RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG

ANNUAL REPORT 2023

Raiffeisenlandesbank Niederösterreich-Wien

Contents

The management report was prepared in accordance with the applicable legal regulations. It presents the development of the business and the position of the company to provide a true and fair view of the financial position, financial performance and cash flows. 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 2023 Financial Year

The economic environment in 2023 was shaped by the following issues and events:

- The 2023 financial year saw a continuation of the high uncertainty that characterised 2022: Russia's ongoing war in Ukraine, a sharp rise in interest rates in reaction to the still high inflation and weakening economic performance determined the economic environment. The financial markets were also negatively influenced, above all, by the emergency takeover of Credit Suisse and the collapse of two US regional banks.
- The European Central Bank (ECB) raised the key interest rate gradually from 2.5% at year-end 2022 to 4.5% as of 31 December 2023.
- Inflation in the Eurozone was significantly slowed by monetary measures and equalled 2.9% in December. Austria presented a different picture: At 5.6% in December, the inflation rate remained very high and exceeded the Eurozone average by a substantial margin.
- Macroeconomic developments combined with stagnating or declining property prices led to a significant increase in risk for the real estate sector.

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

The retail business was substantially expanded in 2023 in spite of the challenging economic environment. Loans and advances to customers rose by approximately EUR 1 billion, or 7%, and deposits from customers increased by approximately EUR 1 billion, or 12%. These results were reflected in positive effects from the substantial upturn in market interest rates on the deposit business as well as an increase of 30.2% in net interest income to EUR 311.5 million. Net commission income rose by 1.7% over the previous year.

Targeted investments related to the strategic initiatives defined for the "FOCUS 2027" strategy project led to higher costs for information technology and consulting. Inflation-driven adjustments, above all in energy costs, also contributed to the increase in expenses.

The **results from investments in companies valued at equity** totalled EUR 738.3 million in 2023 (2022: -75.5 million) and included an earnings contribution of EUR 738.7 million from the investment in RBI and EUR -0.4 million from Raiffeisen Informatik GmbH & Co KG (R-IT). The investment in RBI was increased to 24.83% in 2023 (2022: 22.66%).

Risk results amounted to EUR -49.4 million in 2023 (2022: -26.9 million) and were influenced, above all, by the negative developments and uncertainty in the real estate sector. This situation was addressed through the creation of a management overlay.

Results for the 2023 financial year showed very sound development: Both Group operating income and profit after tax improved significantly year-on-year and equalled EUR 865.7 million (2022: 13.9 million) and EUR 807.8 million (2022: - 22.4 million), respectively.

The Economic Environment

The global and European economies

The 2023 financial year was characterised by rapidly rising interest rates and a significant loss of purchasing power due to the high inflation. These factors, in total, had a negative impact on consumption and prevented a stronger increase in aggregate demand. According to the International Monetary Fund (IMF), the global economy grew by 3.1% year-on-year in 2023.

The US economy proved to be surprisingly robust in 2023. Consumption, in particular, resisted the two-fold shock of high inflation and high interest rates. The gross domestic product (GDP) grew by 3.3% (annualised) from the third to the fourth quarter. The IMF placed US GDP growth at 2.5% in 2023.

China, the world's second largest economy, grew by 5.2% in 2023 and slightly exceeded the government's target of "roughly 5%". This increase was, however, based on a low starting point. The GDP rose by only 3% in 2022 due to the zero COVID-19 strategy then in effect. Government stimulus packages were introduced to stabilise GDP growth in the second half-of the year 2023. China continues to face substantial economic challenges: The country is confronted with a slump on the real estate market, debt rescheduling for property developers and local authorities, and weak confidence in the private sector. The general restraint in consumer spending has been reflected for several months in a deflationary trend in consumer prices.

The Eurozone economy stagnated in the final quarter of 2023 and has generated zero growth for two quarters. The massive monetary policy tightening brought growth to a standstill during the summer. The IMF estimates growth in the Eurozone at 0.5% in 2023.

The initial flash estimate for Germany's GDP in 2023 equalled -0.3% and confirmed the minor recessionary expectations for the Eurozone's largest economy (following a plus of 1.8% in 2022). Continued high price increase rates and financing conditions have slowed growth. Based on growth, Germany ranks last among the Eurozone countries.

The Harmonized Index of Consumer Prices (HICP) in the Eurozone rose by 0.5 percentage points year-on-year to 2.9% in December, supported by base effects in energy prices. In contrast, the core rate, which excludes the volatile prices for energy, food and beverages, fell to 3.4% versus the previous year (November: 3.6%).

In spite of the economic weakness, the job market was generally stable. The seasonally adjusted unemployment rate of 6.4% in the Eurozone for December 2023 reflects the November 2023 level as well as a decline versus the 6.7% recorded in December 2022. It also represents the lowest value since the start of calculations. The ECB has never before seen an economic decline accompanied by such a strong labour market.

GDP Growth in the USA in % vs. prior year

*Forecast for 2023-2025: EU-Commission, Autumn Forecast 2023

GDP Growth in Germany in % vs. prior year

*Forecast for 2023-2025: EU-Commission, Autumn Forecast 2023

GDP Growth in the Eurozone in % vs. prior year

*Forecast for 2023-2025: EU-Commission, Autumn Forecast 2023

GDP Growth in Austria in % vs. prior year

*Forecast for 2023-2025: WIFO forecast dated 21 December 2023

The Economy in Austria

The Austrian economy had been in recession since the second half of 2022, but succeeded in stopping this downward trend at the end of 2023. The winter forecast by the Austrian Institute of Economic Research (WIFO) showed a year-on-year decline of 0.8% in economic output during 2023.

The weakness in the domestic economy during the past year was caused by the global situation, where the high interest rates which followed the wave of inflation led to a general decline in demand. Austria's industrial sector was particularly affected because of its heavy dependence on exports. The Industrial Purchasing Managers' Index (PMI) declined slightly in December but at 42.0 points is still considerably below the growth threshold of 50 points. Although the climate for the domestic industrial sector stabilised towards the end of the year and the low point of the downturn that has continued since mid-2022 appears to have been reached, the start of recovery is not insight for the time-being. The industrial sector in Austria is also confronted with a decline in its competitive position due to high energy prices and rapidly increasing wages.

Massive inflation remains the largest economic problem for Austria. The inflation gap between the country and the Eurozone has risen steadily since January 2023. In December 2023, Austria recorded the second highest level of inflation in the Eurozone with an HICP of 5.7% versus the previous year. The domestic inflation rate (CPI) was still very high at 7.8% in 2023 (versus 8.6% 2022) and nearly four-times above the ECB target of 2.0%. Similarly high inflation rates were last recorded in 1974 (9.5%) and 1975 (8.4%). Service sector and energy prices are the main drivers for the historically high inflation gap to the Eurozone. The lower cost of fuel dampened prices throughout the entire year. Inflation fell year-on-year from 11.2% in January to 5.3% in

November, but rose to 5.6% in December (HICP values versus the previous year). Real disposable household income (i.e. including transfer payments) declined by 0.2%, and private consumption stagnated.

The labour market in Austria was resistant in 2023 with only a moderate increase in unemployment. The unemployment rate based on national calculations equalled 7.8% at the end of the year. The first quarter of 2023 brought a decline, but this momentum slowed beginning in April and unemployment began to increase consistent with the weakening economy. This development continued but did not accelerate substantially.

Inflation in Austria in %

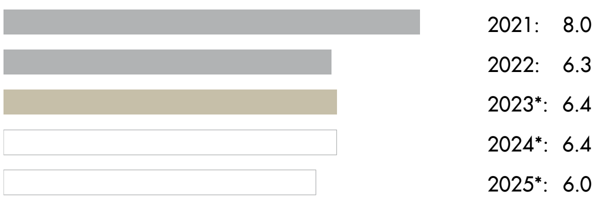
*Forecast for 2023-2025: WIFO Forecast dated 21 December 2023

Private Consumption in Austria in % vs. prior year

*Forecast for 2023-2025: WIFO Forecast dated 21 December 2023

Unemployment in Austria in %

*Forecast for 2023-2025: WIFO Forecast dated 21 December 2023



Overview of the Financial Markets

Confidence in global financial stability was questioned in March 2023 by the regional bank crisis in the USA (which was triggered by the failure of a planned capital increase for the Silicon Valley Bank). This situation nearly caused a global financial crisis and led, among others, to the merger of Credit Suisse into the UBS in Switzerland.

- Monetary tightening characterised 2023: The ECB carried out six successive interest rate hikes for a total of 200 BP. The US Federal Reserve (Fed) raised its key rate to a range of 5.25% - 5.50%, the highest level in 22 years.
- The slowdown in inflation, in both the USA and Europe, was accompanied by the conviction that the phase of interest rate hikes had ended. The markets began to speculate over upcoming interest reductions.
- Hopes of swift interest rate reductions produced a share price rally at the end of 2023.

Interest Rate Trend

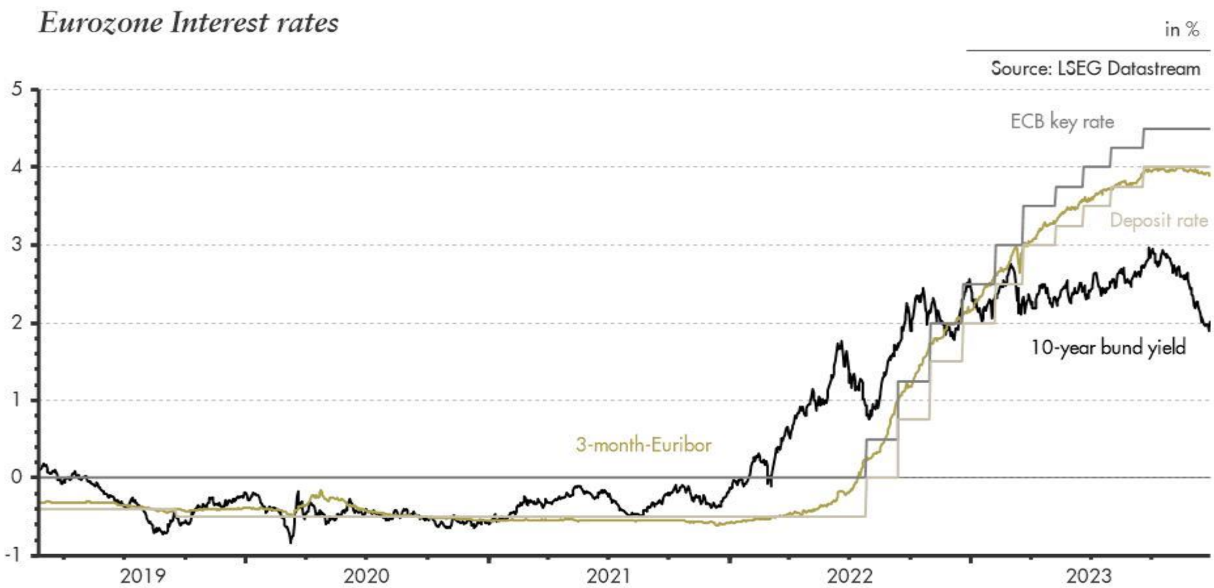
The Fed raised interest rates eleven times since March 2022 but, in its December 2023 meeting, declared the de facto end of the rate hike cycle that was one of the fastest and most severe tightening periods in its history. The third consecutive break in interest rate increases was announced in December, and rates were left unchanged at 5.25 - 5.50%. In its December meeting, the Fed also increased its own forecast for 2024 from the previous two to three rate reductions of 25 BP each.

The ECB had raised interest rates ten times since summer 2022 in the fight against inflation but on 26 October 2023 left key rates unchanged for the first time (main refinancing rate: 4.50%, deposit rate: 4.00% and marginal lending rate: 4.75%). As expected, this level was maintained at year-end. Loans have since become considerably more expensive, and the stagnation in lending demonstrates the economic success of the tightening course set by the monetary watchdogs in the fight against high inflation.

A surprising announcement by the ECB at its meeting on 14. December 2023 concerning the Pandemic Emergency Purchase Programme (PEPP) indicated a planned reduction on average of EUR 7.5 billion per month in the PEPP portfolio during the second half of 2024. Reinvestment of the maturing bonds will be terminated at the end of 2024.

The yields on 10-year German federal bonds averaged 2.46% in 2023. That placed the annual yields for German federal bonds above 2% per year for the first time since 2011.

The upward trend in the three-month Euribor continued during 2023, in correlation with the ECB interest rate hikes. It rose from 2.16% on 2 January 2023 to 4.00% on 13 and 16 November 2023 and closed at 3.91% on 29 December 2023.



Currencies and Equity Markets

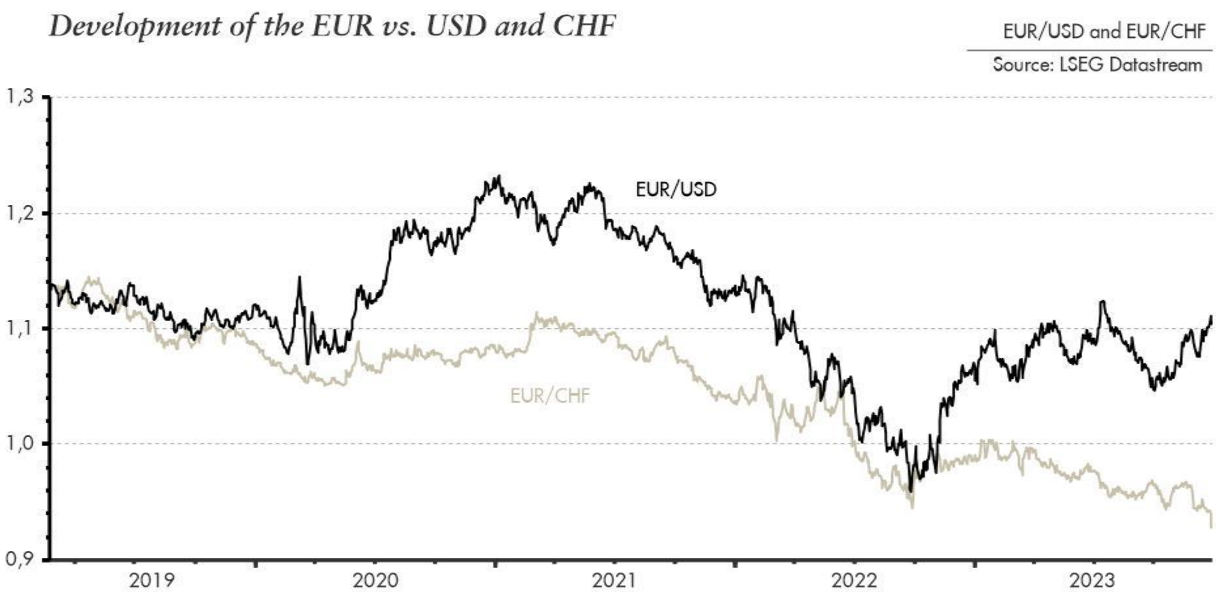
Central bank interest policies and inflation were important for currency developments in many cases during 2023.

After a substantial devaluation of 13% in 2021/22, the Euro increased by 3% (or four US cents) versus the US Dollar in 2023. The EUR/USD experienced a volatile year, but performance was relatively stable as seen over the full year.

The Swiss Franc continued along the upward trend that began in 2018 and rose by 6% versus the Euro in 2023. At year-end, the exchange rate fell to an all-time low of 0.926 CHF/EUR. The strength of the Franc is based on the reduced interest rate differential to federal bonds, which are a result of expected rate reductions by the ECB, and on the increased demand for safe havens in the midst of geopolitical tensions and global economic risks. The strong Franc was tolerated and/or supported by the Swiss National Bank (SNB) for a long time. This limited the increase in imports, for example raw materials which are traded worldwide in USD, compared to countries with weaker currencies. The SNB therefore intervened regularly on currency markets by selling foreign currencies for Swiss Francs. A change in this course appears to be in progress: The SNB purchased foreign currencies for approximately 10 billion CHF in December 2023 and, in doing so, demonstrated a preference for a devaluation of the Franc. The inflation rate in Switzerland is already clearly below the upper target of 2%, and the export industry, above all, is particularly affected by the strong Franc.

The British Pound gained 2% over the Euro during the past year, and the exchange rate ended the year shortly below 0.87 GBP/EUR. Both the ECB and the Bank of England (BoE) confirmed their respective interest rate highs in December, referring to the continuing risks of a renewed increase in inflation.

2023 was a very good year for (most) stock markets, especially in view of the prevailing geopolitical and macroeconomic conditions. An important driver for the year-end rally in 2023 were the expectations of interest rate cuts on both sides of the Atlantic. The stock market, as a whole, was positively influenced by the trend towards artificial intelligence – above all following the introduction of a ChatGPT application by OpenAI. US companies involved in artificial intelligence and technology were able to increase corporate profits by 60% in 2023. The Nasdaq closed the year with an increase of 43% and one of the best performances in the past two decades. This is contrasted, however, by a decline of 33% in 2022. Investors in Europe also had grounds to celebrate in 2023 because the DAX, for example, rose by roughly 20%. In Japan, the Nikkei recorded the strongest performance in the region with a plus of 28%. The Chinese indexes rank at the end of the scale, whereby the Hang Seng lost over 14% in 2023.



Development of the Austrian Banking Sector

A survey of domestic financial institutions by the Austrian National Bank (OeNB) showed a decline in the demand for credits – from the corporate sector and for private residential construction – during the past year. Rising interest rates were listed as the primary reason. In the corporate sector, the ongoing downward trend in capital investments also played an important role.

The Austrian financial sector increased its resistance and profitability in a challenging environment that was characterised by rising interest rates. The consolidated balance sheet total of the Austrian banking system equalled approximately EUR 1.2 trillion in the first half of 2023. Very high net interest income (+41% versus the previous year) drove operating profit by 139% in the first half of 2023. Net profit more than doubled to EUR 7.3 billion. Rising interest rates have been responsible for a decline in credit growth since 2022. The annual increase in mortgage loans, which still equalled a high 7.5% in mid-2022, fell to -1.5% by August 2023, and the annual increase in loans to private households fell from 5.5% to -1.3%. The volume of consumer credits was slightly higher than the previous year. The consolidated ratio of non-performing loans (NPL ratio) remained at a low 2.0% in the first half of 2023. In mid-2023, the Austrian banking sector had a consolidated common equity Tier 1 ratio (CET1 ratio) of 16.6%. A comparison with the capital base before the global financial crisis in 2008/09 shows that the domestic banking sector more than doubled its equity ratio in agreement with the more stringent regulatory requirements.

Explanation of the Financial Position, Financial Performance and Cash Flows

The following tables can include rounding differences.

Consolidated operating profit 2023 versus 2022

€'000	2023	2022	Absolute +/(–) Change	Change in percent
Net interest income	311,483	239,301	72,182	30.2
Net fee and commission income	52,818	51,922	896	1.7
Profit from investments in companies valued at equity	738,337	(75,527)	813,864	-
Profit/loss from investments and financial/non-financial assets and liabilities	3,485	9,887	(6,403)	(64.8)
Other	32,233	40,360	(8,127)	(20.1)
Operating income	***1,138,356***	*265,943*	***872,412***	***>100***
Staff costs	(130,272)	(123,809)	(6,463)	5.2
Other administrative expenses	(125,100)	(112,526)	(12,573)	11.2
Depreciation/amortisation/write-offs	(17,241)	(15,753)	(1,489)	9.4
Amortisation, personnel and operating expenses, depreciation	***(272,613)***	*(252,088)*	***(20,525)***	***8.1***
Group operating income	**865,743**	13,855	**851,888**	**>100**

Net interest income rose by 30.2% year-on-year to EUR 311.5 million in 2023. The increase resulted, above all, from the positive development of new credit business and positive effects from the interest rate shift that began in 2022 and led to an improvement in the funding margin on the deposit side compared with the heavily burdened previous years. On the lending side, a substantial increase in volume (loans and advances to customers: approximately EUR + 1.0 billion) and stable income from the credit business also contributed to the increase in net interest income.

Net fee and commission income totalled EUR 52.8 million in 2023 and was 1.7% higher than the previous year (EUR 51.9 million). The increase in commission income from payment transactions and securities was contrasted by higher commission expenses, above all for management of the coverage pool.

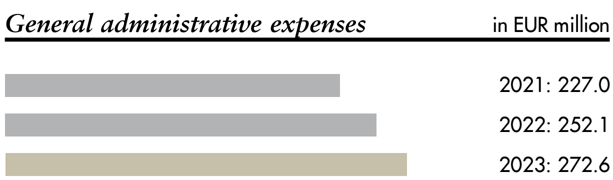
Profit/loss from investments in companies valued at equity amounted to EUR 738.3 million in 2023 (2022: -75.5 million). The earnings contribution from RBI equalled EUR 738.7 million (2022: -78.1 million) and included a proportional share of EUR 519.4 million (2022: 800.9 million) from operating earnings, operating earnings of EUR 129.8 million from a reversal of impairment (2022: impairment loss of -879.0 million), and positive effects of EUR 89.5 million from an increase in the investment. The increase in the investment resulted from a strategic decision by RLB NÖ-Wien to raise its holding in RBI to 25% + 1 share; as of 31 December 2023, the investment equalled 24.83% (2022: 22.66%).

Profit/loss from investments and financial/non-financial assets and liabilities totalled EUR 3.5 million in 2023 (2022: 9.9 million). Results from the valuation and realisation of financial instruments were EUR 12.2 million below the previous year at EUR 2.9 million. Positive factors in 2022 included, above all, proceeds from the sale of two subsidiaries and earnings contributions from the newly created interest rate hedge portfolio for loans and advances (floor).

The position **Other** declined by EUR 8.1 million year-on-year to EUR 32.2 million, primarily due to a change in the risk provisions for granted commitments and financial guarantees. This position also includes the contribution to the European resolution fund and the deposit insurance fund at EUR 18.1 million (2022: 21.7 million). The costs for the bank stability levy rose by EUR 3.0 million over the previous year to EUR 7.7 million.

Personnel expenses amounted to EUR 130.3 million and were EUR 6.5 million higher than the previous year (EUR 123.8 million).

Operating expenses rose from EUR 112.5 million in 2022 to EUR 125.1 million in 2023. Targeted investments related to the strategic initiatives defined for the “FOCUS 2027” strategy project led to higher costs for information technology and consulting. Inflation-driven adjustments, above all in energy costs, also contributed to the increase in expenses. **Depreciation and amortisation** amounted to EUR 17.2 million and were EUR 1.5 million higher than the previous year.

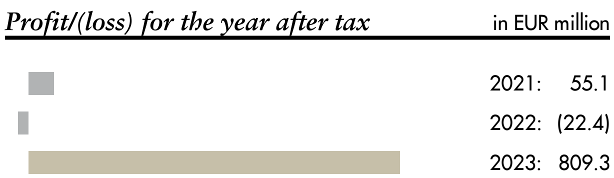


Consolidated operating profit recorded by the RLB NÖ-Wien-Group rose by a substantial EUR 851.9 million to EUR 865.7 million. The main underlying reasons were the increase in net interest income and, above all, the development of RBI and the related earnings contribution.

€'000	2023	2022	Absolute +/(–) Change	Change in percent
Group operating income	865,743	13,855	851,888	>100
Net impairment loss/reversal of impairment to financial assets	(49,350)	(26,869)	(22,481)	83.7
Profit for the period before tax	816,393	(13,014)	829,406	-
Income tax	(8,590)	(9,339)	749	(8.0)
Net profit/loss for the period	**807,802**	(22,353)	**830,156**	-

The **net impairment loss/reversal of impairment to financial assets** amounted to EUR -49.4 million in 2023 (2022: -26.9 million). The net addition to credit impairment charges totalled EUR 41.5 million during the reporting year (2022: 31.7 million). A management overlay of EUR 13.9 million was created in 2023 to address the uncertainty on the real estate markets. The management overlay of EUR 17.8 million recorded in 2022 for customers with strong connections to the Russia-Ukraine war and/or energy crisis was released.

Profit/loss before tax equalled EUR 816.4 million (2022: -13.0 million). After the deduction of income taxes, **profit after tax** equalled EUR 807.8 million (2022: -22.4 million).



Other comprehensive income was negative at EUR -232.1 million (2022: -69.3 million) and leads to **total comprehensive income** of EUR 575.7 million for 2023 (2022: -91.7 million). Other comprehensive income for the reporting year was negatively influenced, above all, by the proportional share of other comprehensive income from the equity-accounted RBI. The negative development resulted primarily from negative currency differences arising from the translation of the foreign currency equity of RBI subsidiaries.

Segment Reporting

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

- Private Customer & SME Services
- Corporate Clients
- Financial Markets
- Raiffeisen Bank International
- Raiffeisen Association Services
- Other Investments
- Other

The segments include **Private Customer & SME Services, Corporate Clients, Financial Markets, RBI, Raiffeisen Association and Other Investments**. The RBI Segment comprises the earnings contribution from RBI, including allocated refinancing and administrative expenses. The Raiffeisen Association Segment covers the services provided by RLB NÖ-Wien to the Raiffeisen Association (Raiffeisen banks). The Other Segment only includes a limited amount of earnings components which cannot be allocated, e.g. the costs for the development of the Raiffeisen deposit insurance fund.

The **Private Customer & SME Services Segment** covers the retail banking business in the Vienna branches. This segment offers various banking products and services for private and self-employed persons as well as business customers, in particular for investments and financing. Private banking teams provide professional advice to high net worth personal banking customers in Vienna, while small and medium-sized businesses are supported by the trade and business teams. This segment recorded pre-tax profit of EUR 91.0 million in 2023 (2022: 15.8 million). The average volume of loans and advances rose by a substantial 8.7% year-on-year to EUR 4.5 billion and also supported an increase in net interest income. In the deposit business, rising interest rates had a positive effect on net interest income which rose by EUR 111.5 million to EUR 190.3 million in 2023 (2022: 78.9 million). Depreciation, amortisation, personnel and operating expenses amounted to EUR -144.6 million and were EUR -7.3 million higher than the previous year. The additions to the risk provisions totalled EUR -25.7 million in 2023 (2022: -3.4 million).

The **Corporate Clients Segment** recorded pre-tax profit of EUR 107.8 million in 2023 (2022: 51.2 million). A year-on-year increase in the average credit volume (+6.0% or EUR 672.0 million) combined with an improvement in the deposit business based on substantial volume growth and rising interest rates offset the lower margin on loans and advances. Net interest income improved substantially to EUR 172.9 million in 2023 (2022: 132.8 million). The addition to the risk provisions amounted to EUR -22.7 million (2022: -24.1 million).

The **Financial Markets Segment** recorded a pre-tax loss of EUR -62.5 million (2022: pre-tax profit of 47.5 million). The year-on-year decline resulted from a substantial drop in net interest income and lower results from the valuation of derivatives. Net interest income fell from EUR 70.0 million in the previous year to EUR -6.7 million as a consequence of the unexpectedly strong increase in interest rates. Financial assets and liabilities amounted to EUR 22.2 million in 2022 based on positive valuation effects and equalled EUR 0.7 million in 2023. The equity-accounted investment in R-IT, which is allocated to the Financial Markets Segment, recorded results of EUR -0.4 million in 2023 (2022: 2.6 million).

