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

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

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

- Fair value hedge on a micro-hedge basis:

The procedure applied to a micro-fair value hedge used by RLB NÖ-Wien involves the measurement at amortized cost of an existing asset or obligation (the "underlying") classified under financial assets or liabilities and the hedging of the respective fair value against changes which could result from a specific risk and have an effect on profit or loss. The derivative used as the hedging instrument is measured at fair value, with any changes in this fair value recognized to profit or loss. The carrying amount of the underlying is adjusted through profit or loss based on the measurement results attributable to the hedged risk (basis adjustment). The hedge relationships are formally documented, assessed as of the balance sheet date and classified as highly effective. In other words, it can be assumed that – over the entire term of the hedge – changes in the fair value of a hedged underlying will be almost entirely offset by a change in the fair value of the hedging instrument. Hedge accounting is only terminated prospectively when the requirements for the effectiveness of the hedge, also after a possible recalibration, are no longer met.

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

- Fair value hedge on a portfolio hedge basis:
  The portfolio fair value hedge accounting applied by RLB NÖ-Wien is designed to hedge the fair value of a portfolio of financial assets or financial liabilities against interest rate risk.

  The procedure involves the modelling of a synthetic underlying, which is based on the total of fixed interest underlying transactions not hedged on a micro basis, and comparison with corresponding hedging derivatives. Interest rate swaps serve as the hedging instruments.

  Variable financial instruments with embedded floors are also exposed to fixed interest risks. These risks materialize when interest rates increase above or fall below the defined limits. Sold floors are used as hedging instruments in these cases.

  The fair value change in the synthetic underlying which is attributable to the hedged risk is reported under "fair value changes in the underlying transactions for portfolio hedges of interest rate risks". The derivatives used as a hedging instruments are measured at fair value. Changes in the value of the hedge and underlying are offset on the income statement under "profit/loss from financial assets and liabilities" (see Note (6)). The effectiveness of hedges is demonstrated by prospective and retrospective effectiveness tests at regular intervals. The hedge relationships are terminated and restarted on a monthly basis as part of the applied portfolio hedge process. The amortization of the basis adjustment from the monthly reversal and the value changes resulting from reductions in the remaining term are recorded under net interest income.

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

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

  RLB NÖ-Wien held no active cash flow hedges during the 2021 or 2022 financial year. The cash flow hedge reserve from these types of terminated hedges will be released through profit or loss over the remaining term of the hedged variable receivables and liabilities, i.e. it will be reversed to profit and loss in the periods in which the cash flows from the hedged item influence operating results (IFRS 9.6.5.12). All cash flow hedge reserves from hedges terminated in previous financial years were fully amortized during the previous year.

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

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

Additional details on the risk management strategy and hedge accounting are provided under Note (32) Risks arising from financial instruments (risk report), Note (33) Hedge accounting and Note (34) Interest Rate Benchmark Reform.

Classes of financial instruments (IFRS 7)

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

- Cash on hand, deposits with central banks and demand deposits
- Financial assets held for trading
  - Derivatives
  - Other trading assets – equity instruments
  - Other trading assets – debt instruments (bonds)
- Financial assets not held for trading, mandatory measurement at fair value
- Financial assets measured at fair value through profit or loss (not used as of 31 December 2021 or 2022)
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at amortized cost
  - Debt instruments (bonds)
  - Loans and advances
- Derivatives - hedge accounting

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

Liabilities are grouped under the following classes:

- Financial liabilities held for trading
  - Derivatives
  - Other trading liabilities (not used as of 31 December 2021 or 2022)
- Financial liabilities measured at fair value through profit or loss (not used as of 31 December 2021 or 2022)
- Financial liabilities measured at amortized cost
  - Deposits
  - Securitized liabilities
- Derivatives - hedge accounting

The classes of financial instruments listed under liabilities were measured at amortized cost as of 31 December 2022, with the exception of derivatives.

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

Property and equipment and intangible assets

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

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

Intangible assets consist primarily of software. The Group holds no goodwill or internally generated intangible assets. Rights of use for land and buildings, automobiles and other tangible assets are also recorded under this position, whereby the useful lives are as follows:

Useful life	Years	in %
Intangible assets	2 - 15	6.7 - 50.0
Buildings	1.5 - 50	2.0 - 66.7
Technical equipment and machinery	2 - 20	5.0 - 50.0
Office furniture and equipment	1.5 - 13	7.7 - 66.7
Right of use assets	1 - 36.5	2.7 - 100.0
Investment property	15 - 67	1.5 - 6.7

Investment property

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

Other assets

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

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

Financial liabilities

Financial liabilities are measured at amortized cost – with the exception of items classified as financial liabilities held for trading. The financial liabilities classified as held for trading as of 31 December 2022 consisted entirely of negative fair values from derivatives outside of hedges.

Accrued interest is allocated to the respective liability item. Differences are accrued and distributed over the term of the instrument according to the effective interest method and reported under net interest income.

Deposits

Targeted Longer-Term Refinancing Operations from the ECB (TLTRO III), which are available on the market as a form of collateralized refinancing, are reported under deposits from other banks and recorded by RLB NÖ-Wien as financial instruments in accordance with IFRS 9. The bank believes the terms of the TLTRO III programme do not provide it with any significant market advantages because the ECB views these refinancing instruments as a separate market as part of its monetary policy.

The TLTRO III represents a variable interest liability. Any increase or decrease in interest rates by the ECB would be reflected in an adjustment of the effective interest rate (IFRS 9B5.4.5.).

IFRS 9.B5.4.6 is applied to any other changes in estimates (e.g. with regard to the term). In this case, the carrying amount is adjusted to reflect the current estimates and the effective interest rate remains unchanged.

Securitized liabilities

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

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

RLB NÖ-Wien did not utilize the option to classify financial liabilities measured at fair value through profit or loss in 2022.

Other financial liabilities

This position includes lease liabilities which result primarily from the capitalization of rights of use from motor vehicles and real estate leases.

Other liabilities

Other liabilities comprise liabilities that do not result from a core banking relationship as well as liabilities from other taxes and duties, deferred income and miscellaneous payables. This position also includes open billings from the operating business which were settled after the closing date on 31 December 2022.

Provisions

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

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

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

- Defined contribution plans:

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

- Defined benefit plans:

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

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

The company is required to pay termination benefits to employees who joined the company up to and including 2002. In addition, the company is required to pay termination benefits in accordance with the collective agreement for salaried employees in the Raiffeisen organization's auditing associations and provincial banks and in accordance with individual contractual commitments. The termination benefit obligations for employees who joined the company after 1 January 2003 are transferred to an employee benefit fund based on a defined contribution system. The company makes contributions to the employee benefit fund based on legal requirements, and the obligation ends with these contributions.

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

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

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

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

The actuarial parameters used to calculate provisions for termination and post-employment benefits are described in detail under note (28) Provisions.

Income tax

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

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

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

The Austrian Parliament passed the Eco-social Tax Reform Act in January 2022. It reduces the corporate tax rate applicable in Austria from the current level of 25% to 24% in 2023 and to 23% in 2024. In accordance with the group tax and transfer agreement, changes in the corporate tax rate lead to a proportional adjustment of the positive and negative tax charge. The reduction in the tax rates beginning in 2023 was reflected in the calculation of deferred taxes as of 31 December 2022.

A surplus of taxable temporary differences was valued at the highest tax rate applicable to positive tax charges (i.e., 24% in 2023 and 23% beginning in 2024). In the event deductible temporary differences exceeded the taxable temporary differences, all temporary differences were valued at the rate for negative charges (i.e. 12% in 2023 and 11.5% beginning in 2024).

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

The valuation reserves included under equity (fair value OCI reserve and IAS 19 reserve) are also adjusted to reflect the proportional share of deferred taxes (also see Note (31) Equity). Deferred tax claims and deferred tax obligations are recorded under deferred tax assets or deferred tax liabilities. Current and deferred income-based taxes are reported on the income statement under income tax, while non-income-based taxes are reported under other operating profit/(loss). Deferred taxes are not discounted.

Repo transactions

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

A reverse repo transaction involves the purchase of an asset with a parallel commitment to sell the asset measured at a future date in return for payment. These types of transactions are reported on the balance sheet as financial assets measured at amortized cost. Interest expense on repo transactions and interest income from reverse repo transactions are accrued over the applicable term and reported under net interest income.

Under "non-genuine" or "pseudo" repo transactions, the seller is required to repurchase the asset, but does not have the right to demand its return. The buyer has the sole right to decide over the return transfer of the asset. This right to retransfer the asset represents a put option for the buyer, in which the seller acts as the writer of the option. If the put option is deeply in the money, the seller does not derecognize the securities because the related opportunities and risks are retained. If the put option is deeply out of the money, repurchase is highly unlikely and the security must be derecognized. If the put option is neither deeply in nor out of the money, an assessment must be made as to whether the transferring company (seller) continues to retain control over the asset. If the security is traded on an active market, the transfer of control can be assumed and the security is derecognized. Financial assets that are not traded on an active market remain on the seller's balance sheet. Details can be found in Note (42).

Securities lending

This type of transaction involves the transfer of securities by a lender to a borrower with the obligation to retransfer the same type, quality and volume of securities at the end of the agreed term or on termination of the agreement. The principles for genuine repo transactions apply analogously to securities lending transactions. The loaned securities remain on the lender's balance sheet and are measured in accordance with IFRS 9. Borrowed securities are neither recognized nor measured. Details can be found in Note (42).

Fiduciary activities

Transactions involving the management or placement of assets for third party accounts are not recognized on the balance sheet. Commission payments arising from such transactions are reported under net fee and commission income. Details can be found in Note (44).

Leasing

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

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

Cash flow statement

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

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

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

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

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

Details on the reconciliation of cash and cash equivalents to the balance sheet position "cash, cash balances at central banks and other demand deposits" are provided in Note (11). Details on the reconciliation of Tier 2 capital and lease liabilities as of 31 December 2021 and 31 December 2022 are reported separately according to cash and non-cash changes (see Note (25)).

Foreign currency translation

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

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

Judgments and estimates

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

The exercise of judgment by management in applying the various accounting policies is also based on the goal defined for the consolidated financial statements, which is to provide meaningful information on the company's asset, financial and earnings positions as well as changes in the asset and financial positions.

Judgments and estimates are used primarily in the determination of the fair value of financial instruments, the recognition of impairment allowances for future credit default cases and interest rebates, and the creation of provisions for pensions, termination benefits and similar obligations. They are also used in the recognition and measurement of deferred tax assets, the determination of discounted cash flows in connection with impairment testing, the determination of the useful life of non-current assets and the recognition of leases in accordance with IFRS 16.

Fair value of financial instruments

The fair value of financial instruments that are not traded on an active market is established with a valuation method or pricing model. In general, valuation methods and models involve estimates that are dependent on the instrument's complexity and the availability of market-based data. The valuation categories and valuation models are described in the section on financial instruments. Additional information is provided in Note (35) Fair value of financial instruments.

Risk allowances for credit default cases and interest rebates

Financial assets measured at amortized cost are tested for impairment as of each balance sheet date to determine whether the recognition of an impairment loss through profit or loss is required. In particular, this testing is intended to determine whether there is objective evidence of impairment due to loss events that occurred after initial recognition. The determination of the amount of the risk allowance also requires estimates for the amount and timing of future cash flows. A more detailed description and presentation of the risk allowances is included in the following Notes (8) Net impairment loss/reversal of impairment to financial assets, (16) Risk provisions and (32) Risks arising from financial Instruments (Risk Report).

Provisions for pensions, termination benefits and similar obligations

The costs of defined benefit plans are determined by actuarial methods. The actuarial valuation is based on assumptions for the discount rates, the future level of salaries, the theoretical retirement age, life expectancy and future increases in pensions. The assumptions and estimates used to calculate the long-term employee benefit obligations are explained in the section on provisions. Quantitative information is provided in Note (28) Provisions.

Non-financial assets

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

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

Deferred tax assets

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

Deferred taxes are not shown separately on the income statement. Details are provided in Notes (10) Income taxes, (22) Tax assets and (29) Tax liabilities and on the consolidated statement of changes in equity.

New standards and interpretations

The following new or revised standards and interpretations are effective for financial years beginning on or after 1 January 2022 and were applied for the first time in preparing these consolidated financial statements:

New Provisions		**Within the EU, mandatory application for financial years effective from**
Amendments to Standards		
IAS 16	Property, Plant and Equipment	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
IFRS 3	Business Combinations	1 January 2022
Various	Improvements to International Financial Reporting Standards, Cycle 2018-2020 (IFRS 1, IFRS 9, IFRS 16, IAS 41)	1 January 2022

Improvement to international Financial Reporting Standards, Cycle 2018-2020 (IFRS 9)

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

Other changed standards and interpretations

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

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

New Provisions		According to IASB, mandatory application for financial years effective from*	EU Endorsement	Effects on the consolidated financial statements
New standards and interpretations				
IFRS 17	Insurance Contracts	1 January 2023	19 November 2021	No
Amendments to Standards				
IAS 1	Classification of liabilities as current or non-current	1 January 2024	Open	No
IAS 1	Presentation of financial statements	1 January 2023	2 March 2022	No
IAS 1	Classification of liabilities as current or non-current - condition	1 January 2024	Open	No
IAS 8	Definition of accounting-based estimates	1 January 2023	2 March 2022	No
IAS 12	Income Taxes	1 January 2023	11 August 2022	No
IFRS 16	Leases	1 January 2024	Open	No
IFRS 17	Insurance Contracts	1 January 2023	8 September 2022	No

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

IFRS 17 (Insurance Contracts)

IFRS 17 regulates the principles for the initial recognition, measurement and reporting of insurance contracts which fall under the scope of application of this standard. The goal of IFRS 17 is to provide relevant information by the reporting company and, in that way, lead to a transparent presentation of insurance contracts. This information is intended to provide financial statement users with a better basis for evaluating the effects of insurance contracts on the asset, financial and earnings positions as well as the cash flow of a company. This standard has no effect on RLB NÖ-Wien.

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 divided as follows:

- The segments are presented as follows in accordance with IFRS 8.

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

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

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

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

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

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

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

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

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

- The Raiffeisen Bank International Segment comprises the earnings contribution from RBI, incl. allocated refinancing and administrative costs. It also includes the investment in the RBI Group valued 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 positions.

01/01 - 31/12/2022, €'000	Retail/Raiffeisen Association Services	Corporate Customers	Financial Markets	RBI	Raiffeisen Association	Other equity investments	Other	Total
Net interest income	78,800	132,808	69,979	(41,978)	(141)	(166)	0	239,301
Net fee and commission income	54,798	14,183	(20,602)	0	3,543	0	0	51,922
Dividend income	684	450	0	0	0	840	0	1,974
Profit from investments in companies valued at equity	0	0	2,623	(78,150)	0	0	0	(75,527)
Depreciation, amortization, personnel and operating expenses	(137,351)	(61,053)	(21,277)	(2,653)	(29,361)	(393)	0	(252,088)
Profit/Loss from financial assets and liabilities	2,143	(12,355)	23,584	0	1,714	0	0	15,086
Profit / loss from investments and non-financial assets	1,747	(3,589)	(1,397)	(174)	(1,928)	141	0	(5,199)
Net impairment loss/reversal of impairment to financial assets	(3,396)	(24,115)	642	0	0	0	0	(26,869)
Other operating profit/loss	18,410	4,914	(6,053)	(927)	25,645	59	(3,662)	38,386
Profit for the period before tax	**15,835**	**51,243**	**47,499**	**(123,882)**	**(528)**	**481**	**(3,662)**	**(13,014)**
Income tax	(836)	(236)	0	3	0	(20)	(8,250)	(9,339)
Profit for the period after tax	**14,999**	**51,007**	**47,499**	**(123,879)**	**(528)**	**461**	**(11,912)**	**(22,353)**
Av. allocated capital (in EUR mill.)	273	770	586	464	0	15	0	2,108
Return on equity before tax	5.8%	6.7%	8.1%	-	-	3.2%	-	-
Return on equity after tax	5.5%	6.6%	8.1%	-	-	3.1%	-	-
Cost/Income Ratio (incl. at equity)	86.0%	45.5%	29.8%	0.3%	> 100%	37.5%	-	18.4%

The comparative prior year data are as follows:

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

Details on the Consolidated Income Statement

(1) Net interest income

€'000	01/01 - 31/12/2022	01/01 - 31/12/2021
Interest income		
Financial assets held for trading	60,217	84,904
Non-trading financial assets mandatorily measured at fair value through profit or loss	3,058	2,888
Financial assets measured at amortized cost	313,602	239,462
Of which from derivatives - hedge accounting, interest rate risk	(42,161)	(55,569)
Other assets	35,984	2,994
Negative interest from liabilities	31,083	46,225
Total interest income	***443,943***	*376,474*
Interest expenses		
Financial liabilities held for trading - derivatives	(53,971)	(82,380)
Financial liabilities measured at amortized cost	(106,829)	(73,481)
Of which from derivatives - hedge accounting, interest rate risk	66,197	69,041
Other liabilities	(23,612)	(10,042)
Negative interest from financial assets	(20,230)	(35,606)
Total interest expenses	***(204,642)***	*(201,509)*
Net interest income	**239,301**	174,964

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 is included under interest income and reported under net interest income. The interest income and expenses from derivatives in hedge accounting are allocated to the respective underlying transaction to appropriately present the economic connection. Interest income includes interest income of TEUR 7,148 (2021: TEUR 5,450) from Stage 3 impairment-adjusted loans and advances to customers and other banks. The interest expense from financial liabilities measured at amortized cost includes interest expense of TEUR -1,205 (2021: TEUR -1,222).

Net interest income for 2022 includes interest income of TEUR 9,367 (2021: TEUR 22,442) from participation in the TLTRO III programme. The method for determining the interest rate for periods beginning on 23 November 2022 was changed by the ECB in October 2022. As a result of this change, an average of the ECB's key interest rates must be used for periods beginning on or after 23 November 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. The above-mentioned change in the determination of the interest rate led to an adjustment of the effective interest rate (IFRS 9.B5.4.5).

RLB NÖ-Wien determines the effective interest rate on a quarterly basis for each quarter. As of 31 December 2022, the effective interest rate ranged from 1.1% to 1.7%. depending on the tranche.

(2) Net fee and commission income

€'000	01/01 - 31/12/2022	01/01 - 31/12/2021
Securities	8,448	10,303
Custody business	9,873	10,180
Services for payment transactions	32,379	29,657
Brokerage commissions	18,232	17,646
Insurance broker	14,390	15,130
Credit business	5,749	5,279
Other fee and commission income	3,168	3,140
Fee and commission income	***92,240***	***91,334***
Securities	(3,362)	(4,176)
Custody business	(1,270)	(1,138)
Services for payment transactions	(6,589)	(4,732)
Insurance broker	(2,677)	(2,299)
Credit business	(21,678)	(18,340)
Other fee and commission expenses	(4,741)	(4,544)
Fee and commission expenses	***(40,318)***	***(35,228)***
Net fee and commission income	**51,922**	**56,106**

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 consists primarily of 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 - 31/12/2022	01/01 - 31/12/2021
Financial assets held for trading	0	272
Non-trading financial assets measured at fair value through profit or loss	956	652
Financial assets measured at fair value through other comprehensive income	1,018	645
Dividend income	**1,974**	1,569

This position includes the dividend income from securities and the income from unconsolidated company shares and investments. In accordance with IFRS 9.5.7.1A, dividends are recognized to profit or loss when there is a legal entitlement to receive payment. The dividend income from financial assets measured at fair value through other comprehensive income resulted from financial instruments that were held as of 31 December 2022.

(4) Profit from investments in companies valued at equity

€'000	01/01 - 31/12/2022	01/01 - 31/12/2021
Profit/loss from investments in companies valued at equity	806,973	292,569
Revaluation gains/(losses) from investments in companies valued at equity	(882,500)	(285,000)
Profit from investments in companies valued at equity	**(75,527)**	7,569

The negative revaluation results of TEUR 882,500 (2021: TEUR 285,000) are attributable, above all, to the impairment loss recognized to the investment in RBI valued at equity.

An overall assessment of facts and circumstances as of the closing date on 31 December 2022 – above all the development of the market price and the Russian-Ukraine war — 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 in RBI valued at equity was therefore tested for impairment as of 31 December 2022. 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 quoted market price of the RBI share on 31 December 2022 equalled EUR 15.35 (2021: EUR 25.88 per share). The recoverable amount was determined as a value in use based on the present value of the expected cash flows (dividend discount model). The cash flows were derived from five-year forecasts which were approved by the 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 Russia-Ukraine war 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 higher 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 for Russia and the other country markets was used to determine the value in use. It included, above all, sensitivity analyses for the development of risk costs over the coming years, the sustainable CIR, net interest and fee and commission results, and the return on equity. 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.

The management of RLB NÖ-Wien examined the assumptions underlying the forecasts in detail. In view of the uncertainties connected with the effects of the war and the related sanctions against Russia 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.

The cash flows realizable from the RBI investment were discounted with an average, risk-adjusted capitalization rate of 18.6% for Russia and 11.6% for the other country markets (2021: RBI overall group incl. Russia: 12.3%). A sustainable growth rate of 2.0% (2021: 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. Adaptations to the valuation as of 31 December 2022 were required, however, due to the current geopolitical situation in connection with the effects of the Russia-Ukraine war and the dual steering approach adopted by management. In contrast to the previous year, 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 1.44, respectively 2.45 für Russia. As of 31 December 2021, a uniform beta factor of 1.60 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 -879,000 (2021: TEUR -285,000) to the investment in RBI valued at equity. The decisive factor for impairment was, above all, the Russia-Ukraine war. The proportional share of earnings from RBI amounted to approximately TEUR 800,850 in 2022 (2021: TEUR 290,029). After the deduction of the impairment loss, the net earnings contribution from RBI equalled TEUR -78,150 (2021: TEUR 5,029).

Backtesting for 2022 shows a positive variance to the budget. The current financial year is, as expected, heavily influenced by the Russia-Ukraine war. On the one hand, key interest rates rose sharply as a result of inflation and substantial non-recurring effects were also recorded in 2022 (sale of Bulgaria, interest and commission effects in Russia). On the other hand, higher risk allowances were required as a result of the armed conflict.

There was a substantial deviation between the market price of the RBI share and the value in use as of 31 December 2022. 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 in Ukraine. 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.

	Change in the parameter	2022 Increase	2022 Decrease	2022 Effects €m	2021 Increase	2021 Decrease	2021 Effects €m
Cash flow	10%	9.8%	(9.8)%	+180 / (180)	9.7%	(9.7)%	+200 / (200)
RoE TV	100 basis points	10.7%	(10.6)%	+200 / (200)	10.1%	(10.1)%	+200 / (200)
Market yield	50 basis points	(8.7)%	10.0%	(160) / +180	(8.5)%	9.7%	(170) / +200

(5) Personnel and operating expenses, depreciation and amortization

€'000	01/01 - 31/12/2022	01/01 - 31/12/2021
Staff costs	***(123,809)***	***(114,254)***
Current remuneration	(92,059)	(86,049)
Mandatory social security contributions	(22,585)	(21,613)
Other employee-benefits	(2,299)	(2,557)
Non-current employee-related obligations	(6,866)	(4,035)
Other administrative expenses	***(112,526)***	***(98,053)***
IT expenses	(43,647)	(38,075)
Legal and consulting fees	(23,124)	(20,920)
Advertising, marketing, events	(11,797)	(7,805)
Office space expenses	(5,860)	(5,826)
Expenses for office operations	(4,844)	(5,138)
Employee-related operating expenses	(835)	(516)
Other administrative expenses	(22,419)	(19,772)
Write-downs of property, equipment and intangible assets	***(15,753)***	***(14,712)***
Land, equipment and buildings	(3,427)	(3,285)
Amortization of rights of use	(8,545)	(8,382)
Investment property	(20)	(22)
Other intangible assets	(3,760)	(3,022)
Depreciation, amortization, personnel and operating expenses	**(252,088)**	(227,019)

Other administrative expenses include costs of TEUR 255 (2021: TEUR 228) for short-term leases. Other administrative expenses consist chiefly of costs for third-party services (TEUR 16,889; 2021: TEUR 16,103) and insurance premiums (TEUR 2,151; 2021: TEUR 1,795).

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

2022 €'000	KPMG Austria GmbH	ÖSTERREICHISCHER RAIFFEISENVERBAND*
Audit of the Annual Financial Statements and Consolidated Financial Statements	277	869
Other auditing services	0	86
Other services	50	0
Total	**328**	**955**

*The costs reported under Österreichischer Raiffeisenverband for 2022 represent services provided by the auditor appointed by ÖRV.

2021 €'000	KPMG Austria GmbH	ÖSTERREICHISCHER RAIFFEISENVERBAND*
Audit of the Annual Financial Statements and Consolidated Financial Statements	264	859
Other auditing services	0	72
Other services	312	0
Total	576	931

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

(6) Profit/loss from financial assets and liabilities

€'000	01/01 - 31/12/2022	01/01 - 31/12/2021
Profit/loss from financial assets and liabilities measured at amortized cost	***874***	***(198)***
Financial assets measured at amortized cost	224	104
Bonds	263	0
Other loans and advances	(39)	104
Financial liabilities measured at amortized cost	650	(302)
Securitized liabilities	650	(302)
Profit/loss from financial assets and liabilities held for trading	***30,812***	***9,990***
Derivatives	46,856	15,328
Equity instruments	9,279	0
Bonds	(25,323)	(5,338)
Profit / loss from financial assets not held for trading, mandatorily measured at fair value	***(8,326)***	***(3,579)***
Equity instruments	3,925	407
Bonds	(105)	20
Other loans and advances	(12,145)	(4,006)
Profit/Loss from modifications	***130***	***(83)***
Profit / loss from hedge accounting	***(15,912)***	***(2,639)***
Foreign exchange transactions	***7,508***	***5,534***
Profit/Loss from financial assets and liabilities	**15,086**	9,026

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 consists chiefly of realized gains and losses from immaterial sales of bonds classified as hold to collect (TEUR 263; 2021: TEUR 0) and the results of repurchases and premature redemptions of own issues (TEUR 650; 2021: TEUR -302). The sale of assets measured at amortized cost reflects the "hold to collect" business model applied by RLB NÖ-Wien. These sales are monitored with regard to frequency and on the basis of internally defined eligibility limits for the individual portfolio volumes and realized results. Positive and negative results are not offset but evaluated on a transaction-by-transaction basis.

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 30,812 in 2022 (2021: TEUR 9,990). The results from interest rate derivatives include the substantially higher valuation of interest rate swaps as well as the positive earnings contribution from the floor portfolio established in 2022. The positive development of derivatives during the reporting year was based on the strong increase in interest rates, but this market trend had a negative influence on the valuation results from securities. The positive results from equity instruments resulted from the realisation and valuation of selectively purchased share positions in the held for trading portfolio.

The profit/loss from financial instruments measured mandatorily measured at fair value amounted to TEUR -8,326 in 2022 (2021: TEUR -3,579) and was influenced, above all, by the valuation of loans and advances measured at fair value. The fair value decline in loans and advances resulted primarily 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 (35) Fair value of financial instruments.

Profit/loss from modifications

The profit/loss from modifications shows the income and expenses which resulted from the adjustment of contractual cash flows. The results of these modifications totalled TEUR 130 in 2922 (2021: TEUR -83). The following table shows the amortized cost before the changes to the modified financial instruments which did not lead to derecognition according to qualitative and quantitative criteria (also see "Significant Accounting Policies" and "Profit/loss on financial assets and liabilities measured at amortized cost"). Modified financial instruments with a pre-modification carrying amount of TEUR 71,810 (2021: TEUR 5,528) and a modification effect of TEUR 30 (2021: TEUR -22), which were previously assigned to Stage 2 or 3 are now assigned to Stage 1.

The following table shows the modification effects for the 2022 financial year and the carrying amounts as of 31 December 2022.

€'000	**Stage 1**	**Stage 2-3**	**Total**
Modification effect from financial assets	(1,077)	1,207	130
Carrying amount before modification of financial assets	474,874	603,208	1,078,082

The comparative data for 2021 and as of 31 December 2021 are as follows:

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

Profit/loss from hedge accounting

The profit/loss from hedge accounting shows the ineffectiveness in the hedges recognized by RLB NÖ-Wien (TEUR -15,912; 2021: TEUR -2,639). Included here are TEUR 39,132 (2021: TEUR 55,992) from the measurement of hedging derivatives and TEUR -55,044 (2021: TEUR -58,630) from changes in the carrying amounts of the underlying transactions within the framework of hedge accounting. Additional details are provided under Note (33) Hedge accounting.

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

€'000	**01/01 - 31/12/2022**	01/01 - 31/12/2021
Profit/loss from the derecognition of affiliated companies	9,758	0
Profit/loss due to outflows/repurchase from fully consolidated companies	9,758	0
Profit/loss from the derecognition of non-financial assets	95	72
Profit/loss from land, equipment, and buildings	(144)	(275)
Profit/loss from intangible assets	0	14
Profit/loss from investment property	161	216
Profit/loss from other assets	47	7
Profit/loss from right of use assets	30	110
Impairment loss or write-up to non-financial assets	(15,051)	638
Other intangible assets	(15,408)	0
Right of use assets	356	638
Profit / loss from investments and non-financial assets	**(5,199)**	710

The profit/loss from the derecognition of affiliated companies includes results of TEUR 9,758 from the deconsolidation of RAIFFEISEN IMMOBILIEN VERMITTLUNG GES.M.B.H and Raiffeisen Vorsorge Wohnung GmbH.

The position "impairment loss or write-up to non-financial assets" includes an unscheduled write-off of TEUR 15,408 to intangible assets in connection with a software project that was not realized.

This position also shows the profit/loss on the derecognition of non-financial assets respectively the derecognition of right of use assets following the termination or modification of rental and operating leases.

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

€'000	01/01 - 31/12/2022	01/01 - 31/12/2021
Net impairment loss/reversal of impairment to financial assets measured at amortized cost	(26,869)	11,393
Bonds	1,409	23
Loans and advances	(27,374)	11,594
Trade receivables	(904)	(224)
Net impairment loss/reversal of impairment to financial assets	**(26,869)**	**11,393**

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 - 31/12/2022	01/01 - 31/12/2021
Other operating income	***69,053***	***47,707***
Revenue from service and real estate subsidiaries	28,955	13,225
Revenues from services provided to Raiffeisen banks	25,693	21,440
Other income	14,405	13,043
Other operating expenses	***(38,408)***	***(30,593)***
Sector facilities	(6,650)	(7,682)
Bank levy	(4,695)	(4,078)
Resolution fund	(15,009)	(13,438)
Cost of materials and purchased services from service and real estate subsidiaries	(643)	(747)
Other expenses	(11,412)	(4,647)
Addition to or release of provisions	***7,741***	***10,802***
Addition to or release of provisions for commitments and financial guarantees	4,308	4,721
Release of other provisions	3,433	6,081
Other operating profit/loss	**38,386**	**27,917**

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 amounts reported under "Other operating expenses – sector facilities" consist chiefly of the contributions to deposit protection schemes. Additional details in this connection and on the Raiffeisen deposit protection scheme and the related Austrian Raiffeisen institutional protection scheme are provided under Note (51) Other agreements.

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

(10) Income tax

RLB NÖ-Wien and its fully consolidated subsidiaries are members of a corporate tax group established in accordance with § 9 of the Austrian Income Tax Act ("Körperschaftsteuergesetz") with Raiffeisen-Holding NÖ-Wien as the head of the group. These companies concluded a tax compensation agreement with the head of the group. In the 2022 assessment year, the corporate tax group with Raiffeisen-Holding NÖ-Wien as its head included RLB NÖ-Wien as well as 45 (2021: 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 loss recorded by RLB NÖ-Wien for the year results in a negative tax charge.

€'000	01/01 - 31/12/2022	01/01 - 31/12/2021
Current taxes	2,055	(4,518)
Deferred taxes on items not reclassified to profit or loss	(11,394)	(2,643)
Income tax	**(9,339)**	(7,161)

Deferred income tax of TEUR -11,394 (2021: TEUR -2,643) as reported on the income statement resulted from the change in deferred taxes from temporary differences (TEUR -11,111; 2021: TEUR -2,643) and from the valuation of deferred taxes at changed tax rates (see Significant Accounting Policies, Income tax) (TEUR -283; 2021: TEUR 0). No write-downs were recorded to deferred tax assets.

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

€'000	2022	2021
Profit for the period before tax	*(13,014)*	*62,234*
Theoretical income tax expense for financial year at Austrian corporate income tax rate of 25%	3,254	(15,559)
Effect of lower tax charge rate*	5,102	7,324
Tax reduction based on tax-exempt income from equity investments and other tax-exempt income	1,475	397
Increase in taxes based on non-tax deductible expenses	(2,099)	(1,397)
Effects of investments in companies valued at equity	(19,365)	1,492
Change in valuation allowance of deferred tax assets and use of loss carry forwards	1,651	0
Other	643	582
Income tax	**(9,339)**	(7,161)

* The tax charges defined by the group taxation agreement are lower than the Austrian corporate tax rate. This line shows the resulting effect on actual and deferred income taxes.

Details on the Consolidated Balance Sheet

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

€'000	31/12/2022	31/12/2021
Cash	55,504	50,995
Balances with central banks	228,317	2,796,078
Other demand deposits	2,220,749	2,340,968
Total	**2,504,570**	5,188,041

Other demand deposits include the legally required minimum reserve of TEUR 326,812 (2021: TEUR 318,667).

This balance sheet position includes Stage 1 impairment losses of TEUR 1,118 (2021: TEUR 1,799).

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

€'000	31/12/2022	31/12/2021
Cash	55,504	50,995
Balances with central banks	228,317	2,796,078
Other demand deposits from customers	37	80
Cash and cash equivalents	**283,858**	2,847,153
Other demand deposits from other banks	2,220,712	2,340,888
Total cash, cash balances at central banks and other demand deposits	**2,504,570**	5,188,041

(12) Financial assets held for trading

€'000	31/12/2022	31/12/2021
Derivatives	400,943	309,519
Equity instruments	50,715	0
Bonds	222,519	232,849
Debt instruments from credit institutions	155,702	139,618
Debt instruments from customers	66,817	93,231
Total	**674,177**	542,368

Derivatives that do not serve as hedging instruments in hedge relationships are assigned to this balance sheet position.

Equity instruments represent shares held for trading. They include shares in an associated company which have a carrying amount of TEUR 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 in accordance with the underlying business model.

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

€'000	31/12/2022	31/12/2021
Equity instruments	14,086	9,497
Bonds	834	989
Loans and advances from customers	112,862	120,016
Total	**127,782**	130,502

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	31/12/2022	31/12/2021
Equity instruments	19,110	19,577
Total	**19,110**	19,577

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 1,018 (2021: TEUR 645) were recognised from these equity instruments in 2022 (see Note (3)). There were no sales from this asset category during the reporting year.

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

€'000	31/12/2022	31/12/2021
NÖ Bürgschaften und Beteiligungen GmbH, Vienna (A)	4,669	4,585
EMCOM Beteiligungs GmbH, Vienna (A)	3,872	5,184
WKBG Wiener Kreditbürgschafts- und Beteiligungsbank AG, Vienna (A)	3,734	3,734
Raiffeisen Software GmbH, Linz (A)	1,845	1,822
RSC Raiffeisen Service Center GmbH, Vienna (A)	1,047	1,047
CEESEG Aktiengesellschaft, Vienna (A)	955	931
Other	2,988	2,274
Total	**19,110**	19,577

(15) Financial assets measured at amortized cost

€'000	31/12/2022	31/12/2021
Bonds	***4,118,147***	*3,636,067*
Debt instruments from credit institutions	1,326,662	1,156,551
Debt instruments from customers	2,791,485	2,479,515
Other loans and advances	***18,899,234***	*16,490,117*
Loans and advances to other banks	4,008,682	2,986,534
Loans and advances to customers	14,890,552	13,503,583
Trade receivables (non-bank)	***12,762***	*12,100*
Total	**23,030,143**	20,138,284

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

(16) Risk provisions

The following tables show the gross carrying amounts of the financial instruments as of the balance sheet date and the development of the risk provisions in 2022.

€'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**

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired	POCI	Total
Risk provisions - On-Balance	*26,045*	*34,727*	*133,089*	*2,913*	*196,774*
Loans and advances to other banks	4,305	0	670	0	4,975
Loans and advances to customers	18,912	34,703	132,419	2,913	188,947
Bonds to other banks	679	24	0	0	703
Bonds to customers	2,149	0	0	0	2,149
Risk provisions - Off-Balance	*5,203*	*9,185*	*5,625*	*0*	*20,013*
Provisions for granted commitments and financial guarantees	5,203	9,185	5,625	0	20,013
Risk provisions - Total 31/12/2021	31,248	43,912	138,714	2,913	216,787

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

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired		POCI	Total
			significant	not significant		
Gross carrying amount						
Gross carrying amount as at 01/01/2022	8,127,805	0	670	0	0	8,128,475
Gross carrying amount as at 31/12/2022	6,462,623	0	670	0	0	6,463,293
Risk provisions						
Opening balance sheet risk provisions 01/01/2022	***4,305***	***0***	***670***	***0***	***0***	***4,975***
Increase due to new additions	8,159	0	0	0	0	8,159
Decreases due to disposals	(7,659)	0	0	0	0	(7,659)
Changes in credit risk	136	0	0	0	0	136
Foreign currency effects and other adjustments	(30)	0	0	0	0	(30)
Closing balance sheet risk provisions 31/12/2022	**4,912**	**0**	**670**	**0**	**0**	**5,582**

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 01/01/2021	7,456,373	0	670	0	0	7,457,043
Gross carrying amount as at 31/12/2021	8,127,805	0	670	0	0	8,128,475
Risk provisions						
Opening balance sheet risk provisions 01/01/2021	*3,688*	*0*	*670*	*0*	*0*	*4,358*
Increase due to new additions	1,165	0	0	0	0	1,165
Decreases due to disposals	(227)	0	0	0	0	(227)
Changes in credit risk	(307)	0	0	0	0	(307)
Foreign currency effects and other adjustments	(15)	0	0	0	0	(15)
Closing balance sheet risk provisions 31/12/2021	4,305	0	670	0	0	4,975

As of 31 December 2022, none of the loans or advances to other banks measured at amortized cost were classified as impaired on purchase or origination (POCI).

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

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount 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 31/12/2022	12,014,842	2,768,902	177,643	82,195	42,578	15,086,160
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	17,199	872	2	56	0	18,129
Decreases due to disposals	(1,288)	(1,155)	(179)	(2,072)	0	(4,695)
Changes resulting from reclassification between stages	5,488	(14,752)	9,654	(390)	0	0
Transfers to Stage 1	(7,750)	7,682	46	22	0	0
Transfers to Stage 2	13,131	(23,837)	9,949	756	0	0
Transfers to Stage 3	107	1,403	(342)	(1,168)	0	0
Changes in credit risk	(25,597)	11,860	23,738	6,286	(97)	16,188
Changes due to modifications, excl. disposal	0	0	(4)	(6)	0	(10)
Decreases due to use of impairment losses	0	0	(7,042)	(16,212)	0	(23,253)
Foreign currency effects and other adjustments	92	88	20	101	0	301
Closing balance sheet risk provisions 31/12/2022	**14,806**	**31,616**	**101,003**	**45,367**	**2,816**	**195,608**

The direct write-downs to loans receivable totalled TEUR -3,836 in 2022 (2021: TEUR -2,244). The income from loans receivable which were previously written off amounted to TEUR 1,401 (2021: TEUR 1,447). The change in the risk provisions was not influenced by direct write-downs or the income received from receivables previously written off.

As of 31 December 2022, the carrying amount of loans and advances to customers at amortized cost that were classified as impaired on purchase or origination (POCI) totalled TEUR 39,762 (2021: TEUR 37,724). The increase in 2022 resulted, above all, from expectations of higher repayments from a major customer. There were no additions to the assets classified as POCI in 2022.

The comparative prior year data are shown below:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2021	10,939,924	2,667,911	163,413	92,859	9,523	13,873,630
Gross carrying amount as at 31/12/2021	10,723,334	2,717,083	122,637	88,716	40,760	13,692,530
Risk provisions						
Opening balance sheet risk provisions 01/01/2021	*29,089*	*36,328*	*85,788*	*60,978*	*3,010*	*215,193*
Increase due to new additions	14,437	1,406	4	123	0	15,970
Decreases due to disposals	(2,159)	(4,465)	(12,056)	(2,709)	(11)	(21,399)
Changes resulting from reclassification between stages	(4,225)	1,683	2,039	503	0	0
Transfers to Stage 1	(14,418)	14,408	0	10	0	0
Transfers to Stage 2	10,159	(13,283)	2,039	1,085	0	0
Transfers to Stage 3	34	558	0	(592)	0	0
Changes in credit risk	(18,275)	(295)	(268)	7,111	(86)	(11,814)
Changes due to modifications, excl. disposal	0	0	(1)	(3)	0	(4)
Decreases due to use of impairment losses	0	0	(709)	(8,490)	0	(9,200)
Foreign currency effects and other adjustments	45	45	18	93	0	201
Closing balance sheet risk provisions 31/12/2021	18,912	34,703	74,815	57,604	2,913	188,947

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

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2022	1,154,163	3,092	0	0	0	1,157,255
Gross carrying amount as at 31/12/2022	1,316,619	10,806	0	0	0	1,327,424
Risk provisions						
Opening balance sheet risk provisions 01/01/2022	*679*	*24*	*0*	*0*	*0*	*703*
Increase due to new additions	240	0	0	0	0	240
Decreases due to disposals	(117)	0	0	0	0	(117)
Changes resulting from reclassification between stages	553	(553)	0	0	0	0
Transfers to Stage 1	(43)	43	0	0	0	0
Transfers to Stage 2	596	(596)	0	0	0	0
Changes in credit risk	(598)	548	0	0	0	(50)
Foreign currency effects and other adjustments	(15)	0	0	0	0	(15)
Closing balance sheet risk provisions 31/12/2022	**743**	**19**	**0**	**0**	**0**	**762**

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

As of 31 December 2022, none of the debt instruments issued by other banks and measured at amortized cost were classified as impaired on purchase or origination (POCI).

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

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2022	2,481,665	0	0	0	0	2,481,665
Gross carrying amount as at 31/12/2022	2,792,167	0	0	0	0	2,792,167
Risk provisions						
Opening balance sheet risk provisions 01/01/2022	***2,149***	***0***	***0***	***0***	***0***	***2,149***
Increase due to new additions	177	0	0	0	0	177
Decreases due to disposals	(257)	0	0	0	0	(257)
Changes in credit risk	(1,401)	0	0	0	0	(1,401)
Foreign currency effects and other adjustments	15	0	0	0	0	15
Closing balance sheet risk provisions 31/12/2022	**683**	**0**	**0**	**0**	**0**	**683**

The comparative prior year data are shown below:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2021	2,450,514	0	0	0	0	2,450,514
Gross carrying amount as at 31/12/2021	2,481,665	0	0	0	0	2,481,665
Risk provisions						
Opening balance sheet risk provisions 01/01/2021	*1,840*	*0*	*0*	*0*	*0*	*1,840*
Increase due to new additions	302	0	0	0	0	302
Decreases due to disposals	(62)	0	0	0	0	(62)
Changes in credit risk	77	0	0	0	0	77
Foreign currency effects and other adjustments	(9)	0	0	0	0	(9)
Closing balance sheet risk provisions 31/12/2021	2,149	0	0	0	0	2,149

As of 31 December 2022, none of the debt instruments issued by customers and measured at amortized cost were classified as impaired on purchase or origination (POCI).

Provision for granted commitments and financial guarantees:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired 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	3,572	7	1,249	9	4,837
Decreases due to disposals	(1,398)	(844)	(1,740)	(1,007)	(4,989)
Changes resulting from reclassification between stages	816	(1,232)	558	(142)	0
Transfers to Stage 1	(1,903)	1,903	0	0	0
Transfers to Stage 2	2,715	(3,449)	716	18	0
Transfers to Stage 3	4	315	(159)	(160)	0
Changes in credit risk	(4,161)	(512)	(39)	586	(4,126)
Foreign currency effects and other adjustments	(5)	0	0	0	(5)
Closing balance sheet risk provisions 31/12/2022	**4,027**	**6,604**	**3,291**	**1,807**	**15,729**

The comparative prior year data are shown below:

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

Determination of impairment

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

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

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

In accordance with the requirements of IFRS 9, financial instruments are measured according to the stage concept (Stages 1-3). The 12-month ECL for Stage 1 and the lifetime ECL for Stage 2 are calculated with models which utilize both historical and future-oriented information. The calculation is based on the following formula: PD (probability of default) x LGD (loss given default) x EAD (exposure at default). The resulting expected credit losses are discounted back to the reporting date based on the effective interest rate.

Risk parameters under IFRS 9

Segmentation

The credit risk-relevant assets held by RLB NÖ-Wien are allocated to appropriate portfolios. The parameters for "high-default“ portfolios are calculated at the portfolio level, while a more granular approach is applied to the “low default“ portfolios (banks, countries). For the “high-default“ portfolios (companies, private customers), sufficient observable default cases are available to calculate the parameters at the portfolio level. For the “low-default“ portfolios (banks, countries), the parameters are determined at the individual customer level due to the lack of observable data. A separate probability of default is estimated for each customer in the bank portfolio with the help of external data. The default probabilities for the “country“ portfolio are calculated at the individual country level. Forecasted country default probabilities are used to derive PDs for all rating categories in order to assign reasonable PD curves to products with different credit ratings in the same country.

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

Modelling

The multi-year PDs for the high-default portfolios 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, future-oriented default probability.

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

All point-in-time adjustments to the risk parameters (PD, LGD, CCF) are individually selected for the respective portfolio.

Many different models were tested for this purpose, and the final model was selected from the best alternatives. The models are monitored regularly and validated annually. The results of the validation are translated into an action plan which is approved by management and subsequently implemented. This can lead to the adjustment of the models within the framework of the applicable modelling logic.

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

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

Scenarios and macroeconomic, future-oriented information

All risk parameters were calculated for three different scenarios (also see Note (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 by Moody’s Analytics.

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. Statistics show an increase in company insolvencies since the third quarter of 2021.

The course of the COVID-19 pandemic was significantly altered by the appearance of the omicron variant in spring 2022. It has caused substantially fewer serious reactions and led to a decline in the number of new infections. Most of the restrictions and measures were cancelled or suspended, and government support measures were generally reduced.

The negative effects of the crisis were delayed by the numerous government measures, and the current macroeconomic outlook was therefore adjusted to reflect the expected catch-up effects (COVID-19-induced bankruptcies, payment difficulties, etc.; see Note (32) for details). This adjustment made it possible to depict the credit risk expectations related to the delay in bankruptcies which resulted from government assistance measures.

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 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 EUR 63.4 million (2021: EUR 75.2 million).

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.

Significant increase in credit risk (“staging”)

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

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

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

Stage 3: Transactions in default or impaired. For significant customers, the risk provision represents the difference between the carrying amount and present value of the expected future cash flows. The risk provision is based on the remaining term of the transaction. Details on the identification of default incidents and the definition of default can be found under Note (32).

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.

Sensitivity analysis risk provision

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

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

The comparative prior year data are shown below.

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

The risk provision is calculated over a one-year ECL (Stage 1) or the lifetime ECL (Stage 2) depending on the stage of the financial asset. For the sensitivity analysis, the following table shows the effect on the risk provision that would result from the transfer of 100% of the active portfolio (all Stage 1 and 2 financial instruments not in default) in Stage 1 or 100% of the active portfolio in Stage 2. However, the probability that one of these two scenarios would actually occur is extremely unlikely.

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

The comparative prior year data are shown below.

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

Changes in estimates for the determination of risk provisions

The basis for estimating the parameters used to determine the ECL for the consolidated financial statements is formed by regulatory parameter models which are oriented on regulatory requirements. As described in the previous section, no adjustments were made to the models in 2022.

(17) Derivatives - hedge accounting

€'000	31/12/2022	31/12/2021
Fair value hedges	679,100	315,002
Positive fair values of derivatives in micro fair value hedges	194,820	263,239
Positive fair values of derivatives in portfolio fair value hedges	484,281	51,763
Total	**679,100**	315,002

Derivative financial instruments are reported as hedging instruments when the conditions for hedge accounting under IFRS 9 are met. RLB NÖ- Wien currently holds no cash flow hedges. Details on the recognized micro- and portfolio fair value hedges, underlying risks, hedging instruments and hedged risks can be found in Note (33) Hedge accounting.

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

€'000	31/12/2022	31/12/2021
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(526,983)	(51,651)
Total	**(526,983)**	(51,651)

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 (33) Hedge accounting.

(19) Investments in companies valued at equity

€'000	31/12/2022	31/12/2021
Investments in companies valued at equity	1,867,191	2,028,649
Total	**1,867,191**	2,028,649

Details on the companies included in the consolidated financial statements at equity, including extensive financial information, can be found in Note (58) and in the details on the income statement under Note (4) Profit from investments in companies valued at equity.

(20) Property and equipment

€'000	31/12/2022	31/12/2021
Property and equipment	***43,339***	*22,110*
Land and buildings - own use	7,185	6,617
Other property and equipment	36,037	15,355
IT hardware	118	138
Right of use assets	***91,236***	*94,965*
Right of use assets for land and buildings	90,710	94,495
Right of use assets for autos and other tangible assets	526	469
Total	**134,575**	117,075

Investment property:

€'000	31/12/2022	31/12/2021
Investment property	1,370	1,529
Total	**1,370**	1,529

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

€'000	2022	2021
Acquisition costs as at 1 January	*62,532*	*54,014*
Changes in the scope of consolidation	(597)	0
Additions	24,895	9,064
Disposals	(3,071)	(546)
Reclassifications	(2,599)	0
Acquisition costs as at 31 December	*81,160*	*62,532*
Amortization as at 1 January	*(38,893)*	*(35,811)*
Changes in the scope of consolidation	516	0
Additions to current amortization	(3,447)	(3,308)
Disposals	2,774	226
Reclassifications	2,599	0
Amortization as at 31 December	*(36,451)*	*(38,893)*
Carrying amounts as at 1 January	*23,639*	*18,203*
Carrying amounts as at 31 December	**44,709**	23,639

A book value disposal of TEUR 139 was recognized to the investment property shown in the above table during 2022 (2021: TEUR 299). Scheduled depreciation equalled TEUR 20 (2021: 22).

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

€'000	Right of use assets for land and buildings	Right of use assets for autos and other assets
As at 01/01/2022	*94,495*	*469*
Additions	1,604	316
Depreciation	(8,265)	(280)
Modifications	4,244	86
Changes in the scope of consolidation	(1,369)	(65)
As at 31/12/2022	**90,710**	**526**

The comparative prior year data are shown below.

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

(21) Intangible assets

€'000	**31/12/2022**	31/12/2021
Purchased software and licenses	6,910	20,155
Total	**6,910**	20,155

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

€'000	**2022**	2021
Acquisition costs as at 1 January	***79,953***	*73,305*
Changes in the scope of consolidation	(214)	0
Additions	6,021	7,572
Disposals	(166)	(924)
Reclassifications	(160)	0
Acquisition costs as at 31 December	***85,434***	*79,953*
Amortization as at 1 January	***(59,798)***	*(56,903)*
Changes in the scope of consolidation	182	0
Additions to current amortization	(3,760)	(3,022)
Additions to impairment	(15,408)	0
Additions	7	4
Disposals	94	124
Reclassifications	160	0
Amortization as at 31 December	***(78,524)***	*(59,798)*
Carrying amounts as at 1 January	***20,155***	*16,402*
Carrying amounts as at 31 December	**6,910**	20,155

(22) Tax assets

€'000	31/12/2022	31/12/2021
Current tax assets	5,553	2,427
Deferred tax assets	4,819	16,783
Total	**10,372**	19,210

As of 31 December 2022, current tax assets consisted solely of tax receivables from the group tax charge based on the tax group with Raiffeisen-Holding NÖ-Wien. Details are provided in the section on "Significant Accounting Policies" and under Note (37) Related party disclosures.

The net total of deferred taxes resulted from the following balance sheet positions and developed as follows in 2022.

€'000	31/12/2021	Recognized to profit or loss	Recognized to other comprehensive income	31/12/2022
Financial assets measured at amortized cost	0	31,073	0	31,073
Financial liabilities held for trading	34,906	45,664	0	80,570
Financial liabilities measured at amortized cost	39,183	(39,183)	0	0
Derivatives - hedge accounting (liabilities)	40,492	37,263	0	77,755
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks (balance sheet assets)	6,456	66,606	0	73,062
Interest in investments in companies valued at equity *	201	645	(161)	685
Provisions	6,851	(646)	(389)	5,816
Partial write-downs of investments to be distributed for tax purposes	284	(16)	(20)	248
Other	797	(139)	0	658
Deferred tax assets	*129,170*	***141,267***	*(570)*	***269,867***
Financial assets held for trading	35,782	53,152	0	88,934
Non-trading financial assets mandatorily measured at fair value through profit or loss	2,377	(1,463)	0	914
Financial assets measured at amortized cost	30,219	(30,219)	0	0
Derivatives - hedge accounting (assets)	32,366	43,560	0	75,926
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks (Balance sheet equity and liabilities)	0	27,428	0	27,428
Property and equipment	11,643	218	0	11,861
Financial liabilities measured at amortized cost	0	59,985	0	59,985
Deferred tax liabilities	*112,387*	***152,661***	*0*	***265,048***
Net deferred tax assets	16,783	**(11,394)**	**(570)**	**4,819**

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

The comparative prior year data are shown below.

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

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

Deferred tax assets of TEUR 2,543 (2021: TEUR 3,600) were not recognized in the consolidated financial statements for unused tax loss carryforwards and deductible temporary differences because current tax planning indicates that their realization will not be possible within a reasonable period. In addition, deferred tax liabilities were not recognised on temporary differences of EUR 630 million (2021: EUR 785 million) in accordance with IAS 12.39. Based on estimates for the reversal of the temporary differences, the realization of TEUR -1,243 of the deferred taxes recognized as of 31 December 2022 is expected within the next 12 months (2021: TEUR 2,980). The remaining balance of TEUR 6,062 (2021: TEUR 13,803) has a remaining term of more than one year.

(23) Other assets

€'000	31/12/2022	31/12/2021
Trust receivables IPS	44,646	42,643
Deposits	28,977	28,977
Prepayments made and accrued income	386	102
Semi- and finished goods/unfinished goods/inventories	4,304	592
Receivables from other taxes and duties	4,440	2,097
Other	81,906	49,144
Total	**164,659**	123,555

Other assets include trust receivables in connection with the federal and provincial IPS (Institutional Protection Scheme; also see (51) Other agreements), deposits as well as receivables from other taxes and duties.

The line item "other" includes outstanding settlements from payment transactions (TEUR 57,526; 2021: TEUR 26,986), which were settled after the closing date. This position also includes accruals and receivables from custodial fees.

(24) Financial liabilities held for trading

€'000	31/12/2022	31/12/2021
Derivatives	342,783	321,626
Total	**342,783**	321,626

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

(25) Financial liabilities measured at amortized cost

€'000	31/12/2022	31/12/2021
Deposits from other banks	9,387,312	10,449,047
Demand deposits	4,215,289	4,415,288
Time deposits	5,172,022	6,033,760
Deposits from customers	8,896,230	9,087,847
Demand deposits	6,619,017	7,045,710
Time deposits	1,102,060	732,543
Savings deposits	1,175,152	1,309,593
Securitized liabilities	7,083,708	5,986,274
Issued bonds	6,615,547	5,495,875
Tier 2 capital	468,161	490,399
Other liabilities	101,048	100,594
Lease liabilities	93,382	97,970
Trade payables (non-bank)	7,666	2,624
Total	**25,468,297**	25,623,761

The position "deposits from other banks" includes liabilities from participation in the ECB's TLTRO III programme which have a nominal value of TEUR 2,310,000 (2021: TEUR 3,340,000). The carrying amount of these transactions, including accrued interest, equals TEUR 2,292,964 (2021: TEUR 3,308,280). Repayments in 2022 totalled TEUR 1,030,000, whereby TEUR 1,000,000 were repaid prematurely. As of 31 December 2022, RLB NÖ-Wien expected no further premature repayments.

As of 31 December 2021 and 2022, the RLB NÖ-Wien Group had not entered into any leases which had not yet started. A description of the Tier 2 capital included in this position and all other financial instruments listed above can be found under "Significant Accounting Policies" in the section on "Financial liabilities".

The following table reconciles Tier 2 capital and leasing liabilities from 31 December 2021 to 31 December 2022, classified by cash and non-cash changes (see the consolidated cash flow statement).

€'000	At 01/01/2022	Cash changes	Non-Cash changes	At 31/12/2022
Tier 2 capital	490,399	(1,813)	(20,425)	468,161
Lease liabilities	97,970	(10,545)	5,958	93,382
Total	**588,368**	**(12,358)**	**(14,467)**	**561,543**

The comparative prior year data are shown below.