RBI, a material investment of RLB NÖ-Wien, generated profit before tax of EUR 681.9 million in 2023 (2022: -123.9 million) after the deduction of refinancing and administrative costs. The results, which are reported under profit/loss from investments in companies valued at equity, included a proportional share of EUR 519.4 million (2022: 800.9 million) from operating earnings, a revaluation of EUR 129.8 million (2022: impairment loss of -879.0 million), and positive effects of EUR 89.5 million from an increase in the investment.

The **Raiffeisen Association Segment** reported pre-tax income of EUR 1.2 million in 2023 (2022: -0.5 million).

The **Other Investments Segment** recorded profit before tax of EUR 0.6 million in 2023 (2022: 0.5 million).

The **Other Segment** includes, above all, a special charge for the subsequent addition to the deposit insurance fund and reported a pre-tax loss of EUR -3.6 million in 2023 (2022: -3.7 million).

Consolidated Balance Sheet 2023

The balance sheet total of the RLB NÖ-Wien-Group rose by EUR 6,385.8 million over the previous year to EUR 35,078.8 million. On the liability side, the increase was supported by substantial growth in interbank deposits and higher issue volumes. On the asset side, customer loans and advances rose by nearly EUR 1 billion and central bank deposits also increased.

Assets

€m	31/12/2023	31/12/2022	Absolute +/(–) Change	Change in percent
Financial assets at amortised cost	24,542	23,030	1,512	6.6
Of which loans and advances to customers	15,867	14,891	976	6.6
Of which bonds	5,001	4,118	883	21.4
Of which loans and advances to other banks	3,643	4,009	(366)	(9.1)
Of which other financial assets	31	13	18	>100.0
Financial assets designated at fair value through profit or loss	895	802	93	11.6
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(316)	(527)	211	(40.0)
Financial assets at fair value through other comprehensive income	28	19	9	47.8
Investments in companies valued at equity	2,405	1,867	538	28.8
Other assets	7,524	3,502	4,022	>100.0
Consolidated assets	**35,079**	28,693	**6,386**	**22.3**

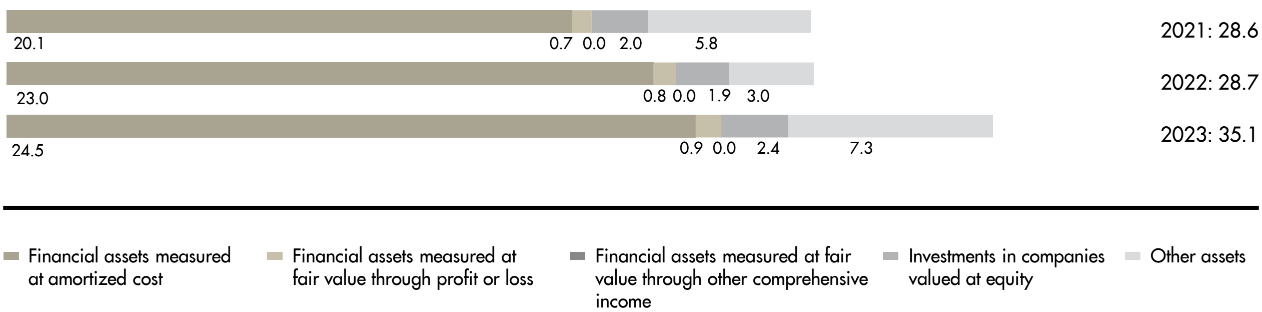
Loans and advances to customers, above all to companies, private persons and the public sector, rose by EUR 976.3 million to EUR 15,866.9 million.

Loans and advances to other banks totalled EUR 3,643.1 million as of 31 December 2023 (31 December 2022: 4,008.7 million), chiefly as the result of a lower volume in the Raiffeisen sector.

The **investments in companies valued at equity** rose from EUR 1,867.2 million to EUR 2,405.4 million in 2023. The main reasons included an increase in the investment to 24.83% (2022: 22.66%) and positive earnings contributions from RBI.

Other assets totalled EUR 7,523.9 million at year-end 2023, compared with EUR 3,501.6 million as of 31 December 2022. The year-on-year increase resulted primarily from a substantially higher volume of deposits with central banks.

Structure of assets on the consolidated balance sheet in EUR billion



Liabilities and Equity

€m	31/12/2023	31/12/2022	Absolute +/(–) Change	Change in percent
Financial liabilities measured at amortised cost	31,418	25,468	5,950	23.4
Of which deposits from other banks	12,155	9,387	2,768	29.5
Of which deposits from customers	9,917	8,896	1,021	11.5
Of which securitised liabilities (incl. Tier 2 capital)	9,248	7,084	2,164	30.5
Of which other financial liabilities	98	101	(3)	(3.1)
Financial liabilities designated at fair value through profit or loss	261	343	(82)	(23.8)
Equity	2,664	2,098	566	27.0
Other liabilities	736	784	(49)	(6.2)
Consolidated equity and liabilities	**35,079**	28,693	**6,386**	**22.3**

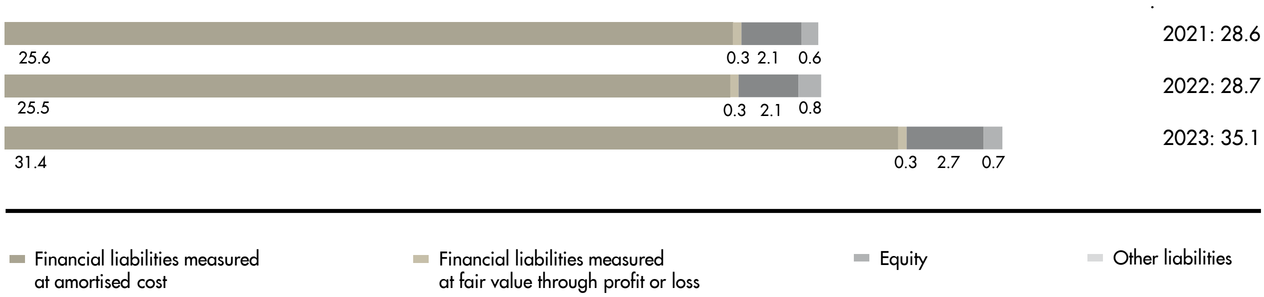
Deposits from other banks amounted to EUR 12,155.1 million as of 31 December 2023. The increase of EUR 2,767.8 million, or 29.5%, over the previous year value of EUR 9,387.3 million is primarily attributable to repo transactions and to a higher volume of deposits from Raiffeisen sector institutions. The volume of deposits with the Austrian National Bank declined year-on-year, above all following the maturity of TLTRO III volumes totalling EUR 1.270 million.

Deposits from customers, including savings deposits, rose by EUR 1,021.1 million to EUR 9,917.4 million. The increase was supported primarily by a higher volume of deposits from companies, insurance firms and the public sector.

The total volume of **securitised liabilities, incl. Tier 2 capital**, equalled EUR 9,247.6 million and was EUR 2,163.9 million higher than the previous year owing to new issues and replacement investments for maturing securities.

The positive development of **equity** to EUR 2,664.1 million (2022: 2,097.8 million) is attributable to the sound development of earnings in 2023.

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. operating expenses less income from clearing to third parties in relation to operating income (incl. the profit (loss) from financial instrument and associates, and excl. impairment losses/reversals) – equalled 19.9% in 2023 (2022: 18.4%). The CIR for the RLB banking business (excluding the earnings contribution and refinancing expenses from the RBI investment) equalled 55.4% (2022: 59.1%).

The **Group's return on equity after tax** – i.e. the return on equity based on average equity – equalled 33.9% in 2023 (2022: negative result).

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 CRR totalled EUR 3,225.6 million (2022: 2,671.9 million). At 22.4% (2022: 20.0%), the Tier 1 ratio (for comprehensive risk) substantially exceeds the total capital requirement, including the buffer, of 16.15% established by the Supervisory Review and Evaluation Process (SREP). It includes the minimum capital requirement of 8.00% defined by Art. 92 CRR as well as an additional capital requirement of 4.30% which was set by the SREP. The capital buffer requirements consist of a systemic risk buffer of 0.50%, the O-SII buffer of 0.75%, the countercyclical capital buffer of 0.10% 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 2,248.8 million, various regulatory adjustments of EUR -97.2 million, and the application of IFRS 9 transition guidance of EUR 19.2 million. After deductions of EUR -191.7 million, common equity Tier 1 capital equals EUR 3,011.4 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 3,106.4 million (2022: 2,505.4 million).

Tier 2 capital of EUR 119.2 million (2022: 166.4 million) is based entirely on eligible Tier 2 instruments.

Tier 1 capital as a per cent of eligible capital equalled 96.3% (2022: 93.8%).

The common equity Tier 1 ratio (CET1 ratio) equalled 20.9% as of 31 December 2023 (31 December 2022: 18.1%), and the Tier 1 ratio for the total risk of the Raiffeisen-Holding NÖ-Wien credit institution group equalled 21.6% (2022: 18.8%).

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 organisational aspects. The ICS was instituted by the Managing Board, and its effectiveness is monitored by the Audit Committee of the Supervisory Board. It is adapted regularly to reflect changes in organisational 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 synchronised 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 the risk provisions for loans and the creation of provisions;
- Assumptions made in evaluating the recoverability of equity instruments; and
- 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 Finance Departments of RLB NÖ-Wien are involved in the operation of the accounting-based internal control system. The ICAAP/Models 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 the responsibility of the Finance Departments of RLB NÖ-Wien. The process and its completeness are monitored by the Accounting Department on the basis of checklists. Employees can review the operational and organisational structure through various IT systems. This structure is the subject of 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 optimised in 2023. As of 31 December 2023, the personal and business banking customers of RLB NÖ-Wien were serviced at 20 locations throughout Vienna. The Raiffeisen Haus also offered services for the Raiffeisen organisation 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 2023. RLB NÖ-Wien has no branches or offices in foreign countries.

Research and Development

A new course was set for research and development in 2023: With the start of the 'InnovateX' internal innovation programme, the cornerstone was laid for the development of innovations in company.

Non-financial Performance Indicators

In accordance with § 243b (7) of the Austrian Commercial Code, RLB NÖ-Wien is exempt from the requirement to prepare a non-financial statement. Sustainability issues involving RLB NÖ-Wien are presented as part of the consolidated non-financial statement, which is an integral part of the Group management report prepared by the parent company, Raiffeisen-Holding NÖ-Wien. The Group 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 Reporting Period

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

Outlook for 2024

The Economic Environment

The global economy was off to a weak start in 2024. Higher interest rates, a fragile worldwide economy and geopolitical risks formed the initial position for 2024.

Prospects for the world's economy have brightened slightly according to the January forecast by the International Monetary Fund (IMF). The hopes of an economic recovery are based, above all, on a further decline in inflation and revival of the currently weak world trade. Global growth should equal 3.1% in 2024, but still remains weak in long-term comparison with an average GDP plus of 3.8% from 2000 to 2019. However, the overall picture for many countries should be better in 2024 than in 2023. Positive development is projected for all surveyed countries in 2024, with the exception of Argentina.

The increase in interest rates to fight inflation has had a negative effect on investments. Moreover, many countries accepted a massive increase in debt during the COVID-19 pandemic and later on to cushion the high energy prices. Government support measures are now being gradually cut back, which also weakens growth. International trade has also been slowed by geopolitical tensions like the war in Ukraine or the resurgence of the Middle East conflict.

The IMF has issued a substantial upward revision to its growth forecast for 2024, for the USA (by 0.6% points to 2.1%) as well as China (by 0.4% points to 4.6%). India should generate the strongest growth of the major economies with a projected increase of 6,5%.

For the Eurozone, the IMF expects growth of 0.9% over the previous year. Germany should again record the lowest growth of the G7 countries at 0.5% according to the IMF forecast. There are calls for a loosening of the debt freeze to stimulate the economy.

The Austrian Institute of Economic Research (WIFO) is forecasting GDP growth of 0.9% for Austria this year. This cautious upturn will be supported primarily by domestic consumer demand. Private consumption, which stagnated in 2023, should increase by 1.6% in 2024. The sharp rise in real wages, in particular, should serve as a positive impulse.

The Austrian industrial sector also weakened at the beginning of 2024. The Purchasing Managers Index rose slightly from December 2023 to January and, at 43.0 points reached the highest level in ten months but again fell far below the growth threshold of 50 points.

Inflation started 2024 on a satisfactory note with a decline from 2.9% in December 2023 to 2.8% in January 2024 for the Eurozone. The decisive factor here was the downward trend in inflation without the volatility of energy, food and beverage prices, which fell from 3.4% to 3.3%. The return of lower-cost energy and relatively stable food prices will continue to slow the rising costs for non-energetic goods and services for several months. Later this year, companies will increasingly pass on their substantially higher wage costs to customers and, consequently, higher inflation rates can be expected.

The inflation rate in Austria also fell to the lowest level since December 2021 at the beginning of this year. A flash estimate by Statistics Austria placed the inflation rate in January at 4.5% (CPI) and 4.3% (HICP). This significant decline is primarily attributable to lower household energy prices and here, in particular, to electricity prices. A monthly comparison also shows a clear reduction to -0.2%(CPI) and -0.4% (HICP). WIFO is forecasting an inflation rate of 4% for the full 12 months of 2024, but inflation in Austria will apparently remain more than one percentage point above the Eurozone average.

2024 will be seen as the year of interest rate cuts by the world's major central banks. However, the expectations for these reductions on both sides of the Atlantic appear to be overly motivated. The IMF has warned of a "risk of premature loosening". Central banks must be guided by data and not by enthusiastic market expectations. They should not hesitate to reduce interest rates when the data show the time is right. The IMF sees a trend reversal in key interest rates at the middle of this year.

The European Central Bank (ECB) left its monetary policy unchanged, as expected, on 25 January 2024. In this climate, the markets were more interested in indications of when the ECB would start an interest rate reduction cycle. ECB President Lagarde confirmed her statement at the World Economic Forum in Davos that an interest rate cut this summer is likely. The ECB will, however, continue to base its actions on concrete data, whereby wage and salary developments in the coming months are particularly important. Lagarde referred to the next ECB meeting on 7 March 2024, where new forecasts for the economy and inflation will be presented.

The interest rate reversal targeted by the US Federal Reserve for this year has not yet materialised, and key interest rates also remained unchanged on 31 January 2024 (range from 5.25% to 5.50%). Fed Chairman Jerome Powell emphasised that "clear signals" would be required to confirm that inflation was declining towards the Fed's target of 2%. A reduction in interest rates at the next meeting in March is, therefore, unlikely.

The Development of the Group

STRATEGY PROCESS – Focus 2027

The Managing Board team of RLB NÖ-Wien is continuing its course with the definition of the new "Focus 2027" strategy. In line with the goal of absolute customer orientation, the following strategic focal points were defined for the period up to 2027:

- Focus on SMEs: An important goal for the business customer segment is intensified advising and financing for SMEs, which are the backbone of the Austrian economy.
- Focus on sustainability: RLB NÖ-Wien wants to actively support its business customers in the transition to ESG criteria and serve as a central contact partner for sustainability. The expansion of ESG & Investor Relations Management (ESG) will be intensively pursued with a view towards the new demands of the EU Taxonomy and regulatory requirements, not only for reporting but above all with regard to the implementation of specific measures. RLB NÖ-Wien is providing active support for the green transformation, among others with its Going Green Credit for investments that make an active contribution to a liveable future.
- Focus on omni-channel: In the private customer business, a wide-ranging omni-channel offering will guarantee optimal customer contacts. The concentration on core products will make this offering digital, scalable and customer centred.

Focal points for the customer business in 2024

The priorities for implementing the "FOCUS 2027" strategy in the customer business during 2024 are as follows:

- Corporate clients business: As a strong partner for its customers, RLB NÖ-Wien plans to continue its growth course in the Corporate Clients Segment through support for existing customers and the development of new customer groups with an emphasis on SMEs as the backbone of Austria's industry. 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. As a regional partner, personal advising for complex financing solutions and digital offerings for tailored solutions will go hand in hand. The offering will be constantly expanded and improved.
- SME and private customer business: RLB NÖ-Wien will continue to accompany small and medium-sized businesses (SMEs) with suitable solutions ranging from financing to advising on subsidies and pension planning. The Raiffeisen entrepreneurship initiative is designed to help SMEs to arrange company successions, takeovers or growth projects despite a lack of equity, for example through mezzanine capital. 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. As a regional partner who is centred on customers' needs, specially designed and personalised solutions will be developed. This continuing growth course will further strengthen the bank's earnings position and capital base over the long-term.
- Expansion of services: In line with its absolute customer orientation, RLB NÖ-Wien plans to offer its customers state-of-the-art and realistic solutions – beyond the banking offering. The goal is to position Raiffeisen NÖ-Wien to accompany its customers in a variety of life situations – and always with professional partners as well as the further development of the offering to include innovative solutions. Through its cooperation with Bitpanda and the possibility to carry out digital investments in all asset classes, RLB NÖ-Wien has taken on a pioneering role among the traditional banks in the German-speaking countries.
- RLB NÖ-Wien has been a pioneer in financing for renewable energies over decades. Its investment in NAWARO ENERGIE Betrieb GmbH, one of the largest green electricity producers in the province of Lower Austria, stands for a company with a long-term focus on energy and pellet production. In this way, RLB NÖ-Wien makes an important contribution to regional supply security. In addition, the green electricity tariff "Auri" represents an attractive offering for private customers and companies as well as a continuation of the innovation strategy.
- As a bank for the Raiffeisen sector, the role of RLB NÖ-Wien as a synergy partner for the Lower Austrian Raiffeisen banks will be further expanded and strategic and operational cooperation will be strengthened.

The earnings situation of the RLB NÖ-Wien banking business (excluding the earnings contribution and refinancing costs for the RBI investment) is also expected to reflect a high level in 2024. In addition to the stable development of net interest income in 2024, the focal points defined for sales should support a substantial improvement in net fee and commission income. The current economic climate leads to expectations of an increase in risk costs over the previous years in 2024. However, RLB NÖ-Wien can rely on the stable foundation of a forward-looking and prudent risk policy.

RBI investment:

RBI is the largest investment held by RLB NÖ-Wien; the planned increase in the RBI holding to 25% + 1 share was successfully concluded on 31 January 2024.

Due to its strong positioning in Central and Eastern Europe, RBI is particularly affected by the current geopolitical situation surrounding the war in Ukraine. The consolidated financial statements of RLB NÖ-Wien for the 2023 financial year reflect the major effects of this war on the development of the enterprise value of RBI based on currently available information. RBI recorded very good operating development from its continuing operations, excluding Russia, in 2023 with strong core earnings, above all in net interest income.

RBI issued an ad-hoc announcement on 19 December 2023 to report its intention to purchase 28,500,000 shares of STRABAG SE, which represent 27.78% of the issued shares, through its Russian subsidiary AO Raiffeisenbank. After the transaction closes, plans call for the transfer of the STRABAG shares to RBI as a dividend in kind. The purchase is dependent on various suspensive conditions, including a sanctions compliance due diligence audit by RBI, the approval of the supervisory authorities, and the release of the transaction by the antitrust authorities. The realisation of the transaction is connected with substantial uncertainty due to the required approvals. From the current point of view, a positive value effect can be expected from the closing of the transaction.

The management of RBI is monitoring the further development of the geopolitical situation continuously, analysing potential scenarios, and evaluating various strategic options with regard to Russia. Based on the information currently available, good operating results are expected in 2024.

The ongoing uncertainties are reflected in the routine evaluation and appraisal of RBI's information and strategic considerations by the Managing Board of RLB NÖ-Wien.

Risk factors for the outlook on the 2024 financial year include geopolitical 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, 13 March 2024
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) 2023

Consolidated Statement of Comprehensive Income

Consolidated Income Statement

€'000	Notes	01/01 - 31/12/2023	01/01 - 31/12/2022
Net interest income	(1)	311,483	239,301
Interest income calculated according to the effective interest method		1,133,370	380,668
Interest income not calculated according to the effective interest method		102,779	63,275
Interest expense calculated according to the effective interest method		(863,831)	(150,671)
Interest expense not calculated according to the effective interest method		(60,836)	(53,971)
Net fee and commission income	(2)	52,818	51,922
Fee and commission income		99,255	92,240
Fee and commission expenses		(46,437)	(40,318)
Dividend income	(3)	1,602	1,974
Profit from investments in companies valued at equity	(4)	738,337	(75,527)
Depreciation, amortisation, personnel and operating expenses	(5)	(272,613)	(252,088)
Profit/loss from financial assets and liabilities	(6)	2,944	15,086
Of which profit/loss from derecognition of financial assets at amortised cost		(1,530)	224
Profit / loss from investments and non-financial assets	(7)	541	(5,199)
Net impairment loss/reversal of impairment to financial assets	(8)	(49,350)	(26,869)
Other operating profit/loss	(9)	30,631	38,386
Other operating income		71,970	69,053
Other operating expenses		(44,993)	(38,408)
Addition to or release of provisions		3,655	7,741
Profit for the period before tax		**816,393**	(13,014)
Income tax	(10)	(8,590)	(9,339)
Profit for the period after tax		**807,802**	(22,353)
Of which attributable to non-controlling interests		6	3
Of which attributable to equity owners of the parent		807,796	(22,357)

Transition to Consolidated Comprehensive Income

€'000	Notes	01/01 - 31/12/2023	01/01 - 31/12/2022
Profit for the period after tax		*807,802*	*(22,353)*
Items that will not be reclassified to profit or loss in later periods		***(1,181)***	***17,864***
Remeasurement of defined benefit pension plans	(28)	(6,958)	5,375
Fair value changes in equity instruments (through other comprehensive income)	(31)	6,007	(660)
Deferred taxes on items not reclassified to profit or loss	(22)	351	(389)
Proportional share of other comprehensive income from investments in companies valued at equity	(31)	(580)	13,538
Items that may be reclassified to profit or loss in later periods		***(230,885)***	***(87,212)***
Proportional share of other comprehensive income from investments in companies valued at equity	(31)	(230,885)	(87,212)
Other comprehensive income		***(232,066)***	***(69,349)***
Consolidated comprehensive income		**575,736**	(91,702)
Of which attributable to non-controlling interests		6	3
Of which attributable to equity owners of the parent		575,730	(91,705)

Consolidated Balance Sheet

Assets, €´000	Notes	31/12/2023	31/12/2022
Cash, cash balances at central banks and other demand deposits	(11)	6,653,098	2,504,570
Financial assets held for trading	(12)	744,098	674,177
Derivatives		289,536	400,943
Other trading assets		454,562	273,234
Non-trading financial assets mandatorily measured at fair value through profit or loss	(13)	150,954	127,782
Financial assets at fair value through other comprehensive income	(14)	28,254	19,110
Financial assets measured at amortised cost	(15) (16)	24,542,372	23,030,143
Bonds		5,001,197	4,118,147
Loans and advances to other banks		3,643,058	4,008,682
Loans and advances to customers		15,866,887	14,890,552
Other financial assets		31,230	12,762
Derivatives - hedge accounting	(17)	558,985	679,100
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(18)	(316,273)	(526,983)
Investments in companies valued at equity	(19)	2,405,437	1,867,191
Property, Plant and Equipment	(20)	140,728	134,575
Investment property	(20)	1,085	1,370
Intangible assets	(21)	5,606	6,910
Deferred tax assets	(22)	10,965	10,372
Tax assets		5,343	5,553
Deferred tax assets		5,622	4,819
Other	(23)	153,475	164,659
Total		**35,078,783**	28,692,978

Equity and Liabilities, €´000	Notes	31/12/2023	31/12/2022
Financial liabilities held for trading - derivatives	(24)	261,237	342,783
Financial liabilities measured at amortised cost	(25)	31,417,916	25,468,297
Deposits from other banks		12,155,098	9,387,312
Deposits from customers		9,917,366	8,896,230
Securitised liabilities		9,247,583	7,083,708
Other financial liabilities		97,869	101,048
Derivatives - hedge accounting	(26)	639,946	821,183
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(27)	(83,571)	(201,925)
Provisions	(28)	112,238	101,626
Tax liabilities	(29)	16,406	18,682
Other liabilities	(30)	50,532	44,546
Equity	(31)	2,664,080	2,097,785
Attributable to non-controlling interests		43	37
Attributable to equity owners of the parent		2,664,036	2,097,748
Total		35,078,783	28,692,978

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 01/01/2022	*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 from 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**
Equity at 01/01/2023	*219,789*	*556,849*	*1,789,233*	*76,000*	*(544,125)*	*2,097,748*	*37*	*2,097,785*
Consolidated comprehensive income	0	0	807,796	0	(232,066)	575,730	6	575,736
Net profit/loss for the period	0	0	807,796	0	0	807,796	6	807,802
Other comprehensive income	0	0	0	0	(232,066)	(232,066)	0	(232,066)
Dividends paid AT1	0	0	(8,111)	0	0	(8,111)	0	(8,111)
Enterprise's interest in other changes in equity from investments in companies valued at equity	0	0	(1,328)	0	0	(1,328)	0	(1,328)
Other changes	0	0	(3)	0	0	(3)	0	(3)
Equity as at 31/12/2023	**219,789**	**556,849**	**2,587,588**	**76,000**	**(776,191)**	**2,664,036**	**43**	**2,664,080**

Consolidated Cash Flow Statement

€'000	Notes	01/01 - 31/12/2023	01/01 - 31/12/2022
Profit for the period after tax		***807,802***	***(22,353)***
Write-downs (+)/writeups (-) of property and equipment and measurement of financial assets and equity investments		(136,181)	431,931
Profit from investments in companies valued at equity	(4)	(738,337)	75,527
Release of/addition to provisions and impairment allowances		21,050	16,693
(Gains)/losses on disposals of property and equipment and financial investments		(2,393)	3,214
Reclassification of net interest income, dividends and income taxes		(304,495)	(241,693)
Other adjustment (net)		6,992	(3,987)
Subtotal before change in assets/liabilities (operating)		***(345,561)***	***259,331***
Other demand deposits		(418,410)	120,733
Financial assets held for trading		(116,114)	(169,280)
Financial assets measured at fair value through profit or loss		(20,457)	7,154
Financial assets measured at amortised cost		(639,036)	(2,393,606)
Derivatives - hedge accounting		(165,292)	357,523
Other		11,185	(41,199)
Financial liabilities held for trading - derivatives		(88,971)	47,838
Financial liabilities measured at amortised cost		6,191,586	(179,611)
Other provisions		(14,769)	(8,082)
Other liabilities		5,986	(9,643)
Interest received		1,170,738	488,145
Dividends received		67,458	10,315
Interest paid		(814,967)	(210,927)
Income taxes paid		(10,260)	(4,750)
Cash flow from operating activities		***4,813,115***	***(1,726,058)***
Cash receipts from sales of financial investments		212,454	596,704
Cash receipts from sales of property and equipment and intangible assets		742	434
Cash receipts from the sale of subsidiaries, less cash and cash equivalents		0	10,203
Cash paid for financial investments		(970,668)	(1,477,305)
Cash paid for property and equipment and intangible assets		(11,819)	(30,916)
Cash flow from investing activities		***(769,291)***	***(900,880)***
Capital increases		0	76,000
Cash outflows from additional equity instruments		(8,111)	0
Cash inflows from Tier 2 capital	(25)	1,871	77,159
Cash outflows from Tier 2 capital	(25)	(296,975)	(78,971)
Repayments from lease liabilities	(25)	(9,865)	(10,545)
Dividends paid		0	(10)
Cash flow from financing activities		***(313,080)***	***63,632***

€'000	Notes	01/01 - 31/12/2023	01/01 - 31/12/2022
Cash and cash equivalents at end of previous year	(11)	*283,858*	*2,847,153*
Cash flow from operating activities		4,813,115	(1,726,058)
Cash flow from investing activities		(769,291)	(900,880)
Cash flow from financing activities		(313,080)	63,632
Effect of exchange rate changes and other effects		(10)	11
Cash and cash equivalents at end of year	(11)	**4,014,592**	283,858

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% (2022: 100%) of RLB NÖ-Wien. The consolidated financial statements of Raiffeisen-Holding NÖ-Wien are filed with the company register, under FN 95970h, in accordance with Austrian disclosure regulations and also published in the Raiffeisen newspaper.