€'000	At 01/01/2021	Cash changes	Non-Cash changes	At 31/12/20201
Tier 2 capital	566,401	(68,263)	(7,739)	490,399
Lease liabilities	91,518	(9,461)	15,912	97,970
Total	657,919	(77,724)	8,173	588,368

(26) Derivatives – hedge accounting

€'000	31/12/2022	31/12/2021
Fair value hedges	821,183	340,817
Negative fair values of derivatives in micro fair value hedges	512,085	340,817
Negative fair values of derivatives in portfolio fair value hedges	309,099	0
Total	**821,183**	340,817

Derivative financial instruments are reported as hedging instruments when the conditions for hedge accounting under IFRS 9, respectively IAS 39 are met. RLB NÖ-Wien currently holds no cash flow hedges. Details on the recognized micro and portfolio fair value hedges, the underlying transactions, hedging instruments and the hedged risks can be found in Note (33) Hedge accounting.

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

€'000	31/12/2022	31/12/2021
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(201,925)	0
Total	**(201,925)**	0

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. Liability transactions were designated as underlying transactions for the first time in 2022. 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 (33) Hedge accounting.

(28) Provisions

€'000	31/12/2022	31/12/2021
Provisions for pensions	24,996	30,210
Provisions for severance payments	21,139	21,954
Provisions for service anniversary bonuses	5,036	5,641
Pending legal proceedings	23,902	24,164
Commitments and financial guarantees	15,730	20,013
Other provisions	10,823	8,230
Total	**101,626**	110,212

Details on the development of the provisions for credit commitments and financial guarantees are provided in Note (16) Risk provisions.

Employee-related provisions

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

€'000	**2022**	**2021**
Interest rate		
Entitlement phase	3.70%	0.73%
Entitlement phase for beneficiaries with STATUT or KV6 commitments	3.70%	0.73%
Service phase	3.70%	0.73%
Service phase for beneficiaries with STATUT or KV6 commitments	4.00%	4.00%
Termination benefits	3.64%	0.37%
Salary increases*	***2.5% - 9.5%***	*1.5% - 4.0%*
Pension increases**	**0.5% - 8.0%**	0.5% - 2.0%
Pension increases for beneficiaries with STATUT or KV6 commitments	**0.0%**	0.0%
Biometric basis		**AVÖ 2018-P calculation parameters for pension insurance (salaried employees)**

* 9.5%/7.5%/5.5%/4.0% per year for employees paid in accordance with collective agreements, 8.0%/6.0%/4.0%/2.5% per year for employees outside the collective agreement scheme and employees without further automatic increases, each in the 1st/2nd/3rd/beginning in the 4th year, 0.5% for beneficiaries with reinsurance coverage
** 0.5% for beneficiaries with reinsurance coverage, 8.0%/6.0%/4.0%/2.5% per year, each in the 1st/2nd/3rd/beginning in the 4th year for the remaining beneficiaries

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

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

€'000	2022	2021	2022	2021	2022	2021
	Gross obligation termination payments		Gross obligation post-employment payments		Plan assets pensions	
As at 1 January	21,954	22,096	58,207	63,550	27,997	26,946
Service cost	2,593	897	773	815	0	0
Interest cost	67	0	488	236	0	0
Expected return on the plan assets	0	0	0	0	191	75
Payments	(1,856)	(751)	(2,558)	(2,546)	0	0
Contributions to plan assets	0	0	0	0	510	787
Post-employment payments from plan assets	0	0	0	0	(872)	(868)
Net amount transferred	0	0	(1,561)	(937)	(1,606)	(970)
Actuarial (gain)/loss for the financial year	(1,288)	(261)	(5,651)	(2,911)	(1,564)	2,072
Due to experience-based adjustments	386	222	1,372	(216)	(1,564)	2,072
Due to change in demographic assumptions	6	0	0	0	0	0
Due to change in financial assumptions	(1,680)	(483)	(7,023)	(2,695)	0	0
Other changes and adjustments	0	(27)	0	0	0	(45)
Changes in the scope of consolidation	(331)	0	(46)	0	0	0
As at 31 December	**21,139**	21,954	**49,652**	58,207	**24,656**	27,997
Fair value plan assets	**0**	0	**(24,656)**	(27,997)	**0**	0
Net obligation as at 31 December	**21,139**	21,954	**24,996**	30,210	**0**	0

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

€'000	2022	2021
Present value of post-employment benefits (DBO) as at 31 December	49,652	58,207
Of which obligations to active eligible employees	16,286	19,441
Of which obligations to retirees	33,366	38,766

The structure of the plan assets is as follows:

€'000	2022	2021
Bonds and other fixed-interest securities	36.37%	33.85%
Shares and other variable-yield securities	40.00%	32.75%
Investment funds	2.73%	2.51%
Property	4.97%	3.98%
Other	15.93%	26.91%
Total	**100.00%**	100.00%

Of the instruments included in the plan assets, 81.1% were listed in an active market.

Plan assets for the 2022 financial year do not include any financial instruments issued by RLB NÖ-Wien.

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

		2022		2021	
	Change in the parameter	Increase	Decrease	Increase	Decrease
Provisions for post-employment benefits					
Discount rate	0.75%	(5.82)%	6.53%	(7.09)%	8.13%
Retirement age	1 year	(0.69)%	1.16%	(0.36)%	0.99%
Assumption for increase in the entitlement phase	0.25%	0.37%	(0.37)%	0.47%	(0.46)%
Assumption for increase in current benefits	0.25%	2.55%	(2.45)%	2.88%	(2.76)%
Remaining life expectancy	1 year	4.53%	(4.81)%	4.84%	(5.05)%
Provisions for termination benefits					
Discount rate	0.75%	(3.97)%	4.29%	(4.66)%	5.09%
Retirement age	1 year	(2.07)%	2.59%	(0.74)%	1.23%
Assumption for increase in the entitlement phase	0.25%	1.36%	(1.34)%	1.59%	(1.56)%
Turnover	1.00%	(2.12)%	1.96%	(2.87)%	2.79%

The weighted remaining term of the obligations is as follows:

in years	2022	2021
Provisions for severance payments	5.6	6.4
Provisions for pensions	8.5	10.2
Provisions for service anniversary bonuses	8.4	10.2

Classification of the expenses for defined contribution plans:

€'000	2022	2021
Expenditure on defined contribution plans	***2,029***	***1,894***
Of which on defined contribution plans (pension fund)	1,188	1,111
Of which on staff benefit fund ("Mitarbeitervorsorgekasse")	841	783

Other provisions

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

€'000	Legal proceedings	Other
As at 1 January	***24,164***	***8,230***
Added	1,295	8,825
Released	(526)	(2,718)
Used	(14)	(3,480)
Interest effect	(1,004)	(34)
Changes in the scope of consolidation	(13)	0
As at 31 December	**23,902**	**10,823**

The provisions for negative indicator values which are recorded under legal proceedings totalled TEUR 19,986 as of 31 December 2022 (2021: TEUR 20,490).

The other provisions as of 31 December 2022 include provisions for IT costs and provisions related to IT projects, for a total of TEUR 4,207 (2021: TEUR 1,866).

The comparative prior year data are as follows:

€'000	Legal proceedings	Other
As at 1 January	*20,736*	*24,829*
Added	5,100	4,415
Released	(1,638)	(5,725)
Used	(34)	(15,289)
As at 31 December	24,164	8,230

(29) Tax liabilities

€'000	**31/12/2022**	31/12/2021
Tax liabilities	18,682	22,822
Total	**18,682**	22,822

As of 31 December 2021, tax liabilities consisted solely of tax obligations from the group tax charge based on the tax group with Raiffeisen-Holding NÖ-Wien. Details are provided in the section on “Significant Accounting Policies“ and under Note (37) Related party disclosures.

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

(30) Other liabilities

€'000	**31/12/2022**	31/12/2021
Liabilities from other taxes and duties	7,521	16,563
Prepayments received and accrued expenses	284	103
Other	36,741	38,945
Total	**44,546**	55,612

Other consist primarily of accruals and liabilities for employee-related expenses.

(31) Equity

€'000	31/12/2022	31/12/2021
Attributable to non-controlling interests	**37**	52
Attributable to equity owners of the parent	**2,097,748**	2,117,394
Share capital, paid in	219,789	219,789
Capital reserves	556,849	556,849
Additional tier 1	76,000	0
Other comprehensive income for the period (OCI)	(544,124)	(474,912)
Other comprehensive income for the period (OCI) - not recyclable	29,530	11,530
IAS 19 reserve (revaluation of net liability from defined benefit plans)	(14,660)	(19,646)
Share of other comprehensive income from associates, at equity	44,557	31,019
Financial assets - equity instruments measured at fair value through other comprehensive income	(367)	158
Other comprehensive income for the period (OCI) - recyclable	(573,654)	(486,442)
Share of other comprehensive income from associates and joint ventures, at equity	(573,654)	(486,442)
Retained earnings	1,811,590	1,760,601
Share of profit from associates, other changes in equity	(174,620)	(170,543)
Other retained earnings	1,986,210	1,931,145
Profit or loss attributable to equity owners of the parent	(22,357)	55,065
Equity	**2,097,785**	2,117,445

The share capital of RLB NÖ-Wien totals TEUR 219,789 (2021: TEUR 219,789) and consists of 2,197,892 (2021: 2,197,892) registered shares.

The Annual General Meeting on 12 May 2017 authorized the Managing Board, with the consent of the Supervisory Board, to increase share capital by 19 April 2026 by up to TEUR 40,023 in one or more tranches through the issue of up to 400,226 new registered shares, with or without voting rights, in exchange for cash and/or contributions in kind.

In December 2022, an Additional Tier 1 (AT 1) capital instrument with a nominal value of EUR 76,000,000 was issued through a private placement. The AT 1 capital instrument has an unlimited term and can be called by the issuer at the earliest after five years. The interest rate equals 10.672% up to 20 December 2027 (end of the first coupon period). The AT 1 bond meets the requirements for Additional Tier 1 capital as defined by Art. 52 CRR.

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 01/01/2021	*(24,235)*	*66*	*(24,169)*
Unrealized gains/(losses) in the period	0	91	91
Actuarial gains and losses	5,244	0	5,244
Tax effects	(656)	0	(656)
As at 31/12/20201	*(19,646)*	*158*	*(19,489)*
As at 01/01/2022	*(19,646)*	*158*	*(19,489)*
Unrealized gains/(losses) in the period	0	(660)	(660)
Actuarial gains and losses	5,375	0	5,375
Tax effects	(389)	0	(389)
Other changes	0	136	136
As at 31/12/2022	*(14,660)*	*(367)*	*(15,028)*

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

Capital management

The capital management of the RLB NÖ-Wien Group represents an important part of medium-term planning, which is regularly reviewed and updated. Its goal is to ensure compliance with legal and regulatory requirements at all times in line with the development of business and the protection of an appropriate buffer. The definition of capital is based on the applicable regulatory requirements. In accordance with § 39a of the Austrian Banking Act, the legal due diligence obligations of financial institutions include maintaining a capital base that guarantees protection for all major banking transactions and banking risks (also see the comments on overall bank management – risk capacity in Note (32) Risks arising from financial instruments (Risk Report)). The capital indicators of RBG NÖ-Wien were optimized by the IPS (Institutional Protection Scheme) in the sense of Art. 49 (3) and 113 (7) of the CRR. The legal minimum requirements for capital defined by the Austrian Banking Act, respectively the CRR, were met by Raiffeisen-Holding NÖ-Wien at all times during the 2022 financial year at both the bank level and the credit institution group level of Raiffeisen-Holding NÖ-Wien.

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

Risk Report and notes on financial instruments

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

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

Risk policy and strategy

An appropriate risk policy and strategy represent an essential foundation to protect the financial stability of the Raiffeisen-Holding NÖ-Wien Group and defines the framework for operational success. The risk strategy is an integral part of the overall strategy and, consequently, is consistent with the business strategy of the Raiffeisen-Holding NÖ-Wien Group. The expected influence of external environmental factors on the planned development of business and risk are incorporated in the risk strategy.

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

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

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

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

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

Disclosure

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

Risk management

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

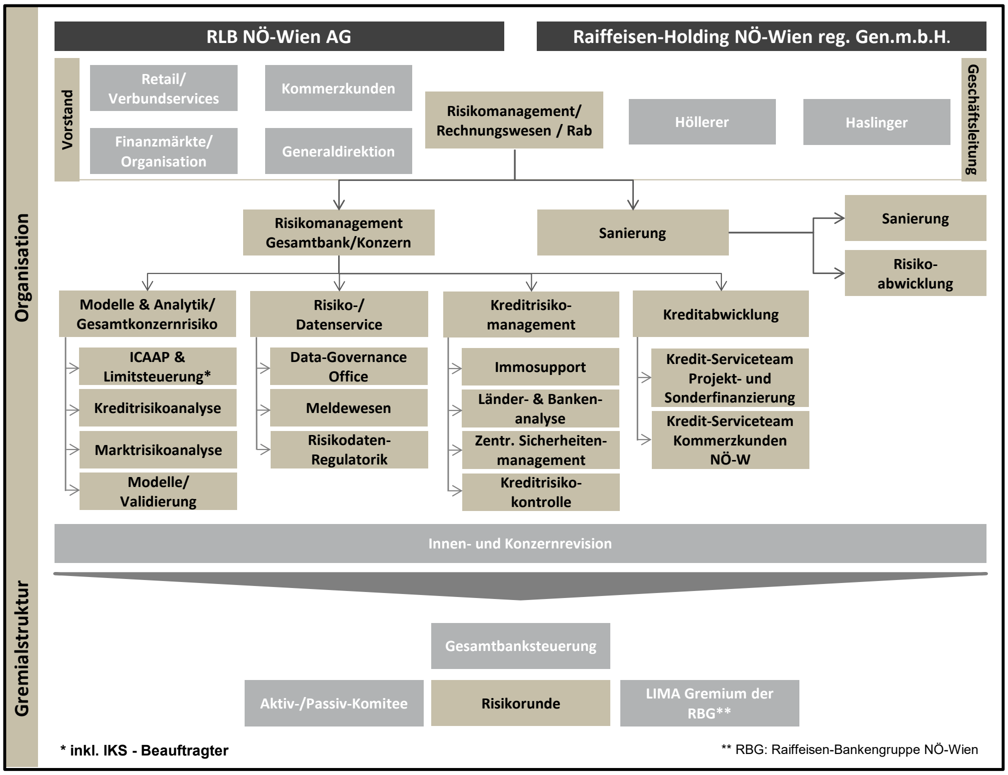
The goal of the Overall Bank Management Committee of the Raiffeisen-Holding NÖ-Wien Group is to ensure the optimal management of the Group as well as RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien as individual institutions and RBG NÖ-Wien (with respect to liquidity). This goal is met through the regular,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

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

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

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

The organizational structure of the risk management units in the Risk Management/Finance Division during 2022 is shown below:



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

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

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

The Raiffeisen-Holding NÖ-Wien Group follows a future-oriented risk management guideline that reflects its business and risk profile. This guideline includes a clearly defined risk strategy and the ICAAP Manual (Internal Capital Adequacy Assessment Process).

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

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

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

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

The risk strategy is implemented within the framework of a clearly defined governance structure. Its function is to monitor the risk appetite as well as supplementary limits and any limit extensions.

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

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

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

Macroeconomic environment and economic situation – the Russia-Ukraine war, inflation and the COVID-19 pandemic

Uncertainty was a major determining factor for the global economy and financial markets in 2022. The Russia-Ukraine war, the resulting energy crisis and the related sharp rise in inflation were the cause and trigger for these economic troubles, especially at mid-year. Another negative factor is the COVID-19 pandemic, which is slowly ending but still connected with after-effects. In this distressed environment, economic growth throughout the world and across Europe, in particular, will be weaker than originally expected.

The global economy followed strong growth of 6% in 2021 with a significantly lower 3% in 2022. The first six months of 2022 were still influenced by catch-up effects after the COVID-19 pandemic. In contrast, analyses by the Austrian National Bank indicate that the full impact of the Russia-Ukraine war and the subsequent energy crisis and sharp rise in inflation will only materialize in 2023. This development will be intensified by the negative influence of China's strict COVID-19 measures on the global economy, which led to a decline in global growth as well as weaker development in Austria during 2022 – and will presumably continue into 2023. The Austrian National Bank does not expect an improvement in the economy before 2024, but the pressure on prices will remain high.

The Russia-Ukraine war

In reaction to the invasion of Ukraine by Russian troops on 24 February 2022 and the ongoing hostilities, the EU has imposed numerous sanctions against Russia. The Russian response included countersanctions in the form of partial gas delivery interruptions. These countersanctions with their substantial cutback in gas and oil deliveries led to a sharp rise in energy sector prices up through late summer 2022, far above the scope that would have resulted from the energy transformation and sustainability factors. Energy prices, and above all the gas price, trended downward towards the end of 2022, but the prices for companies and consumers remain high.

Inflation

Uncertainty over the Russia-Ukraine war pushed the inflation rate in Austria to a record high of 11.6% in October 2022, but an easing to 10.5% followed at year-end. The result was an overall inflation rate of 8.6% for 2022, which represents the highest level since the start of the currency union. Energy prices are no longer the primary reason for the high inflation rate in recent months, and other sectors are increasingly responsible for the price dynamics. Over one-third is attributable to industrial goods, excluding energy, while the final third is based on the upward trend in services and food products. The Austrian National Bank sees the sources of price pressure in the agricultural, industry and service sectors due to rising production costs as a consequence of the high raw material prices, extreme labour shortage and high-capacity utilization. Despite the high inflation in 2022, expectations point to a decline in 2023 (Austrian National Bank Report "KONJUNKTUR AKTUELL Berichte und Analysen zur wirtschaftlichen Lage" – January 2023, page 16).

COVID-19 pandemic

The COVID-19 pandemic and the related containment measures have led to severe distortions and uncertainty on financial markets and triggered the most severe global recession in the post-war era. The extensive monetary and fiscal assistance packages swiftly implemented by national banks and governments were unable to prevent the negative impact on the economy.

The wide-ranging vaccination programme – which currently calls for a fourth COVID-19 vaccination – represents an attempt to prevent further effects of the pandemic. Experts announced the end of the COVID-19 pandemic and the transition to an endemic disease during the last third of 2022. As seen from the COVID-19 viewpoint, this led to an easing of tensions in the economic environment.

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

The COVID-19 crisis also dominated the first half of 2022. This requires continued high attention by the bank's management and the implementation of appropriate rules and preventive measures in the Raiffeisen-Holding NÖ-Wien Financial Institutions Group.

RLB NÖ-Wien, Raiffeisen-Holding NÖ-Wien and the Raiffeisen-Holding NÖ-Wien Financial Institutions Group were confronted with particular challenges during the COVID-19 crisis with regard to the health of their employees as well as the economic situation.

In contrast to normal business and risk procedures, additional groups were established to deal with the effects of the COVID-19 crisis. These groups were responsible for issuing instructions and taking strategic decisions for business operations such as security, incl. IT security, and risk minimization.

Business Continuity Management (BCM) in the Raiffeisen-Holding NÖ-Wien Group included the installation of the **"Team Health Protection"** as a crisis staff which meets regularly. This team was established by the Managing Board of RLB NÖ-Wien and the management of Raiffeisen-Holding NÖ-Wien and continued to meet at reduced intervals during 2022. It includes representatives from all relevant areas, beginning with the Managing Board of RLB NÖ-Wien and the management of Raiffeisen-Holding NÖ-Wien as well as security, BCM and IT managers, representatives of the Lower Austrian Raiffeisen banks, representatives from the Vienna branch offices, corporate communications, the company physician and psychologists, and the Staff Council. Under the direction of the Head of Human Resources, the crisis staff defined the following goals for the correct continuation of business operations in this challenging situation, which remain in effect today:

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

The existing Business Impact Analyse (BIA), which defines critical procedures and the required resources, has allowed business processes to continue in an adjusted form since 2020. These resources and procedures were held in reserve during 2022 and will remain in reserve during 2023. Included here are a spare trading room for Treasury and the possible distribution of teams among different floors or buildings and home office (with full technical equipment) for most of the staff. Consistent with general developments, home office has already become state-of-the-art for work processes in the Raiffeisen-Holding NÖ-Wien Group. Operations were therefore able to continue smoothly under these difficult conditions, and the extended infrastructure is ready for use at any time if necessary. As part of a system-relevant sector, special focus was placed on maintaining full operations in the branch offices and uninterrupted access to the customer contact centres. Activities continue to focus on the adaptation of business processes, the evaluation of customer and staff needs for protection and the assessment of providers’ functionality. Fast reaction to the different phases of potentially new pandemic developments is, as a result, ensured and possible necessary actions are anticipated.

Risk management – risk capacity and stress testing

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

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

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

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

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

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

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

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

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

The early warning and recovery indicators included in the recovery plan are designed to identify a potential crisis at an early point in time and allow for the implementation of appropriate measures (see EBA GL 2021-11 “Guidelines on recovery plan indicators”). The recovery plan which is part of the R-IPS (Raiffeisen Institutional Protection Scheme), and the financial institutions group as an important sub-institution of the R-IPS, includes an extensive set of measures that could be implemented to restore financial stability in the event of a necessary recovery.

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

The Raiffeisen-Holding NÖ-Wien Group was also audited in 2022 as part of the ECB’s Supervisory Review and Evaluation Process (SREP) in accordance with EBA/GL/2018/03 (“Guidelines on the revised common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing”) under the lead of the Austrian National Bank. In addition to the monitoring of key indicators, the business model was analysed and internal governance (internal management and risk management), institutional controls and the capital, liquidity, operational and interest rate risks in the banking book were evaluated. The effects of the COVID-19 pandemic on the banking group and related measures also represented a key issue in the 2022 assessment process. The Austrian Financial Market Authority set a new SREP total capital requirement for the Raiffeisen-Holding NÖ-Wien Group through a decision issued on 22 November 2022. The Raiffeisen-Holding NÖ-Wien Group as a supervised entity and RLB NÖ-Wien as a subsidiary of the supervised entity are subject to direct supervision by the national authority, i.e. the Austrian Financial Market Authority.

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

Credit risk

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

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

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

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

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

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

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

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

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

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

The risk content of a commitment is recorded in an extensive rating system which includes various models for the different customer segments. For the risk assessment process, customers are assigned to nine active credit classes based on these rating and scoring models. Default cases are classified in accordance with CRR/CRD IV and assigned to default class “D”. All rating systems used by RLB NÖ-Wien are validated at least once each year, and performance improvement measures are implemented or new models are developed where necessary. New rating systems are developed by means of statistical methods and only used after extensive initial validation. The rating systems include quantitative factors from financial statements as well as qualitative factors (soft facts). A number of the rating/scoring systems also have automated components that deal with performance patterns. The rating systems classify customers in nine active credit classes (0.5 risk-free to 4.5 high risk of non-performance). The default probabilities for individual customers are mapped onto the nine steps of each rating model. In addition to the nine rating classes for active customers, there is one default class (D). Rating class D includes default cases that are 90 days overdue as well as customer loans which have been adjusted through individual allowances and insolvency cases. The recognition of an individual risk allowance (Stage 3) for a customer beginning with the first Euro leads to the immediate assignment of the entire business volume to a default class. In accordance with IFRS 9 5.2.2, risk provisions are calculated for all financial assets measured at amortised cost (AC) or at fair value through other comprehensive income (FVTOCI) based on the expected credit loss (ECL) approach.

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

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

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

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

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

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

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

Effects 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 are updated regularly and expanded to also include the volatility on energy markets and rising inflation.

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 an inflationary increase in cost or instalment payments due to rising interest rates.

The increased risk for particularly affected customers (direct commitment in Russia/Ukraine, energy price risk/inflation) is addressed through individual adjustments to the credit standing.

COVID-19 pandemic

The course of the COVID-19 pandemic was significantly altered by the appearance of the omicron variant in spring 2022. It has caused substantially fewer serious reactions and led to a decline in the number of new infections. Most of the restrictions and measures were cancelled or suspended, and government support measures were generally reduced.

There are currently only a limited number of voluntary COVID-19 deferrals in the portfolio. The volume of bridge financing will also decline steadily in the coming years. Only EUR 5 million (18 transactions) of new COVID-19 measures (bridge financing or voluntary deferrals) were approved in 2022.

There was no material increase in the risk costs from the credit portfolio of previously expired deferrals and bridge financing in 2022.

Sustainability and ESG factors in credit risk

RLB NÖ-Wien evaluates risk positions for their ESG relevance with an external scoring tool. This tool classifies each transaction according to E (Environmental), S (Social) and G (Governance) criteria and assigns an appropriate ESG score. Each of these scores is weighted according to its importance in the respective rating scheme to develop an overall ESG score for each loan/security. The scale for the assignment of these scores ranges from AAA, the best score and very low ESG risk, to C, which represents the worst possible classification. The evaluation of the ESG situation 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 based on the ESG score after the complete implementation of the scoring system. Sustainability risks represent an important part of the risks for central bank management, 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).

Credit risk controlling

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

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

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

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

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

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

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

€´000 Balance sheet items	Notes	2022 Balance sheet items	2022 Credit exposure	2021 Balance sheet items	2021 Credit exposure
Cash, cash balances at central banks and other demand deposits	***11)***	***2,504,570***	***2,450,184***	*5,188,041*	*5,138,845*
Financial assets held for trading	***12)***	***674,177***	***623,462***	*542,368*	*542,368*
Derivatives	12)	400,943	400,943	309,519	309,519
Equity instruments	12)	50,715	0	0	0
Bonds	12)	222,519	222,519	232,849	232,849
Loans and advances to other banks	12)	155,702	155,702	139,618	139,618
Loans and advances to customers	12)	66,817	66,817	93,231	93,231
Non-trading financial assets mandatorily measured at fair value through profit or loss	***13)***	***127,782***	***113,696***	*130,502*	*121,005*
Equity instruments	13)	14,086	0	9,497	0
Bonds	13)	834	834	989	989
Loans and advances to other banks	13)	834	834	989	989
Loans and advances	13)	112,862	112,862	120,016	120,016
Loans and advances to customers	13)	112,862	112,862	120,016	120,016
Financial assets measured at fair value through other comprehensive income	***14)***	***19,110***	***0***	*19,577*	*0*
Equity instruments	14)	19,110	0	19,577	0
Financial assets measured at amortized cost	***15)***	***23,030,143***	***23,231,659***	*20,138,284*	*20,333,259*
Bonds	15)	4,118,147	4,119,591	3,636,067	3,638,920
Loans and advances to other banks	15)	1,326,662	1,327,424	1,156,551	1,157,255
Loans and advances to customers	15)	2,791,485	2,792,167	2,479,515	2,481,665
Loans and advances	15)	18,899,234	19,099,306	16,490,117	16,682,240
Loans and advances to other banks	15)	4,008,682	4,013,146	2,986,534	2,989,710
Loans and advances to customers	15)	14,890,552	15,086,160	13,503,583	13,692,530
Trade receivables	15)	12,762	12,762	12,100	12,100
Derivatives - hedge accounting	***17)***	***679,100***	***679,100***	*315,002*	*315,002*
Contingent liabilities	***41)***	***622,347***	***630,170***	*530,962*	*542,115*
Loan commitments	***41)***	***3,567,682***	***3,575,588***	*4,126,606*	*4,135,465*
Total		**31,224,911**	**31,303,860**	30,991,342	31,128,060

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

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

€´000								2022
	Exposure	**Of which Stage 1 Performing**	**Of which Stage 2 Under Performing**	**Of which Stage 3 Credit Impaired**		**Of which POCI**	**of which measured at fair value**	**Collateral**
Internal Rating				**significant**	**not significant**			
0.5 Minimal Risk	1,953,277	1,924,787	26,499	0	0	0	1,991	842,324
1.0 Excellent credit standing	7,129,342	7,063,823	63,912	0	0	0	1,607	1,164,948
1.5 Very good credit standing	13,055,415	12,511,106	474,953	0	0	0	69,356	3,971,638
2.0 Good credit standing	5,256,215	4,255,295	995,705	0	0	0	5,214	3,387,083
2.5 Average credit standing	2,254,223	1,313,888	939,250	0	0	0	1,086	1,584,891
3.0 Mediocre credit standing	868,075	340,705	507,995	0	0	0	19,375	741,706
3.5 Weak credit standing	228,489	58,844	169,336	0	0	0	309	192,405
4.0 Very weak credit standing	87,296	11,549	75,704	0	0	0	43	48,846
4.5 Doubtful/high default risk	85,420	1,539	83,718	0	0	0	163	68,772
D Default	326,714	2	153	194,784	87,597	42,578	1,600	90,834
Unrated	59,394	8,866	38,410	0	0	0	12,118	3,969
Gross exposure	***31,303,860***	***27,490,404***	***3,375,635***	***194,784***	***87,597***	***42,578***	***112,862***	***12,097,416***
Impairment allowance balance	218,363	25,171	38,238	104,964	47,174	2,816	0	0
Net exposure	**31,085,497**	**27,465,233**	**3,337,397**	**89,819**	**40,424**	**39,761**	**112,862**	**12,097,416**

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

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

Credit portfolio – Corporates

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

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

€´000								2022
	Exposure	**Of which Stage 1 Performing**	**Of which Stage 2 Under Performing**	**Of which Stage 3 Credit Impaired**		**Of which POCI**	**of which measured at fair value**	**Collateral**
Internal Rating				**significant**	**not significant**			
0.5 Minimal risk	240,158	227,943	12,144	0	0	0	71	124,865
1.0 Excellent credit standing	1,710,925	1,668,052	42,873	0	0	0	0	738,791
1.5 Very good credit standing	5,602,792	5,100,903	434,229	0	0	0	67,660	3,461,639
2.0 Good credit standing	4,297,981	3,360,955	933,359	0	0	0	3,667	2,996,624
2.5 Average credit standing	1,404,779	648,625	755,651	0	0	0	503	1,071,073
3.0 Mediocre credit standing	733,595	260,471	454,029	0	0	0	19,095	656,819
3.5 Weak credit standing	170,803	32,671	138,123	0	0	0	9	153,860
4.0 Very weak credit standing	50,301	7,967	42,333	0	0	0	0	23,576
4.5 Doubtful/high default risk	41,006	890	40,116	0	0	0	0	34,032
D Default	228,858	0	0	183,143	3,190	40,962	1,563	59,584
Unrated	57,267	7,660	37,489	0	0	0	12,118	3,873
Gross exposure	***14,538,464***	***11,316,139***	***2,890,345***	***183,143***	***3,190***	***40,962***	***104,685***	***9,324,736***
Impairment allowance balance	155,571	15,504	32,794	103,421	1,639	2,214	0	0
Net exposure	**14,382,894**	**11,300,635**	**2,857,552**	**79,723**	**1,551**	**38,748**	**104,685**	**9,324,736**

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

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

€´000 Branch	2022	PER CENT	2021	PER CENT
Real estate and housing	5,842,813	40.2	5,093,606	37.8
Manufacturing	2,369,090	16.3	2,247,131	16.7
Construction	1,277,135	8.8	1,227,440	9.1
Retail	1,181,536	8.1	1,082,759	8.0
Hotel trade and gastronomy	706,022	4.9	842,512	6.3
Finance and insurance	541,985	3.7	546,422	4.1
Energy supply	456,459	3.1	360,978	2.7
Freelance professionals/techn. services	378,781	2.6	330,799	2.5
Healthcare and social services	322,195	2.2	362,104	2.7
Other business services	259,318	1.8	269,604	2.0
Transportation	212,544	1.5	215,269	1.6
Information and communication	165,090	1.1	96,315	0.7
Employed persons	164,635	1.1	144,984	1.1
Information and communication	161,417	1.1	165,391	1.2
Water supply and waste disposal	141,283	1.0	127,744	0.9
Other	358,160	2.5	359,439	2.7
Total	**14,538,464**	**100.0**	13,472,495	100.0

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

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

€´000 Country/Region	2022	PER CENT	2021	PER CENT
Austria	12,130,523	83.4	11,451,609	85.0
EU	2,244,974	15.4	1,745,119	13.0
Non-EU	162,968	1.1	275,767	2.0
Total	**14,538,464**	**100.0**	13,472,495	100.0

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

Credit portfolio – Retail

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

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

€´000 Internal Rating	Exposure	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired significant	Of which Stage 3 Credit Impaired not significant	Of which POCI	of which measured at fair value	2022 Collateral
0.5 Minimal risk	637,441	621,165	14,356	0	0	0	1,920	461,322
1.0 Excellent credit standing	458,714	436,161	21,039	0	0	0	1,514	322,604
1.5 Very good credit standing	653,511	618,841	32,973	0	0	0	1,696	470,919
2.0 Good credit standing	521,946	461,122	59,277	0	0	0	1,547	380,064
2.5 Average credit standing	686,317	502,135	183,599	0	0	0	583	513,817
3.0 Mediocre credit standing	132,070	77,823	53,966	0	0	0	281	84,887
3.5 Weak credit standing	55,007	23,494	31,213	0	0	0	300	38,313
4.0 Very weak credit standing	36,935	3,582	33,310	0	0	0	43	25,266
4.5 Doubtful/high default risk	44,414	649	43,603	0	0	0	163	34,740
D Default	89,054	2	152	2,839	84,407	1,616	37	31,249
Unrated	2,127	1,206	922	0	0	0	0	96
Gross exposure	***3,317,536***	***2,746,181***	***474,409***	***2,839***	***84,407***	***1,616***	***8,084***	***2,363,279***
Impairment allowance balance	55,709	3,273	5,425	874	45,535	603	0	0
Net exposure	**3,261,826**	**2,742,908**	**468,984**	**1,965**	**38,872**	**1,013**	**8,084**	**2,363,279**

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

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

€´000 Segment	2022	PER CENT	2021	PER CENT
Personal banking customers	2,394,083	72.2	2,163,748	69.2
Small- and medium-sized businesses	923,453	27.8	963,373	30.8
Total	**3,317,536**	**100.0**	3,127,120	100.0

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

€´000 Currency	2022	PER CENT	2021	PER CENT
Euro	3,240,246	97.7	3,036,398	97.1
Swiss franc	72,633	2.2	83,356	2.7
Japanese yen	2,250	0.1	3,494	0.1
US dollar	1,996	0.1	2,331	0.1
Czech krone	290	0.0	1,542	0.0
Other currencies	121	0.0	0	0.0
Total	**3,317,536**	**100.0**	3,127,120	100.0

Foreign currency credits in Swiss francs declined by a further TEUR 10,723 in 2022. New foreign currency credits to consumers are only granted in limited cases. RLB NÖ-Wien monitors the foreign exchange risk and the risk arising from repayment vehicles very closely.

Credit portfolio – Banks

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

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

€´000 Internal Rating	Exposure	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired significant	Of which Stage 3 Credit Impaired not significant	Of which POCI	of which measured at fair value	2022 Collateral
0.5 Minimal risk	361,282	361,282	0	0	0	0	0	256,137
1.0 Excellent credit standing	2,561,031	2,561,031	0	0	0	0	0	52,732
1.5 Very good credit standing	6,105,318	6,097,568	7,751	0	0	0	0	0
2.0 Good credit standing	285,132	282,062	3,070	0	0	0	0	9,981
2.5 Average credit standing	40,164	40,164	0	0	0	0	0	0
3.0 Mediocre credit standing	2,398	2,398	0	0	0	0	0	0
3.5 Weak credit standing	2,679	2,679	0	0	0	0	0	231
4.0 Very weak credit standing	0	0	0	0	0	0	0	0
4.5 Doubtful/high default risk	0	0	0	0	0	0	0	0
D Default	8,802	0	0	8,802	0	0	0	0
Unrated	0	0	0	0	0	0	0	0
Gross exposure	*9,366,806*	*9,347,184*	*10,821*	*8,802*	*0*	*0*	*0*	*319,081*
Impairment allowance balance	6,437	5,747	20	670	0	0	0	0
Net exposure	**9,360,369**	**9,341,437**	**10,801**	**8,132**	**0**	**0**	**0**	**319,081**

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

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

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

€'000 Top 5 Countries	2022	PER CENT	2021	PER CENT
Austria	7,331,795	78.3	6,354,520	81.7
Germany	1,318,878	14.1	570,827	7.3
France	167,815	1.8	284,876	3.7
The Netherlands	117,718	1.3	101,482	1.3
Spain	82,538	0.9	84,842	1.1
all other EU countries	202,362	2.2	179,373	2.3
non-EU countries	145,698	1.6	200,377	2.6
Total	**9,366,806**	**100.0**	7,776,297	100.0

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

Credit portfolio – Sovereigns
The credit portfolio for countries and public sector entities is rated with an externally purchased rating model. These ratings are prepared and reviewed by a separate group in the Credit Risk Management Department (country and bank analysis group).

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

Municipalities are rated, in part, with an expert-based rating model which includes information on the respective annual financial statements as well as qualitative factors. The ratings are mapped onto the default probabilities of the sovereign ratings to ensure comparability.

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

€´000								2022
	Exposure	Of which Stage 1 Performing	Of which Stage 2 Under Performing	Of which Stage 3 Credit Impaired		Of which POCI	of which measured at fair value	Collateral
Internal Rating				significant	not significant			
0.5 Minimal risk	714,397	714,397	0	0	0	0	0	0
1.0 Excellent credit standing	2,398,671	2,398,579	0	0	0	0	93	50,821
1.5 Very good credit standing	693,794	693,794	0	0	0	0	0	39,080
2.0 Good credit standing	151,156	151,156	0	0	0	0	0	414
2.5 Average credit standing	122,963	122,963	0	0	0	0	0	0
3.0 Mediocre credit standing	13	13	0	0	0	0	0	0
3.5 Weak credit standing	0	0	0	0	0	0	0	0
4.0 Very weak credit standing	60	0	60	0	0	0	0	5
4.5 Doubtful/high default risk	0	0	0	0	0	0	0	0
D Default	0	0	0	0	0	0	0	0
Unrated	0	0	0	0	0	0	0	0
Gross exposure	*4,081,054*	*4,080,901*	*60*	*0*	*0*	*0*	*93*	*90,320*
Impairment allowance balance	647	647	0	0	0	0	0	0
Net exposure	4,080,407	4,080,254	60	0	0	0	93	90,320

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

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

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

€'000 Top 5 Countries	2022	PER CENT	2021	PER CENT
Austria	2,126,954	52.1	4,779,795	70.8
Supranational organizations	558,740	13.7	343,550	5.1
Germany	551,505	13.5	113,500	1.7
Finland	163,598	4.0	297,457	4.4
France	156,172	3.8	228,613	3.4
all other EU countries	441,203	10.8	906,287	13.4
Non-EU	82,882	2.0	82,947	1.2
Total	**4,081,054**	**100.0**	6,752,148	100.0

The substantial decline in Austria is attributable to a reduction in liquidity with the Austrian National Bank.

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

Problem loans

The problem loan portfolio is continuously monitored and managed by the Recovery Department, which is part of the Risk Management/Accounting Group. This department distinguishes between reorganization cases and settlement cases and is supported on legal issues internally by the Legal Department and by external experts. The recovery and resolution staff are specially trained and experienced in the restructuring or settlement of problem loan commitments.

They make an important contribution to the presentation and analysis as well as the recognition of any required risk provisions (write-offs, impairment charges or provisions) and can generally reduce the losses on problem loans through their early involvement. A total of EUR 4.5 million in receivables were written off in 2022 (2021: EUR 4.5 million) but are still subject to execution measures.

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

2022 in TEUR Receivables categories	Not overdue	Up to 31 days	31 to 90 days	91 to 180 days	181 to 360 days	Overdue More than 360 days	Total
Other banks	9,366,806	0	0	0	0	0	9,366,806
Corporate customers	14,233,500	191,291	9,718	5,656	37,394	60,907	14,538,464
Retail exposures	3,219,560	39,788	7,324	4,168	9,283	37,412	3,317,536
Public sector exposures	4,081,054	0	0	0	0	0	4,081,054
Total	**30,900,919**	**231,079**	**17,042**	**9,824**	**46,676**	**98,319**	**31,303,860**

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

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

A total exposure of EUR 226.2 million is overdue up to and including 90 days but is not in default and is therefore assigned to Stage 1 or Stage 2. A credit exposure of EUR 2.0 million is overdue more than 90 days (and therefore classified as in default and Stage 3) but has not been reduced through the recognition of an impairment allowance (2021: EUR 3.3 million).

€´000	Up to 90 days		91 to 180 days		181 to 360 days		More than 360 days	
Receivables categories	2022	2021	2022	2021	2022	2021	2022	2021
Other banks	0	0	0	0	0	0	0	0
Corporate customers	187,402	168,664	239	0	0	0	0	772
Retail exposures	38,784	143,383	322	513	193	154	1,203	1,834
Public sector exposures	0	0	0	0	0	0	0	0
Total	**226,186**	312,047	**561**	513	**193**	154	**1,203**	2,605

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

2022 €'000	Credit exposure	Non-performing					
Receivables categories		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**

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

The non-performing exposure (NPE) ratio, which is calculated similar to the EBA Risk Indicator AQT_3.1, equalled 1.2% as of 31 December 2022 (2021: 1.0%). Coverage Ratio I is defined as the Stage 3 risk provision for non-performing credit exposures in relation to the total non-performing credit exposures, and Coverage Ratio II as the Stage 3 risk provision plus collateral (after haircuts) for non-performing credit exposures in relation to the total non-performing credit exposures. Coverage Ratio I equals 49.7% (2021: 50.6%) and Coverage Ratio II 75.9% (2021: 80.2%).

The NPL ratio, which is calculated similar to EBA Risk Indicator AQT_3.2 equalled 1.4% as of 31 December 2022 (2021: 1.2%).

€´000	Credit exposure 2022	Credit exposure 2021	NPL 2022	NPL 2021	NPL Ratio in % 2022	NPL Ratio in % 2021
Total	21,662,352	21,941,101	298,268	268,500	1.4	1.2

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

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

2022 €'000 Receivables categories	Total exposure	Performing			Non-performing			Total foreborne
		Exposure	Of which foreborne	Impairment allowance balance Stage 1 / 2	Exposure	Of which foreborne	Impairment allowance balance Stage 3	
Other banks	9,366,806	9,358,004	0	5,767	8,802	0	670	0
Corporate customers	14,538,464	14,315,687	507,804	48,298	222,778	127,438	107,273	635,241
Retail exposures	3,317,536	3,228,975	119,804	8,697	88,561	30,796	47,012	150,600
Public sector exposures	4,081,054	4,081,054	0	647	0	0	0	0
Total	**31,303,860**	**30,983,719**	**627,607**	**63,409**	**320,141**	**158,234**	**154,955**	**785,842**

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

The decline in the foreborne credit exposures is related primarily to the expiration of deferrals which were granted in connection with COVID-19 measures.

Country risk

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

The following table shows the distribution of exposure by internal country rating for the 2021 and 2022 financial years:

€´000 Exposure by internal rating	2022	PER CENT	2021	PER CENT
0.5 Minimal risk	3,398,674	10.9	2,321,499	7.5
1.0 Excellent credit standing	26,256,526	83.9	27,264,226	87.6
1.5 Very good credit standing	409,709	1.3	838,926	2.7
2.0 Good credit standing	795,058	2.5	88,106	0.3
2.5 Average credit standing	410,616	1.3	293,158	0.9
3.0 Mediocre credit standing	5	0.0	303,143	1.0
3.5 Weak credit standing	5,241	0.0	11,820	0.0
4.0 Very weak credit standing	0	0.0	5,141	0.0
4.5 Doubtful/high default risk	4,446	0.0	707	0.0
D Default	0	0.0	0	0.0
Unrated	23,585	0.1	1,334	0.0
Total	**31,303,860**	**100.0**	31,128,060	100.0

The risk concentration at RLB NÖ-Wien is also monitored in connection with country risk and controlled by separate country limits. At year-end 2022, 99.1% (2021: 95.1%) of the approved country limits were within the investment grade range and 79.9% (2021: 86.0%) within the three best rating classes of 0.5 to 1.5.

The following table shows the distribution of credit exposure by country for 2022 und 2021. The position “Non-EU“ consists primarily of top rated countries like Great Britain, Canada and Switzerland.

€´000 Exposure by region	2022	PER CENT	2021	PER CENT
Austria	24,839,406	79.3	25,645,694	82.4
EU	6,058,599	19.4	4,906,674	15.8
Germany	2,543,118	8.1	1,204,230	3.9
France	435,952	1.4	591,231	1.9
Czech Republic	362,105	1.2	347,031	1.1
Poland	297,102	0.9	183,730	0.6
all other EU countries	2,420,321	7.7	2,580,451	8.3
Non-EU countries	405,855	1.3	575,692	1.8
Total	**31,303,860**	**100.0**	31,128,060	100.0

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

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

Collateral management

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

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

€´000 Collateral category	2022	PER CENT	2021	PER CENT
Land register	8,343,098	69.0	7,601,094	68.5
Securities	45,193	0.4	66,235	0.6
Savings/current/deposit accounts	70,541	0.6	142,539	1.3
Insurance	73,531	0.6	85,403	0.8
Other rights and claims	511,266	4.2	588,421	5.3
Guarantees	3,053,786	25.2	2,614,817	23.6
Total	**12,097,416**	**100.0**	11,098,509	100.0

Most of the collateral represents mortgages on property, which consist primarily of buildings used for residential or commercial purposes. These assets are appraised regularly by the risk management staff or external experts. Most of the properties are located in the core market area of Vienna and Lower Austria. RLB NÖ-Wien does not directly purchase any collateral provided by customers. In cases where collateral cannot be realized immediately, the bank has holdings that can carry out these types of transactions. Any proceeds from the realization of collateral are offset against the outstanding loan balance. These loan segments are treated as secured before realization. No credit losses were recognized for financial assets measured at amortized cost with an exposure of TEUR 3,101,153 (2021: TEUR 2,125,779) because the collateral covers the exposure of these financial instruments in full. The general exclusion of collateral in the ECL calculation leads to an increase of TEUR 154,515 (2021: TEUR 154,591) in the risk provisions for financial assets.

Information on expected credit losses

The start of the conflict between Russia and Ukraine in 2022 created problems for the estimation of risk provisions, similar to the difficulties experienced during the COVID-19 pandemic. Individual customers are directly affected by the war, among others, due to their production locations, supply chains, selling markets and/or sanctions or are affected by indirect risks like the current volatility on energy markets and the ongoing uncertainty over energy supplies. These indirect risks involve, above all, energy-intensive companies and branches which are exposed to high economic risks through price fluctuations and supply problems.

This additional risk was taken into account through individual adjustments, based on the degree of impact, to credit standings as of 31 December 2022. Management believes these adjustments balance out the direct and indirect risks which cannot be clearly identified in evaluating the credit standing of the individual customer.

As described in Note (16), it can be 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. 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 for modelling 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 weighting of the risk parameters from this forecast were reduced by one-eighth each over a period of eight quarters in relation to the current macroeconomic parameters. For the second scenario, the risk parameters were based on current economic developments and the weighting was 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 31 December 2022, the catch-up effects after four quarters were reduced to 4/8 and the current scenarios after four quarters were increased to 4/8. This procedure gradually aligns the forecasts with the scenarios for the current economic situation.

The estimates of economic trends which are required for the calculation of period-based expected credit losses are subject to uncertainty concerning the occurrence – or non-occurrence – of the related events. The RLB NÖ-Wien Group views the following assumptions as the best possible estimates. The forecasts were developed by Moody's Analytics, which provides macroeconomic forecast values for various possible economic scenarios. The individual scenarios are weighted according to recommendations made by Moody's Analytics and show the following distribution as of 31 December 2022: 30% optimistic/ 40% baseline/ 30% pessimistic for all transactions. There were no changes in the weightings compared with the previous year.

The following tables show 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 (December 2022). The column “modified“ shows the macro factors used to model possible catch-up effects:

Variable 2022	Scenario	2023		2024		2025	
		Current	Modified	Current	Modified	Current	Modified
	baseline	(0.55)%	(0.90)%	1.20%	3.04%	1.13%	1.64%
Annual GDP growth in %	optimistic	0.45%	(0.40)%	1.47%	3.17%	0.98%	1.82%
	pessimistic	(4.42)%	(2.83)%	(1.18)%	1.85%	2.63%	1.40%
	baseline	4.93%	5.28%	4.85%	4.90%	4.90%	4.72%
Unemployment rate	optimistic	4.78%	5.11%	4.63%	4.67%	4.68%	4.49%
	pessimistic	5.51%	6.05%	6.02%	6.03%	5.90%	5.61%
Short-term yield	baseline	2.48%	1.03%	1.73%	0.65%	1.51%	0.60%
(3M Euribor)	optimistic	2.59%	1.10%	1.62%	0.97%	1.51%	1.35%
	pessimistic	2.53%	1.05%	0.14%	(0.14)%	(0.01)%	(0.22)%
	baseline	158.49	139.68	162.75	153.57	169.52	161.45
Stock index (Eurostoxx)	optimistic	170.96	155.28	178.69	169.91	183.80	173.74
	pessimistic	113.61	100.91	123.06	120.88	147.03	141.92
Residential property prices -	baseline	1.32%	1.13%	4.95%	4.00%	5.24%	4.34%
Annual growth rate	optimistic	3.16%	3.04%	6.38%	4.86%	5.14%	4.29%
	pessimistic	(3.21)%	(3.08)%	1.20%	2.02%	4.62%	4.03%

Variable 2021	Scenario	2022	2023	2024
Annual GDP growth in %	baseline	3.54%	1.53%	1.24%
	optimistic	5.13%	1.31%	0.93%
	pessimistic	(1.04)%	0.86%	2.38%
Unemployment rate	baseline	4.94%	4.53%	4.50%
	optimistic	4.72%	4.30%	4.26%
	pessimistic	6.05%	5.32%	4.91%
Short-term yield (3M Euribor)	baseline	(0.43)%	(0.31)%	0.13%
	optimistic	0.31%	1.19%	1.69%
	pessimistic	(0.43)%	(0.43)%	(0.43)%
Stock index (Eurostoxx)	baseline	144.39	153.38	160.17
	optimistic	161.14	163.67	165.62
	pessimistic	118.70	136.80	147.70
Residential property prices - Annual growth rate	baseline	3.30%	3.64%	3.55%
	optimistic	3.30%	3.64%	3.55%
	pessimistic	3.30%	3.64%	3.55%

Market risk (incl. credit spread risk)

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

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

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

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

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

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

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

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

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

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

The VaR analysis includes the following assumptions and limits:

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

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

The VaR allows for correlations between individual risk factors, but these risk factors can be negatively affected by difficult market conditions. Inflation does not represent a direct risk factor for the VaR calculation, but is included in the model through the resulting changes in interest rates. Since the VaR only quantifies the maximum possible loss of a portfolio under normal market conditions, stress tests are used to examine the effects of extreme market fluctuations that cannot be covered by the VaR methodology. The related scenarios reflect assumptions by RLB NÖ-Wien and include the following:

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

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

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

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

€'000	VaR at 31/12/2022	Average-VaR	VaR at 31/12/2021
Currency risk	49	22	4
Interest rate risk	31	102	110
Price risk	4,400	1,481	19
Credit spread risk	84	98	336
Total	**4,461**	**1,584**	425

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

The VaR in the trading book fell dramatically following a decline of roughly one-third in the volume of bonds from the end of February to the end of March. A significant increase followed beginning in August 2022 with the resumption of stock trading and, as a result, price risk became the most important sub-risk in the trading book.

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

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

€'000	VaR at 31/12/2022	Average-VaR	VaR at 31/12/2021
Currency risk	3,323	4,300	1,959
Interest rate risk	209,520	293,019	164,030
Price risk	473	471	363
Credit spread risk	321,848	394,205	456,567
Total	**421,313**	**487,225**	505,169

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

The material components of market risk in 2022 which resulted from proprietary trading by the RLB NÖ-Wien Treasury Department and from customer transactions consisted primarily of credit spread risk and interest rate risk as shown in the above table.

No further measures involving market risk were implemented during 2022 in connection with the COVID-19 crisis.

Adjustments were made to the market risk calculation at the end of January 2022 (capitalization/adjustment of floors on the asset side, floors on the liability side, modelling of deposits with an unlimited term). These adjustments increased the interest sensitivity and interest risk to an extent where interest risk briefly replaced credit spread risk as the most important sub-risk for the RLB NÖ-Wien Group. Subsequent interest hedging and the increase in interest rates caused by Russia's invasion of Ukraine led to a substantial decline in the interest risk standalone VaRs from TEUR 668,673 at the end of January 2022 to TEUR 209,520 at the end of December 2022. The proportional credit spread VaR in the RLB NÖ-Wien Group trended upward from the start of Russia's invasion of Ukraine up to the end of May due to the general increase in credit spreads, but rose significantly by 20.4% from the end of February (EUR 232.8 million) to the end of March (EUR 280.2 million) based on a nearly constant volume. The impact on the RLB NÖ-Wien Group was, however, clearly overshadowed by the above-mentioned, parallel sharp drop in the interest risk VaR. As a result, the highest overall gone concern market risk at the end of a month in 2022 was recorded in January – a period preceding Russia's invasion of Ukraine.

Market risk is managed centrally from an operational standpoint by the Fixed Income Management (FIM) and Liquidity Management (LIM) Departments which are part of the Treasury Department. The management of market risk from the customer business was also transferred here. The Treasury Department uses derivative financial instruments for this management – above all interest swaps, futures, interest options, currency swaps and currency options. An overview of the structure of these derivative transactions is provided in the notes to the financial statements under C. Notes to the Balance Sheet XII. Additional Disclosures 4. Financial instruments pursuant to § 238 (1) no. 1 of the Austrian Commercial Code in connection with § 64 (1) no. 3 of the Austrian Banking Act.

The derivatives used to manage interest rate risk in the banking book are aggregated in functional units. The risk content of these units is calculated on a daily basis and is part of daily reporting to the Managing Board. A detailed overview of the structure of these transactions is provided in Note (45) Derivative financial instruments.

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

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

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

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

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

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

The six interest rate shocks are as follows:

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

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

Scenario	Present value risk in EUR million	as a % of Tier 1 capital	Present value risk at 31/12/2022 Limit utilization
Parallel shift upward	(212.0)	(12.9)%	64.0%
Parallel shift downward	118.9	6.6%	33.0%
Rising short-term & declining long-term interest rates	(50.0)	(2.8)%	14.0%
Declining short-term & rising long-term interest rates	4.6	0.3%	1.0%
Declining short-term interest rates	57.3	3.2%	16.0%
Rising short-term interest rates	(116.9)	(6.5)%	33.0%

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

Liquidity risk

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

Liquidity risk comprises the following sub-risks:

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

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

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

Information on the liquidity waiver pursuant to Art 412 CRR

In accordance with Article 8 of the CRR, the Austrian Financial Market Authority (FMA) can fully exempt subordinated institutions of a financial institutions group and participants in an institutional protection scheme from the application of Part Six of the CRR (Liquidity) and monitor these entities as a single liquidity sub-group as long as all requirements defined by Article 8 (1) of the CRR are met. The extension of the liquidity waiver to include the net stable funding ratio (NSFR) through an official notice of the FMA took effect on 30 June 2021. It exempted all participants in the Raiffeisen Banking Group NÖ-Wien from individually meeting the requirements for the NSFR and LCR (liquidity coverage ratio) indicators. These liquidity indicators must now only be meet at the liquidity waiver level. According to the recovery plan prepared by the Raiffeisen-Holding NÖ-Wien Group, the indicators must meet the following threshold values at the financial institution group level: LCR ≥ 102.5% and NSFR ≥ 102%. The consolidated viewpoint of the liquidity waiver is the relevant factor for compliance with the limits defined for the regulatory indicators (LCR and NSFR) and the internal indicators (O-LFT (operational liquidity maturity transformation), S-LFT (structural liquidity maturity transformation) and GBS (gap over assets)) under the condition that the LCR ≥ 102.5% and NSFR ≥ 102% at the Raiffeisen-Holding NÖ-Wien financial institutions group level.

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

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

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

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

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

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

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

A strong focus is placed on safeguarding liquidity over a defined survival period. This period must be covered by the available liquidity buffer of the Raiffeisen Banking Group NÖ-Wien (RBG / liquidity waiver) and is derived from the existing limit system. The minimum survival period under the CEBS Guidelines equals one month (CEBS Guidelines on Liquidity Buffers & Survival Periods, Guideline 3). The limit at the level of the consolidated Raiffeisen Banking Group (liquidity waiver) has been set at three months within the framework of the operational liquidity maturity transformation (O-LFT).

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

The Raiffeisen Banking Group NÖ-Wien (RBG / liquidity waiver) has installed a detailed limit system to manage liquidity risk. In line with EBA requirements, it distinguishes between three liquidity ratios

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

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

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

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

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

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

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

In contrast to 2020, no special measures were required in connection with the COVID-19 crisis during 2022 or 2021.

No significant longer-term effects on the liquidity position (among others, buffer values, cash inflows, cash outflows etc.) were observed as a result of the market situation in 2022 (inflation, and the Russia-Ukraine conflict).