RLB NÖ-Wien's investment in Raiffeisen Bank International (RBI) amounts to 24,83% (2022: 22,66%). 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 2023 financial year, including the comparative data for 2022, 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 as applied in the EU.

The consolidated financial statements of RLB NÖ Wien were prepared in accordance with the going concern principle. 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 and methods

The scope of full consolidation of the RLB NÖ-Wien-Group includes all material subsidiaries over which RLB NÖ-Wien exercises direct or indirect control. The criteria for inclusion were the requirements defined by Point 2.11 of the Framework Concept for Financial Reporting, above all the materiality of the balance sheet total, the earnings contribution to Group net profit and other qualitative criteria. The influence of the unconsolidated subsidiaries on the Group's financial position, financial performance and cash flows was immaterial.

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

Material investments in associates, i.e. companies over which RLB NÖ-Wien directly or indirectly exercises significant influence, are accounted for at equity.

As of 31 December 2023 and 31 December 2022, the scope of consolidation, excluding RLB NÖ-Wien as the parent company, comprised 10 fully consolidated companies and two companies consolidated at equity. The registered headquarters of all Group companies are located in Austria.

The balance sheet date for all companies included in the consolidated financial statements through full consolidation or at equity is 31 December 2023, 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).

Investments accounted for at equity

Material investments in associates and joint ventures are accounted for at the proportional share of equity held 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 recognised up to the carrying amount that would have existed (i.e. less depreciation or amortisation) if the impairment loss had not been recognised 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 recognised 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 recognised 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 recognised on the respective value or settlement date.

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

Non-performing loans (NPLs) are derecognised 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 cannot 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.

At initial recognition, RLB NÖ-Wien classifies a financial instrument in accordance with IFRS 9. Financial assets are subsequently classified at amortised cost, fair value through other comprehensive income or fair value through profit or loss. RLB NÖ-Wien classifies financial liabilities at amortised 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 2022 or 2023)
- “Other“: the objective is not to collect contractual cash flows, but to realise the fair values.

A financial asset is measured at amortised 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.

Non-trading financial assets mandatorily measured at fair value through profit or loss

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 recognised 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 2022 or 2023.

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 2022 or 2023 and, therefore, only reports equity instruments under this balance sheet position. These assets are initially recognised 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 amortised 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 derecognised.

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.

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

The amount of the impairment allowance is calculated according to the expected credit loss (ECL) approach. RLB NÖ-Wien differentiates between significant and non-significant customers in determining impairment losses for positions in default or credit-impaired. 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 risk provision is calculated, each customer in the group is considered significant. Analogously, customers in a group with a total liability of less than EUR 1 million are classified as not significant.

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

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 12-month 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 total amount of the risk provisions for recognised loans and advances is allocated to the balance sheet position for the underlying financial instrument. The risk provision for off-balance sheet transactions is recognised as a provision. On the income statement, changes in the risk provisions 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 recognised 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 recognised 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.

Additional details on the risk provisions are provided under Notes (16) Risk provisions and (32) Risks arising from financial instruments (Risk Report).

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 at fair value 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 amortised 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 recognised 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 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 materialise 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 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 amortisation of the basis adjustments from the monthly reversal and the value changes resulting from reductions in the remaining term is recorded under net interest income.

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)
- Non-trading financial assets mandatorily measured at fair value
- Financial assets measured at fair value through profit or loss (not used as of 31 December 2022 or 2023)
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at amortised 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 amortised cost.

Liabilities are grouped under the following classes:

- Financial liabilities held for trading
  - o Derivatives
  - o Other trading liabilities (not used as of 31 December 2022 or 2023)
- Financial liabilities measured at fair value through profit or loss (not used as of 31 December 2022 or 2023)
- Financial liabilities measured at amortised cost
  - o Deposits
  - o Securitised liabilities
- Derivatives - hedge accounting

The classes of financial instruments listed under liabilities were measured at amortised cost as of 31 December 2023, 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 amortisation.

In accordance with IAS 36, an impairment loss must be recognised 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 amortised cost.

Intangible assets consist primarily of software. The Group holds no goodwill or internally generated intangible assets. Right-of-use assets 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	1 - 20	5,0 - 100,0
Office furniture and equipment	1,5 - 20	5,0 - 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. Borrowing costs are capitalised 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 realisable value. Net realisable value is defined as the estimated proceeds from the sale of the inventories during the ordinary course of business less the expected costs of disposal.

Financial liabilities

Financial liabilities are measured at amortised 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 2023 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 collateralised 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 involves variable interest liabilities. Any increase or decrease in interest rates by the ECB would be reflected in an adjustment of the effective interest rate (IFRS 9.B5.4.5).

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.

Securitised liabilities

Securitised 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 amortised cost. The recognised 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 utilise the option to classify financial liabilities measured at fair value through profit or loss in 2023.

Other financial liabilities

This position includes lease liabilities which result primarily from the capitalisation of right-of-use assets 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 2023.

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 recognised 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 recognised provisions. Non-current provisions are only discounted when the present value differs materially from the nominal value and when the factors required for the calculation can be reliably estimated.

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 recognised. 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 recognised 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 organisation'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 organisation'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 recognised according to the balance sheet liability method in agreement with IAS 12. Deferred taxes are recorded for temporary differences between the recognised 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 recognised 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 24%. 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 25% to 24% in the 2023 calendar year and to 23% beginning in the 2024 calendar year. 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 2024 was reflected in the calculation of deferred taxes as of 31 December 2023.

Any surplus of taxable temporary differences is measured 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 are measured at the rate applied to 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 recognised as a liability at the same time. Details are provided under 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 recognised 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 recognised 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 recognised 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 recognises a right-of-use asset as well as a liability from the lease, which represents the 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-capitalisation of short-term and low-value leases.

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

Cash flow statement

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 amortised cost“ and “non-trading financial assets mandatorily measured at fair value”
- Deposits classified as “financial liabilities measured at amortised 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 amortised 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 from 31 December 2022 to 31 December 2023 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 financial position, financial performance and cash flows as well as changes in the financial position and performance.

Judgments and estimates are used primarily to determine the fair value of financial instruments and the value in use of associates, the recognition of impairment allowances for future credit default cases, and the creation of provisions for pensions, termination benefits and similar obligations and miscellaneous provisions. 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 provisions for future credit default cases and interest rebates

Financial assets measured at amortised 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 carried at equity, property and equipment, right-of-use assets 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 the 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 measurement 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 the 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 2023 and were applied for the first time in preparing these consolidated financial statements:

New Provisions		**Within the EU it is mandatory to use for financial years effective from**
New Standards		
IFRS 17	Insurance Contracts	1 January 2023
Amendments to Standards		
IAS 1	Disclosure of Accounting Policies	1 January 2023
IAS 8	Definition of Accounting Estimates	1 January 2023
IAS 12	International Tax Reform – Pillar Two Model Rules	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023

IAS 12 (Income Taxes)

The International Accounting Standards Board (IASB) issued changes to IAS 12 (Income Taxes) on 23 May 2023. These changes were based on the upcoming introduction of a global minimum tax (Pillar II). The Pillar II rules are directed to achieving a minimum tax of 15% for companies with global revenues of at least EUR 750 million. These rules must be implemented by the EU member states by the end of 2023 and are applicable to financial years beginning on or after 31 December 2023. The IASB changes provide a temporary exemption from the obligation to recognise deferred taxes resulting from the implementation of the Pillar II rules. The RLB NÖ-Wien-Group decided to apply this temporary, mandatory exemption for the recognition of deferred taxes arising from the introduction of a global minimum tax and is recognising these items as actual tax expense/income as of the origination date.

Austria has enacted national laws to implement global minimum taxation, and RLB NÖ-Wien will therefore be affected by this taxation in the future. The decisive national laws only require application in later financial years and, consequently, there is no effect on tax expense for the 2023 financial year. Moreover, no additional tax expense is expected in the future because the nominal tax rate is appropriately high and no advantageous tax regimes were applied that would lead to the conclusion of low taxation.

RLB NÖ-Wien is organising and implementing the necessary procedural and technical adjustments resulting from the introduction of the Pillar II rules as part of a Group-wide project.

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 an appropriate 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 financial position, financial performance and cash flows of a company. RLB NÖ-Wien carried out a Group-wide analysis to identify the effects of this new standard. The analysis was successfully concluded and confirmed that there were no cases for the application of this new standard in RLB NÖ-Wien or in the fully consolidated subsidiaries.

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 financial position, financial performance or cash flows of the RLB NÖ-Wien-Group.

Other changed standards and interpretations

The following new or revised standards and interpretations have 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. They were identified as not 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
Amendments to Standards				
IAS 1	Classification of liabilities as current or non-current	1 January 2024	19/12/2023	No
IAS 1	Non-current Liabilities with Covenants	1 January 2024	19/12/2023	No
IAS 7, IFRS 7	Supplier Finance Arrangements	1 January 2024	Open	No
IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024	20/11/2023	No
IAS 21	Lack of Exchangeability	1 January 2025	Open	No

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

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 risk provisions in the credit business include the net new creation of impairment allowances for credit risks and direct write-offs as well as the income from loans and advances previously written off. General administrative expenses include direct and indirect costs. Direct costs (staff costs and other administrative expenses) are the responsibility of the individual business segments, while indirect costs are assigned according to predefined allocation keys.

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

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

- The Private Customer and SME Segment includes the retail business in Vienna.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

01/01 - 31/12/2023, €'000	Retail/SME	Corporate Customers	Financial Markets	RBI	Raiffeisen Association	Other equity investments	Other	Total
Net interest income	190,339	172,852	(6,689)	(44,187)	0	(262)	(569)	311,483
Net fee and commission income	60,033	15,422	(26,428)	0	3,791	0	0	52,818
Dividend income	0	470	184	0	0	948	0	1,602
Profit from investments in companies valued at equity	0	0	(385)	738,721	0	0	0	738,337
Depreciation, amortisation, personnel and operating expenses	(144,604)	(71,880)	(22,525)	(3,659)	(29,451)	(494)	0	(272,613)
Profit/loss from financial assets and liabilities	1,821	5,866	(683)	(8,209)	1,107	0	3,040	2,944
Profit / loss from investments and non-financial assets	192	(111)	30	0	39	391	0	541
Net impairment loss/reversal of impairment to financial assets	(25,665)	(22,714)	(971)	0	0	0	0	(49,350)
Other operating profit/loss	8,835	7,918	(5,008)	(803)	25,698	29	(6,039)	30,631
Profit for the period before tax	**90,951**	**107,823**	**(62,474)**	**681,864**	**1,185**	**611**	**(3,568)**	**816,393**
Income tax	(5,977)	(6,075)	3,404	0	(65)	(72)	194	(8,590)
Profit for the period after tax	**84,974**	**101,749**	**(59,070)**	**681,864**	**1,120**	**539**	**(3,373)**	**807,802**
Av. allocated capital (in EUR mill.)	287	789	34	939	0	2	0	2,381
Return on equity after tax	29.6%	12.9%	-	72.6%	-	26.3%	-	33.9%
Cost Income Ratio (bank operations)	53.6%	34.2%	-	-	76.0%	41.9%	-	55.4%
Cost Income Ratio (incl. at equity)	-	-	-	-	-	-	-	19.9%

The comparative prior year data are as follows:

01/01 - 31/12/2022, €'000	Retail/SME	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, amortisation, 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 after tax	5.5%	6.6%	8.1%	-	-	3.1%	-	-
Cost Income Ratio (bank operations)	86.0%	45.5%	29.8%	0.3%	> 100%	37.5%	-	59.1%
Cost Income Ratio (incl. at equity)	-	-	-	-	-	-	-	18.4%

Details on the Consolidated Income Statement

(1) Net interest income

€'000	01/01 - 31/12/2023	01/01 - 31/12/2022
Interest income		
Financial assets held for trading	97,526	60,217
Non-trading financial assets mandatorily measured at fair value through profit or loss	5,253	3,058
Financial assets measured at amortised cost	1,132,257	349,585
Of which from derivatives - hedge accounting, interest rate risk	97,339	(42,161)
Negative interest from liabilities	1,113	31,083
Total interest income	***1,236,149***	*443,943*
Interest expenses		
Financial liabilities held for trading - derivatives	(60,836)	(53,971)
Financial liabilities measured at amortised cost	(863,426)	(130,441)
Of which from derivatives - hedge accounting, interest rate risk	(170,555)	66,197
Negative interest from financial assets	(405)	(20,230)
Total interest expenses	***(924,666)***	*(204,642)*
Net interest income	**311,483**	239,301

Net interest income includes interest income and expenses as well as all similar recurring and non-recurring income and expenses. Interest and similar income, respectively expenses, are calculated according to the effective interest method and accrued accordingly. Negative interest on loans and advances to customers and other banks are included under interest and similar expenses, while negative interest on non-derivative financial liabilities from the banking business is included under 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. The interest expense from financial liabilities measured at amortised cost includes interest expense of TEUR -1,275 (2022: -1,205) from leases.

Net interest income for 2023 includes interest expense of TEUR 52,190 (2022: interest income of TEUR 9,367) from participation in the TLTRO III programme. RLB NÖ-Wien determines the effective interest rate for each tranche on a quarterly basis. As of 31 December 2023, the effective interest rates ranged from 1.9% to 3.5%, depending on the tranche. Note (25) includes a description of the liabilities from the TLTRO III programme, which are included under financial liabilities measured at amortised cost.

(2) Net fee and commission income

€'000	01/01 - 31/12/2023	01/01 - 31/12/2022
Securities	9,408	8,448
Custody business	10,836	9,873
Services for payment transactions	35,682	32,379
Brokerage commissions	17,880	18,232
Insurance broker	15,993	14,390
Credit business	6,998	5,749
Other fee and commission income	2,458	3,168
Fee and commission income	***99,255***	***92,240***
Securities	(3,077)	(3,362)
Custody business	(1,236)	(1,270)
Services for payment transactions	(6,988)	(6,589)
Insurance broker	(2,447)	(2,677)
Credit business	(27,910)	(21,678)
Other fee and commission expenses	(4,778)	(4,741)
Fee and commission expenses	***(46,437)***	***(40,318)***
Net fee and commission income	**52,818**	51,922

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 amortised cost and represent part of effective interest are recognised to net interest income over the respective term.

(3) Dividend income

€'000	01/01 - 31/12/2023	01/01 - 31/12/2022
Non-trading financial assets measured at fair value through profit or loss	480	956
Financial assets measured at fair value through other comprehensive income	1,121	1,018
Dividend income	**1,602**	1,974

This position includes the dividend income from securities and the income from unconsolidated company shares and investments. In accordance with IFRS 9.5.7.1A, dividends are recognised in 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 2023.

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

€'000	01/01 - 31/12/2023	01/01 - 31/12/2022
Profit for the period	519,045	806,973
Effect of reclassification/Additional acquisitions	89,499	0
Reversal of impairment loss/ Impairment loss	129,792	(882,500)
Profit/loss from investments in companies valued at equity	**738,337**	(75,527)

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

Reclassification and purchase of additional RBI shares

RLB NÖ-Wien held 22.7% of RBI as of 31 December 2022 and included this investment at equity in its consolidated financial statements based on the exercise of significant influence. An additional 1.0% was held for trading as of 31 December 2022, which led to the application of the exemption provided by IAS 28.19.

Further transactions in the trading book were followed by a resolution of the Managing Board and Supervisory Board on 31 August 2023 which approved the reclassification of the RBI shares held up to that point (six million shares) to the existing investment. RLB NÖ-Wien has successively purchased additional RBI shares in several tranches over the stock exchange (at an average price of EUR 15.55 per share) since October 2023. As of 31 December 2023, RLB NÖ-Wien held 24.83% of the shares in RBI. The increase in the investment did not change RBI's status as an associate.

The effect from the increase in the investment through the reclassification of RBI shares totalled TEUR 73,230 (net). It consists of the comparison of the purchase costs and the proportional share of net fair value of TEUR 230,163 as well as an impairment loss of TEUR -156,933. The impairment of the value in use was established in connection with the impairment test carried out on the reclassification date.

The effect from the increase in the investment following the successive purchase of additional RBI shares equalled TEUR 16,269 (net) and is made up of the comparison of the purchase costs and the proportional share of net fair value of TEUR 43,729 as well as an impairment loss of TEUR -27,460. The impairment to the value in use was recognised in connection with the impairment test carried out on 31 December 2023. The shares purchased in several tranches were combined into a single tranche for measurement because the related transactions took place within a similar time span.

The total effect from the reclassification and purchases of RBI shares in 2023 amounted to TEUR 89,499.

Assessment of the valuation of RBI

An overall assessment of facts and circumstances as of 31 December 2023 provided objective evidence, as defined in IAS 28.41A – 28.41C, of a change in the recoverable amount of the investment in RBI. The change in the market price of the RBI share from EUR 15.35 on 31 December 2022 to EUR 18.67 on 31 December 2023 was seen as a specific indication. Although the market price had increased, it was still below the value in use from the previous period. The equity-accounted investment in RBI was therefore tested for impairment as of 31 December 2023. The impairment test led to a reduction of the TEUR 129,792 impairment loss recognised in earlier periods, in particular due to improved planning assumptions for the RBI core business (excluding Russia). In accordance with IAS 36.114 in connection with IAS 36.18, the determining factor 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 equity carrying amount of the RBI investment. The recoverable amount was determined as a value in use based on the present value of the expected cash flows (dividend discount model). The cash flows were derived from five-year forecasts which were approved by the Supervisory Board of RBI and valid at the time the impairment test was carried out.

In order to appropriately depict the current uncertain economic environment resulting from the war in Ukraine and the related sanctions against Russia, the investment in Raiffeisenbank Russia was valued separately from the remainder of RBI (RBI core business) based on the dual steering approach followed by RBI. This valuation included all restrictions on distributions currently in effect as well as the increased risk associated with the Russian investment.

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. In this connection, RBI issued an ad-hoc announcement on 19 December 2023 to report its decision to purchase shares in STRABAG through the Russian subsidiary with subsequent transfer to RBI as a dividend in kind.

These strategic options were not included in the value in use calculation based on current decisions. The purchase of the STRABAG shares represents an investment pursuant to IAS 36.44 (b) in connection with IAS 36.45 (b), which may not be included in the estimation of future cash flows.

The determination of the value in use was based on an external enterprise opinion. A low/mid/high case scenario was developed for Russia and the other country markets (RBI core business). Various scenarios were prepared for the value in use of the Russian network bank – from resolution of the conflict to further escalation – and weighted by a probability for each scenario. For the value in use of the RBI core business, sensitivity analyses were used to evaluate the development of risk costs in 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 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 current macroeconomic situation as of the closing date on 31 December 2023 (high inflation, development of the interest landscape), the management of RLB NÖ-Wien decided to apply more conservative assumptions than the management of RBI or the external evaluators. In view of the current economic situation and uncertain geopolitical environment, more conservative assumptions than the ones made by RBI management were used for the risk costs.

More cautious assumptions were also applied in connection with the ECB's expectations concerning the reduction of the Russian business, and a sustainable reduction in the development of the interest margin for RBI's core business was presumed.

The cash flows realisable from the valuation object were discounted with an average, risk-adjusted capitalisation rate of 10.7% for Russia (2022: 18.6%; in the previous year, the country risk was included in the interest rate through the beta factor; in 2023, the country risk is included in the cash flows) and 11.7% (2022: 11.6%) for the other country markets. A sustainable growth rate of 2.0% (2022: 2.0%) was included in determining the value in use of RBI, which reflects the ECB's communicated inflation target. As in the previous year, the peer group for the core business was directed to banks with a focus on business in Central and Eastern Europe. The resulting beta factor for the RBI core business equalled 1.45 (2022: 1.44), respectively 1.29 (2022: 2.45) for the Russian network bank.

Backtesting for 2023 shows a positive variance to the budget. The increase in administrative expenses and the costs related to the creation of a provision for legal proceedings in Poland were more than offset by higher interest and fee and commission income. Risk costs remained at a low level.

There was a deviation between the market price of the RBI share and the value in use as of 31 December 2023. This difference is explained, above all, by RBI's extensive presence on the Russian market and the exit of numerous investors as a result of the war. According to an estimate by the management of RLB NÖ-Wien, the current discounts and factors included in the share price do not reflect the sustainable earning power of RBI.

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. Each sensitivity and its effect were evaluated separately under the assumption that the other parameters remained constant.

	Change in the parameter	2023 Increase	2023 Decrease	2023 Effects €m	2022 Increase	2022 Decrease	2022 Effects €m
Cash flow	10%	10.0%	(10.0)%	+236 / (236)	9.8%	(9.8)%	+180 / (180)
RoE TV	100 basis points	8.7%	(8.7)%	+205 / (205)	10.7%	(10.6)%	+200 / (200)
Market yield	50 basis points	(6.4)%	7.3%	(152) / +173	(8.7)%	10.0%	(160) / +180

(5) Personnel and operating expenses, depreciation and amortisation

€'000	01/01 - 31/12/2023	01/01 - 31/12/2022
Staff costs	*(130,272)*	*(123,809)*
Current remuneration	(98,205)	(92,059)
Mandatory social security contributions	(24,359)	(22,585)
Other employee-benefits	(2,463)	(2,299)
Non-current employee-related obligations	(5,246)	(6,866)
Other administrative expenses	*(125,100)*	*(112,526)*
IT expenses	(45,508)	(43,647)
Legal and consulting fees	(31,839)	(23,124)
Advertising, marketing, events	(11,341)	(11,797)
Office space expenses	(7,239)	(5,860)
Expenses for office operations	(5,034)	(4,844)
Employee-related operating expenses	(407)	(835)
Other administrative expenses	(23,731)	(22,419)
Write-downs of property, equipment and intangible assets	*(17,241)*	*(15,753)*
Land, equipment and buildings	(4,711)	(3,427)
Amortisation of rights of use	(9,041)	(8,545)
Investment property	(19)	(20)
Other intangible assets	(3,471)	(3,760)
Depreciation, amortisation, personnel and operating expenses	**(272,613)**	(252,088)

Other administrative expenses include costs of TEUR 180 (2022: 255) for short-term leases. Other administrative expenses consist chiefly of costs of TEUR 17,993 (2022: 16,889) for third-party services and TEUR 2,280 (2022: 2,151) for insurance premiums.

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

2023 €'000	KPMG Austria GmbH	ÖSTERREICHISCHER RAIFFEISENVERBAND*
Audit of the Annual Financial Statements and Consolidated Financial Statements	328	960
Other auditing services	0	180
Other services	28	0
Total	**356**	**1,140**

* The costs reported under Österreichischer Raiffeisenverband for 2023 represent services provided by the auditor appointed by ÖRV.

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.

(6) Profit/loss from financial assets and liabilities

€'000	01/01 - 31/12/2023	01/01 - 31/12/2022
Profit/loss from financial assets and liabilities measured at amortised cost	*(1,353)*	*874*
Financial assets measured at amortised cost	(1,530)	224
Bonds	0	263
Other loans and advances	(1,530)	(39)
Financial liabilities measured at amortised cost	178	650
Securitised liabilities	178	650
Profit/loss from financial assets and liabilities held for trading	*(9,873)*	*30,812*
Derivatives	(20,135)	46,856
Equity instruments	(8,037)	9,279
Bonds	18,299	(25,323)
Profit / loss from financial assets not held for trading, mandatorily at fair value	*5,531*	*(8,326)*
Equity instruments	2,893	3,925
Bonds	56	(105)
Other loans and advances	2,582	(12,145)
Profit/loss from modifications	*3,040*	*130*
Profit / loss from hedge accounting	*(227)*	*(15,912)*
Foreign exchange transactions	*5,825*	*7,508*
Profit/loss from financial assets and liabilities	**2,944**	15,086

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

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

The profit/loss from financial assets and liabilities measured at amortised cost consists chiefly of realised gains and losses from assets and liabilities.

In 2023, the loans and advances reported under this position include costs of TEUR -1,826 (2022: 0) from premature redemption.

The sale of assets measured at amortised 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 realised results. Positive and negative results are not offset but evaluated on a transaction-by-transaction basis.

The gains and losses from financial liabilities measured at amortised cost show the results of repurchases and premature redemptions of own issues (2023: TEUR 178; 2022: 650).

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 -9,873 in 2023 (2022: 30,812). The negative development of interest rate derivatives in 2023 reflected the sharp rise in interest rates, but was contrasted by the positive market development of securities. The results from equity instruments held for trading are attributable to the valuation of shares held for trading up to their reclassification as shares in associates (see Note (12)).

The profit/loss from financial instruments measured mandatorily measured at fair value amounted to TEUR 5,531 in 2023 (2022: 8,326). In addition to the positive development of the market prices for equity instruments, the valuation of loans and advances improved due to the decline in medium-to-long term yield curves and the related increase 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 modification of contractual cash flows led to income of TEUR 3,040 in 2023 (2022: 130). The following table shows the amortised 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").

The following table shows the modification effects for the 2023 financial year and the carrying amounts as of 31 December 2023.

€'000	Stage 1	Stage 2-3	Total
Modification effect from financial assets	1,696	1,344	3,040
Carrying amount before modification of financial assets	539,524	417,470	956,994

The comparative data for 2022 and as of 31 December 2022 are as follows.

€'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

Financial instruments with a carrying amount of TEUR 4,391 (2022: 71,810) before modifications and a modification effect of TEUR 4 (2022: 30) which were classified as Stage 2 or 3 at the time of modification are now classified as Stage 1.

Profit/loss from hedge accounting

The profit/loss from hedge accounting shows the ineffectiveness of the hedges recognised by RLB NÖ-Wien (2023: -227; 2022: -15,912). This amount includes TEUR 28,203 (2022: 39,132) from the measurement of hedging derivatives and TEUR -28,430 (2022: -55,044) from changes in the carrying amounts of the underlying transactions within the framework of hedge accounting. Additional details on hedge accounting are provided under Note (33) Hedge accounting.

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

€'000	01/01 - 31/12/2023	01/01 - 31/12/2022
Profit/loss from the derecognition of affiliated companies	0	9,758
Profit/loss due to outflows/repurchase from fully consolidated companies	0	9,758
Profit/loss from the derecognition of non-financial assets	75	95
Profit/loss from land, equipment and buildings	(355)	(144)
Profit/loss from investment property	391	161
Profit/loss from other assets	40	47
Profit/loss from right of use assets	0	30
Impairment loss or write-up to non-financial assets	466	(15,051)
Other intangible assets	0	(15,408)
Right of use assets	466	356
Profit/loss from investments and non-financial assets	**541**	(5,199)

This position shows the profit/loss on the derecognition or impairment of non-financial assets and, in the case of right-of-use assets, from the termination or modification of rental and operating leases.

The profit/loss from the derecognition of subsidiaries in 2022 included deconsolidation results of TEUR 9,758 from RAIFFEISEN IMMOBILIEN VERMITTLUNG GES.M.B.H und Raiffeisen Vorsorge Wohnung GmbH.

The impairment loss or write-up to non-financial assets in 2022 included an unscheduled write-off of TEUR 15,408 to intangible assets in connection with a software project that was not implemented.

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

€'000	01/01 - 31/12/2023	01/01 - 31/12/2022
Net impairment loss/reversal of impairment to financial assets at amortised cost	(49,350)	(26,869)
Bonds	(1,092)	1,409
Loans and advances	(48,258)	(27,374)
Trade receivables	0	(904)
Net impairment loss/reversal of impairment to financial assets	**(49,350)**	(26,869)

This position covers all income and expenses arising from valuation adjustments to financial instruments measured at amortised 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 - 31/12/2023	01/01 - 31/12/2022
Other operating income	***71,970***	*69,053*
Revenue from service and real estate and industry subsidiaries	23,832	28,955
Revenues from services provided to Raiffeisen banks	28,542	25,693
Other income	19,595	14,405
Other operating expenses	***(44,993)***	*(38,408)*
Contributions to deposit protection schemes	(9,030)	(6,650)
Stability charge	(7,715)	(4,695)
Resolution fund	(9,027)	(15,009)
Cost of materials and purchased services from service and industry and real estate subsidiaries	(13,150)	(8,007)
Other expenses	(6,071)	(4,048)
Addition to or release of provisions	***3,655***	*7,741*
Addition to or release of provisions for commitments and financial guarantees	2,682	4,308
Release of other provisions	973	3,433
Other operating profit/loss	**30,631**	38,386

Revenue from real estate and industry subsidiaries and the cost of materials and purchased services from these subsidiaries and services consist chiefly of income and expenses from NAWARO ENERGIE Betrieb GmbH.

Other income includes, for the most part, cost reimbursements and income from non-banking activities. Additional details on the addition to or release of provisions for credit commitments and financial guarantees can be found 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 2023 assessment year, the corporate tax group with Raiffeisen-Holding NÖ-Wien as its head included RLB NÖ-Wien as well as 47 (2022: 45) 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 - 31/12/2023	01/01 - 31/12/2022
Current taxes	(9,034)	2,055
Deferred taxes on items not reclassified to profit or loss	444	(11,394)
Income tax	**(8,590)**	(9,339)

Deferred income tax of TEUR 444 in 2023 (2022: -11,394), as reported on the income statement, resulted entirely from the change in deferred taxes from temporary differences (2022: -11,111). In 2022, TEUR -283 also resulted from the valuation of deferred taxes at changed tax rates (see Significant Accounting Policies, Income tax). 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	2023	2022
Profit for the period before tax	*816,393*	*(13,014)*
Theoretical income tax expense for financial year at Austrian corporate income tax rate of 24% (2022: 25%)	(195,934)	3,254
Effect of lower tax charge rate*	9,379	5,102
Tax reduction based on tax-exempt income from equity investments and other tax-exempt income	1,127	1,475
Increase in taxes based on non-tax deductible expenses	(2,465)	(2,099)
Effects of investments in companies valued at equity	177,806	(19,365)
Change in credit impairment charges of deferred tax assets and use of loss carry forwards	0	1,651
Other	1,497	643
Actual tax burden	**(8,590)**	(9,339)

* 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	31/12/2023	31/12/2022
Cash	56,188	55,504
Balances with central banks	3,958,332	228,317
Other demand deposits	2,638,577	2,220,749
Total	**6,653,098**	2,504,570

Other demand deposits include the legally required minimum reserve of TEUR 330.475 (2022: 326,812). This balance sheet position includes Stage 1 impairment losses of TEUR 1,853 (2022: 1,118).

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

€'000	31/12/2023	31/12/2022
Cash	56,188	55,504
Balances with central banks	3,958,332	228,317
Other demand deposits from customers	72	37
Cash and cash equivalents	**4,014,592**	283,858
Other demand deposits from other banks	2,638,505	2,220,712
Total cash, cash balances at central banks and other demand deposits	**6,653,098**	2,504,570

(12) Financial assets held for trading

€'000	31/12/2023	31/12/2022
Derivatives	289,536	400,943
Equity instruments	0	50,715
Bonds	454,562	222,519
Debt instruments from credit institutions	308,842	155,702
Debt instruments from customers	145,720	66,817
Total	**744,098**	674,177

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

In the previous year, equity instruments included shares held for trading. This item included shares with a carrying amount of TEUR 50,391 in an associate, which led to the application of the exemption provided by IAS 28.19. These shares were reclassified to the investment in the associate during 2023 following the end of the intention to trade.

This position also includes bonds which are held to realise fair value through sales in accordance with the respective business model.

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

€'000	31/12/2023	31/12/2022
Equity instruments	16,744	14,086
Bonds	891	834
Loans and advances from customers	133,319	112,862
Total	**150,954**	127,782

The equity instruments assigned to this valuation category consist entirely of investments which, according to their strategic focus, were not assigned to the category "financial assets measured at fair value through other comprehensive income" (also see Note (14)). The bonds, loans and advances to customers in this valuation category have contractual cash flows that do not consist entirely of interest and principal payments. Most of these items 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	31/12/2023	31/12/2022
Equity instruments	28,254	19,110
Total	**28,254**	**19,110**

These equity instruments consist primarily of investments in companies that provide ancillary services for banking operations or represent financial institutions. The optional presentation of the fair value changes in these instruments reflects the strategic focus. The equity instruments in this portfolio are not intended for sale over the long-term. Dividends of TEUR 1,121 (2022: 1,018) were recognised from these equity instruments (see Note (3)). There were no sales from this asset category during the reporting year, and no sales are planned.

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

€'000	31/12/2023	31/12/2022
EMCOM Beteiligungs GmbH, Vienna (A)	6,538	3,872
NÖ Bürgschaften und Beteiligungen GmbH, Vienna (A)	4,496	4,669
WKBG Wiener Kreditbürgschafts- und Beteiligungsbank AG, Vienna (A)	3,734	3,734
Raiffeisen Wien Mezzaninkapital GmbH, Vienna (A)	2,887	257
Raiffeisen Software GmbH, Linz (A)	1,762	1,845
Raiffeisen Analytik GmbH, Vienna (A)	1,484	115
Raiffeisen NÖ-Wien Tradition & Innovation eingetragene Genossenschaft, Vienna (A)	1,484	10
RSC Raiffeisen Service Center GmbH, Vienna (A)	1,222	1,047
CEESEG Aktiengesellschaft, Vienna (A)	1,000	955
Other	3,646	2,606
Total	**28,254**	**19,110**

(15) Financial assets measured at amortised cost

€'000	31/12/2023	31/12/2022
Bonds	***5,001,197***	***4,118,147***
Debt instruments from credit institutions	1,771,278	1,326,662
Debt instruments from customers	3,229,919	2,791,485
Other loans and advances	***19,509,945***	***18,899,234***
Loans and advances to other banks	3,643,058	4,008,682
Loans and advances to customers	15,866,887	14,890,552
Trade receivables (non-bank)	***31,230***	***12,762***
Total	**24,542,372**	23,030,143

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

(16) Risk provisions

The following table shows the risk provisions as of 31 December 2023.

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired	POCI	Total
Risk provisions - On-Balance	***22,547***	***38,361***	***141,520***	***3,201***	***205,628***
Loans and advances to other banks	4,938	0	670	0	5,609
Loans and advances to customers	15,421	38,012	140,850	3,201	197,484
Bonds to other banks	895	331	0	0	1,226
Bonds to customers	1,292	18	0	0	1,310
Risk provisions - Off-Balance	***3,771***	***3,588***	***5,716***	***0***	***13,074***
Provisions for granted commitments and financial guarantees	3,771	3,588	5,716	0	13,074
Risk provisions - Total 31/12/2023	**26,318**	**41,949**	**147,236**	**3,201**	**218,703**

The comparative prior year data are as follows:

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

The following tables show the gross carrying amounts and development of the risk provisions for loans and advances and bonds assigned to the category "financial assets measured at amortised cost".

Gross carrying amounts and impairment allowances for loans and advances to other banks, at amortised 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 01/01/2023	6,462,623	0	670	0	0	6,463,293
Gross carrying amount as at 31/12/2023	10,244,777	57	670	0	0	10,245,504
Risk provisions						
Risk provisions 01/01/2023	***4,912***	***0***	***670***	***0***	***0***	***5,582***
Increase due to new additions	7,991	0	0	0	0	7,991
Decreases due to disposals	(5,833)	0	0	0	0	(5,833)
Changes in risk parameters	(2,132)	0	0	0	0	(2,132)
Foreign currency effects and other adjustments	1	0	0	0	0	1
Risk provisions 31/12/2023	**4,938**	**0**	**670**	**0**	**0**	**5,609**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2022	8,127,805	0	670	0	0	8,128,475
Gross carrying amount as at 31/12/2022	6,462,623	0	670	0	0	6,463,293
Risk provisions						
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 risk parameters	136	0	0	0	0	136
Foreign currency effects and other adjustments	(30)	0	0	0	0	(30)
Risk provisions 31/12/2022	4,912	0	670	0	0	5,582

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

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2023	12,014,842	2,768,902	177,643	82,195	42,578	15,086,160
Gross carrying amount as at 31/12/2023	12,590,735	2,978,251	405,436	82,341	7,607	16,064,370
Risk provisions						
Risk provisions 01/01/2023	***14,806***	***31,616***	***101,003***	***45,367***	***2,816***	***195,608***
Increase due to new additions	12,385	2,483	0	0	0	14,868
Decreases due to disposals	(616)	(1,366)	(4,222)	(1,602)	0	(7,805)
Changes resulting from reclassification between stages	10,891	(17,051)	5,652	508	0	0
Transfers to Stage 1	(9,131)	8,870	216	45	0	0
Transfers to Stage 2	20,021	(26,391)	5,450	920	0	0
Transfers to Stage 3	0	470	(13)	(457)	0	0
Changes in risk parameters	(22,043)	22,316	45,105	7,871	385	53,634
Changes due to modifications, excl. disposal	0	0	(65)	(13)	0	(77)
Decreases due to use of impairment losses	0	0	(49,960)	(8,820)	0	(58,780)
Foreign currency effects and other adjustments	(1)	14	(3)	26	0	36
Risk provisions 31/12/2023	**15,421**	**38,012**	**97,512**	**43,338**	**3,201**	**197,484**

The direct write-downs to loans receivable totalled TEUR -1,630 in 2023 (2022: -3,836). Income, excluding the effects of changes in the risk provisions, e.g. income received from receivables previously written off, amounted to TEUR 1,997 in 2023 (2022: 1,401).

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2022	10,723,334	2,717,083	122,637	88,716	40,760	13,692,530
Gross carrying amount as at 31/12/2022	12,014,842	2,768,902	177,643	82,195	42,578	15,086,160
Risk provisions						
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 risk parameters	(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
Risk provisions 31/12/2022	14,806	31,616	101,003	45,367	2,816	195,608

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

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired		POCI	Total
			significant	not significant		
Gross carrying amount						
Gross carrying amount as at 01/01/2023	1,316,619	10,806	0	0	0	1,327,424
Gross carrying amount as at 31/12/2023	1,752,244	20,260	0	0	0	1,772,504
Risk provisions						
Risk provisions 01/01/2023	***743***	***19***	***0***	***0***	***0***	***762***
Increase due to new additions	616	0	0	0	0	616
Decreases due to disposals	(344)	(5)	0	0	0	(350)
Changes resulting from reclassification between stages	(3)	3	0	0	0	0
Transfers to Stage 1	(21)	21	0	0	0	0
Transfers to Stage 2	18	(18)	0	0	0	0
Changes in risk parameters	(116)	314	0	0	0	198
Risk provisions 31/12/2023	**895**	**331**	**0**	**0**	**0**	**1,226**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2022	1,154,163	3,092	0	0	0	1,157,255
Gross carrying amount as at 31/12/2022	1,316,619	10,806	0	0	0	1,327,424
Risk provisions						
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 risk parameters	(598)	548	0	0	0	(50)
Foreign currency effects and other adjustments	(15)	0	0	0	0	(15)
Risk provisions 31/12/2022	743	19	0	0	0	762

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

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2023	2,792,167	0	0	0	0	2,792,167
Gross carrying amount as at 31/12/2023	3,221,200	10,029	0	0	0	3,231,229
Risk provisions						
Risk provisions 01/01/2023	***683***	***0***	***0***	***0***	***0***	***683***
Increase due to new additions	428	0	0	0	0	428
Decreases due to disposals	(367)	0	0	0	0	(367)
Changes resulting from reclassification between stages	147	(147)	0	0	0	0
Transfers to Stage 1	(11)	11	0	0	0	0
Transfers to Stage 2	158	(158)	0	0	0	0
Changes in risk parameters	401	165	0	0	0	566
Risk provisions 31/12/2023	**1,292**	**18**	**0**	**0**	**0**	**1,310**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI	Total
Gross carrying amount						
Gross carrying amount as at 01/01/2022	2,481,665	0	0	0	0	2,481,665
Gross carrying amount as at 31/12/2022	2,792,167	0	0	0	0	2,792,167
Risk provisions						
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 risk parameters	(1,401)	0	0	0	0	(1,401)
Foreign currency effects and other adjustments	15	0	0	0	0	15
Risk provisions 31/12/2022	683	0	0	0	0	683

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
Risk provisions 01/01/2023	***4,027***	***6,604***	***3,291***	***1,807***	***15,729***
Increase due to new additions	1,976	2	1,259	3	3,240
Decreases due to disposals	(1,153)	(753)	(4,445)	(183)	(6,534)
Changes resulting from reclassification between stages	2,870	(2,674)	(219)	23	0
Transfers to Stage 1	(986)	984	0	2	0
Transfers to Stage 2	3,856	(3,910)	0	54	0
Transfers to Stage 3	0	252	(219)	(33)	0
Changes in risk parameters	(3,944)	407	4,323	(143)	643
Foreign currency effects and other adjustments	(7)	2	0	0	(5)
Risk provisions 31/12/2023	**3,771**	**3,588**	**4,209**	**1,507**	**13,074**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	Total
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 risk parameters	(4,161)	(512)	(39)	586	(4,126)
Foreign currency effects and other adjustments	(5)	0	0	0	(5)
Risk provisions 31/12/2022	4,027	6,604	3,291	1,807	15,729

Determination of impairment

RLB NÖ-Wien recognises impairment losses for financial assets arising from debt instruments measured at amortised cost or through other comprehensive income (not part of the current portfolio). Included here are assets reported under the balance sheet position “financial assets measured at amortised cost” as well as contingent liabilities 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.

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

Risk provision model

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

Stage 1: Transactions with no significant increase in the credit risk since inception. The risk provision is based on the 12-month ECL.

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

Stage 3: Transactions in default or impaired, whereby RLB NÖ-Wien distinguishes between significant and non-significant customers for the determination of impairment losses (See “Significant Accounting Policies – Impairment allowances for details).

The risk provision is based on the remaining term of the transaction. Details on the identification of default incidents and the definition of default can be found under Note (32).

Determination of risk parameters

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

For companies and private customers, the credit risk-relevant parameters are calculated at the portfolio level. A separate probability of default is estimated for each customer in the bank portfolio with the help of external data. The default probabilities for countries are calculated at the individual country level, whereby forecasted default probabilities are used to derive PDs for all rating categories in order to assign reasonable PD curves to products with different credit ratings in the same country.

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

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

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

The exposure at default represents the amount expected to be outstanding at the time of default during the next 12 months (Stage 1) or over the remaining lifetime (Stage 2). The calculation of this amount is based on the payment profile for the contractually agreed repayments. Early repayments that were not defined by the respective contract are included, if necessary, with a prepayment model. For open credit commitments, the exposure at default is calculated with a credit conversion factor (CCF) to develop the expected drawdown at the time of default. The CCF model differentiates not only between customer groups but also between the various types of products.

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

Scenarios and macroeconomic, future-oriented information

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

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

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

Determination of a "significant increase in credit risk“

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

Qualitative criteria

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

Quantitative criteria

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

Real estate crisis
Macroeconomic developments in 2023 created major challenges for estimating the risk provisions applicable to real estate financing, similar to the situation resulting from the COVID-19 pandemic and Russia-Ukraine war in earlier years. The foremost impact has been felt in commercial property financing: The increase in risks during 2023 have not yet been fully reflected in the bank’s risk models and parameters (especially PD and LGD) or in the credit ratings of customers.
The main drivers for the increase in direct and indirect risks include the changed interest rate environment in the Eurozone caused by ongoing inflation and a significant upturn in (key) interest rates, the changed market environment for commercial properties with stagnating or declining prices and subsequent adjustments to the valuation of collateral as well as adjustments to customers’ credit standing. The additional risk was therefore incorporated through individual credit rating adjustments as of 31 December 2023, depending on the scope of involvement.

The adjustments were made with a simulated rating migration of one to three rating levels which was applied to the commercial real estate financing portfolio. A risk-sensitive differentiation is calculated according to the interest agreed and the speculative characters of the financing; variable financed and speculative projects receive a higher downgrade than fixed financed and non-speculative projects. Management believes this overlay offsets the above-mentioned direct and indirect risks which cannot be clearly identified in the customers’ individual credit ratings. The effect of these rating adjustments on the expected credit loss totalled TEUR 13,852.

Israel's war against Hamas

The credit portfolio of RLB NÖ-Wien is, at the present time, hardly affected by Israel's war against Hamas because there are no direct business relations with Israel. Moreover, the indirect effects through customers who conduct part of their business in or with Israel are manageable. The involved customers are monitored on a regular basis, and there is no further inclusion in the risk assessment at the portfolio level.

The Russia-Ukraine war and its impact on energy prices and inflation

The start of the Russia-Ukraine war led to the introduction of impact analyses for the corporate clients business and analyses and stress tests in the private customer portfolio at RLB NÖ-Wien. These analyses and tests are updated regularly and expanded to include the volatilities on the energy markets and rising inflation. Apart from a limited number of individual cases, the impact analysis in 2023 did not identify any deterioration in the credit standing of the portfolio. Similar results were identified by the increased monitoring of payment difficulties.

The effects of the Russia-Ukraine war, including energy price volatilities, have become easier to estimate. A general risk provision as a management overlay as of 31 December 2023 is no longer required because the economic and geopolitical conditions are already reflected in the current company figures. Consequently, the management overlay of TEUR 17,812 recognised in the previous year was released in full.

Due to the ongoing economic uncertainty, the risk provision for Stage 1 and 2 remains at a high level of EUR 68.3 million (2022: 63.4 million).

Sensitivity analysis risk provisions

In order to illustrate the sensitivity of the risk provision, the following table shows the amount of the risk provision that would result from a transfer of all non-defaulted financial instruments to Stage 1 or 2. However, the occurrence of one of these two scenarios is highly unlikely.

€m	31/12/2023	100% in Stage 1	100% in Stage 2
Risk provisions Stage 1&2	68.3	55.6	133.1

The comparative prior year data are shown below.

€m	31/12/2022	100% in Stage 1	100% in Stage 2
Risk provisions Stage 1&2	63.4	52.1	119,4

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 2023.

(17) Derivatives - hedge accounting

€'000	**31/12/2023**	**31/12/2022**
Fair value hedges	558,985	679,100
Positive fair values of derivatives in micro fair value hedges	196,387	194,820
Positive fair values of derivatives in portfolio fair value hedges	362,599	484,281
Total	**558,985**	679,100

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

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

€'000	**31/12/2023**	**31/12/2022**
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(316,273)	(526,983)
Total	**(316,273)**	(526,983)

RLB NÖ-Wien applies hedge accounting to hedge the fair value of a portfolio against interest rate risks as defined in IAS 39.AG114-AG132. This position includes –independent of a positive or negative sign –the fair value changes to the assets in portfolio hedges which are attributable to the hedged risk (IAS 39.AG123). Additional details can be found in Note (33) Hedge accounting.

(19) Investments in companies valued at equity

€'000	31/12/2023	31/12/2022
Investments in companies valued at equity	2,405,437	1,867,191
Total	**2,405,437**	1,867,191

This balance sheet position includes the shares in the following investments in companies which are accounted for at equity:

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

Details on the companies included in the consolidated financial statements at equity are provided under Note (58).

(20) Property and equipment and investment property

€'000	31/12/2023	31/12/2022
Property and equipment	***47,880***	*43,339*
Land and buildings - own use	6,872	7,185
Other property and equipment	40,838	36,037
IT hardware	170	118
Usage rights	***92,848***	*91,236*
Usage rights for land and buildings	91,787	90,710
Usage rights for autos and other tangible assets	1,061	526
Total	**140,728**	134,575

€'000	31/12/2023	31/12/2022
Investment property	1,085	1,370
Total	**1,085**	1,370

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	**2023**	**2022**
Acquisition costs as at 1 January	***81,160***	*62,532*
Changes in the scope of consolidation	0	(597)
Additions	9,754	24,895
Disposals	(3,611)	(3,071)
Reclassifications	(105)	(2,599)
Acquisition costs as at 31 December	***87,197***	*81,160*
Amortisation as at 1 January	***(36,451)***	*(38,893)*
Changes in the scope of consolidation	0	516
Additions to current amortisation	(4,730)	(3,447)
Disposals	2,948	2,774
Reclassifications	0	2,599
Amortisation as at 31 December	***(38,232)***	*(36,451)*
Carrying amounts as at 1 January	***44,709***	*23,639*
Carrying amounts as at 31 December	**48,965**	44,709

A book value disposal of TEUR 266 was recognised to the investment property shown in the above table during 2023 (2022: 139). Scheduled depreciation equalled TEUR 19 (2022: 20).

The following table shows the development of right-of-use assets which were capitalised 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 01/01/2023	***90,710***	***526***
Additions	11,478	1,050
Disposals	(1,682)	(194)
Depreciation	(8,720)	(321)
As at 31/12/2023	**91,787**	**1,061**

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 01/01/2022	*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

(21) Intangible assets

€'000	**31/12/2023**	31/12/2022
Purchased software and licenses	5,606	6,910
Total	**5,606**	6,910

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

€'000	2023	2022
Acquisition costs as at 1 January	*85,434*	*79,953*
Changes in the scope of consolidation	0	(214)
Additions	2,065	6,021
Disposals	(15,510)	(166)
Reclassifications	105	(160)
Acquisition costs as at 31 December	*72,095*	*85,434*
Amortisation as at 1 January	*(78,524)*	*(59,798)*
Changes in the scope of consolidation	0	182
Additions to current amortisation	(3,471)	(3,760)
Additions to impairment	0	(15,408)
Additions	1	7
Disposals	15,506	94
Reclassifications	0	160
Amortisation as at 31 December	*(66,488)*	*(78,524)*
Carrying amounts as at 1 January	*6,910*	*20,155*
Carrying amounts as at 31 December	**5,607**	6,910

(22) Tax assets

€'000	31/12/2023	31/12/2022
Tax assets	5,343	5,553
Deferred tax assets	5,622	4,819
Total	**10,965**	10,372

As of 31 December 2023, 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 2023.

€'000	31/12/2022	Recognised to profit or loss	Recognised to other comprehensive income	31/12/2023
Financial assets at amortised cost	31,073	(26,653)	0	4,420
Financial liabilities held for trading	80,570	(54,728)	0	25,842
Derivatives - hedge accounting (liabilities)	77,755	(27,299)	0	50,456
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks (balance sheet assets)	73,062	(25,898)	0	47,164
Interest in equity-accounted investments*	685	(654)	8	39
Provisions	5,816	(404)	347	5,759
Partial write-downs of investments to be distributed for tax purposes	248	(189)	4	63
Other	658	(15)	0	643
Deferred tax assets	*269,867*	***(135,840)***	***359***	***134,386***
Financial assets held for trading	88,934	(60,898)	0	28,036
Non-trading financial assets mandatorily at fair value through profit or loss	914	258	0	1,172
Derivatives - hedge accounting (assets)	75,926	(11,090)	0	64,836
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks (balance sheet equity and liabilities)	27,428	(17,817)	0	9,611
Property and equipment	11,861	1,572	0	13,433
Financial liabilities measured at amortised cost	59,985	(48,309)	0	11,676
Deferred tax liabilities	*265,048*	***(136,284)***	***0***	***128,764***
Net deferred tax assets	4,819	**444**	**359**	**5,622**

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

The comparative prior year data are shown below.

€'000	31/12/2021	Recognised to profit or loss	Recognised to other comprehensive income	31/12/2022
Financial assets at amortised cost	0	31,073	0	31,073
Financial liabilities held for trading	34,906	45,664	0	80,570
Financial liabilities measured at amortised 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 equity-accounted investments*	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 at fair value through profit or loss	2,377	(1,463)	0	914
Financial assets at amortised 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 amortised 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 deferred taxes from the equity-accounted partnership Raiffeisen Informatik GmbH & Co KG.

Deferred tax assets of TEUR 2,533 (2022: 2,543) were not recognised in the consolidated financial statements for unused tax loss carryforwards and deductible temporary differences because current tax planning indicates that their realisation will not be possible within a reasonable period. In Austria, unused tax loss carryforwards can be carried forward indefinitely. Deferred tax liabilities were not recognised on temporary differences of EUR 1,076 million (2022: 630 million) related to investments in subsidiaries and associates in accordance with IAS 12.39. Based on estimates for the reversal of the temporary differences, the realisation of TEUR 1,108 of the deferred tax assets recognised as of 31 December 2023 is expected within the next 12 months (2022: -1,243). The balance of TEUR 4,514 (2022: 6,062) has a remaining term of more than one year.

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(23) Other assets

€'000	31/12/2023	31/12/2022
Trust receivables IPS	48,915	44,646
Open items from clearing, settlement and payment services	48,461	57,537
Deposits	28,953	28,977
Inventories foreign exchange transactions and coins	5,937	7,505
Deferrals	5,658	5,978
Semi- and finished goods/unfinished goods/inventories	4,314	4,304
Receivables arising from custody fee	3,091	2,714
Salary advances	1,694	1,425
Receivables from other taxes and duties	422	4,440
Prepayments made and accrued income	202	386
Other assets	5,829	6,747
Total	**153,475**	164,659

(24) Financial liabilities held for trading – derivatives

€'000	31/12/2023	31/12/2022
Derivatives	261,237	342,783
Total	**261,237**	342,783

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

(25) Financial liabilities measured at amortised cost

€'000	31/12/2023	31/12/2022
Deposits from other banks	12,155,098	9,387,312
Demand deposits	5,125,307	4,215,289
Time deposits	7,029,791	5,172,022
Deposits from customers	9,917,366	8,896,230
Demand deposits	6,024,376	6,619,017
Time deposits	2,652,678	1,102,060
Savings deposits	1,240,313	1,175,152
Securitised liabilities	9,247,583	7,083,708
Issued bonds	9,069,329	6,615,547
Tier 2 capital	178,253	468,161
Other liabilities	97,869	101,048
Lease liabilities	95,444	93,382
Trade payables (non-bank)	2,424	7,666
Total	**31,417,916**	25,468,297

The position “deposits from other banks“ includes liabilities from participation in the ECB’s TLTRO III programme which have a nominal value of TEUR 1,040,000 (2022: 2,310,000). The carrying amount of these transactions, including accrued interest, equals TEUR 1,071,489 (2022: 2,292,964). Repayments in 2023 totalled TEUR 1,270,000 (2022: 1,030,000). In contrast to 2022, there were no premature repayments in 2023 (2022: 1,000,000). As of 31 December 2023, RLB NÖ-Wien expected no further premature repayments.