The outbreak of the Russia-Ukraine war had a short-term effect on the liquidity position of a number of Raiffeisen banks. A regionally limited outflow of customer deposits was visible during a very short period of several days. Any outflow of liquidity in the Raiffeisen banks also has an effect on RLB NÖ-Wien. A “Task Force Russia” was therefore established to extensively monitor the entire situation for RLB NÖ-Wien AG and report to the Managing Board. This special reporting took place weekly during 2022. After the situation in the relevant markets had eased, no further effects of the Russia-Ukraine war were identified in 2022.

In a meeting on 7 March 2019, the ECB Council approved a new range of targeted longer-term refinancing operations (TLTRO III) to protect favourable credit conditions. The TLTRO III has since been adjusted several times to meet price level stability goals in the Euro system and to support lending. The latest changes were approved on 27 October 2022.

TLTRO III is carried out as spread-based collateralized tender operations which are generally indexed to the average main refinancing rate during certain transaction periods. A discount of 50 basis points to the average main refinancing rate was generally applied for the interest period from 24 June 2020 to 23 June 2021 and for the additional interest period from 24 June 2021 to 23 June 2022.

Additional, premature and voluntary repayment possibilities for the TLTRO III were announced on 27 October 2022. TLTRO III transactions can therefore be repaid voluntarily and prematurely on a monthly basis up to and including March 2023 and thereafter at quarterly intervals.

The refinancing volume from TLTRO transactions totalled EUR 2.31 billion from five tranches as of 31 December 2022.

The following table shows the structural liquidity of RLB NÖ-Wien 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		
15 years	890,007	-	-	3,854,433		
20 years	1,362,124	-	-	2,964,426	116.8%	> 50%
30 years	1,709,295	-	-	1,602,302		
> 30 years	(106,993)	-	-	(106,993)		

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

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

The liquidity coverage ratio (LCR) of RLB NÖ-Wien equalled 118.77% as of 31 December 2022. The legal requirement of 100% defined by Article 460 of Regulation (EU) No. 575/2013 was therefore met.

The following table shows the quantitative data as of 31 December 2022 and 31 December 2021:

€		All currencies 31/12/2022	31/12/2021
Liquidity buffer		6,604,243,731	7,512,310,951
Net liquidity outflow		5,560,566,739	5,840,237,267
MINIMUM LIQUIDITY RATIO (LIQUIDITY COVERAGE RATIO LCR)		**118.77%**	**128.63%**
	Total unweighted amount	***Total weighted amount***	***Total weighted amount***
HIGH-QUALITY LIQUID ASSETS			
Level 1 - assets excl. extremely high quality covered bonds	7,997,161,531	4,762,026,355	7,248,879,430
Level 1 - extremely high quality covered bonds	1,923,374,161	1,788,737,969	216,502,917
Level 2A - assets	30,793,775	26,174,709	3,794,754
Level 2B - assets	54,609,395	27,304,698	43,133,850
Liquidity buffer	**10,005,938,861**	**6,604,243,731**	**7,512,310,951**
CASH OUTFLOWS			
Outflows from unsecured transactions/deposits	17,028,430,106	6,372,882,702	6,500,205,072
1.1 Personal banking customer deposits	4,782,618,089	374,209,880	399,180,636
1.2 Operational deposits	3,808,355,509	3,378,440,259	3,309,472,987
1.3 Surplus deposits in payment transaction accounts	0	0	0
1.4 Deposits in non-payment transaction accounts	3,631,093,151	1,540,438,718	1,521,904,532
1.5 Additional cash outflows (among others, from derivatives)	642,445,875	642,445,875	639,952,342
1.6 Committed facilities	2,180,093,221	225,479,925	320,893,021
1.7 Other products and services	1,964,159,722	192,203,505	257,655,800
1.8 Other liabilities	19,664,540	19,664,540	51,145,753
Outflows from secured lending and capital market-driven transactions	0	0	0
TOTAL OUTFLOWS	**17,028,430,106**	**6,372,882,702**	**6,500,205,072**
CASH INFLOWS			
Inflows from unsecured transactions/deposits	1,249,800,175	812,315,963	659,967,805
1.1 monies due from non-financial customers (except for central banks)	209,448,428	108,117,305	42,613,326
1.2 monies due from central banks and financial customers	517,097,305	180,944,215	67,610,791
1.3 inflows corresponding to outflows in accordance with promotional loan commitments	0	0	0

* The comparative amounts as of 31 December 2021 represent the final reported data from the financial statements as of 31 December 2021 (these amounts were not yet available when the notes to the financial statements were prepared).

€		All currencies 31/12/2022	31/12/2021
1.4 monies due from trade financing transactions	0	0	0
1.5 monies due from securities maturing within 30 days	6,369,312	6,369,312	4,675,137
1.6 assets with an undefined contractual end date	0		
1.7 monies due from positions in major index equity instruments provided that there is no double counting with liquid assets	0	0	0
1.8 Cash inflows from the release of balances which are managed in separate accounts in accordance with the rules for safeguarding customer trading assets	0	0	0
1.9 Cash inflows from derivatives	516,885,131	516,885,131	545,068,551
1.10 cash inflows from undrawn credit or liquidity facilities which were provided by members of a group or an institution-based insurance scheme, whereby the responsible authority approved the application of a more favourable inflow rate	0	0	0
1.11 Other cash inflows	0	0	0
Inflows from secured lending and capital market-driven transactions	0	0	0
TOTAL INFLOWS	**1,249,800,175**	**812,315,963**	659,967,805
Inflows subject to 75% Cap	1,249,800,175	812,315,963	659,967,805
Fully exempt inflows		0	0
NET LIQUIDITY OUTFLOW	**15,778,629,931**	**5,560,566,739**	5,840,237,267

* The comparative amounts as of 31 December 2021 represent the final reported data from the financial statements as of 31 December 2021 (these amounts were not yet available when the notes to the financial statements were prepared).

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

The following table shows the undiscounted cash flows from deposits from other banks and from customers as well as the securitized liabilities and subordinated capital of RLB NÖ-Wien as of 31 December 2022:

€´000	Carrying amount/ Committed capital	Contractual cash flows	< 3 months	3 to 12 months	1 to 5 years	> 5 years
Non-derivative liabilities	***25,367,249***	***26,553,729***	***12,793,286***	***2,884,021***	***7,045,676***	***3,830,746***
Deposits from other banks	9,387,312	9,534,055	4,668,286	1,668,835	2,512,676	684,258
Deposits from customers	8,896,230	8,984,943	7,987,162	586,163	128,559	283,058
Securitized liabilities	6,615,547	7,611,582	136,005	313,882	4,298,266	2,863,429
Other liabilities	0	0	0	0	0	0
Subordinated capital	468,161	423,149	1,834	315,141	106,174	0
Irrevocable loan commitments	**2,220,442**	**2,220,442**	**2,220,442**	**0**	**0**	**0**

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

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

The following table shows the undiscounted cash flows from the derivatives held by RLB NÖ-Wien as of 31 December 2022:

€´000	Carrying amount*/ Committed capital	Contractual cash flows	< 3 months	3 to 12 months	1 to 5 years	> 5 years
Derivative liabilities	*1,021,481*	*1,176,212*	*25,854*	*190,268*	*560,034*	*400,056*
Derivatives – held for trading	339,980	416,431	9,584	57,748	167,045	182,054
Derivatives – hedge accounting	681,501	759,781	16,270	132,520	392,989	218,002

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

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

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

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

Equity investment risk

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

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

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

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

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

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

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

The equity investments of RLB NÖ-Wien have undertaken all necessary measures to minimize the effects of the COVID-19 pandemic on their companies since the outbreak of the crisis. The COVID-19 pandemic was not responsible for any material effects in 2022, and no long-term effects on RBI's business model are to be expected.

In contrast, RBI is exposed to significant effects from the Russia-Ukraine war due to its strong positioning in Central and Eastern Europe. These RLB NÖ-Wien consolidated financial statements include impairment losses to reflect the trend analyses for the RBI investment which were carried out during the year. A substantial reduction of the carrying amount of the RBI investment was required in spite of the very good development of the operating business.

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 taken into account.

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.

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 developments have led to a sharp rise in the cost of capital applied to company valuations and a corresponding influence on equity investment risk.

The management of equity investments as well as their risk assessment and control represent integral processes in the business strategy of RLB NÖ-Wien to protect the company's profitability and security over the long-term.

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

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

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

Based on historical volatilities for the changes in the market capitalization of peer group companies, on the value in use of the equity investments and on the basis interest rate, a 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 as an exposure to the value in use of the investments. The risk potential is still viewed at the individual and portfolio levels.

The risk exposure developed quarterly with this simulation tool – in the extreme case (95.0%) and liquidation case (99.9%) – and the risk coverage pool from the equity investments are included in the regular risk capacity analysis carried out at the overall bank level.

The following table shows the carrying amounts of the equity investments held by RLB NÖ-Wien together with the weighted and cumulative rating as of 31 December 2022 and 31 December 2021:

€ '000	Carrying amount* 31/12/2022	Percentage held	Rating	Carrying amount 31/12/2021	Percentage held	Rating
Investments in other banks	1,884,773	99.2%	1.0	2,050,186	99.6%	1.0
Investments in banking-related fields	15,296	0.8%	2.0	7,254	0.4%	1.5
Total equity investments	**1,900,069**	**100.0%**	**1.0**	2,057,440	100.0%	1.0

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

The decline in the carrying amount of the equity investments resulted primarily from the impairment loss recognized to RBI. The decisive factor for impairment was, above all, the war in Ukraine. The proportional share of earnings from RBI in 2022 totalled approximately TEUR 800,850. The deduction of the impairment loss resulted in a net earnings contribution of from RBI of TEUR -78,150. Additional details on the investments in companies valued at equity are provided under Note (4), Note (19) and Note (58).

Non-financial risk, incl. operational risk

RLB NÖ-Wien summarized the following sub-risks under non-financial risk in 2022:

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

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

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

This definition also includes legal risks.

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

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

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

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

In order to identify high risk exposures with a low probability of occurrence, RLB NÖ-Wien carries out extensive risk assessments at the divisional, department and process levels in moderated workshops. The effects of current developments (Russia-Ukraine war, inflation and COVID-19) are appropriately reflected in the operational risk instruments (loss database, risk assessments).

The classification of operational risks for the risk assessment and the loss database also reflects the legal regulations defined by the CRR (Art. 312 to 324). The regulatory requirements for ESG were integrated in internal guidelines and systems and are regularly evaluated to identify opportunities for improvement.

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

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

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

Raiffeisen-Holding NÖ-Wien has also designated a money laundering officer whose responsibilities include the prevention of money laundering and terrorism financing in the Raiffeisen-Holding NÖ-Wien Group. This person is also responsible for financial sanctions compliance (FSC) and guarantees the observance of the applicable sanction regulations. Activities in 2022 focused, above all, on the implementation of all EU sanction packages and all other sanctions against Russia and Belarus. In order to ensure compliance with FACTA requirements (Foreign Account Tax Compliance Act of the US Internal Revenue Service), the institution has defined the required responsible officer. A compliance officer was installed to make sure the employees of Raiffeisenlandesbank NÖ-Wien observe all laws, regulations and external und internal guidelines applicable to securities transactions – for their own protection and to protect the bond of trust to the market and the customers of the Raiffeisen-Holding NÖ-Wien Group. In addition to the compliance function, the Raiffeisen-Holding NÖ-Wien Group has created the “BWG Compliance“ unit to service the Raiffeisen institutions group. The BWG compliance function ensures the timely implementation of regulatory changes within the Raiffeisen-Holding NÖ-Wien Group through suitable information and review processes

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

Outsourcing risk involves the strategy, goals and process for the outsourcing of activities and/or parts of companies. In the Raiffeisen-Holding NÖ-Wien Group, it is seen as a means to concentrate on core expertise and an opportunity to increase efficiency, in particular to realise synergies in a decentralized banking association, and is managed in accordance with § 25 of the Austrian Banking Act and the EBA Guidelines on Outsourcing Arrangements. A Group-wide outsourcing officer ensures a continuous focus on risk optimization and monitoring in this area. From the outsourcing viewpoint, the sharp rise in inflation has confronted outsourcing managers and procurement with fluctuating prices which have led to contract changes that are accompanied by the Data Protection and Outsourcing Management Department (DSO). The Russia-Ukraine war and COVID-19 have had no visible effects on outsourcing risks. The DSO Department uses defined evaluation questions based on ESG criteria and standards for its cooperation with external service providers. A guideline for the procurement of IT hardware is currently under evaluation for its agreement with internationally recognized sustainability standards.

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

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

Internal control system (ICS)

RLB NÖ-Wien has implemented an internal control system (ICS) which includes a detailed description of ICS procedures as the basis for the ongoing documentation of the bank's risk-relevant processes and the related control measures. Responsibilities and roles in the ICS and the related control activities are clearly defined. Regular reports are issued on the design and development of the ICS in the Raiffeisen-Holding

NÖ-Wien Group. Details on the ICS for the accounting process are provided in the next section.

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

Risks arising from the macroeconomic environment are incorporated quarterly in the risk capacity analysis as a separate category. The Covid-19 situation plays an increasingly minor role from a macroeconomic standpoint. Current developments related to inflation and interest rates have a stronger influence on macroeconomic risk.

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

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

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

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

The implementation of necessary measures relating to sustainability risks and ESG factors were evaluated and analysed more closely in 2022. 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 represent the possible negative effects for companies as the result of climate and environmental effects, negative social aspects and/or the potential negative aspects of management. Banks are exposed to sustainability and ESG risks in a number of ways. ESG risks were analysed in 2022 based on specific heat maps. The ESG heatmap is a tool to identify, analyse and assess the materiality of ESG risks and the related risk drivers. ESG risks are taken into consideration as partial aspects of the risk types identified by the risk inventory, e.g. credit, market, liquidity, non-financial (and here, above all, operational) and reputation risk. The goal is to consider and integrate ESG risks in the entire risk organization.

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 is currently in progress in the Raiffeisen-Holding NÖ-Wien Group.

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 – increased their focus 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. 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 as well as 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. That will accomplish one of the most important challenges relating to ESG.

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

Institutional protection scheme

In 2021, the Raiffeisen sector filed an application with the Austrian Financial Market Authority (FMA) to establish a separate sector institutional protection scheme (see the following information on institutional protection) and an application to create a Raiffeisen-IPS (R-IPS: Raiffeisen-Institutional Protection Scheme) in accordance with Articles 49 (3) and 113 (7) of the CRR. The necessary approvals for the establishment of an Austrian Raiffeisen-IPS (R-IPS) were granted by the ECB on 12 May 2021 and by the FMA on 18 May 2021. RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien are members of the R-IPS.

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

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

An extensive reporting system (balance sheet, income statement and risk report) supports the management of the R-IPS and also establishes the basis for decisions on management measures.

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

European Resolution Fund

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

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

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

The fund (SRF) is being built up over a period of eight years beginning on 1 January 2016, whereby the target is to reach a level of approximately EUR 80.0 billion. This SRF target represents at least one per cent of the covered deposits of all credit institutions licensed to operate in the banking union by 31 December 2023.

The contribution by RLB NÖ-Wien totalled EUR 15.0 million in 2022.

Additional information on the European Resolution Fund is provided in Note (9) – Other operating profit/loss.

Solidarity association of the Raiffeisen Banking Group NÖ-Wien

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

Statutory deposit protection schemes

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

Additional information on deposit insurance is provided under Note (51) Other agreements.

Customer deposit protection association for the Raiffeisen sector

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

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

Additional information on the customer deposit protection association can be found in Note (41) Contingent liabilities and other off-balance sheet obligations.

(33) Hedge accounting

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

The hedge accounting activities and goals of the RLB NÖ-Wien Group are based on asset or liability positions which are exposed to interest risk, which are measured at amortized cost and which are not impaired or in default. Hedged assets are assigned to the "hold to collect" business model and meet the cash flow criteria. For hedges which meet the requirements for hedge accounting, prospective and retrospective proof of effectiveness is provided. The management of interest risk and the measurement of effectiveness are carried out by separate units in the bank and, therefore, are independent. Interest risk management is intended to optimize the interest risk positions from the risk and earnings perspectives. Interest risk is therefore managed with regard to the earnings situation and the economic value for this purpose and to comply with internal and external requirements and limitations. As can be seen in the following details, RLB NÖ-Wien uses interest rate swaps and floors to manage interest risk. The goal is to limit the risk resulting from interest-related changes in the value of the underlying transaction through the conclusion of a derivative, whereby the changes in the value of the underlying transaction and the derivative should generally have nearly opposing movements. When financial instruments have an appropriately large nominal value or outstanding balance which is expected to remain constant over the instrument's term, the related amount is generally hedged against changes in the fair value. Financial instruments with small volumes or repayment structures are bundled in maturity bands and hedged as a portfolio. Details on the general procedures for hedge accounting are also provided in the section on "Derivatives and hedge accounting" under Significant Accounting Policies and in the section on the "Interest Rate Benchmark Reform" (Note 34).

The following table shows the time profile of the nominal amount of the hedging instruments in fair value hedges as well as the average hedged fixed interest rates.

2022, €'000	Up to 1 month	More than 1 month, up to 6 months	More than 6 months, up to 1 year	1 year, up to 5 years	More than 5 years
Interest rate swaps - fair value hedge asset transactions					
Nominal value	3,253	134,607	109,450	911,969	1,331,236
Average fixed interest rate in %	1.79	1.35	1.21	1.49	1.91
Interest rate swaps - fair value hedge own issues					
Nominal value	5,000	79,750	349,554	3,953,200	2,469,939
Average fixed interest rate in %	1.71	2.06	1.89	1.33	2.09

The comparative prior year data are shown below.

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

The following table shows the nominal volumes, carrying amounts and fair value changes of the derivatives used as hedging instruments. The derivatives represent interest rate swaps which are used to hedge interest risk. The swaps are classified according to the underlying transaction, while the floors are separated according to the three- and six-month EURIBOR. 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“.

2022 €'000	Nominal value	Carrying amount Balance sheet assets	Carrying amount Balance sheet equity and liabilities	Fair value change	Income statement presentat-ion - fair value change	Income statement effect - ineffective ness	Income statement presentat-ion - ineffective ness
Interest rate risk - micro-hedges							
Interest Rate Swaps - Bonds	1,912,521	127,837	9,791	407,583	Profit/loss from hedge accounting	4,753	Profit/loss from hedge accounting
Interest Rate Swaps - Loans and advances	577,995	58,899	1,655	94,081	Profit/loss from hedge accounting	1,477	Profit/loss from hedge accounting
Interest Rate Swaps - Deposits	401,911	7,977	22,028	(112,448)	Profit/loss from hedge accounting	(364)	Profit/loss from hedge accounting
Interest Rate Swaps - Securitized liabilities	6,455,531	107	478,610	(615,064)	Profit/loss from hedge accounting	(2,398)	Profit/loss from hedge accounting
Interest rate risk - portfolio hedges							
Interest rate swaps - Assets	2,422,141	446,606	1,233	407,644	Profit/loss from hedge accounting	(23,094)	Profit/loss from hedge accounting
Interest Rate Swaps - Liabilities	2,135,250	264	200,134	(214,962)	Profit/loss from hedge accounting	4,216	Profit/loss from hedge accounting
Floors - Assets	5,721,200	37,411	107,732	72,299	Profit/loss from hedge accounting	(502)	Profit/loss from hedge accounting
Floors - Assets 3-month-EURIBOR	2,270,400	0	8,990	24,510	Profit/loss from hedge accounting	2,378	Profit/loss from hedge accounting
Floors - Assets 6-month-EURIBOR	3,450,800	37,411	98,742	47,789	Profit/loss from hedge accounting	(2,880)	Profit/loss from hedge accounting

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

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

The following table provides details on the underlying transactions for recognized hedges. It shows the carrying amounts determined on the basis of hedge accounting as well as the changes in the carrying amounts of the hedged assets and liabilities. The changes in fair value are reported on the income statement under profit/loss from financial assets and liabilities on the line "profit/loss from hedge accounting". Further details can be found under Note (6). If a hedge relationship is terminated and the underlying transaction is not derecognized, the hedge adjustment to the underlying transaction is amortized over the remaining term beginning with the termination of the hedge (see Note (1) Net interest income).

2022, €'000	Carrying amount of the hedged items		Cumulative fair value changes of the hedged items		Fair value changes of the hedged items	Cumulative Fair Value changes of the de-designated hedged items
	Balance sheet assets	Balance sheet equity and liabilities	Balance sheet assets	Balance sheet equity and liabilities		
Interest rate risk - micro-hedges						
Financial assets measured at amortized cost	***2,346,643***		***(187,135)***		***(495,433)***	***5,551***
Bonds	1,824,545		(129,360)		(402,830)	0
Other loans and advances	522,099		(57,775)		(92,604)	5,551
Financial liabilities measured at amortised cost		***6,993,910***		***(521,392)***	***(724,750)***	***0***
Deposits		391,100		(21,180)	(112,084)	0
Securitized liabilities		6,602,811		(500,212)	(612,666)	
Interest rate risk - portfolio hedges						
Portfolio hedges*	***7,259,495***	***2,293,010***	***(134,780)***	***(50,321)***	***(284,361)***	***(240,599)***
Portfolio-Hedge Assets	2,668,730		(102,712)		(430,737)	(355,139)
Portfolio-Hedge Liabilities		2,293,010		(50,321)	219,177	151,604
Portfolio-Hedge Floors Assets	4,590,765		(32,068)		(72,801)	(37,064)
Portfolio-Hedge Floors Assets 3-month-EURIBOR	2,262,320		(5,716)		(22,132)	(14,402)
Portfolio-Hedge Floors Assets 6-month-EURIBOR	2,328,445		(26,352)		(50,669)	(22,662)

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

The comparative prior year data are shown below.

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

* The amounts reported under carrying amount represent the synthetic underlying transaction as of 31 December 2021, including the designation quota.

The following table shows the applied interest indicator for all hedge derivatives, classified by the time profile and nominal amount. The conditions for the underlying transactions (fixed interest financial assets and liabilities) correspond.

2022, €'000 Hedge type (micro- and portfolio-hedge)	Up to 1 year	1 year, up to 5 years	More than 5 years
Fair value hedge			
Nominal amount of the hedges for underlying transactions (assets)			
Interest Rate Swaps (Receive 3-month-EURIBOR, Pay EUR fix)	496,856	975,609	3,256,917
Interest Rate Swaps (Receive 6-month-EURIBOR, Pay EUR fix)	0	0	25,000
Interest Rate Swaps (Receive 3-month-USD-LIBOR, Pay USD fix)	50,455	94,693	13,126
Nominal amount of the hedges for underlying transactions (liabilities)			
Interest Rate Swaps (Pay 3-month-EURIBOR, Receive EUR fix)	616,034	4,789,200	3,511,689
Interest Rate Swaps (Pay 6-month-EURIBOR, Receive EUR fix)	770	40,000	35,000
Nominal amount of the hedges for underlying transactions (assets)			
Floors (3-month-EURIBOR)	300,000	1,346,200	624,200
Floors (6-month-EURIBOR)	101,000	455,300	2,894,500

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

2021, €'000 Hedge type (micro- and portfolio-hedge)	Up to 1 year	1 year, up to 5 years	More than 5 years
Fair value hedge			
Nominal amount of the hedges for underlying transactions (assets)			
Interest Rate Swaps (Receive 3-month-EURIBOR, Pay EUR fix)	582,223	1,181,008	2,431,257
Interest Rate Swaps (Receive 6-month-EURIBOR, Pay EUR fix)	0	0	25,000
Interest Rate Swaps (Receive 3-month-USD-LIBOR, Pay USD fix)	24,369	120,797	28,254
Nominal amount of the hedges for underlying transactions (liabilities)			
Interest Rate Swaps (Pay 3-month-EURIBOR, Receive EUR fix)	122,596	1,685,343	1,514,868
Interest Rate Swaps (Pay 6-month-EURIBOR, Receive EUR fix)	0	43,520	35,000

(34) Interest Rate Benchmark Reform

The EU Benchmark Regulation (Regulation (EU) 2016/1011 from 8 June 2016) regulates the widespread replacement of previous Interbank offered rates (IBORs) by new, respectively newly determined risk-free rates (RFR) which are based to a greater extent on transaction data. Financial instruments whose interest rates are based on the EURIBOR or EONIA are involved because the underlying calculation method for the EURIBORs will be reformed and the EONIA (Euro Over Night Index Average) will be replaced by the newly developed €STR (Euro Short-Term Rate). These indicators are, by far, the most important for RLB NÖ-Wien. With regard to the EURIBOR, the bank currently assumes that the reform will permit its use until further notice based on an indicator that is calculated with an adjusted, more hybrid method.

The replacement of reference interest rates and the related effects on financial reporting led to changes in the IFRS standards affected by the IBOR reform. These changes provide practical expedients for modifications and for the application of specific hedge accounting requirements. Changes resulting directly from the IBOR reform which create a new basis for determining cash flows that is economically equivalent to the previous basis are accounted for through an adjustment to the effective interest rate. Hedges and the related documentation will be adjusted to reflect the new conditions resulting from the reform of reference interest rates.

RLB NÖ-Wien is organizing and implementing the necessary processes, IT, legal, management, marketing and other technical adjustments resulting from the application of the new benchmarks within the framework of an interdepartmental bank project to ensure a smooth transition to the alternative reference interest rates. The Managing Board receives regular reports on the progress of these activities. Transactions based on the expiring LIBOR indicators for the CHF, GBP and JPY were converted to the follow-up-indicators (CHF LIBOR to SARON, USD LIBOR: maturity 1W and 2M to SOFR, GBP LIBOR to SONIA and JPY to the JPY LIBOR in synthetic form) as of 1 January 2022. Transactions with the EONIA as an underlying indicator were also converted to the follow-up-indicator €STR. In November 2022, transactions based on the synthetic LIBOR-JPY were converted to the follow-up-indicator TORF. The contracts held by RLB NÖ-Wien in USD LIBOR generally have terms of one to 12 months. The conversion of the portfolio business in USD LIBOR to the follow-up indicator SOFR will be finalized by 30 June 2023 as part of the implementation project.

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

The detailed analysis of developments related to the IBOR reform is continuing. However, there have been no material effects on the asset, financial or earnings position of the RLB NÖ-Wien Group to date.

The following table shows the carrying amounts of the non-derivative assets and liabilities which are based on a reference interest rate that will be replaced:

Non-derivative financial assets and liabilities 2022, €'000	**USD LIBOR**
Financial assets measured at amortized cost	***52,306***
Loans and advances to other banks and other demand deposits	141
Loans and advances to customers	21,934
Bonds	30,231
Financial liabilities measured at amortised cost	***41,768***
Deposits from other banks	19,601
Deposits from customers	22,167

The following table shows the nominal values of the derivatives which are based on a reference interest rate that will be replaced:

Derivatives 2022, €'000	**USD LIBOR**
Derivatives	***82,271***
Derivatives - hedge accounting	***136,269***

(35) Fair value of financial instruments

Financial instruments measured at fair value

Fair value measurement is based on the following hierarchy: Level I valuations relies 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 options 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 based on internal IFRS 9 risk parameters, depending on the counterparty. A residual spread for the transaction is 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 fair value on the origination date of the loan or advance. Termination rights and embedded 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 measred at fair value based on the IFRS 13 valuation hierarchy (classified by the fair value level):

€'000	Level I	Level II	31/12/2022 Level III	Level I	Level II	31/12/2021 Level III
Balance sheet assets						
Financial assets held for trading	***126,947***	***547,229***	***0***	*92,357*	*450,010*	*0*
Derivatives	0	400,943	0	0	309,519	0
Equity instruments	50,715	0	0	0	0	0
Bonds	76,232	146,286	0	92,357	140,492	0
Non-trading financial assets mandatorily measured at fair value through profit or loss	***0***	***834***	***126,948***	*0*	*989*	*129,513*
Equity instruments	0	0	14,086	0	0	9,497
Bonds	0	834	0	0	989	0
Other loans and advances	0	0	112,862	0	0	120,016
Financial assets measured at fair value through other comprehensive income	***0***	***0***	***19,110***	*0*	*0*	*19,577*
Equity instruments	0	0	19,110	0	0	19,577
Derivatives - hedge accounting	***0***	***679,100***	***0***	*0*	*315,002*	*0*

€'000	Level I	Level II	31/12/2022 Level III	Level I	Level II	31/12/2021 Level III
Balance sheet equity and liabilities						
Financial liabilities held for trading	***0***	***342,783***	***0***	*0*	*321,626*	*0*
Derivatives	0	342,783	0	0	321,626	0
Derivatives - hedge accounting	***0***	***821,183***	***0***	*0*	*340,817*	*0*

Every financial instrument is evaluated to determine whether quoted market prices are available on an active market (Level I). No securities were reclassified from Level I to Level II in 2022.