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 2022 to 31 December 2023, classified by cash and non-cash changes (see the consolidated cash flow statement).

€'000	As at 01/01/2023	Cash changes	Non-Cash changes	As at 31/12/2023
Tier 2 capital	468,161	(295,104)	5,197	178,253
Lease liabilities	93,382	(9,865)	11,927	95,444
Total	**561,543**	**(304,970)**	**17,124**	**273,697**

The comparative prior year data are shown below.

€'000	As at 01/01/2022	Cash changes	Non-Cash changes	As 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

(26) Derivatives – hedge accounting

€'000	31/12/2023	31/12/2022
Fair value hedges	639,946	821,183
Negative fair values of derivatives in micro fair value hedges	353,065	512,085
Negative fair values of derivatives in portfolio fair value hedges	286,880	309,099
Total	**639,946**	821,183

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 recognised 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	31/12/2023	31/12/2022
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	(83,571)	(201,925)
Total	**(83,571)**	(201,925)

RLB NÖ-Wien uses hedge accounting as defined in IAS 39.AG114-AG132 to hedge the fair value of a portfolio against changes in interest rates. This position includes – independent of a positive or negative sign – the fair value changes to the liabilities in portfolio hedges which are attributable to the hedged risk (IAS 39.AG123). Additional details can be found in Note (33) Hedge accounting.

(28) Provisions

€'000	31/12/2023	31/12/2022
Provisions for pensions	28,482	24,996
Provisions for severance payments	19,432	21,139
Provisions for service anniversary bonuses	5,341	5,036
Other personnel-related provisions	7,005	1,038
Pending legal proceedings	23,529	23,902
Commitments and financial guarantees	13,075	15,730
Other provisions	15,374	9,785
Total	**112,238**	101,626

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:

	2023	2022
Interest rate		
Entitlement phase	3.20%	3.70%
Entitlement phase for beneficiaries with STATUT or KV6 commitments	3.20%	3.70%
Service phase	3.20%	3.70%
Service phase for beneficiaries with STATUT or KV6 commitments	4.00%	4.00%
Provisions for severance payments	3.10%	3.64%
Salary increases*	***0.5% - 9.5%***	*2.5% - 9.5%*
Pension increases**	**0.5% - 8.0%**	0.5% - 8.0%
Biometric basis		**AVÖ 2018-P calculation parameters for pension insurance (salaried employees)**

* 9.5%/5.5%/4.0% per year for employees paid in accordance with collective agreements, 8.0%/4.0%/3.0% per year for employees outside the collective agreement scheme and employees without further automatic increases, each in the 1st/2nd/beginning in the 3rd year, 0.5% for beneficiaries with reinsurance coverage (2022: 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%/4.0%/3.0% per year each in the 1st/2nd/beginning in the 3rd year for the remaining beneficiaries (2022: 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	2023 Gross obligation termination payments	2022 Gross obligation termination payments	2023 Gross obligation post-employment payments	2022 Gross obligation post-employment payments	2023 Plan assets pensions	2022 Plan assets pensions
As at 1 January	21,139	21,954	49,652	58,207	24,656	27,997
Service cost	616	2,593	474	773	0	0
Interest cost	582	67	1,798	488	0	0
Expected return on the plan assets	0	0	0	0	807	191
Payments	(4,230)	(1,856)	(2,709)	(2,558)	0	0
Contributions to plan assets	0	0	0	0	849	510
Post-employment payments from plan assets	0	0	0	0	(785)	(872)
Net amount transferred	(454)	0	(1,296)	(1,561)	(1,292)	(1,606)
Actuarial (gain)/loss for the financial year	2,160	(1,288)	5,648	(5,651)	850	(1,564)
Due to experience-based adjustments	1,047	386	1,443	1,372	850	(1,564)
Due to change in demographic assumptions	(63)	6	(17)	0	0	0
Due to Change in Financial Assumptions	1,176	(1,680)	4,222	(7,023)	0	0
Other changes and adjustments	(381)	0	0	0	0	0
Changes in the scope of consolidation	0	(331)	0	(46)	0	0
As at 31 December	**19,432**	21,139	**53,567**	49,652	**25,085**	24,656
Fair value plan assets	**0**	0	**(25,085)**	(24,656)	**0**	0
Net obligation as at 31 December	**19,432**	21,139	**28,482**	24,996	**0**	0

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

€'000	2023	2022
Present value of post-employment benefits (DBO) as at 31 December	53,567	49,652
Of which obligations to active eligible employees	13,808	16,286
Of which obligations to former eligible employees	2,624	0
Of which obligations to retirees	37,135	33,366

The structure of the plan assets is as follows:

	2023	2022
Bonds and other fixed-interest securities	34.65%	36.37%
Shares and other variable-yield securities	34.18%	40.00%
Investment funds	1.42%	2.73%
Property	5.41%	4.97%
Other	24.34%	15.93%
Total	**100.00%**	100.00%

Of the instruments included in the plan assets 73.1% (2022: 81.1%) were listed in an active market.

Plan assets for the 2022 and 2023 financial years 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.

	Change in the parameter	2023 Increase	2023 Decrease	2022 Increase	2022 Decrease
Provisions for post-employment benefits					
Discount rate	0.75%	(6.06)%	6.83%	(5.82)%	6.53%
Retirement age	1 year	(0.66)%	0.87%	(0.69)%	1.16%
Assumption for increase in the entitlement phase	0.25%	0.29%	(0.29)%	0.37%	(0.37)%
Assumption for increase in current benefits	0.25%	2.64%	(2.53)%	2.55%	(2.45)%
Remaining life expectancy	1 year	5.27%	(5.58)%	4.53%	(4.81)%
Provisions for termination benefits					
Discount rate	0.75%	(4.15)%	4.49%	(3.97)%	4.29%
Retirement age	1 year	(2.17)%	2.23%	(2.07)%	2.59%
Assumption for increase in the entitlement phase	0.25%	1.42%	(1.39)%	1.36%	(1.34)%
Turnover	1.00%	(2.35)%	2.41%	(2.12)%	1.96%

The weighted remaining term of the obligations is as follows:

in years	2023	2022
Provisions for severance payments	5.9	5.6
Provisions for pensions	8.9	8.5
Provisions for service anniversary bonuses	8.8	8.4

Classification of the expenses for defined contribution plans:

€'000	2023	2022
Expenditure on defined contribution plans	***2,323***	*2,029*
Of which on defined contribution plans (pension fund)	1,319	1,188
Of which on staff benefit fund ("Mitarbeitervorsorgekasse")	1,004	841

Other provisions

The development of the provisions for jubilee benefits, pending legal proceedings, other personnel-related provisions and other provisions is shown below:

€'000	Provisions for service anniversary bonuses	Other personnel-related provisions	Legal proceedings	Other
As at 1 January	***5,036***	***1,038***	***23,902***	***9,785***
Added	414	7,005	1,557	13,374
Released	(5)	(11)	(2,564)	(2,881)
Used	(104)	(1,027)	(370)	(4,938)
Interest effect	0	0	1,004	33
As at 31 December	**5,341**	**7,005**	**23,529**	**15,373**

The provisions for negative indicator values which are recorded under legal proceedings totalled TEUR 19,030 as of 31 December 2023 (2022: 19,986).

The other provisions as of 31 December 2023 include provisions for IT costs and provisions related to IT projects, for a total of TEUR 4,651 (2022: 4,207).

The comparative prior year data are as follows.

€'000	Jubilee benefits	Other personnel-related provisions	Legal proceedings	Other
As at 1 January	*5,641*	*20*	*24,164*	*8,210*
Added	263	1,038	1,295	7,787
Released	(800)	(5)	(526)	(2,713)
Used	(45)	(15)	(14)	(3,465)
Interest effect	0	0	(1,004)	(34)
Changes in the scope of consolidation	(23)	0	(13)	0
As at 31 December	5,036	1,038	23,902	9,785

(29) Tax liabilities

€'000	31/12/2023	31/12/2022
Tax liabilities	16,406	18,682
Total	**16,406**	18,682

As of 31 December 2023, 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.

(30) Other liabilities

€'000	31/12/2023	31/12/2022
Open items from clearing, settlement and payment services	15,894	3,268
Liabilities from other taxes and duties	8,796	7,521
Liabilities for personnel-related expenses	6,201	4,781
Other liabilities	19,641	28,976
Total	**50,532**	44,546

Other liabilities include accruals and, among others, security deposits and audit and consulting fees.

(31) Equity

€'000	31/12/2023	31/12/2022
Attributable to non-controlling interests	**43**	37
Attributable to equity owners of the parent	**2,664,036**	2,097,748
Subscribed capital	219,789	219,789
Capital reserves	556,849	556,849
Additional tier 1	76,000	76,000
Other comprehensive income for the period (OCI)	(776,191)	(544,124)
Other comprehensive income for the period (OCI) - not recyclable	28,349	29,530
IAS 19 reserve (revaluation of net liability from defined benefit plans)	(21,272)	(14,660)
Share of other comprehensive income from associates, at equity	43,976	44,557
Financial assets - equity instruments at fair value through other comprehensive income	5,644	(367)
Other comprehensive income for the period (OCI) - recyclable	(804,540)	(573,654)
Share of other comprehensive income from associates, at equity	(804,540)	(573,654)
Retained earnings	1,779,792	1,811,590
Share of profit from associates, other changes in equity	(175,948)	(174,620)
Other retained earnings	1,955,740	1,986,210
Profit or loss attributable to equity owners of the parent	807,796	(22,357)
Equity	**2,664,080**	2,097,785

The share capital of RLB NÖ-Wien totals TEUR 219,789 (2022: TEUR 219,789) and consists of 2,197,892 registered shares.

The Annual General Meeting on 12 May 2017 authorised 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 recognised under other comprehensive income:

€'000	IAS 19 reserve	Fair value OCI reserve	Total
As at 01/01/2022	*(19,646)*	*158*	*(19,489)*
Unrealised 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)*
As at 01/01/2023	*(14,660)*	*(367)*	*(15,028)*
Unrealised gains/(losses) in the period	0	6,007	6,007
Actuarial gains and losses	(6,958)	0	(6,958)
Tax effects	347	4	351
As at 31/12/2023	*(21,272)*	*5,644*	*(15,628)*

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

Capital management in 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 optimised by the IPS (Institutional Protection Scheme) in the sense of Art. 49 (3) and 113 (7) 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 2023 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. Additional information can be found in the other sections of these IFRS consolidated financial statements.

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 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, is a key focus of risk policy and strategy owing to the escalating volatility of the economic environment. 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 optimisation 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. Risk policy, strategy and management is standardised at the level of the Raiffeisen-Holding NÖ-Wien-Group for Raiffeisen-Holding and RLB NÖ-Wien.

The integrated risk management organisation is characterised by the assignment of the related responsibilities to a single Managing Board member or director for both companies and by the creation of departments that service both companies. Managing Board responsibility for risk management has included strategic risk management, operational risk management, compliance and legal since the reorganisation on 1 June 2023. An additional area, Information Security & Resilience, was added as of 1 December 2023. The risk management function in the sense of risk measurement and reporting is the responsibility of strategic risk management. The consistency of risk management is guaranteed by merged committee structures.

The risk management units and the Managing Board level are separated organisationally 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. 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 Strategic Risk Management and Operational Risk Management Departments and by various committees.

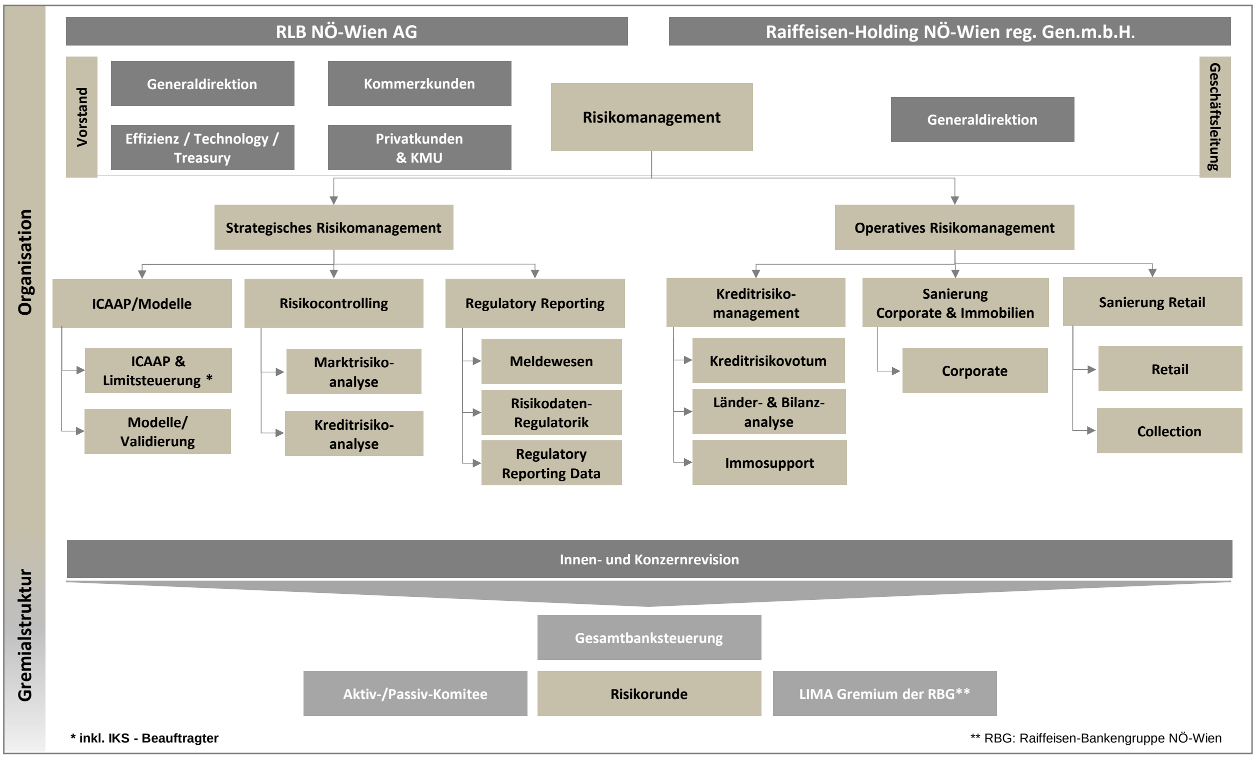
The Overall Bank Management Committee of the Raiffeisen-Holding NÖ-Wien-Group is responsible for ensuring the optimal management of the Group as well as RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien as individual institutions and RBG NÖ-Wien (with respect to liquidity). This goal is met through the regular, institutionalised, 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 Strategic Risk Management, Operational Risk Management, Finance and Treasury Departments are also involved as required. The Overall Bank Management Committee meets once each quarter.

As an addition to the Overall Bank Management Committee, a Group-wide Risk Committee was installed in the Raiffeisen-Holding NÖ-Wien Group. This Risk Committee communicates the risk situation and the decisions taken by the Overall Bank Management Committee to the heads of the Front Office, Operational Risk Management, 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 optimised and quantified in line with capital and the use of appropriate limit systems. The financial institution group has oriented its organisation and processes on the requirements of the Internal Capital Adequacy Assessment Process (ICAAP).

The following diagram shows the organisational structure of the risk management units in the Risk Management Division during 2023:



Strategic Risk Management, Operational Risk Management and Information Security & Resilience with their supporting units (see the above graph) are integrated in the Risk Management Group and report directly to the responsible member of the Managing Board. This structure ensures that Strategic Risk Management and Operational Risk Management remain 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 ICAAP & Models Department is responsible for the aggregated analysis of all relevant risks: credit, country, CVA (Credit Valuation Adjustment), market incl. credit spread, 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. This risk analysis is supplemented by information from Operational Risk Management. The Credit Risk Management Department is responsible for the second vote in the credit application and evaluation process.

Operational Risk Management includes two departments, Retail Recovery and Corporate & Real Estate Recovery, which deal with customers in financial difficulties. These departments provide recovery support and assistance as well as risk processing for customers in payment crises.

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

The Raiffeisen-Holding NÖ-Wien-Group prepared an RAF for the first time in 2023. It established a comprehensive framework for the risk appetite which is designed to strengthen risk awareness and promote an appropriate risk culture. The framework for the RAF corresponds to the business plan, strategic development, capital and liquidity planning, and the remuneration systems of the Raiffeisen-Holding NÖ-Wien-Group. The RAF represents the master documentation on risk management and provides a wide-ranging overview of strategic risk management (risk controlling) in the Raiffeisen-Holding NÖ-Wien-Group and for the individual overall bank risk management elements and responsibilities. The RAF creates a framework for consistent risk management and processes which are coordinated with the risk profile, business and risk strategies.

The risk strategy is consistent with the business strategy of the financial institution group, is integrated in the risk organisation (see the organisational 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 ICAAP & Models 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, organisational 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 Appetite Framework and risk strategy, is updated annually by the ICAAP & Models 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 Raiffeisen-Holding NÖ-Wien and RLB 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[1] – inflation, the Russia-Ukraine war and Israel's war against Hamas

The economic environment outside Austria has deteriorated steadily since 2022 due to the Russia-Ukraine war and the sharp rise in inflation and interest rates. Global growth has remained reserved as a result of the high inflation and weak economy. In the Eurozone, recovery came to a virtual standstill in 2023 with real GDP growth of 0.5%, according to a forecast by the International Monetary Fund (IMF). Weakness in worldwide trade proved to be the decisive factor for the economic slowdown, with near stagnation at +0.7% in 2023 according to an Austrian National Bank forecast from December 2023.

The Austrian Institute of Economic Research (WIFO) estimates a decline of 0.8% in real GDP for 2023, which is primarily attributable to a reduction in investments and private consumption as well as weak inventory build-up. Investments have been slowed by rising financing costs, high energy prices and negative expectations. This development is visible, above all, in the severely depressed residential construction market which has contracted since the second quarter of 2022. (See also "Outlook – the economic environment" in the management report).

HICP inflation (Harmonised Index of Consumer Prices) in Austria equalled 7.8% in 2023 and surpassed the Eurozone average by a substantial margin. The continuing high inflation in 2023 resulted primarily from the delayed transfer of declining energy prices and strong increase in service and food prices.

Geopolitics remain the greatest risk in 2024. The conflict in the Gaza Strip has not had any direct effects on the global economy to date. An escalation of the Near East conflict and its spread to other countries in the region would certainly have a significant impact on the markets. Crude oil and gas prices could rise significantly as a result and drive inflation. The risk of an oil price shock similar to the one triggered in 1973 by the oil embargo imposed by the Arabian OPEC countries in reaction to the West's support for Israel during the Yom Kippur appears to be limited because the USA has since become a net exporter of crude oil.

Lastly, companies are again confronted with rising freight costs and delayed deliveries. Traffic in the Suez Canal has fallen by roughly 60%. The Russia-Ukraine war also remains a source of risk. In connection with an unusually cold winter, gas supplies in Europe could decline rapidly, especially as natural gas and crude oil are still imported from Russia.

[1] see the Austrian National Bank's report "Wirtschaftsprognose für Österreich", December 2023; WIFO Winter forecast, December 2023 and the IMF's World Economic Outlook, January 2024

This risk report as of 31 December 2023 addresses the types of risk that are/were most important for the bank in terms of materiality and, among others, are substantially impacted by the Russia-Ukraine war and the rapid rise in inflation.

The utilisation of the risk capacity in the risk capacity analysis (Pillar II) has remained relatively stable since the annual report as of 31 December 2022 and the half-year report as of 30 June 2023 despite the effects of the Russia-Ukraine-war, the military operations in the Near East and inflation.

General bank 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 ICAAP & Models 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 capacity 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 utilise earnings potential. In this way the risk capacity 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

- ESG 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 Reorganisation 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 2023 as part of the ECB's Supervisory Review and Evaluation Process (SREP) in accordance with EBA/GL/2022/03 ("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) as well as the capital and liquidity risks were evaluated.

The risk management activities described above show 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 covers the credit risks arising from loans and advances to other banks, corporate customers, countries and personal and business banking customers. Credit risk covers the results of traditional lending operations (losses through loan defaults and the resulting loan management due to a decline in creditworthiness) as well as the risks arising from trading in and acquiring market risk instruments (default risk by counterparties 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 default risk through individual limits and incorporates these risks in credit risk measurement and management. The risk arising from these transactions is minimised 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 minimised 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 authorised 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 Strategic Risk Department through its Credit Risk Analysis Group, the Credit Risk Management Department and, for customer commitments requiring special assistance, by the Retail Recovery and Corporate & Real Estate Recovery 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 reorganisation 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 existing 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 default). 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 Strategic Risk Management Department 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 Financial 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 recognised to loans that are expected to become uncollectible, taking any collateral received into account, while risk provisions are recognised 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 the default database represents an important factor for the calculation and validation of risk parameters (PDs - probability of default, LGDs - loss given default and CCF – Credit Conversion 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.

Information on expected credit losses

The estimates of the economic trends required for the calculation of period-based expected credit losses are subject to uncertainty concerning the occurrence – or non-occurrence – of the related events. RLB NÖ-Wien sees the following assumptions as the best possible estimates. The forecasts were developed by Moody's Analytics, which provides macroeconomic forecast values for various possible economic scenarios. The individual scenarios are weighted according to recommendations made by Moody's Analytics and show the following distribution as of 31 December 2023: 30% optimistic/40% baseline/30% pessimistic for all transactions. These weightings remain unchanged compared to the previous year.

The following table shows the estimates for economic development in Austria under various scenarios based on the material macroeconomic factors used to calculate credit losses.

Variable 2023	Scenario	2024	2025	2026
		Current	Current	Current
Annual GDP growth in %	baseline	0.73%	1.55%	1.24%
	optimistic	1.75%	1.82%	1.09%
	pessimistic	(3.19)%	(0.83)%	2.74%
Unemployment rate	baseline	4.87%	4.87%	4.83%
	optimistic	4.72%	4.66%	4.61%
	pessimistic	5.45%	6.04%	5.83%
Short-term yield (3M Euribor)	baseline	3.78%	2.43%	1.83%
	optimistic	3.96%	3.11%	2.00%
	pessimistic	3.48%	1.05%	0.99%
Stock index (Eurostoxx)	baseline	176.97	183.92	195.46
	optimistic	191.67	202.14	212.29
	pessimistic	127.54	140.19	170.76
Residential property prices - Annual growth rate	baseline	2.53%	3.55%	4.75%
	optimistic	3.29%	3.55%	5.24%
	pessimistic	(4.42)%	(2.95)%	1.56%

Variable 2022	Scenario	2023		2024		2025	
		Current	Modified*	Current	Modified*	Current	Modified*
Annual GDP growth in %	baseline	(0.55)%	(0.90)%	1.20%	3.04%	1.13%	1.64%
	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%
Unemployment rate	baseline	4.93%	5.28%	4.85%	4.90%	4.90%	4.72%
	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 (3M Euribor)	baseline	2.48%	1.03%	1.73%	0.65%	1.51%	0.60%
	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)%
Stock index (Eurostoxx)	baseline	158.49	139.68	162.75	153.57	169.52	161.45
	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 - Annual growth rate	baseline	1.32%	1.13%	4.95%	4.00%	5.24%	4.34%
	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%

* The column "Modified" shows the macroeconomic factors used to model the potential after-effects of the COVID-19 pandemic. This adjustment was no longer required, and therefore not made, as of 31 December 2023

Effects of the current macroeconomic environment on credit risk

Real estate crisis

Macroeconomic developments in 2023 created major challenges for estimating the risk provisions applicable to real estate financing, similar to the situation resulting from the COVID-19 pandemic and Russia-Ukraine war in earlier years. The foremost impact has been felt in commercial property financing: The increase in risks during 2023 have not yet been fully reflected in the bank's risk models and parameters (especially PD and LGD) or in the credit ratings of customers.

The main drivers for the increase in direct and indirect risks include the changed interest rate environment in the Eurozone caused by ongoing inflation and a significant upturn in (key) interest rates, the changed market environment for commercial properties with stagnating or declining prices and subsequent adjustments to the valuation of collateral as well as adjustments to customers' credit standing. The additional risk was therefore incorporated through individual credit rating adjustments as of 31 December 2023, depending on the scope of involvement. Management believes this overlay offsets the above-mentioned direct and indirect risks which cannot be clearly identified in the customers' individual credit ratings.

Israel's war against Hamas

The credit portfolio of RLB NÖ-Wien is, at the present time, hardly affected by Israel's war against Hamas because there are no direct business relations with Israel. Moreover, the indirect effects through customers who conduct part of their business in or with Israel are manageable. The involved customers are reevaluated on a regular basis, and there is no further inclusion in the risk assessment at the portfolio level.

Russia-Ukraine war und dessen Auswirkung auf Energiepreise und Inflation
The start of the Russia-Ukraine war led to the introduction of impact analyses for the corporate clients business and analyses and stress tests in the private customer portfolio. These analyses and test were updated regularly and expanded to include the volatilities on the energy markets and rising inflation. Apart from a limited number of individual cases, the impact analysis in 2023 did not identify any deterioration in the credit standing of the portfolio. Similar results were identified by the increased monitoring of payment difficulties.

The effects of the Russia-Ukraine war, including energy price volatilities, have become easier to estimate. A general risk provision as a management overlay as of 31 December 2023 is no longer required because the economic and geopolitical conditions are already reflected in corporate indicators.

COVID-19 pandemic
The economic impact of the COVID crisis and the effects of government countermeasures have become easier to estimate since 2022. Intervention in the calculation of the risk provisions to reflect the COVID crisis is therefore no longer necessary.