The following table shows the development from 1 January 2022 to 31 December 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	Changes in the scope of consolidation	31/12/2022
Balance sheet assets							
Non-trading financial assets mandatorily measured at fair value through profit or loss	***129,513***	***19,054***	***(13,942)***	***(7,677)***	***0***	***0***	***126,948***
Equity instruments	9,497	691	(26)	3,925	0	0	14,086
Other loans and advances	120,016	18,363	(13,916)	(11,602)	0	0	112,862
Financial assets measured at fair value through other comprehensive income	***19,577***	***337***	***0***	***0***	***(660)***	***(144)***	***19,110***
Equity instruments	19,577	337	0	0	(660)	(144)	19,110

There were no reclassifications to or from Level III in 2022.

As of 31 December 2022, all loans and advances in the fair value portfolio were assigned to Level III in the fair value hierarchy.

The following table shows the development from 1 January 2021 to 31 December 2021 of the assets measured at fair value which are assigned to Level III:

€'000	01/01/2021	Additions	Disposals	Profit, income statement	Profit, other comprehensive income	31/12/2021
Balance sheet assets						
Non-trading financial assets mandatorily measured at fair value through profit or loss	*138,911*	*4,551*	*(10,913)*	*(3,037)*	*0*	*129,513*
Equity instruments	9,015	76	0	406	0	9,497
Other loans and advances	129,897	4,475	(10,913)	(3,443)	0	120,016
Financial assets measured at fair value through other comprehensive income	*19,471*	*10*	*(3)*	*0*	*99*	*19,577*
Equity instruments	19,471	10	(3)	0	99	19,577

The results recognized to the income statement for the financial instruments allocated to Level III totalled TEUR 1,539 in 2022 (2021: TEUR -3,005) and are reported under "profit/loss from financial assets and liabilities".

All loans and advances measured at fair value are assigned to Level III, mainly as a result of the respective credit risk premiums. The extent of these non-observable input factors equals up to approximately 39% (2021: approximately 47%).

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 shift in the parameters at the ends of these ranges (+/- 100 bps with a floor at 0) would lead to an increase of EUR 1.1 million (2021: increase of EUR 1.2 million) or a decrease of EUR 1.5 million (2021: decrease of EUR 1.6 million) in the fair value of loans and advances (assets) as of 31 December 2022.

The probability is extremely low that all non-observable parameters would move to the ends of the ranges at the same time. Therefore, the results cannot be used to draw conclusions over actual, future market developments.

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).

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 measured at amortized cost	***22,080,113***	***23,017,381***	***(937,268)***
Bonds	3,895,947	4,118,147	(222,200)
Other loans and advances	18,184,166	18,899,234	(715,068)
Balance sheet equity and liabilities			
Financial liabilities measured 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 decline in the market values resulted primarily from the increase in interest rates.

The comparative prior year data are shown below.

2021, €'000	Fair value	Carrying amount	Difference
Balance sheet assets			
Cash, cash balances at central banks and other demand deposits	*5,189,840*	*5,188,041*	*1,799*
Financial assets measured at amortized cost	*20,694,416*	*20,126,184*	*568,233*
Bonds	3,697,684	3,636,067	61,617
Other loans and advances	16,996,732	16,490,117	506,615
Balance sheet equity and liabilities			
Financial liabilities measured at amortized cost	*25,758,820*	*25,523,167*	*235,653*
Deposits	19,641,999	19,536,894	105,105
Securitized liabilities	6,116,821	5,986,274	130,548

The following table shows the fair values of assets measured at amortized cost, based on the fair value hierarchy:

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

The comparative prior year data are shown below.

2021, €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Balance sheet assets			
Cash, cash balances at central banks and other demand deposits	50,995	5,124,628	14,217
Bonds	3,260,630	437,054	0
Other loans and advances	0	0	16,996,732
Balance sheet equity and liabilities			
Deposits	0	0	19,641,999
Securitized liabilities	0	5,602,218	514,604

The methods used to determine the fair values of the bonds, loans and advances reported “measured 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 is based on parameters in the form of indirectly derived risk premiums.

Additional Information

(36) Classification of remaining terms to maturity

The following table shows the classification of the remaining terms to maturity for financial instruments as of 31 December 2022.

€'000	Demand deposits	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years or with a perpetual term	Total
Balance sheet assets						
Cash, cash balances at central banks and other demand deposits	2,504,570	0	0	0	0	2,504,570
Financial assets held for trading	179	54,249	8,585	233,803	377,360	674,177
Non-trading financial assets mandatorily measured at fair value through profit or loss	10,308	5	2,422	20,124	94,924	127,782
Financial assets measured at fair value through other comprehensive income	0	0	0	0	19,110	19,110
Financial assets measured at amortized cost	733,600	1,375,180	2,531,594	7,259,423	11,130,346	23,030,143
Derivatives - hedge accounting	9,303	143	7,546	59,000	603,108	679,100
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	0	(106)	(2,244)	(29,035)	(495,598)	(526,983)
Interest in investments in companies valued at equity	0	0	0	0	1,867,191	1,867,191
Balance sheet equity and liabilities						
Financial liabilities held for trading	179	4,858	7,384	58,885	271,478	342,783
Financial liabilities measured at amortized cost	12,312,295	445,800	2,454,198	6,450,951	3,805,052	25,468,297
Of which lease liabilities	0	1,392	6,063	30,929	54,997	93,382
Derivatives - hedge accounting	14,062	209	7,661	254,767	544,486	821,183
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	0	(147)	(2,340)	(61,088)	(138,350)	(201,925)

The comparative prior year data are as follows.

€'000	Demand deposits	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years or with a perpetual term	Total
Balance sheet assets						
Cash, cash balances at central banks and other demand deposits	5,188,041	0	0	0	0	5,188,041
Financial assets held for trading	0	6,917	40,163	194,877	300,412	542,368
Non-trading financial assets mandatorily measured at fair value through profit or loss	8,788	53	2,579	26,771	92,309	130,502
Financial assets measured at fair value through other comprehensive income	0	0	0	0	19,577	19,577
Financial assets measured at amortized cost	620,286	913,410	2,073,156	6,053,310	10,478,122	20,138,284
Derivatives - hedge accounting	0	23,511	1,161	62,365	227,965	315,002
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	0	15	15	(1,596)	(50,084)	(51,651)
Interest in investments in companies valued at equity	0	0	0	0	2,028,649	2,028,649
Balance sheet equity and liabilities						
Financial liabilities held for trading	0	5,809	13,721	79,961	222,135	321,626
Financial liabilities measured at amortized cost	12,808,209	469,288	1,629,162	6,929,606	3,787,495	25,623,761
Of which lease liabilities	0	2,067	5,907	30,112	59,884	97,970
Derivatives - hedge accounting	0	948	5,698	41,979	292,193	340,817

(37) Related party disclosures

€'000	31/12/2022	31/12/2021
Cash, cash balances at central banks and other demand deposits	*2,052,462*	*2,126,668*
Associates	2,052,462	2,126,668
Financial assets held for trading	*152,847*	*124,803*
Parent	1,046	12,835
Entities related via the parent	53	0
Associates	151,739	111,845
Entities accounted for using the equity method via the parent	9	123
Financial assets measured at amortized cost	*2,021,918*	*1,837,742*
Parent	1,143,391	1,181,952
Subsidiary / subsidiaries	12,727	45,909
Entities related via the parent	247,568	255,092
Associates	404,992	220,708
Entities accounted for using the equity method via the parent	213,205	133,944
Joint ventures	35	138
Derivatives - hedge accounting	*18*	*23,107*
Associates	18	23,107
Other assets	*28,948*	*28,981*
Parent	28,935	28,948
Subsidiary / subsidiaries	0	17
Entities related via the parent	4	5
Associates	4	6
Entities accounted for using the equity method via the parent	5	5

€'000	31/12/2022	31/12/2021
Financial liabilities held for trading	***121,312***	*15,604*
Parent	115,878	3,245
Associates	5,435	12,359
Entities accounted for using the equity method via the parent	0	0
Financial liabilities measured at amortized cost	***362,230***	*726,574*
Parent	122,036	246,612
Subsidiary / subsidiaries	4,415	3,409
Entities related via the parent	79,145	203,250
Associates	109,161	187,618
Entities accounted for using the equity method via the parent	30,851	72,457
Joint ventures	16,621	13,229
Other liabilities	***284***	*264*
Parent	268	203
Subsidiary / subsidiaries	0	47
Entities accounted for using the equity method via the parent	6	13
Associates	10	0

€'000	31/12/2022	31/12/2021
Contingent liabilities and other off-balance sheet obligations	***411,080***	*612,075*
Parent	0	294
Subsidiary / subsidiaries	30,785	25,495
Entities related via the parent	78,013	77,296
Associates	84,267	163,974
Entities accounted for using the equity method via the parent	217,519	334,615
Joint ventures	497	10,400

01/01 - 31/12/2022, €'000	Interest income	Interest expenses	Purchased services and merchandise and other expenses	Services provided, sale of merchandise and fixed assets and other income
Parent	18,076	10,473	17,907	5,552
Subsidiary / subsidiaries	754	5	7,734	161
Entities related via the parent	4,859	51	219	144
Associates	13,937	2,200	35,551	4,182
Entities accounted for using the equity method via the parent	3,233	2	1,249	38
Joint ventures	1	52	7,189	0
Other related parties	7	3	0	0

01/01 - 31/12/2021, €'000	Interest income	Interest expenses	Purchased services and merchandise and other expenses	Services provided, sale of merchandise and fixed assets and other income
Parent	15,732	11,819	18,609	5,092
Subsidiary / subsidiaries	624	7	6,019	174
Entities related via the parent	4,947	41	54	13
Associates	13,675	9,775	31,299	2,399
Entities accounted for using the equity method via the parent	3,068	5	1,012	34
Joint ventures	16	62	6,862	0
Other related parties	11	2	0	0

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 and the related receivables.

- 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 RAIFFEISENHOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung (Raiffeisen-Holding NÖ-Wien), with which RLB NÖ-Wien has 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 (2021: 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. Details on the tax charges from Raiffeisen-Holding NÖ-Wien can be found in Note (22) and Note (29).

- RLB NÖ-Wien and the following companies have established tax groups for VAT purposes:

    - RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung
    - "AKTUELL" Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H.
    - MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH
    - Raiffeisen Beratung direkt GmbH
    - RBE Raiffeisen Beratungs- und Entwicklungs GmbH
    - Raiffeisen Versicherungs- und Bauspar-Agentur GmbH
    - Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H.
    - Raiffeisen Analytik GmbH

- RLB NÖ-Wien has arranged for Directors and Officers (D&O) insurance and fidelity insurance to cover its corporate bodies and key managers as well as the corporate bodies and key managers of its subsidiaries and carries the related costs.

- Details on the Raiffeisen deposit protection scheme and the national Raiffeisen institution-based protection scheme which covers the Raiffeisen banks, RLB NÖ-Wien, the other Raiffeisen regional banks and RBI can be found under Note (51) Other agreements

- As of 31 December 2022, leases with the parent company included TEUR 73,839 (2021: TEUR 76,703) of rights of use for land and buildings as well as TEUR 76,460 (2021: TEUR 79,555) of lease liabilities. The resulting interest expense totalled TEUR 1,049 (2021: 1,086) and amortization equalled TEUR 6,732 (2021: TEUR 7,011).

- 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	31/12/2022	31/12/2021
Demand deposits	4,119	4,420
Bonds	10	33
Savings deposits	423	669
Total	**4,551**	5,123
Current accounts	13	12
Loans	926	1,224
Other liabilities	13	16
Total	**952**	1,252

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	31/12/2022	31/12/2021
Current accounts	11	126
Loans	0	106
Other liabilities (e.g. from derivative financing transactions, etc.)	0	62
Total	**11**	294

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

€'000	31/12/2022	31/12/2021
Demand deposits	235	153
Savings deposits	50	11
Total	**285**	165
Current accounts	5	2
Loans	0	37
Total	**5**	39

(38) Remuneration of the Managing and Supervisory Boards

The remuneration paid by the company to the members of key management totalled TEUR 3,236 in 2022 (2021: TEUR 3,230). This amount includes TEUR 2,299 (2021: TEUR 2,254) of short-term remuneration, TEUR 935 (2021: TEUR 974) of post-employment benefits (pensions and termination benefits) including additions to and reversals of provisions, and TEUR 2 (2021: TEUR 2) of other long-term remuneration.

The total remuneration (including additions to/reversals of provisions) for former managing directors and their surviving dependants as well as former members of the Managing Board of RLB NÖ-Wien AG amounted to TEUR 990 (2021: TEUR 962).

In accordance with IAS 24.18A, the amounts for services provided by RLB NÖ-Wien to key management of Raiffeisen-Holding NÖ-Wien totalled TEUR 741 (2021: TEUR 517).

Additional disclosures in accordance with § 239 (1) no. 4 a) of the Austrian Commercial Code in connection with § 266 (2) of the Austrian Commercial Code:

The following table shows the remuneration for the active members of the Managing Board and Supervisory Board, classified by corporate body:

	Total remuneration for activities in reporting year	
Managing Board		
Current year in TEUR	2,175	*
Prior year in TEUR	2,170	*
Supervisory Board		
Current year in TEUR	124	
Prior year in TEUR	85	

* Information on the remuneration of related entities is not provided in accordance with the protective clause defined by § 64 (6) of the Austrian Banking Act in connection with § 242 (4) of the Austrian Commercial Code.

(39) Disclosure of loans and advances to members of the Managing Board and Supervisory Board pursuant to § 266 no. 5 of the Austrian Commercial Code

As of the balance sheet date on 31 December 2022, loans and advances outstanding to the members of the Managing Board and Supervisory Board totalled TEUR 461 (2021: TEUR 539), respectively TEUR 146 (2021: TEUR 114). No guarantees were issued on behalf of these persons. The loans and advances to the members of the Supervisory Board consist solely of loans and advances to the employees appointed to this corporate body by the Staff Council and carry standard bank terms and interest rates. Repayments during the reporting year amounted to TEUR 79 (2021: TEUR 249) by Managing Board members and TEUR 27 (2021: TEUR 18) by Supervisory Board members.

(40) Foreign currency balances

The consolidated financial statements include the following foreign currency asset and liability balances:

€'000	**2022**	2021
Assets	635,575	806,244
Liabilities	415,341	497,148

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

RLB NÖ-Wien held the following off-balance sheet obligations at year-end 2021 and 2022:

€'000	2022	2021
Contingent liabilities	*622,347*	*530,962*
Of which arising from other guarantees	596,922	517,957
Of which arising from letters of credit	17,202	4,751
Of which other contingent liabilities	8,223	8,255
Commitments	*3,567,682*	*4,126,606*
Of which arising from revocable loan commitments	1,347,240	1,585,461
Of which arising from irrevocable loan commitments	2,220,442	2,541,145
Up to 1 year	330,443	856,386
More than 1 year	1,889,999	1,684,759

Other obligations

The additional guarantees for cooperatives totalled TEUR 8,223 (2021: TEUR 8,255) and include TEUR 10 (2021: TEUR 41) related to subsidiaries. Additional funding commitments amounted to TEUR 841 (2021: TEUR 841), whereby TEUR 150 (2021: TEUR 150) are related to subsidiaries. Outstanding contributions remained unchanged in comparison with the previous year at TEUR 21 (2021: TEUR 21) and include TEUR 18 (2021: TEUR 18) for subsidiaries.

RLB NÖ-Wien is required to make an annual ex ante contribution (§ 21 of the Austrian Deposit Protection and Investor Compensation Act) to finance the statutory deposit insurance through the creation of a fund. The contribution for 2022 equalled TEUR 6,650 (2021: TEUR 7,682) and is reported under other operating expenses.

In the event compensation payments are made for insured securities services (investor compensation), the annual contribution for each individual institution will equal up to 1.5% of the assessment base as defined by Art. 92 (3) letter a of the CRR plus 12.5-times the capital requirements for position risk as defined in Part 3 Title IV Chapter 2 of the CRR, i.e. TEUR 166,165 (2021: TEUR 154,248) for RLB NÖ-Wien.

RLB NÖ-Wien is a member of Raiffeisen Kundengarantiegemeinschaft NÖ-Wien, the Raiffeisen customer deposit protection association for Lower Austria and Vienna. The association's statutes guarantee joint responsibility for the fulfilment of the following liabilities: (i) customer deposits originating prior to 1 October 2019 and (ii) non-subordinated proprietary securities (see "Financial liabilities measured at amortized cost") issued prior to 1 January 2019 by every insolvent association member. This joint responsibility extends up to a limit that equals the total individual capacities of the other association members. The individual capacity of an association member is based on free cash reserves as calculated in accordance with the relevant provisions of the Austrian Banking Act and CRR. This customer protection excludes proprietary securities issued after 1 January 2019 and new customer deposits (including extensions and additions to existing transactions) received after 1 October 2019. Transition rules for the protected customer deposits are leading to a steady decline in obligations through a gradual reduction in the potential guarantee volume.

Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien, in turn, is a member of the association "Raiffeisen Kundengarantiegemeinschaft Österreich", whose members are Raiffeisen Bank International AG (RBI) and other Raiffeisen regional customer guarantee collectives. The objective of the association is the same as Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien based on RBI and the members of the Raiffeisen regional customer deposit protection association (also see Note (32) Risk Report).

Directive 2014/59/EU ("BRRD") and Regulation (EU) No. 806/2014 ("SRM") create a joint system for the reorganization and resolution of banks and represent the so-called "second pillar" of the European Banking Union. In this way, they extend the rules of the Single Supervisory Mechanism ("SSM"), the so-called "first pillar". In Austria, the BRRD was implemented through the Austrian Act on the Reorganization and Resolution of Banks ("Bundesgesetz über die Sanierung und Abwicklung von Banken", BaSAG) which took effect on 1 January 2015. The Austrian Financial Market Authority serves as the national resolution authority.

The Single Resolution Fund (SRF) is an important element of the joint reorganization and resolution system for financial institutions. The target for the SRF equals at least 1% of the deposits insured in the European Banking Union, whereby this volume is to be compiled as evenly as possible by the end of 2023. All depository institutions licenced in Austria are required to make contributions to the SRF in accordance with official notifications issued by the Austrian Financial Market Authority. The contribution by RLB NÖ-Wien equalled TEUR 15,009 in 2022 (2021: TEUR 13,438) and is reported under other operating profit/loss (see Note (9)). Details on the Raiffeisen deposit protection can be found in Note (51) Other agreements.

(42) Repurchase agreements, securities lending and offsetting agreements

Repurchase agreements

RLB NÖ-Wien had a repurchase obligation of TEUR 186,252 from a repurchase transaction as of 31 December 2022 (2021: TEUR 0). As of 31 December 2022 and 31 December 2021, there were no "pseudo" repo transactions or reverse repo transactions. RLB NÖ-Wien has deposited collateral with clearing centres in the form of securities with a value of TEUR 4,536 (2021: TEUR 3,503), which are reported under "financial assets measured at amortized cost".

Securities lending

Securities lending transactions involved borrowed securities totalling TEUR 348,344 as of 31 December 2022 (2021: TEUR 520,718). Own bonds totalling TEUR 1,699,600 (2021: TEUR 0) were loaned. The securities received as collateral in the form of loaned bonds with a nominal value of TEUR 1,693,000 (2021: TEUR 0) had a fair value of TEUR 1,694,722 as of 31 December 2022 (2021: TEUR 0). These transactions are based on standard contracts (global master repurchase agreement, respectively master agreement for securities lending). In this connection, no cash collateral was received in 2022. The return obligation is based on securities of the same type and ranking.

Offsetting agreements

The following tables show the fair value of derivatives for which collateral was received or provided in accordance with the respective agreement as well as the receivables and liabilities with existing offset agreements.

These items are only offset and presented as a net amount in agreement with IAS 32.42 when there is a legal right to offset on a net basis which is enforceable during the conduct of ordinary business activities and also in the event of insolvency or bankruptcy.

The transactions shown in the following table do not meet the offsetting criteria defined by IAS 32.42 and are therefore presented on the balance sheet as gross amounts.

Assets 2022, €'000	Gross amount	Offset on the balance sheet	Related amounts not offset on the balance sheet		Net amount
			Financial instruments	Cash collateral received	
Demand deposits	2,057,031	2,057,031	(24,468)	0	2,032,563
Derivatives	1,069,939	1,069,939	(810,213)	(250,687)	9,040
Of which from financial assets held for trading	390,839	390,839			
Of which from derivatives - hedge accounting	679,100	679,100			
Total	**3,126,971**	**3,126,971**	**(834,681)**	**(250,687)**	**2,041,603**

Liabilities 2022, €'000	Gross amount	Offset on the balance sheet	Related amounts not offset on the balance sheet		Net amount
			Financial instruments	Cash collateral given	
Deposits from other banks	24,468	24,468	(24,468)	0	0
Derivatives	967,292	967,292	(810,213)	(158,937)	(1,858)
Of which from financial liabilities held for trading	146,108	146,108			
Of which from derivatives - hedge accounting	821,183	821,183			
Total	**991,760**	**991,760**	**(834,681)**	**(158,937)**	**(1,858)**

The comparative prior year data are shown below.

Assets 2021, €'000	Gross amount	Offset on the balance sheet	Related amounts not offset on the balance sheet: Financial instruments	Cash collateral received	Net amount
Demand deposits	2,126,310	2,126,310	(77,859)	0	2,048,452
Derivatives	548,827	548,827	(389,902)	(156,904)	2,022
Of which from financial assets held for trading	233,825	233,825			
Of which from derivatives - hedge accounting	315,002	315,002			
Total	2,675,138	2,675,138	(467,761)	(156,904)	2,050,473

Liabilities 2021, €'000	Gross amount	Offset on the balance sheet	Related amounts not offset on the balance sheet: Financial instruments	Cash collateral given	Net amount
Deposits from other banks	77,859	77,859	(77,859)	0	0
Derivatives	655,309	655,309	(389,902)	(271,694)	(6,287)
Of which from financial liabilities held for trading	314,492	314,492			
Of which from derivatives - hedge accounting	340,817	340,817			
Total	733,167	733,167	(467,761)	(271,694)	(6,287)

In order to determine capital requirements, RLB NÖ-Wien offsets the corresponding receivables from derivatives (positive and negative fair values) resulting from individual transactions executed under a framework agreement (for financial forwards and futures) or an ISDA master agreement with the respective counterparty. RLB NÖ-Wien has concluded these types of netting agreements with numerous banks and other financial institutions. The legal enforceability of these netting agreements is evaluated on the basis of legal expert opinions. Netting agreements are not used in the customer business. In the event of default by a counterparty, these contracts allow for net settlement which covers all individual transactions. Cash collateral is generally converted into EUR.

The cash collateral received (see the above tables) includes TEUR 222,959 (2021: TEUR 128,075) which are reported on the balance sheet under deposits from other banks and TEUR 27,728 (2021: TEUR 28,829) which are reported under deposits from customers. Cash collateral given is reported on the balance sheet under demand deposits or under assets measured at amortized cost. The conclusion of OTC derivatives with a central counterparty also includes initial margin deposits in the form of securities with a nominal value of TEUR 172,800 (2021: TEUR 105,000) which are measured at amortized cost. RLB NÖ-Wien is also required to make a collateral contribution to the settlement agency's default fund and makes this contribution in the form of securities (reported under “financial assets measured at amortized cost“) at a nominal value of TEUR 60,000 (2021: TEUR 25,000).

The cash collateral for derivatives with a central counterparty is provided in the currency of the respective derivative. Payment claims from the fair values of derivatives and the repayment of collateral are only offset if the counterparty is in default. Consequently, there is no claim to offset at any time.

An agreement was also concluded with an associate and one of its subsidiaries to offset receivables and liabilities (sese the above table). These receivables and liabilities are reported under demand deposits, respectively deposits from other banks, and are measured at amortized cost. The respective agreements are conditional and only permit netting in the event of payment default or insolvency.

An agreement was also concluded with the parent company over the reciprocal offset of interbank deposits and loans which meet the offsetting requirements of IAS 32.42. These items are therefore reported as a net amount on the balance sheet. The recognized amounts before netting included TEUR 260,798 (2021: TEUR 413,560), which are reported under financial liabilities measured at amortized cost (deposits from other banks), and TEUR 214,932 (2021: TEUR 166,948), which are reported under demand deposits. After the balance sheet netting of TEUR 214,932 (2021: TEUR 166,948), the remaining financial liabilities totalled TEUR 45,866 (2021: TEUR 246,612).

(43) Assets pledged as collateral

The following assets reported on the balance sheet were pledged as collateral for the liabilities listed below:

€'000	**2022**	2021
Mortgage-backed receivables in the cover pool for funded securities	4,442,553	3,981,404
Receivables securing funded securities	2,111,108	2,009,307
Securities deposited as collateral in the OeNB	1,611,874	2,769,702
Collateral for derivative contracts	387,689	406,737
Receivables assigned to OeKB	591,305	605,378
Receivables assigned to the European Investment Bank	289,102	314,683
Receivables assigned to OeNB (credit claims)	150,805	592,593
Bonds in the cover pool for issued funded securities	50,261	49,994
Security deposit for loans from the European Investment Bank	21,570	86,178
Receivables assigned to Kreditanstalt für Wiederaufbau, Frankfurt/Main	4,744	4,991
Cover pool for fiduciary savings deposit balances	14,257	29,975
Other	24,837	25,607
Total	**9,700,105**	10,876,549

RLB NÖ-Wien also deposited the following collateral with the Austrian National Bank: issued retained covered bonds with a nominal value of TEUR 1,634,000 (2021: TEUR 2,303,000) and borrowed securities with a nominal value of TEUR 2,041,344 (2021: TEUR 520,718).

In accordance with an Austrian law governing covered bonds that was enacted on 27 December 1905 ("§ 1 (6) Fundierte Bankschuldverschreibungsgesetz", Austrian Federal Gazette No. 1905/213 in the current version), loans and advances to other banks of TEUR 333,393 (2021: TEUR 344,539) and mortgage-backed loans and advances to other banks of TEUR 4,857,960 (2021: TEUR 3,703,249) were also included in the mortgage coverage pool of RLB NÖ-Wien to secure obligations under the covered bonds.

The following liabilities are covered by assets recognized and reported on the balance sheet:

€'000	2022	2021
Deposits from other banks	3,364,439	4,395,290
Deposits from customers	8,847	9,983
Securitized liabilities	4,849,182	3,519,136
Derivatives	156,195	211,288
Total	**8,378,663**	8,135,697

(44) Fiduciary transactions

RLB NÖ-Wien held the following off-balance sheet fiduciary items on the balance sheet date.

€'000	2022	2021
Loans and advances to customers	16,433	10,100
Fiduciary assets	***16,433***	*10,100*
Deposits from customers	16,433	10,100
Fiduciary liabilities	***16,433***	*10,100*

Disclosures pursuant to Austrian law

(45) Derivative financial instruments pursuant to § 64 (1) No. 3 of the Austrian Banking Act

The following tables show the derivative financial products in the banking book which were outstanding as of the balance sheet date, classified by the respective term to maturity. These items are reported under financial assets, respective financial liabilities held for trading and derivatives - hedge accounting.

2022, €'000	Nominal amounts				Fair values	
	Maturity					
	Up to 1 year	1 year, up to 5 years	More than 5 years	Total	Positive	Negative
Total	***3,116,314***	***11,546,697***	***14,727,013***	***29,390,024***	***1,076,858***	***(1,161,442)***
a) Interest rate contracts	***2,589,143***	***11,546,697***	***14,727,013***	***28,862,853***	***1,076,594***	***(1,156,967)***
Interest rate swaps	2,177,043	9,014,794	10,667,930	21,859,767	1,024,124	(1,034,357)
Interest rate options – calls	10,000	444,083	793,519	1,247,602	52,470	0
Interest rate options – puts	402,100	2,087,820	3,265,564	5,755,484	0	(122,610)
b) Exchange rate contracts	***527,171***	***0***	***0***	***527,171***	***264***	***(4,475)***
Cross currency and cross currency interest rate swaps	527,171	0	0	527,171	264	(4,475)

2021, €'000	Nominal amounts				Fair values	
	Maturity					
	Up to 1 year	1 year, up to 5 years	More than 5 years	Total	Positive	Negative
Total	*2,837,442*	*7,071,050*	*8,156,591*	*18,065,083*	*621,076*	*(659,450)*
a) Interest rate contracts	*2,109,797*	*7,071,050*	*8,156,591*	*17,337,438*	*620,897*	*(657,071)*
Interest rate swaps	2,072,133	6,796,234	7,652,574	16,520,941	608,407	(654,172)
Interest rate options – calls	16,704	221,459	331,304	569,467	12,490	0
Interest rate options – puts	20,960	53,357	172,713	247,030	0	(2,899)
b) Exchange rate contracts	*501,560*	*0*	*0*	*501,560*	*179*	*(2,379)*
Cross currency and cross currency interest rate swaps	501,560	0	0	501,560	179	(2,379)
c) Securities contracts	*226,085*	*0*	*0*	*226,085*	*0*	*0*
Equity and index options – calls	112,835	0	0	112,835	0	0
Equity and index options – puts	113,250	0	0	113,250	0	0

The following table shows the derivative financial products that are held for trading and recorded on the balance sheet under financial assets or liabilities held for trading.