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

A decision by RLB NÖ-Wien to join the PCAF (Partnership for Carbon Accounting Financials) and adhere to its standards supports this goal. The PCAF commitment letter was signed in November 2022

Credit risk controlling
The Risk Controlling 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 management 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 amortised 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	2023 Balance sheet items	2023 Credit exposure	2022 Balance sheet items	2022 Credit exposure
Cash, cash balances at central banks and other demand deposits	*(11)*	*6,653,098*	*6,598,763*	*2,504,570*	*2,450,184*
Cash	(11)	56,188	0	55,504	0
Cash balances at central banks	(11)	3,958,332	3,958,457	228,317	228,322
Other demand deposits	(11)	2,638,577	2,640,305	2,220,749	2,221,861
Financial assets held for trading	*(12)*	*744,097*	*744,097*	*674,177*	*623,462*
Derivatives	(12)	289,535	289,535	400,943	400,943
Equity instruments	(12)	0	0	50,715	0
Bonds	(12)	454,562	454,562	222,519	222,519
Loans and advances to other banks	(12)	308,842	308,842	155,702	155,702
Loans and advances to customers	(12)	145,720	145,720	66,817	66,817
Non-trading financial assets mandatorily at fair value through profit or loss	*(13)*	*150,954*	*134,210*	*127,782*	*113,696*
Equity instruments	(13)	16,744	0	14,086	0
Bonds	(13)	891	891	834	834
Loans and advances to other banks	(13)	891	891	834	834
Loans and advances	(13)	133,319	133,319	112,862	112,862
Loans and advances to customers	(13)	133,319	133,319	112,862	112,862
Financial assets at fair value through other comprehensive income	*(14)*	*28,254*	*0*	*19,110*	*0*
Equity instruments	(14)	28,254	0	19,110	0
Financial assets at amortised cost	*(15)*	*24,542,373*	*24,746,147*	*23,030,143*	*23,231,659*
Bonds	(15)	5,001,197	5,003,733	4,118,147	4,119,591
Loans and advances to other banks	(15)	1,771,278	1,772,504	1,326,662	1,327,424
Loans and advances to customers	(15)	3,229,919	3,231,229	2,791,485	2,792,167
Loans and advances	(15)	19,509,946	19,711,183	18,899,234	19,099,306
Loans and advances to other banks	(15)	3,643,058	3,646,813	4,008,682	4,013,146
Loans and advances to customers	(15)	15,866,888	16,064,370	14,890,552	15,086,160
Trade receivables	(15)	31,230	31,230	12,762	12,762
Derivatives - hedge accounting	*(17)*	*558,985*	*558,985*	*679,100*	*679,100*
Contingent liabilities	*(41)*	*663,042*	*669,278*	*622,347*	*630,170*
Loan commitments	*(41)*	*3,297,202*	*3,304,040*	*3,567,682*	*3,575,588*
Total		36,638,005	36,755,520	31,224,911	31,303,860

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								2023
	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	2,132,966	2,116,240	15,120	0	0	0	1,606	992,033
1.0 Excellent credit standing	12,252,502	12,159,667	90,307	0	0	0	2,528	1,693,201
1.5 Very good credit standing	12,576,305	12,027,893	461,822	0	0	0	86,589	3,741,061
2.0 Good credit standing	5,447,755	4,534,423	906,585	0	0	0	6,747	3,265,887
2.5 Average credit standing	2,393,615	1,428,845	963,009	0	0	0	1,761	1,728,151
3.0 Mediocre credit standing	779,840	334,603	430,429	0	0	0	14,807	730,869
3.5 Weak credit standing	323,971	71,988	236,228	0	0	0	15,755	223,832
4.0 Very weak credit standing	92,184	12,057	80,127	0	0	0	0	67,525
4.5 Doubtful/high default risk	197,634	2,793	194,545	0	0	0	296	169,948
D Default	520,816	2	706	422,114	87,158	7,607	3,228	328,126
Unrated	37,934	1,118	36,816	0	0	0	0	250
Gross exposure	*36,755,520*	*32,689,628*	*3,415,694*	*422,114*	*87,158*	*7,607*	*133,319*	*12,940,883*
Impairment allowance balance	218,702	26,317	41,948	102,390	44,845	3,201	0	0
Net exposure	**36,536,819**	**32,663,311**	**3,373,746**	**319,724**	**42,313**	**4,406**	**133,319**	**12,940,883**

€´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				significa nt	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

The assignment of the loans and advances in the following tables is based on Art. 112 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								2023
	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	206,653	201,794	4,787	0	0	0	72	135,178
1.0 Excellent credit standing	2,036,154	1,964,649	69,762	0	0	0	1,743	1,260,404
1.5 Very good credit standing	5,437,682	4,933,405	418,525	0	0	0	85,751	3,210,643
2.0 Good credit standing	4,289,804	3,487,983	796,066	0	0	0	5,754	2,796,220
2.5 Average credit standing	1,513,531	708,573	804,186	0	0	0	771	1,144,095
3.0 Mediocre credit standing	631,247	245,661	371,081	0	0	0	14,505	632,562
3.5 Weak credit standing	252,010	45,611	190,870	0	0	0	15,529	178,597
4.0 Very weak credit standing	55,240	732	54,508	0	0	0	0	40,499
4.5 Doubtful/high default risk	147,695	1,002	146,641	0	0	0	52	130,089
D Default	422,019	0	0	410,570	2,166	6,087	3,196	292,602
Unrated	35,666	245	35,421	0	0	0	0	246
Gross exposure	***15,027,699***	***11,589,656***	***2,891,848***	***410,570***	***2,166***	***6,087***	***127,373***	***9,821,136***
Impairment allowance balance	155,974	16,124	34,999	101,285	1,121	2,446	0	0
Net exposure	**14,871,724**	**11,573,531**	**2,856,849**	**309,285**	**1,045**	**3,641**	**127,373**	**9,821,136**

€´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

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

€´000 Branch	2023	PER CENT	2022	PER CENT
Real estate and housing	6,533,121	43.5	5,842,813	40.2
Manufacturing	2,466,783	16.4	2,369,090	16.3
Retail	1,240,910	8.3	1,181,536	8.1
Construction	1,134,493	7.5	1,277,135	8.8
Hotel trade and gastronomy	691,533	4.6	706,022	4.9
Energy supply	376,799	2.5	456,459	3.1
Other business services	374,228	2.5	259,318	1.8
Finance and insurance	356,190	2.4	541,985	3.7
Freelance professionals/techn. services	317,983	2.1	378,781	2.6
Healthcare and social services	293,780	2.0	322,195	2.2
Information and communication	200,359	1.3	161,417	1.1
Transportation	187,637	1.2	212,544	1.5
Public administration	175,860	1.2	120,090	0.8
Employed persons	160,283	1.1	164,635	1.1
Information and communication	146,948	1.0	165,090	1.1
Other	370,792	2.5	379,353	2.6
Total	**15,027,699**	**100.0**	14,538,464	100.0

Most of the loans in the real estate and housing category were used for residential construction (subsidised and privately financed). RLB NÖ-Wien has adapted its internal organisation (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	2023	PER CENT	2022	PER CENT
Austria	12,469,175	83.0	12,130,523	83.4
EU	2,438,596	16.2	2,244,974	15.4
Non-EU countries	119,927	0.8	162,968	1.1
Total	**15,027,699**	**100.0**	14,538,464	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

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	2023 Collateral
0.5 Minimal risk	680,684	668,816	10,333	0	0	0	1,534	524,968
1.0 Excellent credit standing	453,265	432,023	20,544	0	0	0	698	328,602
1.5 Very good credit standing	669,733	625,598	43,297	0	0	0	838	510,994
2.0 Good credit standing	504,710	442,049	61,668	0	0	0	993	375,900
2.5 Average credit standing	737,664	577,908	158,766	0	0	0	990	584,016
3.0 Mediocre credit standing	145,631	85,981	59,348	0	0	0	302	98,307
3.5 Weak credit standing	68,176	22,593	45,358	0	0	0	226	45,235
4.0 Very weak credit standing	35,095	9,476	25,619	0	0	0	0	27,026
4.5 Doubtful/high default risk	49,939	1,791	47,904	0	0	0	244	39,859
D Default	89,996	2	706	2,743	84,992	1,521	32	35,524
Unrated	2,268	873	1,395	0	0	0	0	4
Gross exposure	***3,437,161***	***2,867,108***	***474,938***	***2,743***	***84,992***	***1,521***	***5,859***	***2,570,434***
Impairment allowance balance	54,248	2,756	6,577	435	43,724	756	0	0
Net exposure	**3,382,913**	**2,864,352**	**468,361**	**2,308**	**41,268**	**765**	**5,859**	**2,570,434**

€´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

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

€´000 Segment	2023	PER CENT	2022	PER CENT
Personal banking customers	2,525,413	73.5	2,394,083	72.2
Small- and medium-sized businesses	911,748	26.5	923,453	27.8
Total	**3,437,161**	**100.0**	3,317,536	100.0

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

€´000 Currency	2023	PER CENT	2022	PER CENT
Euro	3,368,753	98.0	3,240,246	97.7
Swiss franc	65,676	1.9	72,633	2.2
US dollar	1,472	0.0	1,996	0.1
Japanese yen	859	0.0	2,250	0.1
Czech krone	282	0.0	290	0.0
Other currencies	118	0.0	121	0.0
Total	**3,437,161**	**100.0**	3,317,536	100.0

Foreign currency credits in Swiss francs declined by a further TEUR 6,956.4 in 2023. 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	2023 Collateral
0.5 Minimal risk	442,293	442,293	0	0	0	0	0	331,887
1.0 Excellent credit standing	3,150,943	3,150,943	0	0	0	0	0	52,871
1.5 Very good credit standing	5,925,989	5,925,989	0	0	0	0	0	0
2.0 Good credit standing	324,125	303,866	20,260	0	0	0	0	23,793
2.5 Average credit standing	11,702	11,645	57	0	0	0	0	40
3.0 Mediocre credit standing	2,949	2,949	0	0	0	0	0	0
3.5 Weak credit standing	3,784	3,784	0	0	0	0	0	0
4.0 Very weak credit standing	1,848	1,848	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	***9,872,435***	***9,843,316***	***20,317***	***8,802***	***0***	***0***	***0***	***408,592***
Impairment allowance balance	6,943	5,942	331	670	0	0	0	0
Net exposure	**9,865,492**	**9,837,374**	**19,986**	**8,132**	**0**	**0**	**0**	**408,592**

€´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	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

The substantial concentration in credit rating classes 1 and 1.5 is caused primarily by the three-level organisation 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	2023	PER CENT	2022	PER CENT
Austria	7,767,060	78.7	7,331,795	78.3
Germany	1,267,926	12.8	1,318,878	14.1
France	206,276	2.1	167,815	1.8
The Netherlands	110,485	1.1	117,718	1.3
Spain	87,436	0.9	82,538	0.9
all other EU countries	243,181	2.5	202,362	2.2
non-EU countries	190,072	1.9	145,698	1.6
Total	**9,872,435**	**100.0**	9,366,806	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 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	2023 Collateral
0.5 Minimal risk	803,336	803,336	0	0	0	0	0	0
1.0 Excellent credit standing	6,612,139	6,612,053	0	0	0	0	87	51,324
1.5 Very good credit standing	542,901	542,901	0	0	0	0	0	19,424
2.0 Good credit standing	329,117	300,526	28,591	0	0	0	0	69,974
2.5 Average credit standing	130,719	130,719	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	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	***8,418,226***	***8,389,548***	***28,591***	***0***	***0***	***0***	***87***	***140,721***
Impairment allowance balance	1,536	1,495	41	0	0	0	0	0
Net exposure	**8,416,690**	**8,388,053**	**28,550**	**0**	**0**	**0**	**87**	**140,721**

€´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

The high concentration in rating class 1 is attributable, above all, to deposits with the Austrian National Bank, 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	2023	PER CENT	2022	PER CENT
Austria	6,189,551	73.5	2,126,954	52.1
Supranational organisations	612,510	7.3	558,740	13.7
Germany	588,290	7.0	551,505	13.5
Belgium	193,868	2.3	118,147	2.9
France	174,206	2.1	156,172	3.8
EU	563,619	6.7	486,654	11.9
Non-EU countries	96,183	1.1	82,882	2.0
Total	**8,418,226**	**100.0**	4,081,054	100.0

The sharp rise in Austria is attributable to an increase in the funds deposited 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 Operational Risk Management Group. Its activities are carried out by two departments: Recovery Retail and Recovery Corporate & Real Estate. The staff 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.

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:

2023 in TEUR Receivables categories	Not overdue					Overdue	Total
		Up to 31 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	
Other banks	9,872,435	0	0	0	0	0	9,872,435
Corporate customers	14,428,632	488,367	15,576	38,172	14,999	41,952	15,027,699
Retail exposures	3,335,054	40,032	8,034	6,545	7,454	40,042	3,437,161
Public sector exposures	8,418,149	77	0	0	0	0	8,418,226
Total	**36,054,270**	**528,477**	**23,610**	**44,717**	**22,453**	**81,994**	**36,755,520**

2022 in TEUR Receivables categories	Not overdue					Overdue	Total
		Up to 31 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	
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

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 441.3 million is overdue up to and including 90 days but is not in default and is therefore assigned to Stage 1 or Stage 2. A credit exposure of EUR 3.3 million is overdue more than 90 days (and therefore classified as in default and Stage 3) but has not been reduced through the recognition of an impairment allowance (2022: 2.0 million).

€´000	Up to 90 days		91 to 180 days		181 to 360 days		More than 360 days	
Receivables categories	2023	2022	2023	2022	2023	2022	2023	2022
Other banks	0	0	0	0	0	0	0	0
Corporate customers	403,727	187,402	0	239	0	0	0	0
Retail exposures	37,473	38,784	909	322	616	193	1,749	1,203
Public sector exposures	77	0	0	0	0	0	0	0
Total	**441,277**	226,186	**909**	561	**616**	193	**1,749**	1,203

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.

2023 in TEUR Receivables categories	Credit exposure	Non-performing					
		Amount	Risk provision	Collateral	NPE Ratio in %	Coverage Ratio I in %	Coverage Ratio II in %
Other banks	8,059,561	670	670	0	0.0	100.0	100.0
Corporate customers	12,271,375	409,863	100,247	278,626	3.3	24.5	92.4
Retail exposures	3,082,117	85,081	43,408	30,711	2.8	51.0	87.1
Public sector exposures	8,034,836	0	0	0	0.0	0.0	0.0
Total	**31,447,889**	**495,614**	**144,325**	**309,337**	**1.6**	**29.1**	**91.5**

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

The non-performing exposure (NPE) ratio, which is calculated similar to the EBA Risk Indicator AQT_3.1, equalled 1.6% as of 31 December 2023 (2022: 1.2%). 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 equalled 29.1% in 2023 (2022: 49.7%) and Coverage Ratio II 91.5% (2022: 75.9%).

The NPL ratio, which is calculated similar to EBA Risk Indicator AQT_3.2 equalled 1.9% as of 31 December 2023 (2022: 1.4%).

€´000	Credit exposure		NPL		NPL Ratio in %	
	2023	2022	**2023**	2022	**2023**	2022
Total	26,443,265	21,662,352	495,614	298,268	1.9	1.4

RLB NÖ-Wien has implemented processes to identify customers with payment problems at an early point in time and to restructure loans with a positive outlook. Restructured loans are classified as “performing“ as long as the restructuring is not carried out because of the customer's credit standing. Contract modifications 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 recognised 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.

2023 in TEUR 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	9,872,435	9,863,633	0	6,273	8,802	0	670	0
Corporate customers	15,027,699	14,608,964	218,148	51,123	418,734	117,344	104,851	335,492
Retail exposures	3,437,161	3,348,258	97,882	9,333	88,903	29,466	44,915	127,348
Public sector exposures	8,418,226	8,418,226	0	1,536	0	0	0	0
Total	**36,755,520**	**36,239,081**	**316,030**	**68,265**	**516,439**	**146,810**	**150,437**	**462,840**

2022 in TEUR 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

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 rating system which assigns total limits for individual countries and sub-limits for various types of transactions based on country analyses. The country limits are monitored by 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 2022 and 2023 financial years:

€´000 Exposure by internal rating	2023	PER CENT	2022	PER CENT
0.5 Minimal risk	3,630,958	9.9	3,398,674	10.9
1.0 Excellent credit standing	31,318,605	85.2	26,256,526	83.9
1.5 Very good credit standing	367,038	1.0	409,709	1.3
2.0 Good credit standing	949,357	2.6	795,058	2.5
2.5 Average credit standing	438,298	1.2	410,616	1.3
3.0 Mediocre credit standing	16,971	0.0	5	0.0
3.5 Weak credit standing	7,626	0.0	5,241	0.0
4.0 Very weak credit standing	0	0.0	0	0.0
4.5 Doubtful/high default risk	858	0.0	4,446	0.0
D Default	0	0.0	0	0.0
Unrated	25,811	0.1	23,585	0.1
Total	**36,755,520**	**100.0**	31,303,860	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 2023, 98.8% (2022: 99.1%) of the approved country limits were within the investment grade range and 78.8% (2022: 79.9%) within the three best rating classes of 0.5 to 1.5. The distribution of country lines was stable in year-on-year comparison.

The following table shows the distribution of credit exposure by country for 2023 and 2022. The position “Non-EU“ consists primarily of top rated countries like Great Britain, Canada and Switzerland.

€´000 Exposure by region	2023	PER CENT	2022	PER CENT
Austria	29,786,135	81.0	24,839,406	79.3
EU	6,547,893	17.8	6,058,599	19.4
Germany	2,710,393	7.4	2,543,118	8.1
France	477,996	1.3	435,952	1.4
Poland	336,367	0.9	297,102	0.9
Czech Republic	321,471	0.9	362,105	1.2
all other EU countries	2,701,667	7.4	2,420,321	7.7
Non-EU countries	421,493	1.1	405,855	1.3
Total	**36,755,520**	**100.0**	31,303,860	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 minimise 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. Standardised 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 realisation period and related costs. These haircuts are reviewed regularly and adjusted if necessary. The Strategic Risk Management Department has a central Collateral Management Unit.

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

€´000 Collateral category	2023	PER CENT	2022	PER CENT
Land register	8,949,316	69.2	8,343,098	69.0
Guarantees	3,322,098	25.7	3,053,786	25.2
Other rights and claims	491,276	3.8	511,266	4.2
Savings/current/deposit accounts	76,157	0.6	70,541	0.6
Insurance	62,515	0.5	73,531	0.6
Securities	39,521	0.3	45,193	0.4
Total	**12,940,883**	**100.0**	12,097,416	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 realised immediately, the bank has holdings that can carry out these types of transactions. Any proceeds from the realisation of collateral are offset against the outstanding loan balance. These loan segments are treated as secured before realisation. No credit losses were recognised for financial assets measured at amortised cost with an exposure of EUR 1.6 million (2022: 3.1 million) 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 402,690.8 (2022: 154,514.7) in the risk provisions for financial assets.

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 / region
- Interest rates

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 by way of historical simulation with equally weighted time series and the SAS Risk Management for Banking system. This calculation is based on a four-year history, which means crisis situations that lie more than four years in the past were previously excluded. A conservative mark-up was therefore added to the market risk quantification at the end of March 2023 which is based on an extended time series and covers an economic cycle with greater probability.

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 31/12/2023	Average-VaR	VaR* at 31/12/2022
Currency risk	2	21	49
Interest rate risk	44	103	31
Price risk	8	4,151	4,400
Credit spread risk	66	72	84
Total	**81**	**4,171**	4,461

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

The market risk in the trading book, similar to the second half of 2022, was influenced by price risk up to September 2023 as the most dominant sub-risk since the resumption of stock trading. The complete reduction of the share holdings in the trading book (also see Note (12)), consequently led to a drastic decline in the VaR of the trading book from EUR 7.0 million at the end of August to EUR 0.1 million at the end of September.

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 31/12/2023	Average-VaR	VaR* at 31/12/2022
Currency risk	2,632	2,286	3,323
Interest rate risk	102,290	132,192	209,520
Price risk	156	245	473
Credit spread risk	431,532	391,398	321,848
Total	**444,098**	**435,697**	421,313

* 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 2023 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. The gone concern VaR for RLB NÖ-Wien remained stable during the year and averaged EUR 435.7 million: January was the month with the highest VaR at EUR 472.3 million, and the lowest VaR was recorded in April at EUR 409.8 million.

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

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

The framework for operational management is formed 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 Strategic 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 Risk Controlling 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 utilisation 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 2022/14 provide a framework, including standardised 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 - 150 BP. This floor rises annually by 3 bps up to a term of 50y, after which the floor reaches 0 bps. A floor of 0 bp is applied to all terms over 50 years.

Scenario	Present value risk in EUR million	as a % of Tier 1 capital	Present value risk at 31/12/2023 Limit utilisation
Parallel shift upward	(126.3)	(6.7)%	45.0%
Parallel shift downward	104.0	5.5%	37.0%
Rising short-term & declining long-term interest rates	1.2	0.1%	0.4%
Declining short-term & rising long-term interest rates	(13.6)	(0.7)%	5.0%
Declining short-term interest rates	22.3	1.2%	8.0%
Rising short-term interest rates	(48.3)	(2.6)%	17.0%

Scenario	Present value risk in EUR million	as a % of Tier 1 capital	Present value risk at 31/12/2022 Limit utilisation
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%

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 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) 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 ≥ 105.0% and NSFR ≥ 102.5%. 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 ≥ 105.0% and NSFR ≥ 102.5% 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 Risk Controlling 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 and reported 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.

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 2023 (inflation, Israel's war against Hamas and the Russia-Ukraine war).

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.

TLTRO III is carried out as spread-based collateralised tender operations which are generally indexed to the average main refinancing rate during certain transaction periods.

The refinancing volume from TLTRO transactions totalled EUR 1.04 billion from three tranches as of 31 December 2023. These three tranches will be repaid in 2024.

The following table shows the structural liquidity of RLB NÖ-Wien as of 31 December 2023:

€'000 Maturity band	Gap (absolute)	GoA	GoA limit	Accumulated from behind	S-LFT	S-LFT limit
18 months	(2,215,730)	0.3%	(10.0)%	113,653	115.3%	> 80%
2 years	172,374	1.1%	(10.0)%	2,329,383		
3 years	(1,502,461)	1.0%	(10.0)%	2,157,008	111.8%	> 70%
5 years	842,606	3.2%	(10.0)%	3,659,469	100.3%	> 60%
7 years	369,991	1.3%	(10.0)%	2,816,862		
10 years	(2,274,246)	-	-	2,446,871	98.3%	> 50%
15 years	1,325,173	-	-	4,721,117		
20 years	1,477,040	-	-	3,395,944		
30 years	1,731,992	-	-	1,918,904		
> 30 years	186,913	-	-	186,913		

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

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

The liquidity coverage ratio (LCR) of RLB NÖ-Wien equalled 144.65% as of 31 December 2023 (2022: 118.77%). 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 2023 and 31 December 2022:

€		All currencies 31.12.2023	31.12.2022
Liquidity buffer		9,145,533,712	6,604,243,731
Net liquidity outflow		6,322,418,959	5,560,566,739
MINIMUM LIQUIDITY RATIO (LIQUIDITY COVERAGE RATIO LCR)		**144.65%**	118.77%
	Total unweighted amount	***Total weighted amount***	*Total weighted amount*
HIGH-QUALITY LIQUID ASSETS			
Level 1 - assets excl. extremely high quality covered bonds	10,675,516,912	7,445,119,474	4,762,026,355
Level 1 - extremely high quality covered bonds	1,739,630,216	1,617,856,101	1,788,737,969
Level 2A - assets	59,248,664	50,361,365	26,174,709
Level 2B - assets	64,393,545	32,196,773	27,304,698
Liquidity buffer	**12,538,789,338**	**9,145,533,712**	6,604,243,731
CASH OUTFLOWS			
Outflows from unsecured transactions/deposits	19,485,564,688	7,091,355,096	6,372,882,702
1.1 Personal banking customer deposits	4,804,405,956	369,357,745	374,209,880
1.2 Operational deposits	4,729,208,974	3,605,100,322	3,378,440,259
1.3 Surplus deposits in payment transaction accounts	0	0	0
1.4 Deposits in non-payment transaction accounts	3,945,620,763	1,877,682,539	1,540,438,718
1.5 Additional cash outflows (among others, from derivatives)	720,509,352	720,509,352	642,445,875
1.6 Committed facilities	1,933,168,393	192,595,527	225,479,925
1.7 Other products and services	1,994,541,752	203,463,125	192,203,505
1.8 Other liabilities	122,646,485	122,646,485	19,664,540
Outflows from secured lending and capital market-driven transactions	0	0	0
TOTAL OUTFLOWS	**19,485,564,688**	**7,091,355,096**	6,372,882,702
CASH INFLOWS			
Inflows from unsecured transactions/deposits	1,105,949,099	768,936,137	812,315,963
1.1 monies due from non-financial customers (except for central banks)	190,771,391	100,993,261	108,117,305
1.2 monies due from central banks and financial customers	365,071,904	117,837,073	180,944,215
1.3 inflows corresponding to outflows in accordance with promotional loan commitments	0	0	0
1.4 monies due from trade financing transactions	0	0	0

€		All currencies 31.12.2023	31.12.2022
1.5 monies due from securities maturing within 30 days	16,806,640	16,806,640	6,369,312
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	533,299,164	533,299,164	516,885,131
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	**1,105,949,099**	**768,936,137**	**812,315,963**
Inflows subject to 75% Cap	1,105,949,099	768,936,137	812,315,963
Fully exempt inflows		0	0
NET LIQUIDITY OUTFLOW	**18,379,615,589**	**6,322,418,959**	**5,560,566,739**

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 by other banks and by customers as well as the securitised liabilities and subordinated capital of RLB NÖ-Wien as of 31 December 2023:

€´000	Carrying amount/ Committed capital	Contractual cash flows	< 3 months	3 to 12 months	1 to 5 years	> 5 years
Non-derivative liabilities	***31,320,047***	***32,921,006***	***16,244,766***	***3,692,107***	***8,084,929***	***4,899,203***
Deposits from other banks	12,155,098	12,296,018	8,093,287	1,344,704	2,044,406	813,621
Deposits from customers	9,917,366	10,356,860	7,973,132	1,071,494	695,561	616,673
Securitised liabilities	9,069,329	10,161,954	142,643	1,234,583	5,315,819	3,468,909
Subordinated capital	178,253	106,174	35,705	41,326	29,143	0
Irrevocable loan commitments	**1,969,242**	**1,969,242**	**1,969,242**	**0**	**0**	**0**

The following table shows the undiscounted cash flows from deposits by other banks and by customers as well as the securitised 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
Securitised liabilities	6,615,547	7,611,582	136,005	313,882	4,2980266	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 the derivatives held by RLB NÖ-Wien as of 31 December 2023:

€´000	Carrying amount*	Contractual cash flows	< 3 months	3 to 12 months	1 to 5 years	> 5 years
Derivative liabilities	*782,550*	*892,507*	*51,448*	*144,489*	*360,603*	*335,967*
Derivatives - held for trading	259,193	309,613	21,906	26,498	125,322	135,887
Derivatives - hedge accounting	523,357	582,894	29,542	117,991	235,281	200,080

* 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 2022:

€´000	Carrying amount*	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.

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 ICAAP & Models 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 together with 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 comprehensive 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.

RBI is directly affected by the Russia-Ukraine war due to its strong positioning in Central and Eastern Europe. The institution is currently evaluating all options up to an exit from the Russian market as well as how/when dividends could flow from Russia. These circumstances underscore the substantial uncertainty and increased risk connected with business activities in Russia. The current restrictions in distributions and the higher risk associated with the Russian investment are incorporated into the impairment tests.

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 validated in 2023.

Based on historical volatilities for the changes in the market capitalisation 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 2023 and 31 December 2022:

€ '000	Carrying amount* 31/12/2023	Percentage held	Rating	Carrying amount 31/12/2022	Percentage held	Rating
Investments in other banks	2,431,692	99.2%	1.0	1,884,773	99.2%	1.0
Investments in banking-related fields	18,472	0.8%	1.5	15,296	0.8%	2.0
Total equity investments	**2,450,164**	**100.00%**	**1.0**	1,900,069	100%	1.0

* See Note (13), Note (14) and Note (19); "Investments in other banks" include at 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 increase in the carrying amount of the equity investments resulted primarily from RBI and was based on a revaluation, the purchase of shares, and special effects from a reclassification. 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 summarised the following sub-risks under nonfinancial risk in 2023:

- 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/Organisation 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 organisational charts of RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien.

The Raiffeisen-Holding NÖ-Wien-Group uses Business Continuity Management (BCM). This planning and preparation approach was followed comprehensively in 2022 due to the special challenges created by the COVID-19 pandemic but was terminated in 2023 following the transition of the pandemic into a seasonal infection comparable to influenza. The Group-wide BCM was adapted and further developed.

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 minimise 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 organisation.

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, Israel's war against Hamas) 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 CRR ("Own funds requirements for operational risk"), RLB NÖ-Wien uses the basic indicator approach described in Art. 315f CRR to calculate the minimum capital requirements and to report 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 organisational 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 organisational measures which are defined in detail in an information security governance framework. Compliance with IT security regulations is monitored by a designated IT security officer.

A money laundering officer was also designated to prevent money laundering and terrorism financing in RLB NÖ-Wien. This person is assigned to the AML/CFT & Fiscal Reporting Compliance Department and ensures the observance of all applicable regulations. Compliance with the requirements related to financial sanctions are monitored by the Regulatory, Conduct & Sanctions Compliance Department. Activities in 2023 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 and QI requirements (Foreign Account Tax Compliance Act and Qualified Intermediary Agreement of the US Internal Revenue Service), the institution has defined the required FATCA/QI responsible officer. A WAG compliance officer was also installed to ensure that the employees and officers of RLB NÖ-Wien observe all laws, regulations and external and internal guidelines applicable to securities transactions – for their own protection and to protect the bond of trust to the market and the customers of RLB NÖ-Wien. In addition to the compliance function, the Raiffeisen-Holding NÖ-Wien-Group has created the “BWG Compliance“ unit. It is responsible for monitoring the correct and timely implementation of and adherence to applicable regulations through suitable information and review processes.

Compliance risk summarises the risks associated with the functions of the WAG compliance officer, the Austrian Banking Act compliance officer and the money laundering officer (see the organisational 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 decentralised 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 optimisation 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 Israel’s war against Hamas 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.

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. As the models are validated regularly, this risk is seen as minimal.

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 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 with 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 documentation and the related controls. Responsibilities and roles in the ICS and the related control activities are clearly defined. The effectiveness and performance of the internal control system are surveyed and evaluated each year. 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 at RLB NÖ-Wien. This type of risk is identified with a statistical/model-based quantification 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.

Other risks

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

- Strategic risk
- Reputation risk
- Step-in 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 during its quantification. 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) represent part of the business strategy and, as such, have been incorporated in the organisational units of the Raiffeisen-Holding NÖ-Wien-Group and RLB NÖ-Wien. The ESG & Investors Relations Management Unit in the ESG Transformation Department takes the lead on activities involving sustainability. Together with the sustainability strategy and its key position in the business strategy, this issue is anchored in the financial institutions group and, therefore, also in RLB NÖ-Wien.

The implementation and improvement of the necessary measures to address sustainability risks and ESG factors were again the focus of activities in 2023 with extensive monitoring and analysis. The methods, models and strategies applicable to ESG risks are under development and will be continuously improved over the coming years to enable the more precise measurement, management and control 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 2023 as part of a risk inventory based on an ESG survey of individual risks. The resulting ESG heat map and evaluation matrix serve as a tool to identify, analyse and assess the materiality of ESG risks and the related drivers from the outside-in perspective. ESG factors are taken into consideration as partial aspects of the risk types identified by the risk inventory, e.g. credit, country, CVA (Credit Valuation Adjustment), investment, market, liquidity and non-financial risk (and here, above all, operational risk) as well as reputation risk. The ESG heat map derived from the risk inventory is used to integrate ESG risks in the entire risk organisation. This assessment is updated annually as part of the risk inventory process. In 2023, the ESG Transformation Department, together with external support, carried out a double materiality analysis from the inside-out and outside-in perspective. Additional information can be found in the Non-financial Report.

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 in the Raiffeisen-Holding NÖ-Wien-Group was completed in 2023. ESG branch manuals were prepared to supplement sustainable positioning based on the stated positive/negative criteria and clearly define the interaction with customers in these branches. This process reduces potential ESG risks before a business relationship begins. Possible other ESG risks are identified with a soft facts questionnaire during the credit application process and can lead to a negative decision concerning the customer relationship.

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 2023 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. The Raiffeisen-Holding NÖ-Wien-Group carried out its first ESG stress test in 2023, which provided plausible and expected results compared with the ECB ESG stress test from 2022 based on currently available data and assumptions

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

Institutional protection scheme

The Raiffeisen sector has had a separate sector institutional protection scheme (see the following information on institutional protection) and a Raiffeisen-IPS (R-IPS: Raiffeisen-Institutional Protection Scheme) in the sense of Art. 49 (3) and 113 (7) CRR in operation since 2021. 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 (Art. 49 (3) CRR) and allows them to exclude the risk exposure of the other contract parties from their own calculations of risk-weighted exposure (Art. 113 (7) 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 RIPS 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 reorganisation and resolution of banks is designed to ensure that the involved bank's owners and creditors carry the costs of reorganisation 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 reorganisation 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.

Plans call for the fund (SRF) to equal one per cent of the covered deposits of all credit institutions licensed to operate in the 21 countries belonging to the banking union by the end of this year (2023). The fund was built up over the past eight years and, including the annual growth in covered deposits during 2023, will have a volume of approximately EUR 77.6 billion[2] (the final volume was not available at the time this report was prepared). The individual contributions are based on the size and risk profile of the respective institution as calculated by the Single Resolution Board (SRB) and assigned by the Austrian Financial Market Authority.

The contribution by RLB NÖ-Wien totalled EUR 9.0 million in 2023.

Additional information on the European Resolution Fund is provided in Note (51) – Other agreements.

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 through the implementation of appropriate measures. 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 scheme

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 organisation 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 (51) Other agreements.

[2] see: www.srb.europa.eu/en/content/single-resolution-fund-grows-eu113-billion-reach-eu-776-billion

(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 amortised 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 optimise 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 actively 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.

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.

2023, €'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	0	45,000	165,000	1,322,238	2,145,960
Average fixed interest rate in %	0.00	(0.53)	1.09	2.43	2.24
Interest rate swaps - fair value hedge liabilities transactions					
Nominal value	54,583	556,000	653,500	3,226,988	3,135,013
Average fixed interest rate in %	2.19	0.29	1.27	1.82	2.41

The comparative prior year data are shown below.

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 liabilities transactions					
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 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".

2023 €'000		Carrying amount					
	Nominal value	Balance sheet assets	Balance sheet equity and liabilities	Fair value change	Income statement presentation - fair value change	Income statement effect - ineffectiveness	Income statement presentation - ineffectiveness
Interest rate risk - micro-hedges							
Interest Rate Swaps - Bonds	2,874,960	95,866	87,970	(142,141)	Profit/loss from hedge accounting	(3,742)	Profit/loss from hedge accounting
Interest Rate Swaps - Loans and advances	803,238	37,183	17,766	(33,982)	Profit/loss from hedge accounting	(482)	Profit/loss from hedge accounting
Interest Rate Swaps - Deposits	407,695	12,933	8,131	20,478	Profit/loss from hedge accounting	(363)	Profit/loss from hedge accounting
Interest Rate Swaps - Securitised liabilities	7,218,390	50,404	239,198	279,538	Profit/loss from hedge accounting	1,177	Profit/loss from hedge accounting
Interest rate risk - portfolio hedges							
Interest rate swaps - Assets	3,500,204	323,993	77,830	(158,982)	Profit/loss from hedge accounting	(2,121)	Profit/loss from hedge accounting
Interest Rate Swaps - Liabilities	2,044,000	8,649	108,257	62,727	Profit/loss from hedge accounting	3,241	Profit/loss from hedge accounting
Floors - Assets	5,525,200	29,956	100,794	564	Profit/loss from hedge accounting	2,062	Profit/loss from hedge accounting
Floors - Assets 3-month-EURIBOR	2,150,400	0	14,527	(2,773)	Profit/loss from hedge accounting	(14)	Profit/loss from hedge accounting
Floors - Assets 6-month-EURIBOR	3,374,800	29,956	86,267	3,338	Profit/loss from hedge accounting	2,077	Profit/loss from hedge accounting

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

2022 €'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	1,912,521	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 - Securitised 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 following table provides details on the underlying transactions for recognised 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 derecognised, the hedge adjustment to the underlying transaction is amortised over the remaining term beginning with the termination of the hedge.

2023, €'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 at amortised cost	***3,644,543***		***(8,402)***		***171,899***	***4,659***
Bonds	2,857,124		15,036		138,399	0
Other loans and advances	787,419		(23,438)		33,500	4,659
Financial liabilities measured at amortised cost		***9,217,396***		***(221,945)***	***(299,202)***	***105***
Deposits		414,847		(235)	(20,841)	105
Securitised liabilities		8,802,549		(221,710)	(278,361)	0
Interest rate risk - portfolio hedges						
Portfolio hedges*	***8,388,405***	***2,192,290***	***137,065***	***39,658***	***98,873***	***(330,109)***
Portfolio hedge assets	4,056,104		124,557		156,861	(380,739)
Portfolio hedge liabilities		2,192,290		39,658	(59,487)	123,228
Portfolio hedge floors assets	4,332,300		12,507		1,498	(72,599)
Portfolio hedge floors Assets 3-month-EURIBOR	2,099,035		2,428		2,759	(15,898)
Portfolio hedge floors Assets 6-month-EURIBOR	2,233,265		10,079		(1,261)	(56,701)

* The amounts reported under carrying amount represent the synthetic underlying transaction as of 31 December 2023, including the designation quota.

The comparative prior year data are shown below.

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 at amortised 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
Securitised liabilities		6,602,811		(500,212)	(612,666)	0
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.

(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).

An interdepartmental implementation project for the IBOR replacement led to the conversion of transactions at the turn of the year 2021/2022, which were based on expiring indicators for the CHF, GBP, USD and JPY to the follow-up-indicators (CHF LIBOR to SARON, GBP LIBOR to SONIA, USD LIBOR: maturity 1 week and 2 months to SOFR and JPY to the JPY LIBOR in synthetic form). 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 remaining balance in USD LIBOR (unequal maturities: 1 week and 2 months) were converted to the follow-up indicator SOFR by 30 June 2023.

The successful conversion of the reference interest rates had no material effect on the financial position, financial performance or cash flows of the RLB NÖ-Wien-Group.

(35) Fair value of financial instruments

Financial instruments measured at fair value

Fair value measurement is based on the following hierarchy: Level I valuations rely on available market prices (generally for securities and derivatives traded on exchanges and in functioning markets). If market prices are not available, valuation models – especially present value and option pricing models – are used. 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. The assignment of financial instruments to a level or reassignment to a different level takes place quarterly at the end of the reporting period.

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-collateralised 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.

The methods used to establish the fair value of securities were determined by the Market Risk Analysis Department at RLB NÖ-Wien and approved by the Managing Board. The related guideline is intended to ensure the highest quality of valuations as well as the use of consistent valuation methods. Automated controls make sure the quality of the applied models and input parameters meets the defined standard. For new portfolio additions, all possible market sources are reviewed, validated and a decision is taken in agreement with the valuation guideline and legal requirements. Priority is given to standard market valuation parameters issued by recognised data providers.

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

			31/12/2023			31/12/2022
€'000	Level I	Level II	Level III	Level I	Level II	Level III
Balance sheet assets						
Financial assets held for trading	***328,653***	***414,369***	***1,076***	*126,947*	*547,229*	*0*
Derivatives	0	288,460	1,076	0	400,943	0
Equity instruments	0	0	0	50,715	0	0
Bonds	328,653	125,908	0	76,232	146,286	0
Non-trading financial assets mandatorily at fair value through profit or loss	***0***	***891***	***150,063***	*0*	*834*	*126,948*
Equity instruments	0	0	16,744	0	0	14,086
Bonds	0	891	0	0	834	0
Other loans and advances	0	0	133,319	0	0	112,862
Financial assets at fair value through other comprehensive income	***0***	***0***	***28,253***	*0*	*0*	*19,110*
Equity instruments	0	0	28,253	0	0	19,110
Derivatives - hedge accounting	***0***	***558,985***	***0***	*0*	*679,100*	*0*
Balance sheet equity and liabilities						
Financial liabilities held for trading	***0***	***261,237***	***0***	*0*	*342,783*	*0*
Derivatives	0	261,237	0	0	342,783	0
Derivatives - hedge accounting	***0***	***639,946***	***0***	*0*	*821,183*	*0*

In 2023, put and call options were concluded in connection with a subordinated loan. The fair value of these options, which are included on the balance sheet under financial assets held for trading – derivatives, equalled TEUR 1,076 as of 31 December 2023. The Level III assignment was based primarily on credit risk premiums for the underlying subordinated loan which are not observable on the market.

All loans and advances measured at fair value are assigned to Level III, chiefly because of credit risk premiums which are not observable on the market. The scope of these non-observable input factors ranges up to roughly 38% (2022: roughly 39%). No securities were reclassified from Level I to Level II in 2022 or 2023.

The assignment of equity instruments to Level III was based on non-observable input factors for the DCF method; in particular the cash flows resulting from internal forecasts.

The following table shows the development from 1 January 2023 to 31 December 2023 of the assets measured at fair value which are assigned to Level III:

€'000	**01/01/2023**	**Additions**	**Disposals**	**Profit, income statement**	**Profit, other comprehensiv e income**	**31/12/2023**
Balance sheet assets						
Financial assets held for trading	***0***	***1,076***	***0***	***0***	***0***	***1,076***
Derivatives	0	1,076	0	0	0	1,076
Non-trading financial assets mandatorily at fair value through profit or loss	***126,948***	***24,976***	***(7,783)***	***5,923***	***0***	***150,063***
Equity instruments	14,086	830	(1,065)	2,893	0	16,744
Other loans and advances	112,862	24,145	(6,718)	3,030	0	133,319
Financial assets at fair value through other comprehensive income	***19,110***	***3,137***	***0***	***0***	***6,007***	***28,253***
Equity instruments	19,110	3,137	0	0	6,007	28,253

There were no reclassifications to or from Level III in 2023.

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 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 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

The results recognised to the income statement for the financial instruments allocated to Level III totalled TEUR -2,148 in 2023 (2022: 1,539) and are reported under "profit/loss from financial assets and liabilities".

Sensitivity analysis of the non-observable parameters for financial instruments measured at Level III

In cases where non-observable parameters flow into the valuation of a financial instrument, there is a possibility to choose the parameter from a range of alternative parameter alternatives. A shift in the parameters at the ends of these ranges (+/- 100 bps with a floor at 0) would lead to an increase of EUR +0.9 million (2022: +1.1 million) or a decrease of EUR -1.5 million (2022: -1.5 million) in the fair value of loans and advances (assets) as of 31 December 2023.

The probability is extremely low that all non-observable parameters (e.g. discounts and credit spreads) 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 amortised cost in accordance with the respective business model. Classification is based on the classes of financial instruments defined by RLB NÖ-Wien. These financial instruments are not managed on the basis of fair value and, consequently, are not carried at fair value on the balance sheet. In these cases, fair value has no direct influence on the consolidated balance sheet or consolidated income statement.

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

2023, €'000	**Fair value**	**Carrying amount**	**Difference**
Balance sheet assets			
Cash, cash balances at central banks and other demand deposits	***6,654,951***	***6,653,098***	***1,854***
Financial assets at amortised cost	***24,003,478***	***24,511,142***	***(507,664)***
Bonds	4,819,186	5,001,197	(182,011)
Other loans and advances	19,184,292	19,509,945	(325,653)
Balance sheet equity and liabilities			
Financial liabilities measured at amortised cost	***30,666,777***	***31,320,047***	***(653,270)***
Deposits	21,530,532	22,072,464	(541,933)
Securitised liabilities	9,136,245	9,247,583	(111,338)

The comparative prior year data are shown below.

2022, €'000	Fair value	Carrying amount	Difference
Balance sheet assets			
Cash, cash balances at central banks and other demand deposits	*2,505,688*	*2,504,570*	*1,118*
Financial assets at amortised 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 amortised cost	*25,032,501*	*25,367,249*	*(334,748)*
Deposits	18,122,238	18,283,541	(161,304)
Securitised liabilities	6,910,263	7,083,708	(173,445)

The following table shows the fair values of assets measured at amortised cost, based on the fair value hierarchy.

2023, €'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	56,188	6,550,474	48,289
Bonds	4,375,449	443,737	0
Other loans and advances	0	0	19,184,292
Balance sheet equity and liabilities			
Deposits	0	0	21,530,532
Securitised liabilities	0	8,950,364	185,881

The comparative prior year data are shown below.

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
Securitised liabilities	0	6,519,858	390,405

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

The deposits measured at amortised cost are assigned to Level III since the credit spreads used for valuation can only be observed indirectly. The securitised liabilities which are measured at amortised 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 2023.

€'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	6,653,098	0	0	0	0	6,653,098
Financial assets held for trading	0	2,281	41,217	376,649	323,950	744,098
Non-trading financial assets mandatorily at fair value through profit or loss	11,957	23	590	9,585	128,798	150,954
Financial assets at fair value through other comprehensive income	0	0	0	0	28,254	28,254
Financial assets at amortised cost	781,532	990,509	2,662,101	7,446,384	12,661,847	24,542,372
Derivatives - hedge accounting	7,505	141	4,909	35,663	510,767	558,985
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	0	(34)	(1,595)	4,019	(318,662)	(316,273)
Interest in equity-accounted investments	0	0	0	0	2,405,437	2,405,437
Balance sheet equity and liabilities						
Financial liabilities held for trading	0	9,491	856	64,761	186,130	261,237
Financial liabilities measured at amortised cost	12,160,496	4,090,680	3,486,710	7,086,151	4,593,879	31,417,916
Of which lease liabilities	0	2,300	6,679	33,135	53,331	95,444
Derivatives - hedge accounting	11,355	515	25,452	157,902	444,722	639,946
Fair value changes in the underlying transactions for portfolio hedges of interest rate risks	0	(512)	(2,440)	(28,915)	(51,704)	(83,571)

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	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 at fair value through profit or loss	10,308	5	2,422	20,124	94,924	127,782
Financial assets at fair value through other comprehensive income	0	0	0	0	19,110	19,110
Financial assets at amortised 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 equity-accounted investments	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 amortised 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)

(37) Related party disclosures

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

€'000	31/12/2023	31/12/2022
Cash, cash balances at central banks and other demand deposits	***2,457,465***	*2,052,462*
Associates	2,457,465	2,052,462
Financial assets held for trading	***135,677***	*152,847*
Parent	190	1,046
Entities related via the parent	291	53
Associates	135,196	151,739
Entities accounted for using the equity method via the parent	0	9
Non-trading financial assets mandatorily at fair value through profit or loss	***1,320***	*0*
Joint ventures	1,320	0
Financial assets at amortised cost	***2,232,654***	*2,021,918*
Parent	1,190,554	1,143,391
Subsidiary / subsidiaries	10,931	12,727
Entities related via the parent	352,196	247,568
Associates	510,094	404,992
Entities accounted for using the equity method via the parent	154,741	213,205
Joint ventures	14,137	35
Other assets	***28,968***	*28,948*
Parent	28,953	28,935
Entities related via the parent	6	4
Associates	3	4
Entities accounted for using the equity method via the parent	6	5

€'000	**31/12/2023**	31/12/2022
Financial liabilities held for trading	***88,235***	*121,312*
Parent	84,185	115,878
Entities related via the parent	14	0
Associates	4,036	5,435
Financial liabilities measured at amortised cost	***1,131,233***	*362,230*
Parent	76,170	122,036
Subsidiary / subsidiaries	7,752	4,415
Entities related via the parent	250,716	79,145
Associates	551,359	109,161
Entities accounted for using the equity method via the parent	230,657	30,851
Joint ventures	14,579	16,621
Other liabilities	***368***	*284*
Parent	360	268
Subsidiary / subsidiaries	7	0
Entities accounted for using the equity method via the parent	1	6
Associates	0	10

€'000	**31/12/2023**	31/12/2022
Contingent liabilities and other off-balance sheet obligations	***453,967***	*411,080*
Parent	97	0
Subsidiary / subsidiaries	4,980	30,785
Entities related via the parent	75,700	78,013
Associates	104,501	84,267
Entities accounted for using the equity method via the parent	265,220	217,519
Joint ventures	3,469	497

01/01 - 31/12/2023, €'000	Interest income	Interest expenses	Purchased services and merchandise and other expenses	Services provided, sale of merchandise and fixed assets and other income
Parent	54,022	29,796	24,896	7,320
Subsidiary / subsidiaries	166	1	7,653	209
Entities related via the parent	1,506	6	491	156
Associates	52,449	1,380	36,894	5,398
Entities accounted for using the equity method via the parent	1,766	50	2,853	47
Joint ventures	290	27	6,596	699
Other related parties	1	3	0	0

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

The following legal and business relations exist with related companies:

- The parent company of RLB NÖ-Wien is Raiffeisen-Holding NÖ-Wien. The business relationships between RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien consist primarily of refinancing for Raiffeisen-Holding NÖ-Wien.

- The liquidity management agreement concluded between RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien regulates the relationship between these two parties with respect to liquidity provision, measurement and monitoring. This agreement was concluded for an indefinite period of time and can be cancelled by both parties.

- RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien have concluded a management service agreement which is designed to realise synergies and ensure the competent provision of services for central functions in the Group.

- RLB NÖ-Wien has been a member of a corporate tax group created in accordance with § 9 of the Austrian Corporate Income Tax Act since the 2005 assessment year. The head of the tax group is RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung (Raiffeisen-Holding NÖ-Wien), with which RLB NÖ-Wien concluded a tax contribution agreement. In 2023, the corporate tax group with Raiffeisen-Holding NÖ-Wien as its head included RLB NÖ-Wien as well as 47 (2022: 45) 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 carry forwards 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 charge settlement with Raiffeisen-Holding NÖ-Wien are provided 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 2023. Leases with the parent company included TEUR 74,875 (2022: 73,839) of right-of-use assets for land and buildings as well as TEUR 77,196 (2022: 76,460) of lease liabilities. The resulting interest expense totalled TEUR 1,065 (2022: 1,049) and amortisation equalled TEUR 7,194 (2022: 6,732).

- 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:

Assets, €´000	**31/12/2023**	**31/12/2022**
Demand deposits	3,379	4,119
Bonds	498	10
Savings deposits	327	423
Total	**4,204**	4,551
Equity and Liabilities, €´000		
Current accounts	6	13
Loans	676	926
Other liabilities	10	13
Total	**691**	952

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

Equity and Liabilities, €´000	31/12/2023	31/12/2022
Current accounts	45	11
Total	**45**	11

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

Assets, €´000	31/12/2023	31/12/2022
Demand deposits	332	235
Savings deposits	51	50
Total	**383**	285
Equity and Liabilities, €´000		
Current accounts	0	5
Total	**0**	5

(38) Remuneration of the Managing and Supervisory Boards

The remuneration paid by the company to the members of key management totalled TEUR 3,764 in 2023 (2022: 3,236). This amount includes TEUR 3,043 (2022: 2,299) of short-term remuneration, TEUR 720 (2022: 935) of post-employment benefits (pensions and termination benefits) including additions to and reversals of provisions, and TEUR 1 (2022: 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 1,014 (2022: 990).

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 629 (2022: 741).

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	2,896	*
Prior year in TEUR	2,175	*
Supervisory Board		
Current year in TEUR	147	
Prior year in TEUR	124	

* 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 2023, loans and advances outstanding to the members of the Managing Board and Supervisory Board totalled TEUR 215 (2022: 461), respectively TEUR 67 (2022: 146). 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 7 (2022: 79) by Managing Board members and TEUR 79 (2022: 27) by Supervisory Board members.

(40) Foreign currency balances

The consolidated financial statements include the following foreign currency asset and liability balances:

€'000	**2023**	**2022**
Balance sheet assets	523,762	635,575
Balance sheet equity and liabilities	461,408	415,341

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

RLB NÖ-Wien held the following off-balance sheet obligations at year-end 2022 and 2023:

€'000	**2023**	2022
Contingent liabilities	***663,042***	*622,347*
Of which arising from guarantees	622,903	596,922
Of which arising from letters of credit	31,915	17,202
Of which other contingent liabilities	8,223	8,223
Commitments	***3,297,202***	*3,567,682*
Of which arising from revocable loan commitments	1,327,960	1,347,240
Of which arising from irrevocable loan commitments	1,969,242	2,220,442
Up to 1 year	174,585	330,443
More than 1 year	1,794,657	1,889,999

(42) Repurchase agreements, securities lending and offsetting agreements

Repurchase agreements

RLB NÖ-Wien had a repurchase obligation of TEUR 3,063,032 from a repurchase transaction as of 31 December 2023 (2022: 186,252). In this connection, collateral in the form of cash totalling TEUR 8,856 (2022: 0) and securities totalling TEUR 106,691 (2022: 4,536) had been deposited with clearing centres. As of 31 December 2023 and 31 December 2022, there were no “pseudo“ repo transactions or reverse repo transactions.

Securities lending

Securities lending transactions involved borrowed securities amounting to TEUR 273,280 as of 31 December 2023 (2022: 348,344). Own bonds totalling TEUR 1,230,000 (2022: 1,699,600) were loaned. The securities received as collateral in the form of loaned bonds with a nominal value of TEUR 1,230,000 (2022: 1,693,000) had a fair value of TEUR 1,217,191 as of 31 December 2023 (2022: 1,694,722). In this connection, no cash collateral was provided in 2023. The return obligation is based on securities of the same type and ranking.

RLB NÖ-Wien bases transactions of this type on standard contracts (Global Master Repurchase Agreement, European Master Agreement, Master Agreement for Securities Loans and Master Agreement for Securities Lending).

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 2023, €'000	Gross amount	On the balance sheet set-off	Net amount recognised on the balance sheet	Related amounts not offset on the balance sheet Financial instruments	 Cash collateral received	Net amount
Demand deposits	2,456,373	0	2,456,373	(32,996)	0	2,423,378
Derivatives	831,258	0	831,258	(632,341)	(183,959)	14,958
Total	**3,287,631**	**0**	**3,287,631**	**(665,337)**	**(183,959)**	**2,438,336**

Liabilities 2023, €'000	Gross amount	On the balance sheet set-off	Net amount recognised on the balance sheet	Related amounts not offset on the balance sheet Financial instruments	 Cash collateral given	Net amount
Deposits from other banks	32,996	0	32,996	(32,996)	0	0
Derivatives	770,197	0	770,197	(632,341)	(142,487)	(4,631)
Total	**803,193**	**0**	**803,193**	**(665,337)**	**(142,487)**	**(4,631)**

The comparative prior year data are shown below.

Assets 2022, €'000	Gross amount	On the balance sheet set-off	Net amount recognised on the balance sheet	Related amounts not offset on the balance sheet: Financial instruments	Related amounts not offset on the balance sheet: Cash collateral received	Net amount
Demand deposits	2,057,031	0	2,057,031	(24,468)	0	2,032,563
Derivatives	1,069,939	0	1,069,939	(810,213)	(250,687)	9,040
Total	3,126,971	0	3,126,971	(834,681)	(250,687)	2,041,603

Liabilities 2022, €'000	Gross amount	On the balance sheet set-off	Net amount recognised on the balance sheet	Related amounts not offset on the balance sheet: Financial instruments	Related amounts not offset on the balance sheet: Cash collateral given	Net amount
Deposits from other banks	24,468	0	24,468	(24,468)	0	0
Derivatives	967,292	0	967,292	(810,213)	(158,937)	(1,858)
Total	991,760	0	991,760	(834,681)	(158,937)	(1,858)

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. 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. Netting agreements are not used in the customer business.