2022, €'000	Maturity			Nominal amounts	Fair values	
	Up to 1 year	1 year, up to 5 years	More than 5 years	Total	Positive	Negative
Total	*90,217*	*33,878*	*23,983*	*148,078*	*3,264*	*(2,525)*
a) Interest rate contracts	*33,202*	*27,672*	*23,983*	*84,857*	*2,381*	*(1,701)*
Interest rate futures	26,500	0	0	26,500	81	0
Interest rate swaps	3,737	26,302	9,184	39,223	2,244	(1,309)
Interest rate options – calls	50	0	4,858	4,908	56	0
Interest rate options – puts	2,915	1,370	9,941	14,226	0	(392)
b) Exchange rate contracts	*57,015*	*6,206*	*0*	*63,221*	*883*	*(824)*
Currency forwards	53,089	6,206	0	59,295	856	(797)
Currency options – calls	1,963	0	0	1,963	27	0
Currency options – puts	1,963	0	0	1,963	0	(27)

2021, €'000	Maturity			Nominal amounts	Fair values	
	Up to 1 year	1 year, up to 5 years	More than 5 years	Total	Positive	Negative
Total	*188,741*	*32,993*	*78,856*	*300,590*	*3,937*	*(2,994)*
a) Interest rate contracts	*62,078*	*32,993*	*78,856*	*173,927*	*2,179*	*(1,338)*
Interest rate futures	53,200	0	0	53,200	493	0
Interest rate swaps	7,791	28,366	62,343	98,500	1,459	(1,167)
Interest rate options – calls	0	100	5,247	5,347	227	0
Interest rate options – puts	1,087	4,527	11,266	16,880	0	(171)
b) Exchange rate contracts	*126,663*	*0*	*0*	*126,663*	*1,758*	*(1,656)*
Currency forwards	126,663	0	0	126,663	1,758	(1,656)

The nominal and fair values are derived from the separate totals of all calls and puts. The fair values here represent dirty prices (fair value incl. accrued interest) after taking the counterparty default risk into consideration.

Derivative interest rate contracts and derivative securities transactions are used primarily for proprietary trading. Derivative foreign exchange contracts are used for both the proprietary and customer business.

(46) Subordinated liabilities pursuant to § 64 (1) no. 5 of the Austrian Banking Act

The financial liabilities measured at amortized cost include subordinated liabilities of TEUR 513,884 as of 31 December 2022 (2021: TEUR 545,046). This amount includes eight bonds (all of which represent Tier 2 capital as defined in Part 2 Section I Article 4 of the CRR) and seven subordinated promissory note loans which were issued in Euros. The terms of the bonds range from 10 to 15 years and the terms of the promissory note loans from 10 to 20 years. This group of liabilities includes the following bond which exceeds 10.0% of the total amount of the above-mentioned Tier 2 capital:

2022	Currency	Nominal value €'000	Interest rate	due on	special termination right
Subordinated bond 2013-2023 issued by RLB NÖ-Wien	EUR	266,800	5.875%	27/11/2023	No
Subordinate callable fixed income bond 2022-2032	EUR	76,000	7.422%	21.12.2032	Yes

2021	Currency	Nominal value €'000	Interest rate	due on	special termination right
Subordinated bond 2013-2023 issued by RLB NÖ-Wien	EUR	266,800	5.875%	27/11/2023	No

In the event the issuer enters into liquidation or bankruptcy, these bonds may only be satisfied after all of the issuer's other non-subordinated creditors. No payments may be made on these bonds until the claims by the issuer's other non-subordinated creditors have been satisfied.

The expenses for subordinated liabilities as defined in § 64 (1) no. 13 of the Austrian Banking Act totalled TEUR 25,103 (2021: TEUR 30,714).

(47) Bonds, other fixed-interest securities and issued bonds pursuant to § 64 (1) no. 7 of the Austrian Banking Act

The following bonds and other fixed-interest securities as well as bonds issued by the Group are due and payable in the year following the balance sheet date:

€'000		31/12/2022	31/12/2021
a)	Receivables arising from bonds and other fixed-interest securities	121,522	228,812
b)	Payables arising from bonds issued by the Group	(523,109)	(691,841)

(48) Securities admitted for exchange trading pursuant to § 64 (1) no. 10 of the Austrian Banking Act

€'000	31/12/2022 Listed	31/12/2022 Unlisted	31/12/2021 Listed	31/12/2021 Unlisted
Bonds and other fixed-interest securities	1,472,516	0	1,513,223	0
Shares and other variable-yield securities	50,715	0	0	0

(49) Financial assets pursuant to § 64 (1) no. 11 of the Austrian Banking Act

€'000	2022	2021
Bonds and other fixed-interest securities	1,416,322	1,368,051
Total	**1,416,322**	1,368,051

The classification as non-current or current assets is based on the investment strategy. An asset is classified as non-current if the intention and capacity indicate that it will be held to maturity.

(50) (Nominal) volume of the securities trading book pursuant to § 64 (1) no. 15 of the Austrian Banking Act

€'000	2022	2021
Fixed-interest securities, nominal values	44,921	75,818
Other financial instruments (derivatives, face values)	148,078	300,590
Total	**192,999**	376,408

(51) Other agreements

In accordance with Article 49 § 3 and Article 113 § 7 of the CRR, RLB NÖ-Wien together with Raiffeisen-Holding NÖ-Wien, the other Raiffeisen regional banks, RBI and selected subsidiaries of RBI as well as nearly all Austrian Raiffeisen banks concluded an agreement to create a separate Raiffeisen deposit protection scheme and a required, related new national Raiffeisen institution-based protection scheme (in short "Raiffeisen-IPS“).

Contractual and statutory liability agreements were concluded under which the participating institutions commit to reciprocal protection as well as any necessary actions to guarantee liquidity and solvency.

The Austrian Raiffeisen-IPS was approved by the ECB and FMA as a deposit protection and compensation scheme pursuant to the Austrian Deposit Protection and Investor Compensation Act ("Einlagensicherungs- und Anlegerentschädigungsgesetz", ESAEG). The participating institutions in the Raiffeisen Banking Group therefore resigned from Einlagensicherung AUSTRIA Ges.m.b.H. as of 29 November 2021 in accordance with ESAEG regulations. The previous institution-based protection scheme at the federal and provincial level (B-IPS, L-IPS) was dissolved for the Raiffeisen-IPS in June 2021 based on an official notice, and the special assets were transferred to the new Raiffeisen-IPS.

Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS) manages the funds for the Raiffeisen-IPS in its function as a trustee for its members as well as the funds for the legal deposit protection scheme. It is also responsible for reporting and the early identification of risks. The Overall Risk Committee which oversees the new Raiffeisen-IPS includes representatives from the participating Raiffeisen banks, the Raiffeisen regional banks and RBI. The share of RLB NÖ-Wien in the Raiffeisen-IPS funds equalled TEUR 44,646 as of31 December 2022 (2021: TEUR 42,643).

RLB NÖ-Wien is required to make annual contributions to finance the ex-ante build-up of a fund for the statutory deposit protection scheme (§ 21 ESAEG). The contribution for 2022 equalled TEUR 6,650 (2021: TEUR 7,682) and is reported as part of other operating expenses.

In the event compensation payments are made for insured securities services (investor compensation), the annual contribution for each individual institution will equal up to 1.5% of the assessment base as defined by Art. 92 (3) letter a of the CRR plus 12.5-times the capital requirements for position risk as defined in Part 3 Title IV Chapter 2 of the CRR, i.e. a maximum of TEUR 166,165 (2021: TEUR 154,248) for RLB NÖ-Wien.

(52) Regulatory capital

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

€'000	**31/12/2022**	31/12/2021
Paid-in capital	1,032,072	1,031,406
Retained earnings	2,186,952	2,202,859
Less qualified investments	(186,951)	(118,316)
Accumulated other comprehensive income and other equity	(502,814)	(564,395)
Common equity Tier 1 before deductions	***2,529,258***	*2,551,553*
Intangible assets incl. goodwill	(8,008)	(20,816)
Other transition adjustments to common equity Tier 1 capital	26,781	53,418
Risk allowance backstop for non-performing loans (NPLs)	(8,150)	(670)
Corrections in respect of cash flow hedge reserves	(119,374)	(3,619)
Corrections for credit standing related to changes in values of derivatives	(6,802)	(683)
Value adjustment based on the prudent valuation requirement	(3,282)	(1,614)
Common equity Tier 1 capital after deductions (CET1)	***2,410,422***	*2,577,569*
Additional core capital after deductions	95,000	95,000
Additional own funds	***2,505,422***	*2,672,569*
Eligible supplementary capital	166,439	212,149
Supplementary capital after deductions	***166,439***	*212,149*
Total qualifying capital	***2,671,861***	*2,884,718*
Total capital requirement	**1,067,283**	1,038,511
Common equity Tier 1 ratio (CET1 ratio)	18.07%	19.86%
Tier 1 ratio (T1 ratio)	18.78%	20.59%
Total capital ratio	20.03%	22.22%
Surplus capital ratio	150.34%	177.77%

Under a fully loaded analysis, the Common Equity Tier 1 Ratio equalled 17.84% (2021: 19.37%) and the Total Capital Ratio 19.81% (2021: 21.67%).

Total capital requirements comprise the following:

€'000	**31/12/2022**	**31/12/2021**
Capital requirements for credit risk	1,004,560	986,605
Capital requirements for position risk in debt instruments and assets	12,193	5,543
Capital requirement CVA	5,105	4,683
Capital requirements for operational risk	45,426	41,680
Total capital requirement (total risk	**1,067,283**	1,038,511
Assessment base for credit risk	***12,556,994***	*12,332,568*
Total basis of assessment (total risk)	***13,341,042***	*12,981,393*

(53) Total return on capital pursuant to § 64 (1) no. 19 of the Austrian Banking Act

The total return on capital as defined in § 64 (1) No. 19 of the Austrian Banking Act equalled -0.08% as of 31 December 2022 (2021: 0.19%).

(54) Average number of employees

The average workforce (full-time equivalents) employed during the 2021 and 2022 financial years is as follows:

	2022	2021
Salaried employees	1,219	1,199
Wage employees	17	12
Total	**1,236**	1,211

(55) Events after the reporting date and approval of the consolidated financial statements

In connection with the legal proceedings in Poland which are explained in depth in RBI's 2022 annual report for 2022 concerning mortgage loans to consumers that are denominated in or linked to a foreign currency, the Advocate General of the European Court of Justice issued a (non-binding) statement in a case against a Polish bank on 16 February 2023.

This statement indicates that affected customers could enforce receivables in excess of previously made payments following the cancellation of a credit contract based on unfair terms. On the basis of its legal assessment, RBI does not see any material influence of this statement on its legal position that would be quantifiable above and beyond the provision created for foreign currency loans in Poland.

(56) Non-financial statement

RLB NÖ-Wien is exempt from the requirement to prepare a consolidated non-financial statement pursuant to § 267a (7) of the Austrian Commercial Code because it and its subsidiaries are included in the consolidated management report prepared by Raiffeisen-Holding NÖ-Wien. That report was prepared and published in accordance with the applicable accounting regulations. The consolidated management report of Raiffeisen-Holding NÖ-Wien is available at the company's headquarters and from the company register in Vienna (Registry number FN 95970h).

Overview of Equity Investments (pursuant to § 265 (2) of the Austrian Commercial Code)

The following tables show the equity investments held by the RLB NÖ-Wien Group.

(57) Subsidiaries included in the consolidated financial statements

Entity, Registered office (country)	Subscribed capital	Currency	31/12/2022 Share in %	31/12/2021 Share in %	Type
"AKTUELL" Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H., Vienna (A)	73,000	EUR	100.00	100.00	OT
"BARIBAL" Holding GmbH, Vienna (A)	105,000	EUR	100.00	100.00	OT
"PRUBOS" Beteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
NAWARO ENERGIE Betrieb GmbH, Zwettl (A)	36,000	EUR	100.00	100.00	OT
RAIFFEISEN IMMOBILIEN VERMITTLUNG GES.M.B.H., Vienna (A)*	---	---	---	98.75	OT
Raiffeisen Liegenschafts- und Projektentwicklungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
Raiffeisen Versicherungs- und Bauspar-Agentur GmbH), Vienna (A)	70,000	EUR	100.00	100.00	OT
Raiffeisen Vorsorge Wohnung GmbH, Vienna (A)*	---	---	---	100.00	OT
RBE Raiffeisen Beratungs- und Entwicklungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
RLB Businessconsulting GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
RLB NÖ-Wien Sektorbeteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	FI
Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H., Raaba (A)	50,000	EUR	100.00	100.00	OT

* The shares in RAFFEISEN IMMOBILIEN VERMITTLUNG GES.M.B.H and Raiffeisen Vorsorge Wohnung GmbH were sold by RLB NÖ-Wien to Raiffeisen-Holding NÖ-Wien through a share deal based on a purchase contract dated 12 December 2022. Both companies were deconsolidated by the RLB NÖ-Wien Group as of 31 December 2022.

Key:
Type of company
- CI Credit institution
- FI Financial institution
- NDL Ancillary service provider
- OT Other

(58) Companies included in the consolidated financial statements at equity

Entity, Registered office (country)	Subscribed capital	Currency	31/12/2022 Share in %	31/12/2021 Share in %	Type
Raiffeisen Bank International AG, Vienna (A)*	1,003,265,844	EUR	22.66	22.66	CI
Raiffeisen Informatik GmbH & Co KG, Vienna (A)**	---	---	---	---	OT

* Share in % including the treasury shares held by RBI. RLB NÖ-Wien also holds 1.0% for trading purposes, whereby the accounting treatment is based on the exemption provided by IAS 28.19.
** * Partnership, therefore, no information on subscribed capital or investment (however, unchanged at 47.35%)

Key:
Type of company
- CI Credit institution
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- OT Other

RBI is designated as a material associate by management:

RLB NÖ-Wien holds 22.66% of the shares in RBI and is therefore its primary owner. RBI is the leading institution in the Austrian Raiffeisen Banking Group and provides services for its members. It holds and coordinates the individual member institution's minimum reserve and statutory liquidity reserve and provides support for liquidity management.

RBI had a quoted market price of EUR 15.35 per share as of 31 December 2022 (31 December 2021: EUR 25.88 per share).

Financial information on RBI, a material associate, is provided in the following table. The data are based on that company's IFRS consolidated financial statements.

Associates	Raiffeisen Bank International AG	
€'000	**2022**	2021
Interest income	7,257,428	4,594,591
Net profit	3,797,096	1,507,617
Other comprehensive income	(355,715)	150,319
Total comprehensive income	***3,441,381***	*1,657,936*
Attributable to equity holders of the parent*	3,294,580	1,493,485
Attributable to non-controlling interest	146,802	164,451
Assets	207,057,453	192,100,504
Liabilities	188,293,124	176,625,496
Net assets	***18,764,329***	*15,475,008*
Attributable to equity holders of the parent	16,027,268	12,842,992
Attributable to non-controlling interest	1,126,858	1,010,286
Of which AT1 capital	1,610,204	1,621,730
Proportional share of net assets	3,631,672	2,910,137
Goodwill/impairment	(1,803,890)	(924,891)
Carrying amount on the consolidated balance sheet as at 31 December	**1,827,782**	1,985,246
Carrying amount on the consolidated balance sheet as at 1 January	1,985,246	2,041,822
Proportional share of other changes in equity	(4,077)	2,516
Share of total comprehensive income	725,613	317,496
Impairment	(879,000)	(285,000)
Dividends received	0	(91,589)
Carrying amount on the consolidated balance sheet as at 31 December	**1,827,782**	1,985,246

* Of which TEUR 92,313 (2021: TEUR 92,313) represent dividends on additional AT1 capital

The following contingent liabilities resulted from RBI as of 31 December 2022:

Associates	Raiffeisen Bank International AG	
€'000	Proportional RLB NÖ-Wien Group 31/12/2022	31/12/2022
Loan commitments	8,427,680	37,192,968
Financial guarantees	2,123,201	9,370,094
Other commitments	1,037,823	4,580,113

The following table shows the development of the carrying amount of the equity accounted Raiffeisen Informatik GmbH & Co KG:

Associates	Raiffeisen Informatik GmbH & Co KG	
€'000	2022	2021
Sales revenues	231,963	213,091
Net profit	12,931	5,364
Other comprehensive income	3,640	2,262
Total comprehensive income	***16,571***	***7,626***
Assets	439,529	278,548
Liabilities	348,915	186,891
Net assets	***90,614***	***91,657***
Proportional share of net assets	42,909	43,403
Impairment	(3,500)	0
Carrying amount on the consolidated balance sheet as at 31 December	**39,409**	**43,403**
Carrying amount on the consolidated balance sheet as at 1 January	43,403	160,448
Share of total comprehensive income	7,847	3,612
Impairment	(3,500)	0
Dividends received	(8,341)	(120,657)
Carrying amount on the consolidated balance sheet as at 31 December	**39,409**	**43,403**

(59) Subsidiaries not included through full consolidation

The following subsidiaries were not included through full consolidation because the related amounts are immaterial:

Entity, Registered office (country)	Subscribed capital	Currency	31/12/2022 Share in %	31/12/2021 Share in %	Type
„CALADIA" Beteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	FI
"HELIX" Beteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	---	SU
Immonow Services GmbH, Vienna (A)	---	---	---	100.00	OT
MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH, Vienna (A)	400,000	EUR	75.00	75.00	OT
NAWARO Erneuerbare Energien GmbH, Zwettl (A)	35,000	EUR	100.00	---	SU
NÖ Raiffeisen Kommunalservice Holding GmbH, Vienna (A)	35,000	EUR	100.00	100.00	FI
Raiffeisen Analytik GmbH, Vienna (A)	100,000	EUR	99.60	99.60	NDL
Raiffeisen Beratung direkt GmbH, Vienna (A)	37,000	EUR	100.00	100.00	NDL
Raiffeisen e-service GmbH, Vienna (A)	---	---	---	100.00	OT
Raiffeisen-Landesrisikogenossenschaft Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung in Liquidation, Vienna (A)	---	---	---	98.91	OT
RLB NÖ-Wien Leasingbeteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	FI
Raiffeisen Wien Mezzaninkapital GmbH, Vienna (A)	35,000	EUR	100.00	---	SU
TIONE Altbau-Entwicklung GmbH, Vienna (A)	37,000	EUR	100.00	100.00	OT
Waldviertel Immobilien-Vermittlung GmbH, Zwettl (A)	---	---	---	100.00	OT

Key:
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"HELIX" Beteiligungs GmbH, a wholly owned subsidiary of RLB NÖ-Wien, signed a contract in December 2022 for the purchase of 50% of the shares in Beta Pura GmbH. The company is classified as immaterial from the viewpoint of the RLB NÖ-Wien Group. The contract was concluded under a suspensive condition involving the merger control audit; the obligations of the seller and the buyer as well as the transfer of the investment are subject to the fulfilment of this suspensive condition on or before 31 May 2023 (the "long stop date").

(60) Other equity investments

Associates which are not accounted for at equity due to materiality reasons:

Entity, Registered office (country)	Subscribed capital	Currency	31/12/2022 Share in %	31/12/2021 Share in %	Type
Central Danube Region Marketing & Development GmbH, Vienna (A)	200,000	EUR	50.00	50.00	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H., Vienna (A)	36,400	EUR	40.00	40.00	FI
Die Niederösterreichische Leasing Gesellschaft m.b.H. & CO KG, Vienna (A)	---	---	---	---	FI
ecoplus International GmbH, Vienna (A)	35,000	EUR	30.00	30.00	OT
NÖ Bürgschaften und Beteiligungen GmbH, Vienna (A)	5,316,414	EUR	20.14	20.14	FI
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna (A)	50,000	EUR	74.00	74.00	FI
Raiffeisen Digital GmbH, Vienna (A)	75,000	EUR	25.50	25.50	OT
Raiffeisen e-service GmbH, Vienna (A)	35,000	EUR	25.50	---	SU
Raiffeisen Informatik Geschäftsführungs GmbH, Vienna (A)	70,000	EUR	47.35	47.35	OT
Raiffeisen-Leasing Managment GmbH, Vienna (A)	300,000	EUR	21.56	21.56	FI
Raiffeisen-Leasing Österreich GmbH, Vienna (A)	100,000	EUR	32.34	32.34	FI
Raiffeisen NÖ-Wien Tradition & Innovation eingetragene Genossenschaft, Vienna (A)	22,000	EUR	45.45	---	SU
Raiffeisen Software GmbH, Linz (A)	150,000	EUR	25.50	25.50	OT
RSC Raiffeisen Service Center GmbH, Vienna (A)	2,000,000	EUR	46.20	46.20	OT

Key:
Type of company
- CI Credit institution
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- OT Other

The following companies were identified as joint ventures in accordance with IFRS 11 – Joint Arrangements – because they are under common management: Niederösterreichische Leasing Gesellschaft m.b.H., NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H. and RSC Raiffeisen Service Center GmbH.

(61) Companies related through the parent, Raiffeisen-Holding NÖ-Wien

The following companies are included in the scope of consolidation of Raiffeisen-Holding NÖ-Wien through full consolidation:

"ALMARA" Holding GmbH, Vienna (A)
"HELANE" Beteiligungs GmbH, Vienna (A)
"LAREDO" Beteiligungs GmbH, Vienna (A)
"LOMBA" Beteiligungs GmbH, Vienna (A)
"RASKIA" Beteiligungs GmbH, Vienna (A)
"SEPTO" Beteiligungs GmbH, Vienna (A)
"URUBU" Holding GmbH, Vienna (A)
AURORA MÜHLEN GMBH, (Sub-group LLI), Hamburg (D)
BLR-Baubeteiligungs GmbH, Vienna (A)
Botrus Beteiligungs GmbH, Vienna (A)
cafe+co Delikomat Sp. z o.o., (Sub-group LLI), Bielsko-Biala (PL)
cafe+co Deutschland GmbH, (Sub-group LLI), Wenzenbach (D)
cafe+co International Holding GmbH, (Sub-group LLI), Vienna (A)
cafe+co ltal - és Ételautomata Kft., (Sub-group LLI), Alsónémedi (H)
café+co Österreich Automaten-Catering und Betriebsverpflegung Ges.m.b.H., (Sub-group LLI), Vienna (A)
Castellmühle Krefeld GmbH, (Sub-group LLI), Hamburg (DE)
DELIKOMAT d.o.o., (Sub-group LLI), Belgrade (SRB)
DELIKOMAT d.o.o., (Sub-group LLI), Marburg (SLO)
Delikomat Slovensko spol. s r.o., (Sub-group LLI), Stupava (SK)
Delikomat s.r.o., (Sub-group LLI), Modrice (CZ)
DZR Immobilien und Beteiligungs GmbH, Vienna (A)
Frischlogistik und Handel GmbH, (Sub-group NÖM), Baden bei Wien (A)
GoodMills Bulgaria EOOD, (Sub-group LLI), Sofia (BG)
GoodMills Česko s.r.o., (Sub-group LLI), Prague (CZ)
GoodMills Deutschland GmbH, (Sub-group LLI), Hamburg (D)
GoodMills Group GmbH, (Sub-group LLI), Vienna (A)
GoodMills Innovation GmbH, (Sub-group LLI), Hamburg (D)
GoodMills Magyarország Kft., (Sub-group LLI), Komárom (H)
GoodMills Österreich GmbH, (Sub-group LLI), Schwechat (A)
GoodMills Polska Kutno Sp. z o.o., (Sub-group LLI), Kutno (PL)
GoodMills Polska Sp. z o.o., (Sub-group LLI), Stradunia (PL)
GoodMills Romania S.A., (Sub-group LLI), Pantelimon (RO)
KURIER Beteiligungs-Aktiengesellschaft, Vienna (A)
La Cultura del Caffe Gesellschaft m.b.H., (Sub-group LLI), Krems a. d. Donau (A)
Latteria NÖM s.r.l., (Sub-group NÖM), Milan (I)
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (A)
Liegenschaftsbesitz Obere Donaustraße 91-95 GmbH, Vienna (A)
Marchfelder Zuckerfabriken Gesellschaft m.b.H., (Sub-group LLI), Vienna (A)
Medicur - Holding Gesellschaft m.b.H., Vienna (A)
Medicur Sendeanlagen GmbH, Vienna (A)
Müller's Mühle GmbH, (Sub-group LLI), Gelsenkirchen (D)
Naber Kaffee Manufaktur GmbH, (Sub-group LLI), Vienna (A)
Niederösterreichische Milch Holding GmbH, Vienna (A)
NÖM AG, (Sub-group NÖM), Baden bei Wien (A)
nöm Gast Lebensmittel GmbH, (Sub-group NÖM), Vienna (A)
Printmedien Beteiligungsgesellschaft m.b.H., Vienna (A)
Raiffeisen Agrar Holding GmbH, (Sub-group LLI), Vienna (A)

RAIFFEISEN-HOLDING NÖ-Wien Beteiligungs GmbH, Vienna (A)
Raiffeisen Immobilien Treuhand GmbH, Vienna (A)
RAIFFEISEN IMMOBILIEN VERMITTLUNG GES.M.B.H., Vienna (A)
Raiffeisen Vorsorge Wohnung GmbH, Vienna (A)
RH Finanzberatung und Treuhandverwaltung Gesellschaft m.b.H., Vienna (A)
RH Finanzbeteiligungs GmbH, Vienna (A)
RHG Holding GmbH, Vienna (A)
St. Leopold Liegenschaftsverwaltungs- und Beteiligungsgesellschaft m.b.H., Vienna (A)
VK Grundbesitz GmbH, (Sub-group LLI), Hamburg (D)
VÖS167 Liegenschaft GmbH, (Sub-group NÖM), Baden bei Wien (A)
Zucker-Beteiligungsgesellschaft m.b.H., Vienna (A)
Zucker Invest GmbH, Vienna (A)

Unconsolidated companies included in the Raiffeisen-Holding NÖ-Wien Group:

"BENEFICIO" Holding GmbH, Vienna (A)
"BROMIA" Beteiligungs GmbH, Vienna (A)
"CLEMENTIA" Holding GmbH, Vienna (A)
"SERET" Beteiligungs GmbH, Vienna (A)
"SOMOS" Beteiligungs GmbH, Vienna (A)
"TOJON" Beteiligungs GmbH, Vienna (A)
BENIGNITAS GmbH, Vienna (A)
CAFE+CO Timisoara S.R.L., (Sub-group LLI), Timisoara (RO)
Farina Marketing d.o.o., (Sub-group LLI), Laibach (SLO)
GoodMills Innovation Polska Sp.z.o.o., (Sub-group LLI), Poznan (PL)
Jelo GmbH, Vienna (A)
Müfa Mehl und Backbedarf Handelsgesellschaft mbH, (Sub-group LLI), Hamburg (D)
Neuß & Wilke GmbH, (Sub-group LLI), Gelsenkirchen (D)
PBS Immobilienprojektentwicklungs GmbH, Vienna (A)
Raiffeisen Energy Ventures GmbH, Vienna (A)
Raiffeisen NÖ-Wien Tradition & Innovation eingetragene Genossenschaft, Vienna (A)
RHU Beteiligungsverwaltung GmbH & Co OG, Vienna (A)*
ROLLEGG Liegenschaftsverwaltungs GmbH, Vienna (A)
Rosenmühle GmbH, (Sub-group LLI), Hamburg (D)
Techno-Park Tulln GmbH, Wiener Neudorf (A)
THE AUTHENTIC ETHNIC FOOD COMPANY GmbH, (Sub-group LLI), Gelsenkirchen (D)
ZEG Immobilien- und Beteiligungs registrierte Genossenschaft mit beschränkter Haftung, Vienna (A)

* Shareholder with unlimited liability

Boards and Officers

Managing Board:

Chairman:
Michael HÖLLERER (since 30.03.2022)
Klaus BUCHLEITNER (up to 30.03.2022)

Deputy Chairman:
Reinhard KARL

Members:
Andreas FLEISCHMANN (up to 28.02.2023)
Martin HAUER
Roland MECHTLER (since 01.03.2023)
Michael RAB (up to 28.02.2023)
Claudia SÜSSENBACHER (since 01.03.2023)

Supervisory Board:

Chairman:
Erwin HAMESEDER

Deputy Chairman:
Alfons NEUMAYER

Members:
Anton BODENSTEIN
Hermine DANGL
Reinhard KERBL (up to 06.05.2022)
Hermine HUMMEL (since 06.05.2022)
Andrea LÖFFLER (since 06.05.2022)
Veronika MICKEL-GÖTTFERT
Johann POLLAK (up to 06.05.2022)
Gerhard PREISS
Christian RESCH (up to 06.05.2022)
Brigitte SOMMERBAUER
Otto WEICHSELBAUM (since 06.05.2022)

Delegated by the Staff Council:
Wolfgang EINSPIELER
Anton HECHTL
Michael HOFER
Christian JENKNER
HBV Eva TATSCHL

State Commissioners:
Alfred LEJSEK
Markus STEINER

The Managing Board of RLB NÖ-Wien issued these consolidated financial statements on 20 March 2023. They were prepared in accordance with the provisions of International Financial Reporting Standards, as adopted by the European Union, as well as the supplementary provisions of Austrian corporate law as defined in § 245a of the Austrian Commercial Code in conjunction with § 59a of the Austrian Banking Act, each in the version applicable as of the balance sheet date. The Group management report was prepared in accordance with the provisions of Austrian corporate law and is consistent with the consolidated financial statements.