The cash collateral received (see the above tables) includes TEUR 173,298 (2022: 222,959) which are reported on the balance sheet under deposits from other banks and TEUR 10,660 (2022: 27,728) which are reported under deposits from customers. Cash collateral given is reported on the balance sheet under demand deposits or under assets measured at amortised 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 150,558 as of 31 December 2023 (2022: 169,335), which are measured at amortised cost or fair value. 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 amortised cost") at a nominal value of TEUR 40,319 (2022: 54,657).

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 amortised 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 liabilities before netting equalled TEUR 268,244 as of 31 December 2023 (2022: 260,798), and the receivable before netting amounted to TEUR 304,074 (2022: 214,932). After the balance sheet netting, the remaining demand deposits totalled TEUR 35,831 (2022: 45,866) and are reported under financial liabilities.

(43) Assets pledged as collateral

The following assets reported on the balance sheet were pledged as collateral for the liabilities listed below:

€'000	**2023**	**2022**
Mortgage-backed receivables in the cover pool for funded securities	5,174,931	4,442,553
Receivables securing funded securities	2,281,329	2,111,108
Securities deposited as collateral in the OeNB	1,447,010	1,611,874
Collateral for derivative contracts (securities)	297,778	228,608
Derivative contracts (cash collaterals)	151,673	159,081
Receivables assigned to OeKB	645,824	591,305
Receivables assigned to the European Investment Bank	350,987	289,102
Receivables assigned to OeNB (credit claims)	1,064,358	806,203
Bonds in the cover pool for issued funded securities	50,574	50,261
Security deposit for loans from the European Investment Bank	66,385	21,570
Receivables assigned to Kreditanstalt für Wiederaufbau, Frankfurt/Main	3,500	4,744
Cover pool for fiduciary savings deposit balances	16,245	14,257
Other	51,843	24,837
Total	**11,602,437**	10,355,503

RLB NÖ-Wien also deposited the following collateral with the OeNB issued retained covered bonds with a nominal value of TEUR 555,000 (2022: 1,634,000) and borrowed securities with a nominal value of TEUR 1,493,471 (2022: 2,041,344).

Loans and advances to other banks of TEUR 322,237 (2022: 333,393) and mortgage-backed loans and advances to other banks of TEUR 5,482,622 (2022: 4,857,960) were also included in the respective RLB NÖ-Wien coverage pool to secure obligations under the covered bonds.

The following liabilities are covered by assets recognised and reported on the balance sheet:

€'000	**2023**	**2022**
Deposits from other banks	2,231,664	3,364,439
Deposits from customers	7,863	8,847
Securitized liabilities	6,840,753	4,849,182
Derivatives	137,591	156,195
Total	**9,217,871**	**8,378,663**

(44) Fiduciary transactions

RLB NÖ-Wien held the following off-balance sheet fiduciary items as of the balance sheet date.

€'000	**2023**	**2022**
Loans and advances to customers	24,339	16,433
Fiduciary assets	***24,339***	***16,433***
Deposits from customers	24,339	16,433
Fiduciary liabilities	***24,339***	***16,433***

Disclosures pursuant to Austrian law

(45) Derivative financial instruments pursuant to § 64 (1) No. 3 of the Austrian Banking Ac

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.

2023, €'000				Nominal amounts		Fair values
		Maturity				
	Up to 1 year	1 year, up to 5 years	More than 5 years	Total	Positive	Negative
Total	***3,572,903***	***12,136,873***	***16,297,399***	***32,007,175***	***845,607***	***(899,891)***
a) Interest rate contracts	***3,078,327***	***12,136,873***	***16,297,399***	***31,512,599***	***845,461***	***(891,081)***
Interest rate swaps	2,307,803	10,134,680	12,110,436	24,552,919	806,152	(780,220)
Interest rate options – calls	14,612	489,159	799,808	1,303,579	39,309	0
Interest rate options – puts	755,912	1,513,034	3,387,155	5,656,101	0	(110,861)
b) Exchange rate contracts	***494,576***	***0***	***0***	***494,576***	***146***	***(8,810)***
Cross currency and cross currency interest rate swaps	494,576	0	0	494,576	146	(8,810)

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)

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.

2023, €'000	Maturity Up to 1 year	1 year, up to 5 years	More than 5 years	Nominal amounts Total	Fair values Positive	Negative
Total	***48,490***	***33,047***	***9,885***	***91,422***	***1,838***	***(1,453)***
a) Interest rate contracts	***11,352***	***33,047***	***9,885***	***54,284***	***1,529***	***(1,174)***
Interest rate futures	5,000	0	0	5,000	0	(162)
Interest rate swaps	6,195	27,168	5,539	38,902	1,514	(822)
Interest rate options – calls	0	2,300	40	2,340	15	0
Interest rate options – puts	157	3,579	4,306	8,042	0	(190)
b) Exchange rate contracts	***37,138***	***0***	***0***	***37,138***	***309***	***(279)***
Currency forwards	36,856	0	0	36,856	306	(276)
Currency options – calls	141	0	0	141	3	0
Currency options – puts	141	0	0	141	0	(3)

2022, €'000	Maturity Up to 1 year	1 year, up to 5 years	More than 5 years	Nominal amounts Total	Fair values 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)

In 2023, put and call options were concluded in connection with a subordinated loan. The fair value of these options, which are reported under financial assets held for trading, amounted to TEUR 1,076 as of 31 December 2023.

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 amortised cost included subordinated liabilities of TEUR 218,761 as of 31 December 2023 (2022: 513,884). This amount includes four bonds, Tier 2 capital as defined in Part 2 Section I Art. 4 CRR, and four subordinated promissory note loans which were issued in Euros. The terms of the bonds range from 10 to 12 years and the terms of the promissory note loans from 10 to 20 years. This group of liabilities includes the following bonds which exceeds 10.0% of the total amount of the above-mentioned total amount.

2023	Currency	Nominal value €'000	Interest rate	due on	special termination right
Subordinated callable fixed income bond 2022-2032	EUR	76,000	7.422%	21/12/2032	Yes
Subordinated bond 2014-2024 (Series 52)	EUR	40,000	4.400%	17/04/2024	Yes
Subordinated Tier 2 fixed income bond 2014-2024/6	EUR	32,326	5.000%	28/02/2024	Yes

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
Subordinated callable fixed income bond 2022-2032	EUR	76,000	7.422%	21/12/2032	Yes

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 27,502 (2022: 25,103).

(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		31/12/2023	31/12/2022
a)	Receivables arising from bonds and other fixed-interest securities	222,174	121,522
b)	Payables arising from bonds issued by the Group	(1,270,823)	(523,109)

(48) Securities admitted for exchange trading pursuant to § 64 (1) No. 10 of the Austrian Banking Act

€'000	31/12/2023 Listed	31/12/2023 Unlisted	31/12/2022 Listed	31/12/2022 Unlisted
Bonds and other fixed-interest securities	2,113,619	1,502	1,472,516	0
Shares and other variable-yield securities	0	0	50,715	0
Equity investments	115,646	0	17,079	0

(49) Financial assets pursuant to § 64 (1) No. 11 of the Austrian Banking Act

€'000	2023	2022
Bonds and other fixed-interest securities	1,866,264	1,416,322
Total	**1,866,264**	1,416,322

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	2023	2022
Fixed-interest securities, nominal values	1,822	44,921
Other financial instruments (derivatives, face values)	91,422	148,078
Total	**93,244**	192,999

(51) Other agreements

Guarantees and additional funding commitments

The additional guarantees for cooperatives totalled TEUR 8,223 (2022: 8,223) and include TEUR 10 (2022: 10) related to subsidiaries.

As in the previous year, additional funding commitments amounted to TEUR 841. This amount includes TEUR 150 (2022: 150) for subsidiaries and TEUR 691 (2022: 691) for investments in associates.

Outstanding contributions remained unchanged in comparison with the previous year at TEUR 21 (2022: 21) and include TEUR 18 (2022: 18) related to subsidiaries.

Institutional protection and deposit protection schemes

RLB NÖ-Wien concluded an agreement with other banks in the Raiffeisen sector in the sense of Art. 49 (3) and 113 (7) CRR to establish an Austrian Raiffeisen institutional protection scheme (R-IPS).

The agreement to establish an institutional protection scheme (R-IPS contract) was concluded with Raiffeisen-Holding NÖ-Wien, Raiffeisen Bank International AG (RBI), all other Raiffeisen regional banks, nearly all Austrian Raiffeisen banks and savings banks, Posojilnica Bank eGen and other contract partners. The R-IPS contract established an institutional protection scheme (R-IPS) in which the contract parties accept the relevant legal regulations of the IPS framework and the rights and obligations defined by the R-IPS contract that are required for its implementation. The R-IPS also includes a trust agreement between the parties to the R-IPS contract and Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS) which allows ÖRS to serve as the trustee for payments related to the R-IPS.

Contractual and statutory liability agreements were concluded under which the participating institutions commit to providing reciprocal security and to ensure liquidity and solvency as required.

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 ÖRS administers the funds for the R-IPS as the 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 R-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 48,975 as of 31 December 2023 (2022: 44,646).

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 2023 equalled TEUR 9,030 (2022: 6,650) 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 CRR plus 12.5-times the capital requirements for position risk as defined in Part 3 Title IV Chapter 2 CRR, i.e. a maximum of TEUR 172,662 (2022: 166,165) for RLB NÖ-Wien.

Customer deposit guarantee association

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 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.

The guarantee disclosure requirement is met by a notation of EUR 1.00 below the balance sheet as it is not possible to quantify the potential liability of RLB NÖ-Wien from Raiffeisen-Kundengarantiegemeinschaft.

Single Resolution Fund (SRF)

Directive 2014/59/EU (“BRRD“) and Regulation (EU) No. 806/2014 (“SRM“) create a joint system for the reorganisation 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 Reorganisation 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 reorganisation 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 9,027 in 2023 (2022: 15,009) and is reported under other operating profit/loss.

(52) Own funds

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

€'000	**31/12/2023**	**31/12/2022**
Paid-in capital	1,032,072	1,032,072
Retained earnings	3,041,551	2,186,952
Less qualified investments	(171,667)	(186,951)
Accumulated other comprehensive income and other equity	(792,769)	(502,814)
Common equity Tier 1 before deductions	***3,109,187***	***2,529,258***
Intangible assets incl. goodwill	(7,520)	(8,008)
Other transition adjustments to common equity Tier 1 capital	19,153	26,781
Risk allowance backstop for non-performing loans (NPLs)	(12,216)	(8,150)
Corrections in respect of cash flow hedge reserves	(87,373)	(119,374)
Corrections for credit standing related to changes in values of derivatives	(7,088)	(6,802)
Value adjustment based on the prudent valuation requirement	(2,778)	(3,282)
Common equity Tier 1 capital after deductions (CET1)	***3,011,365***	***2,410,422***
Additional core capital after deductions	95,000	95,000
Additional own funds	***3,106,365***	***2,505,422***
Eligible supplementary capital	119,217	166,439
Supplementary capital after deductions	***119,217***	***166,439***
Total qualifying capital	***3,225,582***	***2,671,861***
Total capital requirement	**1,151,701**	1,067,283
Common equity Tier 1 ratio (CET1 ratio)	20.92%	18.07%
Tier 1 ratio (T1 ratio)	21.58%	18.78%
Total capital ratio	22.41%	20.03%
Surplus capital ratio	180.07%	150.34%

Under a fully loaded analysis, the Common Equity Tier 1 Ratio equalled 20.77% (2022: 17.84%) and the Total Capital Ratio 22.26% (2022: 19.81%).

Total capital requirements comprise the following:

€'000	31/12/2023	31/12/2022
Capital requirements for credit risk	1,090,477	1,004,560
Capital requirements for position risk in debt instruments and assets	3,183	12,193
Capital requirement CVA	5,808	5,105
Capital requirements for operational risk	52,233	45,426
Total capital requirement (total risk)	**1,151,701**	1,067,283
Assessment base for credit risk	***13,630,958***	*12,556,994*
Total basis of assessment (total risk)	***14,396,261***	*13,341,042*

(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 2.30% as of 31 December 2023 (2022: -0.08%).

(54) Average number of employees

The average workforce (full-time equivalents) employed during the 2022 and 2023 financial years is as follows:

	2023	2022
Salaried employees	1,162	1,219
Wage employees	27	17
Total	**1,189**	1,236

(55) Events after the reporting period and approval of the consolidated financial statements

The planned increase in the investment in RBI to 25% + 1 share was successfully completed on 31 January 2024.

RBI issued an ad-hoc announcement on 19 December 2023 to report its intention to purchase 28,500,000 shares of STRABAG SE, which represent 27.78% of the issued shares, through its Russian subsidiary AO Raiffeisenbank. After the transaction closes, plans call for the transfer of the STRABAG shares to RBI as a dividend in kind. The purchase is dependent on various suspensive conditions, including a sanctions compliance due diligence audit by RBI, the approval of the supervisory authorities, and the release of the transaction by the antitrust authorities. Available information indicates that some of the required approvals had been received by the time these consolidated financial statements were prepared. The necessary applications and documents were submitted for all required approvals that have not yet been granted. The realisation of the transaction is connected with substantial uncertainty due to the required approvals. From the current point of view, the closing of the transaction is expected to have a positive effect on the value of RBI.

(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 the parent company, Raiffeisen-Holding NÖ-Wien. The consolidated management report of Raiffeisen-Holding NÖ-Wien is available at the company's headquarters and from the company register in Vienna.

Overview of Equity Investments (pursuant to § 265 (2) of the Austrian Commercial Code)

The following tables show the equity investments held by the RLB NÖ-Wien-Group.

(57) Subsidiaries included in the consolidated financial statements

Entity, Registered office (country)	Subscribed capital	Currency	31/12/2023 Share in %	31/12/2022 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
NAWARO Beteiligungs GmbH (formerly "PRUBOS" Beteiligungs GmbH), Zwettl (A)	35,000	EUR	99.80	99.80	OT
NAWARO ENERGIE Betrieb GmbH, Zwettl (A)	36,000	EUR	100.00	100.00	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
RBE Raiffeisen Beratungs- und Entwicklungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
RLB Businessconsulting GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
RLB NÖ-Wien Sektorbeteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	FI
Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H., Raaba (A)	50,000	EUR	100.00	100.00	OT

Key:
Type of company (as per CRR)
- 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	31/12/2023 Share in %	31/12/2022 Share in %	Type
Raiffeisen Bank International AG, Vienna (A)*	1,001,515,332	EUR	24.83	22.66	CI
Raiffeisen Informatik GmbH & Co KG, Vienna (A)**	---	---	---	---	OT

* Share in %, excluding the treasury shares held by RBI
** Partnership, therefore, no information on subscribed capital or investment (however, unchanged at 47.35%)

Key:
Type of company (as per CRR)
CI Credit institution
FI Financial institution
NDL Ancillary service provider
OT Other

RLB NÖ-Wien holds 24.83% of the shares in RBI and is therefore its primary owner; RBI is designated as a material associate. 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 18.67 per share as of 31 December 2023 (2022: 15.35 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	**2023**	**2022**
Interest income	10,606,000	7,257,428
Net profit	2,578,000	3,797,096
Other comprehensive income	(1,060,000)	(355,715)
Total comprehensive income	***1,518,000***	***3,441,381***
Attributable to equity holders of the parent*	1,357,000	3,294,580
Attributable to non-controlling interest	161,000	146,802
Assets	198,241,000	207,057,453
Liabilities	178,392,000	188,293,124
Net assets	***19,849,000***	***18,764,329***
Attributable to equity holders of the parent	17,009,000	16,027,268
Attributable to non-controlling interest	1,231,000	1,126,858
Of which AT1 capital	1,610,000	1,610,204
Proportional share of net assets	4,223,393	3,631,672
Impairment	(1,855,212)	(1,803,890)
Carrying amount on the consolidated balance sheet as of 31 December	***2,368,181***	***1,827,782***
Carrying amount on the consolidated balance sheet as of 1 January	1,827,782	1,985,246
Acquisition costs of reclassification/Additional acquisitions	98,567	0
Effect of reclassification/Additional acquisitions	89,499	0
Proportional share of other changes in equity	(232,217)	(79,314)
Proportional share of profit for the period	519,430	800,850
Reversal of impairment loss/ Impairment loss	129,792	(879,000)
Dividends received	(64,673)	0
Carrying amount on the consolidated balance sheet as of 31 December	***2,368,181***	***1,827,782***

* Of which TEUR 108,734 (2022: 92,313)) represent dividends on additional AT1 capital

The following contingent liabilities resulted from RBI as of 31 December 2023:

Associates €'000	Proportional RLB NÖ-Wien-Group 31/12/2023	Raiffeisen Bank International AG 31.12.2023
Loan commitments	9,088,028	36,601,000
Financial guarantees	2,423,656	9,761,000
Other commitments	1,226,354	4,939,000

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	2023	2022
Sales revenues	249,953	231,963
Net profit	(812)	12,931
Other comprehensive income	(1,234)	3,640
Total comprehensive income	***(2,046)***	***16,571***
Assets	430,817	439,529
Liabilities	344,749	348,915
Net assets	***86,068***	***90,614***
Proportional share of net assets	40,756	42,909
Impairment	(3,500)	(3,500)
Carrying amount on the consolidated balance sheet as of 31 December	***37,256***	***39,409***
Carrying amount on the consolidated balance sheet as of 1 January	39,409	43,403
Proportional share of other changes in equity	(585)	1,724
Proportional share of profit for the period	(385)	6,123
Reversal of impairment loss/ Impairment loss	0	(3,500)
Dividends received	(1,184)	(8,341)
Carrying amount on the consolidated balance sheet as of 31 December	***37,256***	***39,409***

(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	31/12/2023 Share in %	31/12/2022 Share in %	Type
"CALADIA“ Beteiligungs GmbH, Vienna (A)	---	---	---	100.00	FI
"Claredo“ Beteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	---	SU
"HELIX" Beteiligungs GmbH, Vienna (A)	35,000	EUR	100.00	100.00	OT
MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH, Vienna (A)	400,000	EUR	75.00	75.00	OT
NAWARO Erneuerbare Energien GmbH, Zwettl (A)	35,000	EUR	100.00	100.00	OT
NÖ Raiffeisen Kommunalservice Holding GmbH, Vienna (A)	35,000	EUR	100.00	100.00	FI
Raiffeisen Analytik GmbH, Vienna (A)	100,000	EUR	99.60	99.60	NDL
Raiffeisen Beratung direkt GmbH, Vienna (A)	37,000	EUR	100.00	100.00	NDL
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	100.00	OT
TIONE Altbau-Entwicklung GmbH, Vienna (A)	37,000	EUR	100.00	100.00	OT

Key:
Type of company (as per CRR)
- CI Credit institution
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- OT Other

(60) Other equity investments

Associates which are not accounted for at equity for materiality reasons.

Entity, Registered office (country)	Subscribed capital	Currency	31/12/2023 Share in %	31/12/2022 Share in %	Type
Beta Pura, Vienna (A)	35,000	EUR	50.00	---	OT
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	25.50	OT
Raiffeisen Informatik Geschäftsführungs GmbH, Vienna (A)	70,000	EUR	47.35	47.35	OT
Raiffeisen-Leasing Management 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	45.45	OT
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

* Partnership, therefore, no information on subscribed capital or investment

Key:
Type of company (as per CRR)
CI Credit institution
FI Financial institution
NDL Ancillary service provider
OT Other

The following companies were identified as joint ventures in accordance with IFRS 11 because they are under common management: Beta Pura, 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)
"BROMIA" Beteiligungs GmbH, Vienna (A)
"HELANE" Beteiligungs GmbH, Vienna (A)
"LAREDO" Beteiligungs GmbH, Vienna (A)
"LOMBA" Beteiligungs GmbH, Vienna (A)
"Ovid" 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 (D)
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 near Vienna (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 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 Bauträger 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)
R19 Immobilien GmbH (vormals "Gravius" Beteiligungs GmbH), Vienna (A)
SARCA eins GmbH & Co KG, Vienna (A)
SARCA zwei GmbH & Co KG, 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:

"Altovia" Beteiligungs GmbH, Vienna (A)
"BENEFICIO" Holding GmbH, Vienna (A)
"CALADIA" Beteiligungs GmbH, Vienna (A)
"CLEMENTIA" Holding GmbH, Vienna (A)
"SERET" Beteiligungs GmbH, Vienna (A)
"SOMOS" Beteiligungs GmbH, Vienna (A)
"TOJON" Beteiligungs GmbH, Vienna (A)
AV-Verlag Bankenbedarfsartikel GmbH Nfg. KG, Vienna (A)
AV-News GmbH, Munich (D)
BENIGNITAS GmbH, Vienna (A)
Cadmos Verlag GmbH, München (D)
Das Agenturhaus Werbe und Marketing GmbH, Munich (D)
Farina Marketing d.o.o., (Sub-group LLI), Laibach (SLO)
GoodMills Innovation Polska Sp.z.o.o., (Sub-group LLI), Poznan (PL)
Immonow Services GmbH, Vienna (A)
Jelo GmbH, Vienna (A)
Müfa Mehl und Backbedarf Handelsgesellschaft mbH, (Sub-group LLI), Hamburg (D)
Neuß & Wilke GmbH, (Sub-group LLI), Gelsenkirchen (D)
Optimal Präsent GmbH, Vienna (A)
Österreichischer Agrarverlag Druck und Verlags Gesellschaft m.b.H. Nfg. KG, Vienna (A)
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)*
RI-Bewertung GmbH (vormals "Casius" Beteiligungs GmbH), Vienna (A)
Rosenmühle GmbH, (Sub-group LLI), Hamburg (D)
Techno-Park Tulln GmbH, Viennaer Neudorf (A)
THE AUTHENTIC ETHNIC FOOD COMPANY GmbH, (Sub-group LLI), Gelsenkirchen (D)
Waldviertel Immobilien-Vermittlung GmbH, Zwettl (A)
ZEG Immobilien- und Beteiligungs registrierte Genossenschaft mit beschränkter Haftung, Vienna (A)

* Shareholder with unlimited liability

Boards and Officers

Managing Board:

Chairman:
Michael HÖLLERER

Deputy Chairman:
Reinhard KARL

Members:
Andreas FLEISCHMANN (up to 28.02.2023)
Martin HAUER
Roland MECHTLER, CPA (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:
Doris BERGER-GRABNER (since 05.05.2023)
Anton BODENSTEIN (up to 05.05.2023)
Hermine DANGL
Hermine HUMMEL
Andrea LÖFFLER
Veronika MICKEL-GÖTTFERT (up to 05.05.2023)
Gerhard PREISS
Eva-Maria SCHRITTWIESER (since 05.05.2023)
Brigitte SOMMERBAUER
Otto WEICHSELBAUM

Delegated by the Staff Council:
Wolfgang EINSPIELER
Anton HECHTL
Michael HOFER
Christian JENKNER
Eva TATSCHL

State Commissioners:

Alfred LEJSEK
Markus STEINER

The Managing Board of RLB NÖ-Wien issued these consolidated financial statements on 13 March 2024. 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 13 March 2024 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 2023, the consolidated statement of comprehensive income, 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 2023 and its financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), 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 I comply with International Standards on Auditing (ISAs). My responsibilities under those regulations and standards are further described in the "Auditor`s Responsibilities for the Audit of the Consolidated 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 RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-W AG), is reported under "Investments in companies valued at equity" at an amount of TEUR 2,368,181 in the consolidated financial statements of RLB NÖ-W AG as of 31 December 2023.

The management describes the procedure for the valuation of investments in companies valued at equity, including the presentation of the reclassification and acquisitions of shares in RBI carried out in the 2023 financial year and the assumptions made and uncertainties, in particular regarding RBI`s investment in the entity in Russia and its intended acquisition of shares in STRABAG SE and the existing uncertainties in connection with the Russia-Ukraine war in the consolidated financial statements as of 31 December 2023 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 value of the carrying amount of the equity accounted investment in RBI must be tested if there are any objective evidence of impairment or reversal of impairment. Impairments or reversal of impairment must be recognised 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 changes regarding the recoverable amount of the RBI investment was identified as of 31 December 2023.

In order to evaluate the value 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 recoverable amount exceeded the carrying amount as of 31 December 2023 and, after the transfer of the proportional share of earnings and changes in equity, a reversal of impairment of TEUR 129,792 was therefore recognised.

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 reversal of impairment and assessed 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 or reversal 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 and assumptions 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. As part of the assessment of the external expert opinion, the underlying assumptions and scenarios regarding the entity in Russia included in RBI`s financial statements and its intended acquisition of shares in STRABAG SE were taken into account.

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 2023.

The mathematical accuracy of the reversal of impairment calculation was examined.

Furthermore, I assessed whether the presentation of the acquisitions and reclassification as well as the disclosures of the valuation of the investment in RBI in the consolidated financial statements are appropriate and to what extent an adequate presentation of the intended acquisition of shares in STRABAG SE by the entity in Russia and the impacts of the Russia-Ukraine war on the calculation of the value in use was given.

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 2023, the balance sheet item "financial assets measured at amortised cost" includes loans and advances to customers totalling TEUR 15,866,887. The risk provisions for these receivables amount to TEUR 197,484 as of the reporting date.

The management describes the procedure for determining the risk provisions considering the impacts of the macroeconomic environment on the loans and advances to customers regarding commercial real estate financing 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 credit risk has not increased significantly since initial recognition is based on the 12-month expected credit loss. For receivables whose credit 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, collaterals and macroeconomic factors. Parameters which are based on statistical assumptions include, in particular, the probability of default based on the individual customer's credit rating and the loss rate before and after taking collateral into account.

Due to the macroeconomic conditions and their impact on loans and advances to customers related to commercial real estate financing, the bank has additionally considered the resulting uncertainties in the individual rating classification as part of a management overlay, depending on how borrowers are affected.

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 credit 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 due to the impacts of the macroeconomic environment on loans and advances to customers regarding commercial real estate financing.

Audit procedures

I analysed the existing documentation and processes for granting, classification 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 credit 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 are related to commercial real estate financing. 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 and adjustments, 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 including the management overlay.

In addition, I assessed whether the disclosures in the notes to the consolidated financial statements regarding the valuation of loans and advances to customers are appropriate.

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 management 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 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 (IFRS), 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 not a 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 control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 disclosures 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 a 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 audit 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 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 in accordance with 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 2023 financial year. I have been the group auditor 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, 13 March 2024

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 2023, 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 2023, 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 after the deduction of risk provisions under "financial assets measured at amortised cost" at an amount of EUR 15.9 bln as of 31 December 2023.

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 recognised. 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 recognised 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 the difficult current macroeconomic developments, driven by heightened real estate risks and current interest landscape 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, industries 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. In sampled cases the Valuation of real estate collateral was evaluated in collaboration with internal real estate specialists.
- For individually non 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. Furthermore, we have, in collaboration with our quantitative finance specialists, evaluated the quantitative tests in individual validation reports.
- 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 EUR 2,4 bln in the consolidated financial statements as of 31 December 2023.

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 and, in turn, the amount of possible impairment based on an external opinion. 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 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, 13 March 2024

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.

Imprint

Information on the Internet:

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