The Managing Board

Michael HÖLLERER
Chairman

Reinhard KARL
Deputy Chairman

Roland MECHTLER
Member

Martin HAUER
Member

Claudia SÜSSENBACHER
Member

The Managing Board released the consolidated financial statements on 20 March 2023 for distribution to the Supervisory Board.

Statement by the Managing Board

"We confirm to the best of our knowledge that the consolidated financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of the RLB NÖ-Wien Group in accordance with the applicable accounting standards; that the Group management report presents the development and performance of the business and the position of the Group so as to provide a true and fair view of the assets, liabilities, financial position and profit or loss; and that the Group management report describes the principal risks and uncertainties to which the Group is exposed. We note that IFRS accounting - for systemic reasons - is becoming increasingly future-oriented. Accordingly, IFRS financial statements include a growing number of planning elements and uncertainty factors."

The Managing Board

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 & SME

Claudia SÜSSENBACHER
Member, responsible for
Risk Management

Auditor's Report

Report on the Consolidated Financial Statements

Audit Opinion

I have audited the consolidated financial statements of

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG, Vienna,

and its subsidiaries (the Group), comprising the consolidated balance sheet as of 31 December 2022, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on my audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of 31 December 2022 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional requirements defined by Section 245a of the Austrian Commercial Code ("Unternehmensgesetzbuch") and other regulatory requirements for banks.

Basis for Opinion

I conducted my audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU-regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISAs). My responsibilities under those regulations and standards are further described in the "Auditors' Responsibility for the Audit of Financial Statements" section of my report. I am independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for my opinion by this date.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

My audit identified three key audit matters, which are described below:

1. Valuation of the equity -accounted investment in Raiffeisen Bank International AG

Relevant facts and risk for the financial statements

The investment in Raiffeisen Bank International AG (RBI), which also represents the central institution for RLB NÖ-W AG, is reported under "Investments in companies valued at equity" at an amount of TEUR 1,827,782 in the consolidated financial statements of RLB NÖ-W AG as of 31 December 2022.

The management describes the procedure for the valuation of investments in companies valued at equity in the consolidated financial statements as of 31 December 2022 and the related assumptions and uncertainties, above all in connection with RBI's investment in Raiffeisenbank Russia, in the notes under "Principles of Accounting under IFRS", in note (4) "Profit from investments in companies valued at equity" and in note (58) "Companies included in the consolidated financial statements at equity ".

The recoverability of the carrying amount of thee equity accounted investment in RBI must be tested if there are any objective evidence of impairment. Impairments or revaluations must be recognized up to the recoverable amount. The recoverable amount represents the higher of fair value less selling costs and the value in use.

Objective evidence of impairment to the RBI investment was identified as of 31 December 2022.

In order to evaluate the recoverability of the investment, the carrying amount of the shares was compared with the recoverable amount. The value in use was determined in accordance with a discounted cash flow method and exceeded the fair value. The carrying amount exceeded the recoverable amount as of 31 December 2022 and, after the transfer of the proportional share of earnings and changes in equity, an impairment loss of TEUR 879,000 was therefore recognized.

The risk for the consolidated financial statements arises from the fact that the calculation of the value in use is largely based on the estimation of future cash flows by the legal representatives, and the valuation result depends to a large extent on the discount rate used and is therefore associated with a considerable degree of estimation uncertainty.

Audit procedures

I evaluated the processes used to identify the objective evidence for impairment or revaluation and tested the installed controls to determine whether they are suitable to identify objective evidence of impairment or the possible need for revaluation on a timely basis.

I assessed management's estimates regarding the presence of objective evidence of impairment.

I examined the correct determination of the recoverable amount by comparing the fair value (market price) and the value in use resulting from an external expert opinion considering adjustments made by the management regarding the future cash flows.

I examined the bases of this external assessment, in particular the appropriateness of the valuation model and the adjustments made by the management. I checked the parameters used, such as the discount rate, by comparing them with capital market data as well as company-specific information and market expectations.

I compared the future cash flows used in the external expert opinion considering the adjustments made by the management with the Group's planning, analysed and assessed the quality of this planning, in particular on the basis of company documentation and the external opinion.

I compared the used fair value for determining the recoverable amount with the closing price at the Vienna Stock Exchange on the last trading day of the year 2022.

The mathematical accuracy of the impairment calculation was examined.

Furthermore, I assessed whether the disclosures on the impairment of the investment in RBI in the consolidated financial statements are appropriate and to what extent an adequate presentation of the effects of the Russia-Ukraine war influenced the calculation of the value in use.

2. Valuation of loans and advances to customers

Relevant facts and risk for the financial statements

In the consolidated financial statements of RLB NÖ-W AG as of 31 December 2022, the balance sheet item "financial assets measured at amortized cost" includes loans and advances to customers totalling TEUR 14,890,552. The risk provisions for these receivables amount to TEUR 195,608 as of 31 December 2022.

The Managing Board describes the procedure for determining the risk provisions – taking into consideration the effects of the Russia-Ukraine war and energy prices – in the notes under "Significant Accounting Policies" and in Note (16) "Risk provisions". Information on the applied macroeconomic parameters is provided in Note (32) "Risks arising from financial instruments (Risk Report)" under the section on "Information on expected credit losses".

As part of loan monitoring procedures, the Company evaluates whether there is any objective evidence of impairment which would require the recognition of individual risk provision. This evaluation also includes an assessment of whether customers can repay the full contractually agreed amount.

The calculation of the risk provision for individually significant customers who are in default is based on an analysis of the expected future cash inflows. This analysis is influenced by estimates of the respective customer's economic position and development, the valuation of collaterals, and estimates for the amount and timing of the related cash flows.

The risk provision for individual customers who are not significant but in default is calculated with a statistical valuation model.

The Bank also uses statistical valuation models to calculate the loss allowances for loans and advances that do not have any objective evidence of impairment.

The loss allowance for receivables whose default risk has not increased significantly since initial recognition is based on the 12-month expected credit loss. For receivables whose default risk has increased significantly since initial recognition, the loss allowance is based on the lifetime expected credit loss.

The valuation model includes the outstanding customer balances, collateral and macroeconomic factors. Parameters which are based on statistical assumptions include, in particular, the default probability based on the individual customer's credit rating and the loss rate before and after taking collateral into account.

The implications for borrowers from the Russia-Ukraine war, the effects on energy prices and the resulting uncertainty were included by the Bank through individual rating classifications. Models were also adjusted to reflect the uncertainty arising from catch-up effects resulting from the COVID-19 pandemic.

For the consolidated financial statements, this involves the risk that the identification of objective evidence of impairment, the rating classification and the determination of a significant increase in default risk since initial recognition are based on assumptions and estimates. The determination of the credit risk provisions is influenced to varying degrees by the above assumptions and estimates and is therefore also connected with discretionary judgment and estimation uncertainty, above all due to the adjustment of rating classifications as a result of the Russia-Ukraine war, the effects on energy prices and model adjustments for catch-up effects from the COVID-19 pandemic.

Audit procedures

I analysed the existing documentation and processes for granting, classifying and monitoring loans and advances to customers as well as the allocation of the related risk provisions. I assessed whether these processes are appropriate to identify objective evidence of impairment and a significant increase in default risk since initial recognition and, consequently, are suitable to ensure the correct valuation of the loans and advances to customers. I identified the related process workflows and key controls and evaluated the design and implementation of key controls and tested their effectiveness in samples.

Based on the presented company documentation and processes, I assessed the correct classification of customer loans in connection with the business model and the characteristics of the contractual cash flows in samples.

The correct stage assignment in accordance with IFRS 9 and the relevant internal guidelines was verified.

For individually significant customers, I used sampling procedures to test the loans and advances for the existence of objective evidence of impairment and to determine whether the amount of the risk provisions was appropriate. The samples were selected on the basis of risk-oriented criteria and in accordance with statistical procedures with a particular focus on rating levels with a higher risk of default and companies that were particularly affected by the Russia-Ukraine war and/or from changes in the macroeconomic environment. In cases where objective evidence of impairment was identified, I reviewed the assumptions and underlying scenarios used by the Bank for the timing and amount of expected cash flows. I also tested, through sampling, the internal valuation of collateral to determine whether the assumptions underlying the models were adequate.

For individual customers who are not significant but in default and for customers with no objective evidence of impairment, I verified, together with the help of experts, the applied models, related parameters and forward-looking information, also taking into consideration the validations carried out by the Bank. These models and parameters were evaluated with regard to their appropriateness for the determination of adequate risk provisions.

I verified the calculation of the risk provisions.

In addition, I assessed whether the disclosures in the notes to the financial statements regarding the valuation of loans and advances to customers are appropriate.

Information on estimation uncertainty related to the determination of loss allowances with statistical valuation models is provided in the notes under "Significant Accounting Policies", in the section on "Judgments and estimates" and in Note (16) "Risk provisions". Information on the applied macroeconomic parameters is provided in Note (32) "Risks arising from financial instruments (Risk Report)" under the section on "Information on expected credit losses".

3. Valuation of securities and derivative financial instruments

Relevant facts and risk for the financial statements
The fair values of the securities and derivative financial instruments in the consolidated financial statements of RLB NÖ-W AG are based on observable market prices or determined with valuation models. Derivative financial instruments are used to a significant extent for hedging and trading.

The Managing Board describes the procedures for the valuation of securities and derivative financial instruments as well as the hedging relationships in the notes to the consolidated financial statements under "Significant accounting and valuation policies", in note (33) "Hedge accounting" and in note (35) "Fair value of financial instruments".

The fair value measurement of securities and derivative financial instruments for which market prices and sufficient observable market data are not available relates to discretionary judgment due to the use of internal valuation models and the included assumptions and parameters.

Additionally, the formation of hedging relationships requires compliance with documentation requirements for the hedge and its effectiveness.

Fair value hedge accounting of the interest rate exposure of a portfolio of financial assets or liabilities requires the determination and similarity of the selected hedged items as well as the calculation of the balance sheet item.

The risk for the consolidated financial statements arises from the fact that assumptions and parameters used in valuation models are highly discretionary and that the presentation and the formal material requirements for hedging relationships are met.

Audit procedures
I reviewed the guidelines issued by the Bank and the documentation of the installed processes for the measurement of securities and derivative financial instruments and carried out sampling procedures to test the effectiveness of the key controls.

I examined the valuation models and the underlying valuation parameters used to determine fair value for their appropriateness and consistent application. This process also included a sample-based comparison of the material applied parameters with external data and the verification of fair value calculations.

In particular, I assessed in samples whether the documentation of the hedging relationship and the effectiveness of the hedge was consistent with internal guidelines. I critically assessed the effectiveness tests carried out regarding their appropriateness.

Furthermore, I analysed if the hedged items of the fair value hedge accounting of the interest rate exposure of a portfolio of financial assets or liabilities are determined and similar. The calculated balance sheet item was examined.

In addition, I examined the appropriateness and completeness of the disclosures in the notes to the consolidated financial statements on the valuation methods and the formation of hedging relationships.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional requirements pursuant to Section 245a of the Austrian Company Code ("Unternehmensgesetzbuch") and other regulatory requirements for banks, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is no guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit.

I also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosure in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Audit Committee with a statement that I have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles and banking regulations.

I conducted my audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion

In my opinion, the management report for the group was prepared in accordance with the valid legal requirements, comprising the details in accordance with section 243a UGB (Austrian Company Code) and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group's management report came to my attention.

Additional Information pursuant to Article 10 of the EU Regulation

I was appointed as auditor by Österreichischer Raiffeisenverband, the auditing association responsible for the statutory audit of the consolidated financial statements in the sense of the Austrian Banking Act ("Bankwesengesetz") for the 2022 financial year. I am auditor of the consolidated financial statements of the Company without interruption since 2022.

I confirm that the audit opinion in the section "Report on the Consolidated Financial Statements" is consistent with the additional report to the Audit Committee referred to in article 11 of the EU regulation.

I declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by me and that I remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The responsible auditor is Mr. Andreas Gilly.

Vienna, 20 March 2023

The bank auditor appointed by Österreichischer Raiffeisenverband:

Andreas Gilly
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.

Publication or sharing with third parties of the group financial statements together with my auditor's opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 par. 2 UGB (Austrian Commercial Code) applies to alternated versions.

Report by the Independent Auditor

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG, Vienna,

and its subsidiaries ("the Group"), which comprise the Consolidated Statement of Financial Position as at 31 December 2022, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements

In our opinion, the consolidated financial statements comply with the legal requirements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as Section 59a BWG (Austrian Banking Act).

Basis for our Opinion

We were engaged by the Company's legal representatives as a further (voluntary) auditor and conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the audited Group within the meaning of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) as well as Austrian professional regulations as defined in the Austrian Professional Accountants and Tax Advisors' Act of 2017 ("Wirtschaftstreuhandberufsgesetz 2017, "WTBG 2017") and related directives and guidelines ("Richtlinien für die Ausübung der Wirtschaftstreuhandberufe"), and we have fulfilled our other responsibilities under these requirements and the IESBA Code. The rules defined by Directive (EU) No. 537/2014 on specific requirements regarding the statutory audit of public-interest entities have not been agreed upon. Not applying these rules may mean that provisions have not been complied with, such as compliance with external rotation, compliance regarding the provision of prohibited non-audit services ("fee cap") and the obligation to prepare a separate report to the audit committee. Our responsibility and liability as auditors to the Company and to third parties are guided under Section 275 of the Austrian Company Code ("UGB").

We believe the audit evidence we have obtained by the date of this audit opinion is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and integrated in the development of our audit opinion, but we do not provide a separate opinion on these matters.

Our audit identified the following key audit matters, which are described below:

- Valuation of loans and advances to customers
- Valuation of the Investment in Raiffeisen Bank International AG valued at equity

• Valuation of loans and advances to customers

Risk for the consolidated financial statements
Loans and advances to customers are reported on the consolidated balance sheet under "financial assets measured at amortized cost" at an amount of TEUR 14,890,552. The risk provisions to these receivables totalled TEUR 195,608 as of 31 December 2022.

The Bank describes the procedure used to determine the risk provisions in the notes under "Significant Accounting Policies under IFRS" and in note 16.

As part of the monitoring procedures for loans and advances to customers, the Company evaluates whether risk provisions for receivables defaults should be recognized. This process also includes an assessment of whether customers can afford the full amount of the contractually required repayments.

The risk provisions for significant loans and advances to customers in default are calculated individually based on an estimate of the respective customer's economic position and development, the valuation of collateral, and the amount and timing of the expected cash flows derived from scenarios.

The risk provisions for loans and advances to non-significant customers who are in default are based on calculations that include statistical risk parameters. The calculation of these risk provisions is based on the available collateral as well as statistical loss rates.

A risk provision is also recognized for loans and advances to customers who are not in default based on the expected credit loss (ECL) in accordance with IFRS 9, whereby the 12-month ECL (Level 1) is generally applied. Estimates and judgments are required to determine the ECL. These estimates and judgments are based on rating-oriented default probabilities and loss rates which include current as well as future-oriented, assumption-based information and transfers between levels. The Bank has carried out an impact assessment to appropriately include current macroeconomic developments on borrowers' future business activities. Based on this analysis, an individual adjustment ("management overlay") of the default probability was calculated for selected borrowers which simulated a deterioration in the rating.

The risk for the financial statements arises from the fact that the determination of the risk provisions is significantly dependent on assumptions and estimates. The resulting discretionary judgment and estimation uncertainty can influence the amount of the risk provisions.

Our Response

Our audit procedures to evaluate the valuation of loans and advances to customers included the following key audit activities:

- We identified and evaluated the existing documentation on the processes used to monitor and create the risk provisions for loans and advances to customers and evaluated whether these processes are suitable to identify default and to appropriately determine the risk provisions for loans and advances to customers. We also reviewed the relevant key controls, evaluated their design and implementation and, through sampling, tested their effectiveness.
- Based on a sampling of loans and advances to customers, we evaluated whether indications of default were identified. The samples were selected according to risk-oriented criteria as well as randomly with a particular focus on rating classes and changes in ratings.
- In cases of default on individual significant loans and advances to customers, we tested, through sampling, whether the estimates for the amount and timing of future cash inflows were appropriate.
- For individually not significant loans and advances to customers whether in default or not where the risk provisions were determined statistically, we analysed the documentation of the methods for consistency with the requirements of IFRS 9. We evaluated the internal validation of the models and the underlying mathematical processes as well as the included parameters for their suitability in determining appropriate risk provisions.
- Based on the impact analyses carried out by the Bank, we verified the derivation and justification for the management overlay.
- We verified the mathematical correctness of the risk provision with an approximate calculation in test cases.
- Our audit activities also included the involvement of our financial mathematicians as specialists.

Valuation of the Investment in Raiffeisen Bank International AG valued at equity

Risk for the consolidated financial statements

The investment in Raiffeisen Bank International AG (RBI) is reported under “Investments in companies valued at equity” at an amount of TEUR 1,827,782 in the consolidated financial statements as of 31 December 2022.

The Bank describes the procedure for the valuation of investments in companies valued at equity in the consolidated financial statements as of 31 December 2022 in the notes under “Principles of Accounting under IFRS” and in note (4) and note (58)

The recoverability of the carrying amount of investments in companies valued at equity must be tested if there is any objective evidence of impairment. In the event of such indications, a discounted cash flow method is used to determine the recoverable amount based on an external valuation and, in turn, the amount of possible impairment. The determination of the enterprise value is based primarily on assumptions and estimates of the future development of business and the derivable cash flows to the owner in accordance with legal and regulatory distribution limitations. The applied discount factors are based on observable parameters from the financial and capital markets.

The valuation is connected with estimation uncertainty and, consequently, includes the potential risk of misstatement in the consolidated financial statements.

Our Response

Our audit procedures to evaluate the valuation of the investment in RBI valued at equity included the following key audit activities:

- We evaluated the valuation model, planning assumptions and parameters together with our valuation specialists. This included an examination of the appropriateness of the assumptions underlying the forecasts. We verified the valuation model and evaluated whether it is suitable to appropriately determine the enterprise value.
- The valuation parameters used in the model, in particular the discount rate, were evaluated together with our valuation specialist. The assumptions used to determine the interest rate were evaluated for their appropriateness through a comparison with market and industry-specific benchmarks.
- We also evaluated whether the effects of current macroeconomic developments were correctly reflected in the forecasts.
- We verified the mathematical correctness of the calculation of the enterprise value. The amount of the enterprise value was compared with market data and publicly available information.
- Our evaluation also covered whether the disclosures on the valuation of the investment in RBI in the consolidated financial statements are appropriate, above all in connection with current developments.

Other Information

Management is responsible for the preparation of other information which comprises all information in the annual report, with the exception of the consolidated financial statements and the independent auditor’s report. We will presumably receive the annual report after the date of our auditor’s opinion.

We received the group management report before the date of our auditor’s opinion; the remaining parts of the annual report will presumably be provided to us after this date.

Our audit opinion on the consolidated financial statements does not cover this other information, and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If, on the basis of our work on the other information obtained before the date of the auditor's report, we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, as well as Austrian corporate and banking regulations and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code)and Section 59a BWG (Austrian Banking Act) so as to present a true and fair view of the Group's financial position and financial performance. Moreover, management is responsible for such internal controls as deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance but provides no guarantee that an audit conducted in accordance with International Standards on Auditing, will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.
- We obtain an understanding of the internal control system relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in the internal control system that we identify during our audit.
- We inform the audit committee that we have complied with the relevant professional requirements in respect of our independence and confirm that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit, i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when, in very rare cases, we determine that a matter should not be included in our auditor's report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Engagement Partner

The engagement partner is Mr. Georg Blazek

Vienna, 20 March 2023

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Georg Blazek
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

Glossary

Bank book – All risk-bearing positions on a bank's balance sheet, both on- and off-balance sheet, which are not allocated to the trading book.

CAPM (Capital Asset Pricing Model) – A model that explains pricing and the relationship between the expected return and risk of financial assets under extremely restrictive assumptions.

Cash flow – Inflows and outflows of cash and cash equivalents.

CDS (Credit Default Swap) – A financial instrument that hedges the credit risks related to loans or securities (also see credit derivative).

Common Equity Tier 1 capital – Equals the total of common equity Tier 1 capital as defined in Art. 50 of the CRR and additional Tier 1 capital as defined in Art. 61 of the CRR.

Companies accounted for at equity – Companies over which the investor has significant influence with respect to business and financial policies.

Credit derivatives – Instruments that transfer the credit risks associated with loans, bonds or other risk assets or market positions to another person (also see CDS).

Credit exposure – Comprises all loans, advances and debt securities recorded on the balance sheet as well as off-balance sheet guarantees and credit lines.

CRR (Capital Requirements Regulation (CRR) – This capital directive is directed to supervised institutions and, as an EU Directive, represents directly applicable law in Austria. Its most important elements involve quantitative requirements on banks, e.g. rules covering appropriate capital coverage, large-scale credits and liquidity as well as publication and reporting requirements.

CRD IV (Credit Requirements Directive IV) – This directive includes the provisions of EU policy on banking supervision which must be implemented in national law. The CRD includes, above all, rules for supervisory authorities, among others on the powers and instruments available to supervisory authorities, cooperation between supervisory authorities and requirements for capital buffers.

CVA (Credit Valuation Adjustment)/DVA (Debt Value Adjustment) – Counterparty default risk, resp. inclusion of own probability of default in the valuation of derivatives.

DBO – (Defined Benefit Obligation) The present value of a defined benefit obligation represents the present value of expected future payments, before the deduction of plan assets, which are required to meet the entitlements earned by employees during the current period or an earlier period.

DCF method – The discounted cash flow (DCF) method calculates the value of an investment/liability/etc. by discounting future cash flows.

Default risk – The risk that a contract partner in a transaction for a financial instrument cannot meet his/her obligations and causes a financial loss for the other partner.

Deferred tax assets – Deferred tax assets are reported under other assets and are recognised for future tax effects arising from temporary differences between the tax base of assets and liabilities and their value for tax purposes or from unused tax loss carryforwards and tax credits.

Derivative – Derivatives are financial instruments whose value increases or decreases based on the change in an underlying base item, e.g. interest rate, financial instrument price, raw material price, foreign exchange rate, price or rate index, credit rating or credit index or another similar variable; which require no or only a minimal initial net investment; and which are settled at a future date. The most important derivatives are swaps, options and futures.

Discount – Negative difference between the purchase price and the nominal value.

EBA – European Banking Authority

ECL (Expected Credit Loss) as defined in IFRS 9.5.5 – The weighted average of credit losses, whereby the weighting is based on the probability of default. A risk allowance for expected credit losses must be calculated for all financial assets (with the exception of financial assets measured at fair value through profit or loss).

EONIA (Euro Overnight Index Average)/**EURIBOR** (Euro Interbank Offered Rate)/**€STR** (Euro Short-Term Rate) – Reference interest rates for the interbank market in the Eurozone/**SOFR** (Secured Overnight Financing Rate) – reference interest rates for the interbank market.

Equity as defined by the CRR – Equals the total of Tier 1 capital and Tier 2 capital.

Fair value – The amount for which an asset could be exchanged or a liability could be settled between knowledgeable, willing parties in an arm's length transaction.

Forbearance – Concessions made to a borrower as a result of financial difficulties.

Foreign currency risk – The risk of a financial loss due to fluctuations in exchange rates. Positions in gold or gold-based derivatives are exposed to foreign currency risk, while positions in other precious metals like silver, platinum etc. are exposed to price risk. The volatility risk in currency options is included as a sub-risk under foreign currency risk.

Futures – Standardised, listed contracts that require the buyer to purchase or sell a specific commodity traded on the money market, capital market, precious metals market or currency market at a predetermined price and time.

Hedge accounting – An accounting procedure that is designed to minimise the influence on the income statement of contrary developments in the value of a hedge and the underlying transaction.

ICAAP – Internal Capital Adequacy Assessment Process: an internal bank procedure to ensure adequate capital coverage for all major types of risk.

IFRIC, SIC – International Financial Reporting Interpretation Committee (IFRIC) – the body responsible for issuing interpretations of International Financial Reporting Standards (IFRS), formerly called the Standing Interpretations Committee (SIC).

IFRS, IAS – International Financial Reporting Standards, resp. International Accounting Standards are accounting regulations issued by the International Accounting Standards Board (IASB). They are intended to create the basis for transparent and comparable accounting on an international basis.

Interest rate risk – The risk that the value of a financial instrument could change because of fluctuations in the market interest rate.

Liquidity risk – The risk that the bank would be unable to meet its current and/or future payment obligations in full and on time and that transactions could not be concluded at all or only at unfavourable conditions in the event of insufficient market liquidity.

LGD (Loss Given Default) – The loss rate in the event of default.

Market risk – (also market price risk or market price fluctuation risk) The risk of a financial loss caused by changes in market prices and other factors (correlations, volatilities) caused by changing prices.

Monte Carlo simulation – A numerical method used to solve mathematical problems by modelling probabilities.

NPE (non-performing exposure) – Problem commitments; loans and advances with delayed or defaulted payments.

Operational risk – The risk of losses arising from errors in systems or processes, actions by employees or external factors.

Other Comprehensive Income (OCI) – Changes not recognized to profit or loss are recorded directly in equity through OCI. Recognition in OCI reduces the volatility on the income statement.

OTC products – Financial instruments that are not standardised or listed but traded directly between market participants (over-the-counter).

Premium – Positive difference between the purchase price and the nominal value.

PD (Probability of Default) – The counterparty's probability of default.

Purchased or Originated Credit Impaired (POCI) – Special accounting rules (IFRS 9.5.5.13f) apply if there are objective indications of impairment when a financial asset is initially recognized.

Projected United Credit Method – actuarial valuation method defined by IAS 19 for company pensions. Only the part of the obligation to which employees are actually entitled is recognized as of the valuation date.

Rating, external – Standardised assessment of the credit standing of an issuer and its debt instruments by a specialised agency.

Rating, internal – Detailed risk assessment of a debtor by the bank.

Risk-weighted positions (credit risk) – The total asset positions and off-balance sheet positions weighted by business and partner risk, calculated in accordance with the CRR definitions.

SREP – Supervisory Review and Evaluation Process: Internal bank procedures and methods for the regulatory review and evaluation process defined by the EBA (European Banking Authority).

Stress test – An instrument used for risk management in the financial sector. A differentiation is made between micro-stress tests carried out by the financial institution itself and micro-prudential supervision (e.g. OeNB or ECB).

TLTRO III (Targeted longer-term refinancing operations) – A longer term refinancing programme for banks initiated by the European Central Bank (ECB).

Trading book – A bank supervisory term for positions held by a financial institution for sale over the short-term to utilise fluctuations in prices and/or interest rates. Items not assigned to the trading book are administered in the banking book.

VaR (Value at Risk) – The maximum risk of loss on a specific portfolio during an assumed retention period based on an assumed probability and confidence level (e.g. 95%, 99% or 99.9%.

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Imprint

Information in the Internet:

The website of Raiffeisenlandesbank NÖ-Wien AG provides detailed, up-to-date information on Raiffeisen: www.raiffeisenbank.at
An electronic version of the 2022 Annual Report is also available in the internet under: www.raiffeisenbank.at

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Enquiries should be addressed to the Corporate Communications Department of Raiffeisenlandesbank NÖ-Wien AG.